investor

Annual Report 2020

Contents

The Annual Report for Investor AB (publ) 556013-8298 consists of the Administration Report on pages 6-17, 40-53, 116-121 and the Financial Statements on pages 56-115. The Annual Report is published in Swedish and English.

Sustainability information can be found on pages 6-9, 14-17, 26-34, 40-41 and 116-122.

Production: Investor and Addira
Photo: iStock.com/Remus Kotsell. Niklas Nyman, Unsplash, Pixabay, and Investor's portfolio companies.
Print: Åtta.45 Tryckeri AB, Sweden, 2021

NORDIC ECOLABEL 3041 0001

Listed Companies

Patricia Industries

Financial Investments

Investments in EQT

EQT AB

EQT EQUITY
EQT MID MARKET
EQT VENTURES

EQT INFRASTRUCTURE
EQT REAL ESTATE
EQT CREDIT

Investor at a Glance

Share of total adjusted assets[1]	Performance 2020	Engaged ownership
367 SEK bn **65%**	**8%** Total return **3.4** SEK bn Net invested	Substantial minority owner with a long-term buy-to-build strategy Board representation: Significant representation from Investor AB, Chair role important in our governance model
142 SEK bn **25%**	**19%** Total return **9.5** SEK bn Net invested **6%** Adjusted profit growth, subsidiaries	Wholly-owned subsidiaries and partner-owned companies with a long-term buy-to-build strategy, financial investments in which our investment horizon has not yet been defined Boards comprise of independent directors and directors from Patricia Industries
57 SEK bn **10%**	**55%** Value change **0.2** SEK bn Net cash flow to Investor	Largest owner of EQT AB (18.1 percent of the capital), 3-30 percent capital commitment in selected active funds Board representation: At least one representative in EQT AB

1) Including estimated market values of the wholly-owned and partner-owned investments within Patricia Industries.

19%
total shareholder return
(2019: 40)

SEK 546 bn
adjusted net asset value
(2019: 485)

SEK 713 per share
adjusted net asset value
(2019: 634)

4.1%
leverage
(2019: 2.8)

SEK 14 per share
proposed dividend
(2019: SEK 9 paid out)

CDP B score
Climate rating
(2019: B-)

2020 in brief

- 2020 was dominated by the covid-19 pandemic. Our companies were quick to adapt by taking action to safeguard employees, support customers, lower costs and secure liquidity.
- Within Listed Companies, we invested SEK 3.4bn in ABB, Ericsson and Electrolux Professional, which became our 13th listed company.
- Patricia Industries' major subsidiaries grew overall sales and profit, despite the pandemic.
- Patricia Industries acquired Advanced Instruments, the global leader in osmolality testing, for USD 780m (enterprise value). Several add-on acquisitions were made. Total net investments amounted to SEK 9.5bn.
- Several companies made strategic acquisitions, for example Ericsson, Atlas Copco, AstraZeneca, Laborie and Sarnova.
- The reported value increase on our investments in EQT amounted to 55 percent. Net cash flow to Investor was SEK 0.2bn.
- Investor raised a 15-year EUR 600m bond, further increasing our financial flexibility.
- We continued to drive our sustainability agenda, launching focus areas and targets to further future-proof our companies.
- The Board of Directors proposes a dividend of SEK 14 per share for fiscal year 2020 and a 4:1 split of the Investor share.

Welcome to Investor

Investor, founded by the Wallenberg family in 1916, is an owner of high-quality, global companies. We have a long-term investment perspective. Through board participation, our industrial experience, network and financial strength, we support our companies to outperform competition and reach their full potential.

We are an engaged long-term owner

We drive the initiatives that we believe will create the most value for each individual company. Ultimately this creates value for our shareholders and for society at large.

We build sustainable best-in-class companies

The ambition is for our companies to maintain or achieve best-in-class positions. We have a long tradition of being a responsible owner and company. We firmly believe that integrating sustainability in the business model is a prerequisite for creating long-term value.

50/50%
women/men in the company and in the Extended Management Group

94
employees

24
major holdings

~500,000
employees in our companies

We create value for people and society by building strong and sustainable businesses

Letter from our Chair

Dear fellow shareholders,
2020 will be remembered as a very different year. It is not the first time that a pandemic has swept the world. What is unprecedented is that it has happened at a time when our modern, highly developed societies have started to believe in their own infallibility. Covid-19 has reminded us of mankind's vulnerabilities, despite our technological progress and sophistication. This is a serious warning for society to prepare for future crises. At the same time, luckily, people have proven resilient and resourceful.

As long-term, engaged owners, Investor's role during 2020 has, as always, been to support our companies. I am impressed by how quickly they took action to safeguard employees, customers and liquidity, while continuing to make strategic investments in R&D, new technology, digitalization and sustainability.

The importance of corporates
In fact I am impressed by, and proud of, how the business community as a whole, in Sweden and elsewhere, has stepped up and contributed to mitigate the impact of the pandemic. Vaccines have been developed record-fast. Many companies have scrambled to provide medical equipment. Others have redesigned their offerings and ways of working to help their customers.

Considering these considerable achievements, I am at times confounded by the lop-sided public view of the corporate sector, with an exaggerated focus on owners seeking government support in tough times. One can never highlight enough the importance of corporates in creating and maintaining jobs, generating taxes, and bringing forward new, innovative technologies.

For example, during 2020, the debate on companies' right to decide on their own dividends in times of crisis and government support was running high. I am convinced that the dividend decision is entirely up to the owners of the individual company, based on its specific situation. I believe that the price society is paying for stopping dividends is very high. Dividends are important for the overall economy for several reasons. Dividends provide vital income for individuals, pension funds, foundations and universities. Another aspect is the reallocation of capital from well-capitalized companies to others, often young and innovative, with bigger capital needs. These aspects are often left out in the public debate.

SEK14
Proposed dividend per share 2020

Accelerating trends
One of our major challenges is also to accelerate innovation to fight climate change. As this threat is real and imminent, speed is crucial. The corporate sector has an important role in supporting the transition to a sustainable low-carbon economy. During 2020, Investor launched ambitious sustainability focus areas and targets to further future-proof Investor and our companies. Climate change is a reality and it is in the interest of business to take its responsibilities as well as understand that this is a unique opportunity for innovation. Digitalization and automation are also key for all companies seeking to outperform competition. Our companies are ambitious and aiming to be at the forefront, but clearly need to continue to invest substantially to stay ahead.

In that context, I would also like to reinforce my message from last year that Europe lags behind in implementing 5G, a technology that is key to Europeans and European companies to be competitive vis-a-vis US and Chinese companies.

Increasing geopolitical risks
Every year, I repeat that globalization and free trade are forces of good, creating global prosperity. Sadly, we seem to be moving away from globalization and free trade to a more bi-polarized world, which could have grave consequences for the economy long-term. As Sweden is dependent on international trade, I participate in many discussions on a Swedish, European and international level to ensure that the voice of business is heard on the support of free trade.

Insights from an extraordinary year
The pandemic has reminded us all about our inability to foresee all crises. With that in mind, ensuring financial flexibility and operational agility is critical for all companies. It has also shown how intertwined the world is, and that we need more rather than less collaboration.

A strong year for Investor
Despite the challenges, 2020 turned out well for Investor and our position is strong, both strategically and financially. Given this, I am pleased that the Board of Directors is able to propose a dividend of SEK 14 per share for fiscal 2020. Our goal to pay a steadily rising dividend is intact.

On behalf of the Board I would like to thank our CEO Johan Forssell and the entire team at Investor for delivering, once more, strong results, particularly during an exceptional year.

Finally, I would like to thank you, dear fellow shareholders for your continued support and trust in Investor.

Jacob Wallenberg
Chair of the Board

Letter from our CEO

Dear fellow shareholders,
Closing the books on a very challenging 2020, we now see positive factors in terms of covid-19 vaccines being rolled out, as well as overall strong operational performance and resilience in our portfolio. However, the pandemic is not yet under control, trade and technology related tensions have risen and some industries are facing structural challenges. In addition, the huge liquidity provided by central banks has led to ultra-low capital costs and sharp asset inflation, creating significant medium-term risk for equities, should inflation and interest rates rise faster than expected. As always, predicting the future is difficult, why flexibility remains key.

Despite the pandemic and its impact, 2020 was a strong year for Investor:

- Our companies successfully adapted to the rapidly changing business environment, delivering strong results while continuing to invest in prioritized areas.
- Within Listed Companies, we invested in ABB, Ericsson and Electrolux Professional at attractive levels during the spring.
- In total, the major subsidiaries within Patricia Industries grew organic sales and profit, despite the impact from covid-19. Patricia Industries acquired its 9th subsidiary, Advanced Instruments, the global industry leader within osmolality testing. In addition, several add-on acquisitions were made.
- The value of our investments in EQT grew by 55 percent.
- We further stepped up our sustainability work and launched targets for Investor and our portfolio.
- Despite net investments of SEK 13bn, our financial position remains strong, supported by strong cash flow and a successful bond issue.
- Our adjusted net asset value grew 14 percent. Our total shareholder return of 19 percent beat the SIXRX return index by 4 percentage points.

Insights from an extraordinary year
From a company perspective, there are many insights gained during the extraordinary year 2020, not the least the importance of being agile and flexible, and being able to take swift action. I believe that our companies and their management teams did a great job in safeguarding employees, adapting costs and protecting liquidity. The pandemic and its effects on the global economy tested the resilience and stability in companies' supply chains and business models. Companies that take necessary action to ensure resilience, while remaining cost efficient, will emerge stronger after the pandemic. Another insight is that trends that were already prevalent before the pandemic, for example sustainability, digitalization and automation, have accelerated further. These trends create many opportunities for our companies.

Strategic priorities
We have a strong portfolio, a clear and proven governance model, an extensive network of top-quality people and strong financial flexibility. From this position of strength, we continue to focus on two strategic priorities:

Sharpen our role as an engaged owner
We drive sustainability, digitalization and automation to further future-proof our companies, and strengthen their customer offerings and competitiveness. This requires speed and more investments. We also work to ensure that they have the right corporate structures, as well as clear responsibilities and incentives. Ultimately, performance depends on people, which is why we are further stepping up our efforts within people development and succession planning in our companies.

SEK 13 bn
Net invested 2020

Ensure an attractive portfolio
Our companies have strong market positions and high exposure to attractive long-term trends. Within medtech and healthcare, they benefit from demographic trends and we see good opportunities for geographic expansion. Within automation, companies such as Atlas Copco, ABB and Piab are well positioned to capture vast opportunities. EQT offers strong exposure to the growing segment alternative investments, while Ericsson and Nasdaq are good examples of companies with strong technology offerings, important in an increasingly digital world. We will continue to invest selectively in our three business areas. At the same time, we continue to evaluate our companies to determine their potential and whether we are the right owner.

Based on our proven governance model, our portfolio of great companies and our strong financial position, I am convinced that we are well positioned to continue to generate attractive returns.

I would like to thank all Investor employees for the engagement, hard work and for adapting so quickly to an extraordinary situation. I think this really shows the strength in Investor's corporate culture.

Finally, I want to thank you, dear fellow shareholders, for your confidence in Investor.

Johan Forssell
President and CEO

Business Model

We create value for people and society by building strong and sustainable businesses

How we do it

Clear governance model
Our model builds on clear roles and responsibilities between us as an owner, the companies' boards and managements.

Strong portfolio
We have a portfolio of market-leading companies with high exposure to attractive long-term trends.

Right people at the right place
We devote considerable time identifying and developing competence to ensure that we have the best people with different mindsets at Investor as well as in the boards and managements of our companies.

Strong industrial network
We use our extensive professional network to identify, evaluate and capture attractive business opportunities.

Financial flexibility
Our strong balance sheet and cash flow allow us to support our companies, capture investment opportunities and pay a steadily rising dividend.

Value Creation Plans

Identifying strategic key value drivers for each company.

The plans typically focus on:

- Profitable growth
  - Innovation
  - Digitalization
  - Sustainability
  - Add-on acquisitions
- Operational excellence
- Corporate structure
- Agility & financial flexibility
- Succession planning & talent management

Sustainability focus areas for Investor and our companies

- Business Ethics & Governance
- Climate & Resources Efficiency
- Diversity & Inclusion

Operating Priorities

Grow net asset value	Operate efficiently	Pay a steadily rising dividend

Created impact 2020

19%
total shareholder return

SEK 6.9 bn
paid dividend

of which approx

SEK 1.6 bn
to our main owners, the Wallenberg foundations who are the largest private funder of scientific research in Sweden

Investor AB

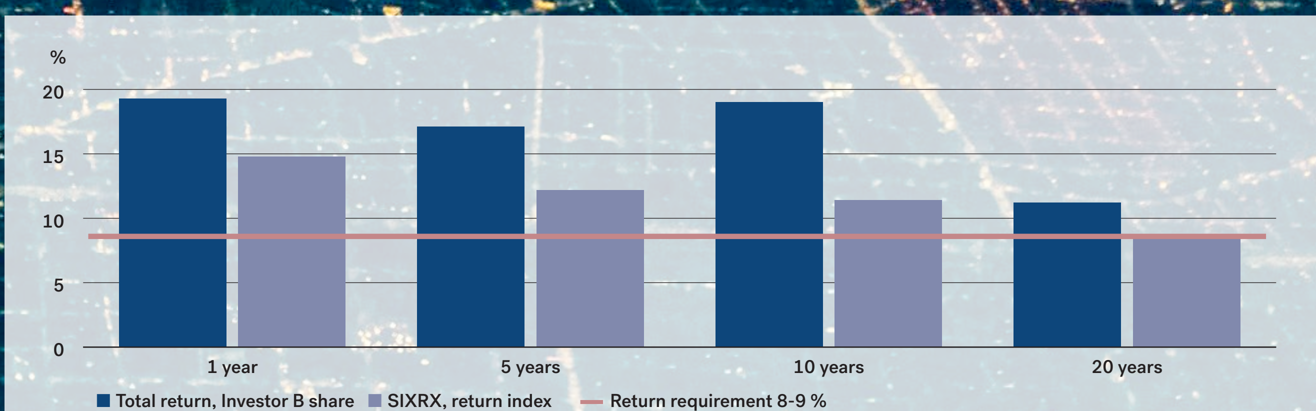
80 eNPS
Our employee Net Promoter Score showed high employee satisfaction (scale –100 to 100)

–15%
CO_{2e} emission reduction from Investor AB compared to 2019

Our companies

–23%
CO_{2e} emission reduction from portfolio companies compared to 2019

SEK 122 bn
R&D spending in our companies



Targets and Outcome

In order to create value and generate an attractive total shareholder return, Investor is committed to reaching both financial and non-financial targets.

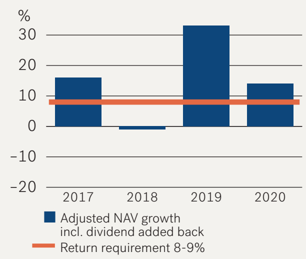
Target	Outcome	Comment

FINANCIAL TARGETS – OPERATING PRIORITIES

Grow our net asset value

Target: Our net asset value should grow in excess of our annual 8-9 percent return requirement (riskfree interest rate plus equity market risk premium). To achieve attractive net asset value growth, we own high-quality companies and support them to grow profitably. We strive to allocate our capital wisely.

Outcome:

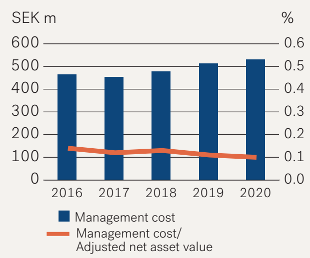


Comment: Our adjusted net asset value amounted to SEK 546bn at year-end 2020 (485), a change, with dividend added back, of 14 percent (33). Consequently, our net asset value growth exceeded our 8-9 percent annual return requirement during 2020.

Operate efficiently

Target: Investor maintains cost discipline to remain efficient and to maximize operating cash flow.

Outcome:

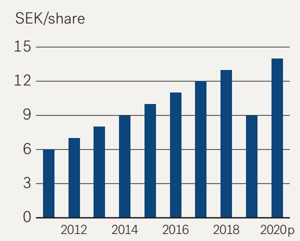


Comment: Management costs amounted to SEK 531m (513), corresponding to approximately 0.10 percent of our adjusted net asset value (0.11).

Pay a steadily rising dividend

Target: Investor's dividend policy is to distribute a large percentage of the dividends received from Listed Companies, as well as to make a distribution from other net assets corre-sponding to a yield in line with the equity market. The goal is to pay a steadily rising dividend.

Outcome:



Comment: The Board of Directors proposes a SEK 14.00 dividend per share (9.00), to be paid in two installments, SEK 10.00 per share in May, 2021, and SEK 4.00 (subject to the proposed 4:1 share split) per share in November, 2021. Based on this proposal, on average our dividend has increased by 7 percent annually over the past five years and 11 percent over the past ten years.

NON-FINANCIAL TARGETS

Business Ethics & Governance

Target: Governance and business ethics constitute the foundation of our sustainability approach. Investor's Sustainability Guidelines (see page 14) set clear expectations for Investor and our portfolio companies to conduct the operations in a responsible and ethical manner. Investor has zero tolerance for non-ethical business behavior.

Outcome:

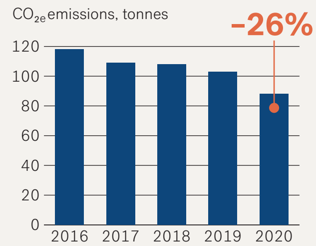
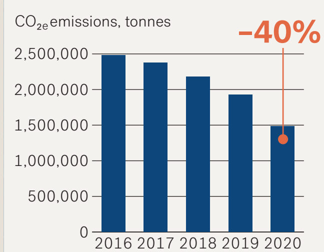
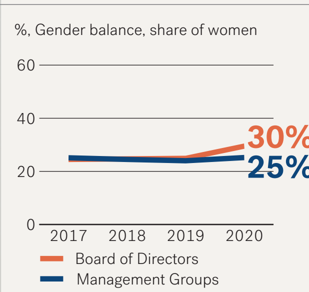
96%
of our companies have signed the UN Global Compact

100%
of our companies have a Whistleblowing channel in place

96%
of our companies have set measurable sustainability targets

Comment: In 2020, Investor engaged with all portfolio companies regarding sustainability. Investor, as well as each of our companies, has a Code of Conduct, Anti-corruption Policy and Whistleblowing channel in place. 96 percent of companies are members of UN Global Compact (95). All portfolio companies have a Health and Safety Policy and a Human Rights Policy in place. 96 percent of the portfolio companies have set measurable targets within sustainability (82).

→ Sustainability indicators include EQT AB and portfolio companies within Listed Companies and Patricia Industries. Advanced Instruments was acquired in the fourth quarter 2020 and is not included.

<table>
<tr><th>Target</th><th>Outcome</th><th>Comment</th></tr>
<tr><td colspan="3">NON-FINANCIAL TARGETS</td></tr>
<tr><td colspan="3">Climate & Resource Efficiency</td></tr>
<tr><td>Investor AB's emissions
GOAL -50%
Investor is committed to climate targets aligned with the Paris Agreement. Investor's target is to reduce greenhouse gas emissions from our scope 1 and 2 by 50 percent by 2030 compared to 2016.
Definitions for scope 1 and 2 in accordance with GHG Protocol are presented on page 124.</td><td>
</td><td>In 2020, emissions equaled 88 tonnes, a reduction of 26 percent compared to 2016. The emissions from Investor AB are low as Investor has no operating business and its premises have a high proportion of renewable electricity. Increased remote working due to covid-19 and increased energy efficiency explain the reduction in 2020.</td></tr>
<tr><td>Portfolio companies' emissions
GOAL -50%
Investor's target is to reduce greenhouse gas emissions from our portfolio by 50 percent by 2030 compared with 2016 (portfolio companies' scope 1 and 2). The target is aligned with the Paris Agreement to limit the global temperature increase to well below 2 degrees Celsius.</td><td>
</td><td>In 2020, emissions from our companies equaled 1,482,500 tonnes, a reduction of 40 percent compared to 2016. The data includes our portfolio companies' scope 1 and 2 emissions. In the yearly sustainability questionnaire Investor tracked that 78 percent of our companies have targets to reduce their scope 1 and 2 emissions (50). By the end of 2020, 57 percent of our companies had aligned their reduction targets with the Paris Agreement.</td></tr>
<tr><td>Portfolio companies' indirect emissions
GOAL 100%
All our companies shall have targets to reduce emissions from their value chain, for example related to the use of their products (the portfolio companies' scope 3 emissions). In addition, all companies shall have resource efficiency targets relevant to their operations.</td><td>74%
of our companies measure scope 3 emissions
43%
of our companies have a target for scope 3 emissions
57%
of the companies have a resource efficiency target</td><td>In 2020, 74 percent of our companies measured scope 3 emissions (73) and 43 percent had reduction targets related to their products, services or value chains (36). In terms of resource efficiency, and in addition to scope 3 targets, 57 percent of our companies have set specific resource efficiency targets (50).</td></tr>
<tr><td colspan="3">Diversity & Inclusion</td></tr>
<tr><td>Investor AB
GOAL 40/60
Investor strives for diversity across all dimensions: age, nationality, gender, education as well as differences in mindsets and experiences. We have a target to maintain a gender balance of 40/60 in the Management Group. We measure perceived level of inclusion among employees.</td><td>60%
of the Management Group are women
50%
of the Extended Management Group are women
8.9
perceived level of inclusion among employees (scale 1-10)</td><td>At year-end 2020, the share of women in the Management Group was 60 percent. The Extended Management Group included eight members with a gender balance of 50 percent men and women, a split of two nationalities and the average age was 51 years. Investor measures perceived level of inclusion among our employees as well as their ability as individuals to make an impact and contribute to the overall strategy. In 2020, employees reported a high level of inclusion compared to external benchmark, scoring 8.9 (scale 1-10).</td></tr>
<tr><td>Portfolio companies
GOAL 40/60
Investor strives for diversity across all dimensions: age, nationality, gender, education as well as differences in mindsets and experiences. Investor's portfolio targets are to reach a gender balance of 40/60 in portfolio companies' boards and management by 2030. In addition, all our companies shall measure perceived level of inclusion among employees.</td><td>
</td><td>The portfolio companies' board of directors included a representation of 14 nationalities and an average share of women of 30 percent in 2020 (25). In the portfolio companies' management groups, the share of women was 25 percent (24) and 23 nationalities were represented. In 2020, 83 percent of our companies had targets or commitments regarding diversity, mainly focused on gender (77), and 87 percent measured the perceived level of inclusion among employees (59).</td></tr>
</table>

Financial Development

Adjusted net asset value, based on estimated market values for the major subsidiaries and partner-owned investments within Patricia Industries, amounted to SEK 546bn, an increase of 14 percent with dividend added back. Reported net asset value amounted to SEK 462bn.

Overview of net asset value (NAV)

	Number of shares 12/31 2020	Ownership capital/votes (%) 12/31 2020	Share of total assets (%) 12/31 2020	Adjusted values: Value, SEK m 12/31 2020	Adjusted values: Value, SEK m 12/31 2019	Reported values: Value, SEK m 12/31 2020	Reported values: Value, SEK m 12/31 2019
Listed Companies							
Atlas Copco	207,754,141	16.9/22.3	15	87,284	76,960	87,284	76,960
ABB	265,385,142	12.2/12.2	11	60,899	57,232	60,899	57,232
AstraZeneca	51,587,810	3.9/3.9	8	42,725	48,482	42,725	48,482
SEB	456,198,927	20.8/20.8	7	38,761	40,124	38,761	40,124
Epiroc	207,757,845	17.1/22.7	5	31,089	23,756	31,089	23,756
Ericsson	256,104,764	7.7/22.8	5	25,971	20,052	25,971	20,052
Nasdaq	19,394,142	11.8/11.8	4	21,061	19,353	21,061	19,353
Sobi	107,594,165	35.4/35.4	3	17,897	16,584	17,897	16,584
Husqvarna	97,052,157	16.8/33.1	2	10,339	7,252	10,339	7,252
Saab	40,972,622	30.2/39.7	2	9,854	12,865	9,854	12,865
Electrolux	50,786,412	16.4/28.4	2	9,742	11,651	9,742	11,651
Wärtsilä	104,711,363	17.7/17.7	2	8,581	10,780	8,581	10,780
Electrolux Professional	58,941,654	20.5/32.4	0	2,729	–	2,729	–
Total Listed Companies			**65**	**366,932**	**345,089**	**366,932**	**345,089**
Patricia Industries		**Total exposure (%)**					
Subsidiaries							
Mölnlycke [1]		99	14	80,101	62,112	17,357	18,169
Permobil [1]		98	3	14,528	11,685	4,088	3,810
Sarnova		89	1	7,925	5,847	4,094	4,622
Laborie		98	1	7,564	8,467	7,599	4,764
Piab [1]		97	1	6,165	4,829	5,385	5,591
Advanced Instruments		98	1	5,472	–	4,998	–
Vectura		100	1	4,202	3,825	3,926	3,589
BraunAbility		95	1	3,739	5,686	1,923	2,091
Grand Group		100	0	101	356	101	149
Total subsidiaries			**23**	**129,798**	**102,806**	**49,472**	**42,785**
Three Scandinavia		40/40	1	8,459	8,367	4,237	4,050
Financial Investments			1	4,040	4,310	4,040	4,310
Total Patricia Industries excl. cash			**25**	**142,297**	**115,484**	**57,749**	**51,146**
Total Patricia Industries incl. cash				155,766	136,381	71,217	72,043
Investments in EQT							
EQT AB	174,288,016	18.1/18.3		36,740	18,954	36,740	18,954
Fund investments				20,746	18,294	20,746	18,294
Total Investments in EQT			**10**	**57,486**	**37,248**	**57,486**	**37,248**
Other Assets and Liabilities			0	–518	–840	–518	–840
Total Assets excl. cash Patricia Industries			**100**	**566,197**	**496,981**	**481,649**	**432,643**
Gross debt				–41,675	–36,856	–41,675	–36,856
Gross cash				21,862	24,894	21,862	24,894
Of which Patricia Industries				13,468	20,897	13,468	20,897
Net debt				**–19,812**	**–11,962**	**–19,812**	**–11,962**
Net Asset Value				**546,385**	**485,019**	**461,837**	**420,681**
Net Asset Value per share				**713**	**634**	**603**	**550**

1) Including receivables related to Management Participation Program foundations. For Mölnlycke, the receivable corresponds to less than 1 percentage point of the total exposure, for Permobil to approximately 2 percentage points and for Piab to approximately 3 percentage points.

14%

Adjusted net asset value increase

Contribution to net asset value

Contribution to adjusted net asset value totaled SEK 61,366m during 2020 (113,015), of which SEK 25,650m from Listed Companies (79,581), SEK 22,211m from Patricia Industries (23,720) and SEK 20,409m from Investments in EQT (21,381).

Contribution to reported net asset value totaled SEK 41,156m (93,173), of which SEK 25,650m from Listed Companies (79,581), SEK 2,001m from Patricia Industries (3,878) and SEK 20,409m from Investments in EQT (21,381).

Net debt and leverage

Investor's net debt amounted to SEK 19,812m at year-end (11,962), corresponding to a leverage of 4.1 percent (2.8). Gross cash amounted to SEK 21,862m (24,894). Our target leverage range is 5-10 percent over a business cycle. While leverage can fluctuate above and below the target level, it should not exceed 25 percent for a longer period of time. The leverage policy is set to allow us to capture investment opportunities and support our companies.

Future development

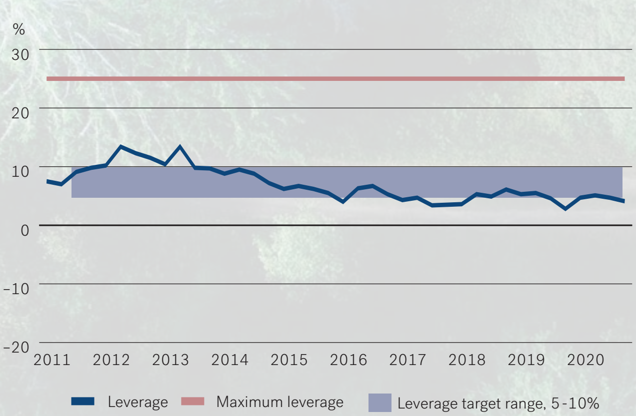
We will continue to drive sustainability, digitalization and automation to further future-proof our companies and strengthen their competitiveness. We will continue to invest selectively in our three business areas, while constantly evaluating our companies to determine their long-term potential and if we are the right owner. Within Listed Companies, we will continue to gradually invest in selected listed companies. Within Patricia Industries, we focus on developing the existing companies and investing in new subsidiaries. We will also continue to invest selectively in EQT funds. Our operating priorities, to grow net asset value, operate efficiently and pay a steadily rising dividend, remain firm.

Change in net debt

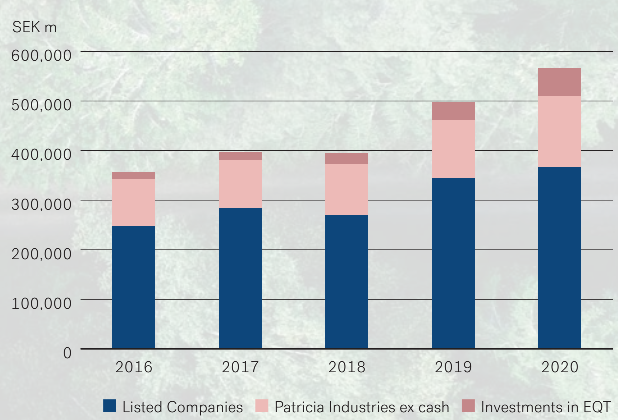
SEK m	2020
Opening net debt	**–11,962**
Listed Companies	
Dividends	7,281
Other capital distributions	21
Investments, net of proceeds	–3,382
Management cost	–113
Total	**3,807**
Patricia Industries	
Proceeds	6,314
Investments	–10,657
Internal transfer to Investor	–2,938
Management cost	–289
Other [1]	142
Total	**–7,429**
Investments in EQT	
Proceeds (divestitures, fee surplus,carry, dividends)	4,801
Draw-downs (investments and management fees)	–4,620
Management cost	–10
Total	**171**
Investor Groupwide	
Dividend to shareholders	–6,889
Internal transfer from Patricia Industries	2,938
Management cost	–119
Other [2]	–331
Closing net debt	**–19,812**

1) Including currency related effects and net interest paid.
2) Including currency related effects, revaluation of net debt and net interest paid.

Leverage



Total adjusted assets by business area



Engaged Ownership

Our engaged ownership model is built on clear governance, a strong portfolio, having the right people at the right place, a strong industrial network and financial flexibility.

Sharpen our role as an engaged owner

Ensure an attractive portfolio

Safeguard financial strength

Sharpen our role as an engaged owner
Investor's investment philosophy is buy-to-build. We are typically the largest owner and actively support our companies. We develop the companies over time as long as we see further value creation potential. Our long-term perspective is never an excuse for weak short-term performance.

As an engaged owner, we exercise our influence through our companies' boards. We strive for strong alignment with the chairperson and regularly invite all chairpersons in our companies to a "Chairs' Circle" to discuss key trends and share knowledge.

The success of our companies depends on their ability to drive change and capture opportunities. The acceleration of technology development offers new opportunities, for example within digitalization and automation, which are key focus areas for our companies. Companies need to focus on long-term investments and continuous efficiency improvements simultaneously. To support this, we encourage collaboration, innovation, operational excellence and relentless execution, so that the companies can be successful and grow profitably over time.

To further future-proof our companies and ensure their long-term competitiveness, we drive our ambitious sustainability agenda.

A strong corporate structure is essential to achieve profitable growth, which is why we continuously evaluate the structures in our companies to identify potential value-creating opportunities. Recent examples of this are the spin-offs of Epiroc from Atlas Copco and Electrolux Professional from Electrolux, ABB's divestment of Power Grids, and strategic acquisitions in Atlas Copco, Ericsson, Laborie and Sarnova.

A strong corporate structure is essential to achieve profitable growth

Our results ultimately depend on the people in our companies. Therefore, we spend considerable time ensuring that we have the best possible board members and CEOs in our companies. We will focus further on the succession planning in our companies, continue to make sure the boards are the best possible in terms of competence, experience and diversity, still considering their size. We want board members in our companies to be experienced, engaged and they should be able to devote significant time to their assignment. In this work, our extensive industrial network is a highly valuable asset.

Ensure an attractive portfolio
We will invest in selected existing listed companies when we find attractive opportunities. Within Patricia Industries, our ambition is to make add-on acquisitions through our current platform companies and invest in new platform companies. We will continue to invest selectively in new EQT funds.

If we arrive at the conclusion that a certain company would be better off in a different ownership, or that it no longer offers enough attractive development potential, we would actively drive a divestment process and try to maximize the value for our shareholders.

Safeguard financial strength
We strive to always maintain strong financial flexibility. A strong balance sheet gives us the ability to capture attractive investment opportunities and to support our companies. Over the past decade, we have generated strong cash flow based on dividends from Listed Companies, distribution from Patricia Industries' companies and net proceeds from Investments in EQT. The cash flow generation capacity that we have established is a key strength as it substantially increases our financial flexibility, enabling us to both invest and generate a steadily rising dividend.

Value creation plans

Each company we are engaged in has a dedicated business team, consisting of our board representatives, investment managers and analysts. The business teams analyze the industries and benchmark the companies' performance versus their competitors. Based on the analysis, we develop and constantly refine value creation plans for each company. These plans identify strategic key value drivers that the companies should focus on, in order to maximize long-term value.

The plans typically focus on:

- Profitable growth
  - Innovation
  - Digitalization
  - Sustainability
  - Add-on acquisitions
- Operational excellence
- Corporate structure
- Agility & financial flexibility
- Succession planning & talent management

Committed to create value

- Proven ownership model
- Portfolio with exposure to attractive long-term trends
- Companies with strong market positions
- Strong network and financial strength that support long-term value creation

Investment criteria

- Strong market positions
- Sustainable and flexible business models
- Strong and sound corporate cultures
- Exposure to growth markets
- Strong profitability and cash flow
- Continuous focus on innovation and R&D
- Exposure to service and aftermarket sales

Sustainability

Sustainability is fundamental to our business success and the success of our companies. Investor firmly believes that a sustainable business approach is a prerequisite for creating long-term value.

Business-driven approach
Investor takes a business-driven approach to sustainability as we believe this is a prerequisite for creating long-term value, both in our role as a company and in our role as a responsible owner. We define sustainability as the delivery of long-term value in economic, environmental and social terms.

It is in our role as an owner that we have the most impact, through the capital we provide, our engaged ownership and through our representation on the boards. In addition, we create value through the employment, innovations, products and services delivered by our companies.

When we support our companies to develop best-in-class businesses, they create value for their customers, for society, and in turn, for us and our shareholders.

Investor's approach is built on materiality and the most important sustainability areas are identified based on our impact both as a company and an owner:

- Business Ethics & Governance
- Climate & Resource Efficiency
- Diversity & Inclusion

Business Ethics & Governance
We are convinced that good business ethics and governance are key to build strong and successful companies. Investor has zero tolerance for non-ethical business behavior.

In our role as an owner we have developed Investor's Sustainability Guidelines that set clear expectations for Investor and our companies to conduct their operations in a responsible and ethical manner. Investor has a structured process for this work that covers a range of areas within governance, ethics, risk and compliance. The areas are selected based on a risk assessment and include, among other areas, ethical business conduct, whistleblowing, anti-corruption and anti-bribery. Investor's subsidiaries are reviewed in relation to these areas and in addition, one or two focus areas are selected every year for a deep-dive review.

In 2020, the focus areas have been anti-bribery and anti-corruption. Representatives from all subsidiaries have participated in an awareness training followed by a review of the subsidiaries' processes. Dialogs have also been held with all listed companies about their efforts to prevent corruption and bribery. All companies have set a zero tolerance principle against corruption and bribery and have established a process for implementation. Read more on page 117.

UN Sustainable Development Goals

Investor is committed to the UN Sustainable Development Goals and contributes to a number of them. Read more at www.investorab.com

5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Gender Equality SDG 5.5 Ensure full participation in leadership and decision-making	**Decent Work & Economic Growth SDG 8.2** Innovate and upgrade for economic productivity	**Responsible Consumption & Production SDG 12.2** Sustainable management and use of natural resources	**Climate Action SDG 13** Take urgent action to combat climate change and its impacts	**Peace, Justice & Strong Institutions SDG 16.5** Substantially reduce corruption and bribery	**Partnership for the Goals SDG 17.16** Enhance the global partnership for sustainable development

Investor's Sustainability Guidelines

1. Ensure that sustainability is integrated into the business
2. Comply with local and national legislation in each country of operation
3. Regularly assess material sustainability topics and have an active dialog with stakeholders
4. Sign and adhere to the UN Global Compact, commit to UN Sustainable Development Goals, support the ILO conventions, Universal Declaration of Human Rights, as well as the OECD Guidelines for Multinational Enterprises
5. Have implemented policies and Code of Conduct that address relevant sustainability areas including business ethics
6. Analyze risks and opportunities and formulate relevant measurable targets
7. Continuously improve social, environmental and economic impact with a special focus on innovation, climate, diversity and inclusion
8. Have adequate processes and resources to manage and monitor sustainability performance
9. Have a secure reporting channel for whistleblowing in place
10. Transparently report on the sustainability development

Climate & Resource Efficiency

The business community has a key role in taking action and coming up with new innovative solutions to combat climate change and increase resource efficiency. Investor is committed to climate targets aligned with the Paris Agreement and aims to halve its greenhouse gas emissions by 2030.

Investor AB's scope 1 and 2 emissions equaled 88 tonnes in 2020, a reduction of 26 percent compared to 2016. The reduction is mainly due to increased remote working during covid-19. To reach our target, we will continue to reduce emissions from energy consumption and company cars. A number of initiatives have been implemented in our main office, e.g. motion lighting, solar panels and charging posts for electric vehicles.

As a long-term owner, we need to take into account risks as well as business opportunities related to climate change and thus accelerate the transition to a sustainable low carbon economy. The portfolio companies' scope 1 and 2 emissions equaled 1,482,500 tonnes in 2020, a reduction of 40 percent compared to 2016. Investor works through the board representatives by engaging and following up with the companies on their targets and measures to reduce their climate impact. In 2020, we developed the integration of climate strategies in our value creation plans in order to reach our target to reduce portfolio emissions by 50 percent by 2030. By the end of 2020, 57 percent of our companies had aligned their reduction targets with the Paris Agreement.

In addition, Investor expects that all the companies have targets to reduce emissions from their value chain, for example related to the use of their products (companies' scope 3). In 2020, 43 percent of the companies had scope 3 targets and 57 percent had resource efficiency targets. Read more on page 119-120.

Diversity & Inclusion

Investor strongly believes that diverse teams characterized by inclusion and different perspectives stimulate innovation and drive better decision-making. We strive for diversity across all dimensions: nationality, age, gender, education, different mindsets and experiences.

We are convinced that making use of the total available talent base builds stronger teams. When recruiting, our ambition is to have a diverse slate of candidates and interview panels. Investor has set the target to maintain a gender balance of 40/60 in the Management Group, meaning at least 40 percent of the underrepresented gender. In 2020, the proportion of women in Investor's Management Group was 60 percent and 50 percent in the overall organization.

We measure perceived inclusion through employee surveys. In 2020, our employees reported a high level of inclusion compared to the external benchmark, scoring 8.9 (scale 1-10).

Investor drives diversity among our portfolio companies through the nomination committees and board representation. Investor's targets for 2030 are to reach a gender balance of 40/60 at an aggregated level in the portfolio companies' boards and management groups. In 2020, Investor developed a tool to monitor the progress against these goals. In addition, Investor has a target to ensure that all companies measure the perceived level of inclusion among employees regularly.

In 2020, the average share of women in the companies' boards was 30 percent (25). In the management groups the share was 25 percent (24). There were 14 nationalities represented in the boards and 23 in the management groups. In 2020, 83 percent of the companies had diversity targets and 87 percent measured inclusion. Read more on page 118.

GHG emissions, tonnes CO_{2e} [1]	2020	2019	2018	2017	2016
Investor AB's scope 1	16	18	18	22	22
Investor AB's scope 2	72	86	90	87	96
Portfolio companies' scope 1 and 2	1,482,500	1,925,700	2,176,100	2,376,700	2,481,500

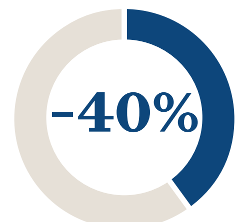
1) Method and more key performance indicators for Investor AB and portfolio are presented on page 119-120.

Diversity Investor AB, share of women [2]	2020	2019	2018	2017	2016
Board of Directors	44%	44%	40%	40%	40%
Management Group	60%	60%	60%	40%	40%
Extended Management Group	50%	50%	50%	38%	29%
Employees	50%	48%	50%	51%	51%

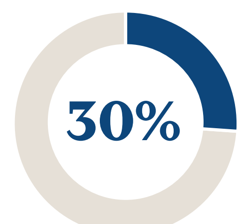
2) Method and more diversity key performance indicators for Investor AB and portfolio are presented on page 16 and 118.

Portfolio Companies

of our companies have a structured approach against corruption and bribery



reduction of CO_{2e} emissions from our companies compared to 2016



average share of women in our companies' boards of directors

Key activities 2020

- Launch of three sustainability focus areas and 2030 targets
- Sustainability training sessions with all employees
- Integration of focus areas in value creation plans
- Arranged training and reviewed portfolio companies' work to prevent bribery and corruption
- Investor Sustainability Network met three times during 2020
- Enhanced work on EU Taxonomy and TCFD and launched first TCFD report
- Increased our CDP score to B

People at the Center

At Investor our employees are at the center of our business model. Attracting, retaining and developing people with different mindsets is crucial for our ability to create long-term value.

Working at Investor

Investor is a purpose-driven company with a strong sense of pride in our long history of creating value. We are convinced that top quality individuals with diverse minds make all the difference. In a small organization like Investor's, each individual is important, and makes an impact.

We believe some attributes to be more important, such as passion, openmindedness and the ability to collaborate, along with an interest in strategic and financial considerations.

Investor applies a flexible working format and our philosophy is that you are given a high degree of freedom while considering what best fits the needs of the business. We also believe that there is a value in its own right in meeting and interacting.

Creating a work-life balance is prioritized at Investor. For instance we provide employee benefits which are selected to assist work-life balance in line with our culture.

Investor offers internships twice a year. We like to keep a close dialog with students, through presentations at selected universities. We invite students to come and meet with us at Investor to interact and share our personal view of what we do and how we do it.

Working during covid-19

Covid-19 has clearly impacted the way we work. Our top priority is to protect our employees' health, providing resources to enable everyone to work from home. A key challenge is to keep the energy, motivation and team spirit going.

Individuals with diverse minds make all the difference

To do this, we have worked with many different activities, holding our first company-wide, fully digital internal conference and a large number of interactive meetings on different organizational levels. On two occasions, we have surveyed the engagement of our employees. We have also emphasized the importance of present and accessible leadership. We have encouraged employees to meet and exercise together outdoors to promote physical activity. We will continue to enable flexibility regarding working hours and location even after the pandemic is over. We will also utilize the fact that all employees have advanced their digital skills.

Growth and development

We believe in supporting everyone to reach their full potential and make sure everybody has a sense of direction. We work with the framework "Impact and Development" (InD), a continuous approach for discussion on goals and priorities, values, development and feedback.

We look at professional development broadly. We offer internal and external trainings but also job rotations to portfolio companies and within Investor. The primary focus for professional development and up-skilling is on-the-job training. We regularly organize activities to build a learning organization and promote collaboration and sharing of knowledge. "Investor Explore" is our umbrella for our own individual learning process where we want to support our curious mindsets, seek and share new knowledge, influences and perceptions.

We use "360-degree feedback", a process through which feedback from colleagues and managers, as well as a self-evaluation by the employee, is gathered. Investor uses this process mainly to assist our employees in developing work skills and behaviors.

Key indicators[1] December 31	2020	2019
Number of employees	94	89
Employees, women	50%	48%
Managers, women	39%	32%
Employee Engagement score[2]	9.0	
Employee Inclusion score[2]	8.9	
Personnel turnover	8%	15%
Average sick leave[3]	1.9%	1.5%
Employees		
Stockholm	79	76
New York	12	10
Amsterdam	2	2
Palo Alto	1	1

1) Excluding wholly-owned subsidiaries.
2) Employee scores on a scale from 1-10.
3) Percentage of total time. Data collected from HR and remuneration systems in the Stockholm office.

Key activities 2020

- Modernize our way of working – digital development
- Launch of new platform to drive employee engagement
- Developed InD Framework for goal setting, feedback and personal growth and development
- Advanced physical and social work environment

Focus going forward

- Framework for upskilling and personal development
- Continue to develop ways of working following lessons from remote working during covid-19

Our Core Values

Care for People
Building strong and sustainable businesses requires talented and motivated people. Our collaborative, respectful and transparent working environment is an instrumental part of our culture.

Challenge and Improve
We firmly believe that there is always room for improvement. It is crucial for us as an engaged owner as well as in our daily work. We constantly challenge ourselves and our companies to be innovative and to work smarter.

Contribute with Heart and Mind
Our success is driven by the talent, expertise and passion of our employees. Everyone is expected to contribute and create positive impact.

Create Value
We strive to create value in everything we do, ultimately generating returns for our shareholders and benefiting people and society. Creating value is the guiding principle for our priorities, decisions and actions.

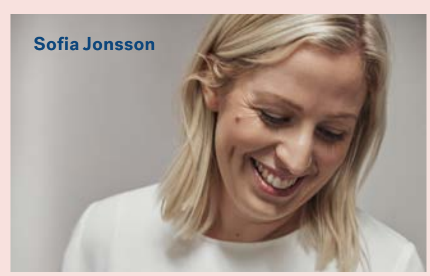
Meet our colleagues

Sebastian Tham

❞ As an Investment Manager within Listed Companies, my team and I spend our days assisting Investor's Board representatives in understanding what the companies' key priorities are to remain competitive and maximize long-term value. It is all about digging really deep into specific topics, not the least sustainability and digitalization, to identify the companies' true value drivers.

Jan Lernfelt

❞ As a Director within the Finance Department I have the opportunity to work in a rapidly changing environment. We always try to be at the forefront and try new ways of working. I really enjoy that we are a group driven by curiosity, output and team commitment.



Sofia Jonsson

❞ As our Sustainability Manager I have been part in defining Investor's sustainability focus areas. It is greatly rewarding to see how they are now being implemented and truly integrated within our ownership model. At Investor you can really make an impact and I feel that Investor is the best place for me given the exciting journey ahead.

Listed Companies

We own significant minority stakes in our listed companies and are typically the largest shareholder. This creates a solid base for engaged ownership, with sustainable value creation as the guiding principle.

65%
of total adjusted assets

SEK 367 bn
adjusted value

8%
total return 2020

Our ownership model
Our listed companies are international companies with strong market positions and proven track records within engineering, healthcare, financial services and technology.

We own significant minority stakes and are typically the largest shareholder. This creates a solid base for engaged ownership and is a prerequisite for being able to influence the board composition and to impact key strategic decisions.

We usually head the nomination committees and use our network to support the companies in finding board candidates. We strive to have significant board representation in each company and the chair role is important in our governance model.

Key activities 2020
Total return for Listed Companies amounted to 8 percent, compared to 15 percent for the SIXRX return index and 7 percent for OMXS30. Overall, our companies adapted to the rapidly changing business environment, delivering strong results while continuing to invest.

Electrolux Professional was spun out and became our 13th listed company. ABB finalized the sale of Power Grids. Wärtsilä reorganized and took action to handle difficult end markets and internal inefficiencies, and a new Chair and CEO were appointed. Ericsson strengthened its enterprise offering by acquiring Cradlepoint, and Atlas Copco created a new division, Machine Vision Solutions, through two acquisitions. AstraZeneca announced the acquisition of Alexion to enhance its position within immunology.

We continued to integrate sustainability into our value creation plans.

We invested SEK 3.4bn in ABB, Ericsson and Electrolux Professional.

Strategic priorities
As an engaged owner, our ambition is that our companies should remain or become best-in-class.

Our companies are well positioned to capture opportunities related to accelerating long-term trends such as digitalization, automation, electrification and sustainability. At the same time, these trends put new demands on the companies' business models, which is why constant up- and re-skilling, as well as talent management, are critical.

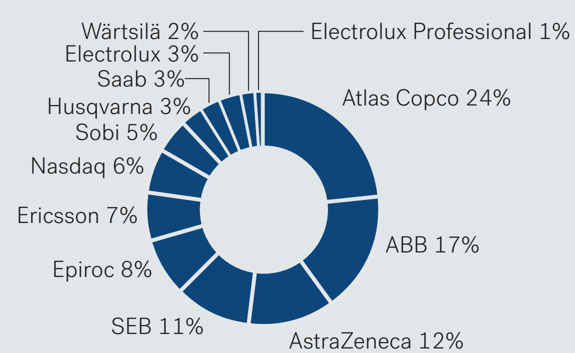
While maintaining focus on long-term value creation, our companies also need to ensure efficiency and flexibility near-term to stay ahead of competition.

Regarding capital allocation, we will continue to prioritize additional investments in selected existing listed companies.

Engaged long-term ownership

- Strong operational performance
- Build more best-in-class companies
- Strengthen ownership in selected listed companies
- Ready to support companies in rights issues

Share of Listed Companies



Overview

Ownership Model

Strong operational performance

- Constructively challenge management
- Support companies to capture opportunities related to long-term trends

Build best-in-class companies

- Over time, our companies should outperform competition and reach their full potential

Wise capital allocation

- Strengthen ownership in selected listed companies
- Ready to support companies in rights issues

Ownership
significant minority owner

Board representation
significant representation from Investor AB, Chair role important in our governance model

Ownership perspective
long-term, buy-to-build strategy

Valuation methodology
share price

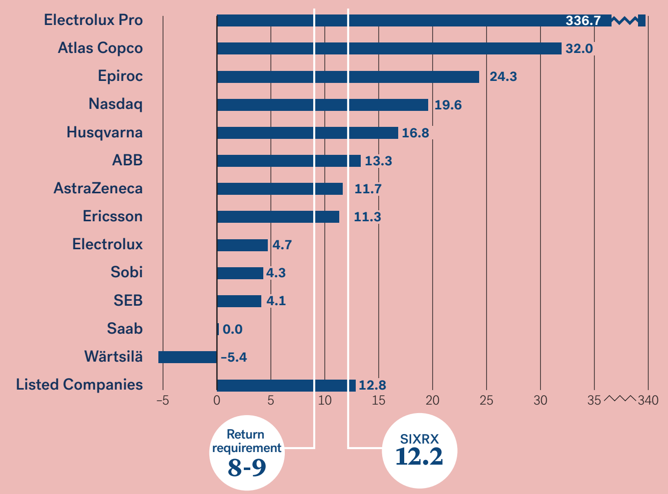
13
portfolio companies

7.3
ordinary dividends received, SEK bn

367
adjusted net asset value,SEK bn

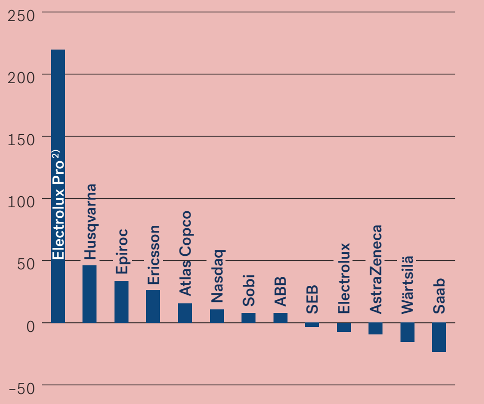
3.4
net invested, SEK bn

Average annual return, % (5 years)



The average annual total return for OMXS30 has amounted to 9.0 percent 2016-2020.

Total shareholder return 2020, %[1)]



1) Calculated as the sum of share price changes with reinvested dividends, including add-on investments and/or divestments.
2) First day of trading March 23, 2020.

Building best-in-class companies since 1916

Atlas Copco

15% Total return 2020

SEK 87bn value of holding

15% of total adjusted assets

16.9%/22.3% of capital/of votes

OUR VIEW

- Atlas Copco is a leader in sustainable productivity solutions with a successful decentralized and asset-light business model, a large aftermarket business and a strong culture built on innovation.
- During 2020, Atlas Copco's total shareholder return was strong. Despite covid-19-related challenges, the group successfully navigated difficult markets, handled supply chain issues and invested additional resources in research and development.
- Key for future value creation: Continued profitable growth, investments in innovation and digitalization across all business areas.

www.atlascopcogroup.com

ABB

8% Total return 2020

SEK 61bn value of holding

11% of total adjusted assets

12.2%/12.2% of capital/of votes

OUR VIEW

- ABB is well positioned in the electrification and automation industries with leading product portfolios, broad geographic presence and strong market positions.
- ABB handled the downturn in 2020 very well. Björn Rosengren joined as new CEO, and there has been good progress on decentralization and a clear focus on improving performance. In mid-2020, ABB closed the sale of 80 percent of Power Grids to Hitachi and initiated a share buyback program to distribute the proceeds.
- Key for future value creation: Continued execution on the strategy with the simplified and decentralized organization.

www.abb.com

AstraZeneca

−9% Total return 2020

SEK 43bn value of holding

8% of total adjusted assets

3.9%/3.9% of capital/of votes

OUR VIEW

- AstraZeneca is a global biopharmaceutical company focused on delivering innovative treatments in three therapeutic areas: Oncology, CVRM (Cardiovascular, Renal and Metabolism), and Respiratory. The company has a leading position in emerging markets and several new fast-growing products.
- Both sales and core profits grew strongly during 2020, driven by new innovative products, e.g. Tagrisso and Lynparza. AstraZeneca announced the USD 40bn acquisition of Alexion, enhancing the company's presence in immunology. In 2020 AstraZeneca partnered with Oxford University to develop and manufacture a covid-19 vaccine.
- Key for future value creation: Strong R&D productivity, successful commercialization of new treatments and maintained leadership in emerging markets.

www.astrazeneca.com

SEB

−3% Total return 2020

SEK 39bn value of holding

7% of total adjusted assets

20.8%/20.8% of capital/of votes

OUR VIEW

- Founded by the Wallenberg family in 1856, SEB is a leading Nordic financial services group with strong corporate and private customer relationships across its home markets.
- SEB demonstrated strength by supporting its customers, for example by providing additional capital through the pandemic, while at the same time improving its capital position. SEB also captured additional market share within mortgages.
- Key for future value creation: Continued investments in new technology to drive operational efficiency and customer benefits while maintaining a strong risk and compliance culture.

www.sebgroup.com

Epiroc

34% Total return 2020

SEK 31bn value of holding

5% of total adjusted assets

17.1%/22.7% of capital/of votes

OUR VIEW

- Epiroc is a leading equipment supplier to the mining and infrastructure industries. The company has a strong position in the attractive hard rock niche and a well-proven operating model with significant aftermarket revenues and industry-leading profitability.
- During the turbulent 2020, Epiroc adapted quickly to the changed market environment and showed good resilience with high profitability and strong cash flow. Simultaneously, the company continued to invest in prioritized areas to drive long-term profitable growth.
- Key for future value creation: Continued investments in innovation, electrification and automation, as well as to achieve further operational improvements.

www.epirocgroup.com

ERICSSON

26% Total return 2020

SEK 26bn value of holding

5% of total adjusted assets

7.7%/22.8% of capital/of votes

OUR VIEW

- Ericsson is a leading provider of telecom network equipment and related services. With its competitive product portfolio, Ericsson is driving innovation within the next generation of radio-based communication.
- Ericsson has improved its operational performance significantly in recent years, and delivered on its 2020 financial targets, thanks to solid execution on its focused strategy. In 2020, the company strengthened its market position further and moved forward in the enterprise segment by acquiring Cradlepoint, a provider of cellular connectivity solutions for enterprises.
- Key for future value creation: Investments to stay at the forefront of telecom technology, improved performance in Digital Services as well as capturing opportunities within Enterprise in the shift to 5G.

www.ericsson.com

Nasdaq

11% Total return 2020

SEK 21bn value of holding

4% of total adjusted assets

11.8%/11.8%[1)] of capital/of votes

OUR VIEW

- Nasdaq is a leading global provider of financial markets infrastructure, technology and information services. The company has pushed technological development in the industry since pioneering the first electronic stock market in the 1970s.
- Financial performance was strong driven by high trading volumes and sustained momentum in Nasdaq's increasingly important non-trading businesses. Nasdaq announced the acquisition of Verafin, active in the high growth anti-financial crime software market.
- Key for future value creation: Profitable growth in the Investment Intelligence and Market Technology businesses, including Verafin, and maintaining best-in-class performance in the trading business.

1) No single owner is allowed to vote for more than 5 percent at the Annual General Meeting.

www.nasdaq.com

Sobi

8% Total return 2020

SEK 18bn value of holding

3% of total adjusted assets

35.4%/35.4% of capital/of votes

OUR VIEW

- Sobi is an biopharmaceutical company focused on rare diseases. The company was first to market outside the U.S. with a long-acting haemophilia A treatment and today has a leading haemophilia franchise.
- Sobi continued to execute on its strategy. Growth was solid mainly driven by recently launched products and strong demand for Kineret. The haemophilia franchise, which has driven the strong operational performance in recent years, also continued to grow but is now facing increased competition in parts of the market. During the year, Sobi entered into two new strategic agreements that further strengthen the product pipeline.
- Key for future value creation: Develop the haemophilia business, execute on recent acquisitions and continue to broaden the portfolio through acquisitions.

www.sobi.com

Husqvarna Group

46% Total return 2020

SEK 10bn value of holding

2% of total adjusted assets

16.8%/33.1% of capital/of votes

OUR VIEW

- Husqvarna is a leading outdoor products company with strong brands, high end-customer focus and an innovative culture. The company is the market leader in the attractive and fast-growing robotic lawn mower category.
- Husqvarna has made a successful turnaround during the last few years. In 2020, Husqvarna achieved the target of >10 percent EBIT margin. The main drivers were a strong lawn and garden market as demand was positively impacted by people staying at home during covid-19 and operational improvements. Husqvarna further strengthened its offering and market position within construction through acquisitions.
- Key for future value creation: Strong execution, continued investments in profitable growth niches, winning the petrol-to-battery shift and adapting to changing end-customer expectations.

www.husqvarnagroup.com

SAAB

–23% Total return 2020

SEK 10bn value of holding

2% of total adjusted assets

30.2%/39.7% of capital/of votes

OUR VIEW

- Saab is a leading innovative defense company with strong system integration skills focused on niches in the global defense industry.
- Saab enjoyed strong order intake during 2020. Operationally the year was more challenging and the group was forced to lower project profit estimates as a result of supply chain disturbances caused by covid-19.
- Key for future value creation: Successful execution of the large projects, continued order wins and improved cash flow and profitability.

www.saabgroup.com

Electrolux

–7%
Total return 2020

SEK 10bn
value of holding

2%
of total adjusted assets

16.4%/28.4%
of capital/of votes

OUR VIEW

- Electrolux is a leading global appliance company with an asset-light business model and strong focus on sustainability and innovative customer experiences.
- The pandemic impacted sales negatively in the spring, but pent-up demand and disciplined cost management generated strong results for the full year. In March 2020, Electrolux successfully spun-off its professional division.
- Key for future value creation: Improve operational performance in North America, drive growth in Europe and deliver on the customer experience organization to increase gross margin and strengthen global scale.

www.electroluxgroup.com

WÄRTSILÄ

–15%
Total return 2020

SEK 9bn
value of holding

2%
of total adjusted assets

17.7%/17.7%
of capital/of votes

OUR VIEW

- Wärtsilä is a leading supplier of hardware and software to the marine and energy markets. The company's solutions help improve customers' financial performance while enabling the transition to a greener economy.
- 2020 was a challenging year for Wärtsilä. Already weak end markets came under further pressure as the pandemic struck the cruise and ferry industries. The industrial experience within the board of directors was strengthened. Tom Johnstone became new Chair. In addition, Håkan Agnewall, previously at Volvo Group, was appointed new CEO.
- Key for future value creation: Improved operational performance, profitable growth in the service business, capitalize on growing demand for green technologies and build a strong offering in the smart marine market.

www.wartsila.com

Electrolux PROFESSIONAL

220%
Total return[1] 2020

SEK 3bn
value of holding

0%
of total adjusted assets

20.5%/32.4%
of capital/of votes

OUR VIEW

- Electrolux Professional is one of the leading global providers of food service, beverage and laundry solutions for professional users such as restaurants, hotels and institutions.
- Electrolux Professional was spun out from Electrolux and listed as a standalone company in March 2020, when covid-19 struck. During the year, the pandemic has had a substantial negative impact on the company. However, despite a significant drop in demand, the company has been quick to adapt its cost base and improve efficiency.
- Key for future value creation: Improve operating efficiency and grow the business, especially with US chain customers and in emerging markets.

1) First day of trading March 23, 2020.

www.electroluxprofessional.com

Board members from Investor

ABB	Jacob Wallenberg (Vice Chair), Gunnar Brock
AstraZeneca	Marcus Wallenberg
Atlas Copco	Hans Stråberg (Chair), Johan Forssell
Electrolux	Petra Hedengran
Electrolux Professional	Daniel Nodhäll
Epiroc	Johan Forssell
Ericsson	Jacob Wallenberg (Vice Chair)
Husqvarna	Tom Johnstone (Chair), Daniel Nodhäll
Nasdaq	Jacob Wallenberg
Saab	Marcus Wallenberg (Chair), Sara Mazur, Daniel Nodhäll
SEB	Marcus Wallenberg (Chair), Helena Saxon
Sobi	Helena Saxon, Lennart Johansson
Wärtsilä	Tom Johnstone (Chair), Johan Forssell

Patricia Industries

Patricia Industries' key focus is to invest in and develop wholly-owned companies with long-term growth potential. The vision is to be a great home for great companies.

25%
of total adjusted assets

SEK **142**bn
adjusted value

19%
total return, 2020

Ownership model
Our key focus is to invest in and develop wholly-owned companies in the Nordics and North America. The aim is to exceed 90 percent ownership, with the companies' managements and boards of directors as co-owners, to ensure full alignment.

Patricia Industries operates from offices in Stockholm, New York and Palo Alto, and has a separate investment mandate and a specially appointed Board of Directors.

The boards of Patricia Industries' companies are typically composed of independent directors from our network and investment professionals from Patricia Industries, led by an independent, non-executive, chairperson.

The portfolio also includes Financial Investments, in which the investment horizon has not yet been defined.

We focus on investing through our existing wholly-owned companies, for example to finance organic growth initiatives or add-on acquisitions.

Key activities 2020
For the major subsidiaries, pro forma organic sales growth was 2 percent in constant currency, while EBITA also grew by 2 percent. Adjusting for items affecting comparability, EBITA growth was 6 percent. Distributions from Mölnlycke and Three Scandinavia to Patricia Industries totalled SEK 5.1bn. These proceeds strengthen Patricia Industries capacity to invest in existing and new subsidiaries.

Net investments totalled SEK 9.5bn, of which SEK 5.5bn for the acquisition of Advanced Instruments, and the remainder mainly related to the funding of Laborie's acquisition of Clinical Innovations.

Several subsidiaries, including Sarnova and Laborie, announced or completed strategic add-on acquisitions.

Three Scandinavia announced the sale of its passive network infrastructure, freeing up significant capital and enabling more focus on the core business.

Divestments within Financial Investments continued.

Strategic priorities
Near-term, a key priority is to mitigate the impact of the covid-19 pandemic, with focus on employees, customers, supply chains and production. Simultaneously, all companies are working actively to capture opportunities offered by long-term trends such as increased healthcare penetration, digitalization, automation and sustainability.

We will continue to focus on further developing our existing companies and drive continued profitable growth through organic and in-organic initiatives. Our ambition is also to find new subsidiaries in the Nordics and in North America. We will continue to divest holdings within Financial Investments and redeploy proceeds and resources to other companies in the portfolio.

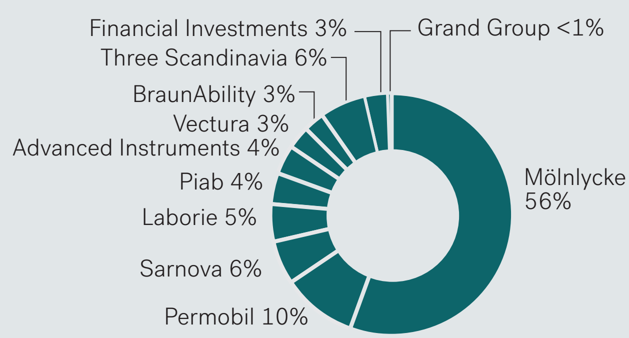
Investment criteria

Geography
- Nordics
- North America

Industry
- Attractive industry niches, with strong long-term growth outlook

Companies
- Good growth opportunities
- Market-leading positions
- Strong profitability and cash flow
- Agility and resilience
- Strong corporate culture

Share of Patricia Industries



Overview
Ownership model

Develop existing companies

Add new platform companies

Realize proceeds from financial investments

Ownership
wholly-owned subsidiaries, partner-owned companies

Ownership perspective
long-term, buy-to-build strategy

Board representation
boards comprise independent directors and directors from Patricia Industries

Valuation methodology
acquisition, equity and other relevant methods, estimated market values as supplementary information

142
adjusted net asset value (ex. cash), SEK bn

9
subsidiaries

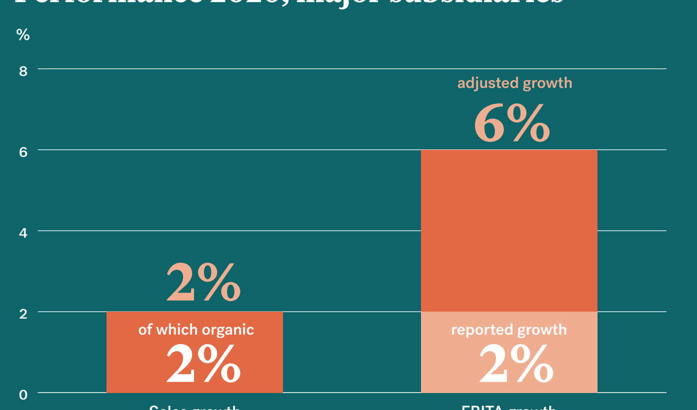
5.1
total distributions, SEK bn

9.5
net invested, SEK bn

50+
add-on investments

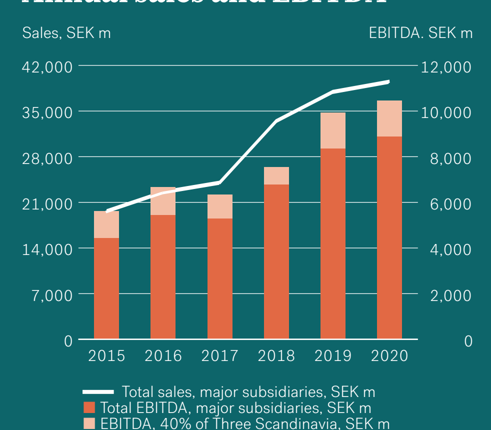
2015-2020 for a total of approximately SEK 18bn

Performance 2020, major subsidiaries[1]



1) Mölnlycke, Permobil, Laborie, Sarnova, Advanced Instruments, BraunAbility, Piab, Vectura, Grand Group.

Annual sales and EBITDA



Mölnlycke®

SEK **80** bn
estimated value of holding

14%
of total adjusted assets

99%
total exposure

Mölnlycke designs, manufactures and supplies single use products and solutions for managing wounds, improving surgical safety and efficiency, and preventing pressure ulcers.

Organic sales growth, constant currency
18%

Reported EBITA growth
22%

Important events 2020

- Organic sales growth amounted to 18 percent in constant currency, mainly driven by strong sales of personal protective equipment (PPE) as an effect of covid-19. The underlying business, excluding PPE, performed well, growing 2 percent organically in constant currency. All regions grew.
- Customer agreements within personal protective equipment added significant sales during 2020 and are expected to add additional sales in 2021, but significantly less than in 2020.
- The EBITA margin improved, positively impacted by strong sales and good cost control.
- Wound Care grew 2 percent organically in constant currency.
- Organic growth within Surgical was 36 percent in constant currency, mainly driven by personal protective equipment.
- New products were launched within both Wound Care and Surgical, including the Avance® Solo within Negative Pressure Wound Therapy.
- Cash flow was strong and Mölnlycke distributed EUR 350m to the owners, of which EUR 347m to Patricia Industries.
- On November 30, 2020, Zlatko Rihter, former CEO of Cellavision, assumed the position as CEO of Mölnlycke.

Key figures, EUR m	2020	2019
Net sales	1,793	1,542
EBITDA	536	451
EBITDA, %	29.9	29.2
EBITA	475	391
EBITA, %	26.5	25.3
Operating cash flow	470	382
Net debt	1,492	1,471

Key sustainability performance indicators	2020	2019
Number of employees	7,910	7,790
Gender balance in Management Group, share of women %	22	22
CO_{2e} emissions, tonnes (scope 1 and 2)	96,105	97,939
Employees trained on anti-bribery and anti-corruption, %	98	96
Code of Conduct confirmed by suppliers, % [1]	96	n/a
Number of accidents per million working hours (LTA)	1.1	1.6[2]
Employee engagement score, %	79	65

1) Agreements with suppliers of raw materials and outsourced sterilization.
2) Restated compared to annual report 2019.

www.molnlycke.com
Chair: Gunnar Brock
CEO: Zlatko Rihter (as of November 30, 2020)
Board members from Patricia Industries: Gunnar Brock, Christian Cederholm

Important sustainability areas and related risks

- Material aspects include business ethics, health and safety, diversity and equality, product quality, environmental impact and sustainable supply chains.
- The principles are primarily addressed in the Code of Conduct, Sustainability Policy, Quality Policy and Supplier standard and Code of Conduct.

Sustainability priorities 2020

- Updated the compliance program concerning anti-corruption and issued a new Code of Conduct in which all employees will be trained.
- Efforts to reduce climate impact through product development, increased efficiency in supply chain logistics, opening of a new distribution center in the UK and further lean activities in manufacturing to reduce waste.
- Arranged employee trainings to increase health and safety in factories. Training focused on reducing manual handling in the factories.
- Made diversity a priority by focusing on increased share of women in senior positions, defined as director level and above.

OUR VIEW

- Mölnlycke offers attractive long-term, profitable growth opportunities on the back of its leading market position and focus on delivering innovative, evidence-based quality products within wound management, pressure injury prevention and surgical solutions.
- Mölnlycke drives investments in continued innovation and clinical evidence as well as commercial execution to support long-term profitable growth. Key priorities to drive continued growth and maintain a premium position include innovation and product pipeline, expand channel coverage and expansion in emerging markets as well as complementary acquisitions.
- During the covid-19 pandemic Mölnlycke has been able to ramp up production and sourcing to meet the increased demand for personal protective equipment.
- We look forward to working with new CEO Zlatko Rihter to further develop and grow Mölnlycke profitably.

permobil

SEK **15** bn
estimated value of holding

3%
of total adjusted assets

98%
total exposure

Permobil provides advanced mobility and seating rehab solutions through development, production and sale of powered and manual wheelchairs, pressure-relieving cushions and power-assist devices.

Organic sales growth, constant currency	Reported EBITA growth
-9%	**-12%**

Important events 2020

- Organic sales growth amounted to –9 percent in constant currency, driven by covid-19-related restrictions negatively impacting customer access. Americas and EMEA declined while APAC grew.
- The EBITA margin was unchanged compared to last year, as good cost control helped mitigate the negative impact from lower sales. In addition, last year's cost level was elevated.
- Permobil introduced new generations of its M3 and M5 Corpus powered wheelchairs in the Americas through a major digital launch. The M1 power wheelchair was launched in EMEA.
- Permobil also introduced The Explorer Mini, a powered mobility solution for young children. The new “MyPermobil” app was launched, providing power wheelchair users with up-to-date information on, for example, battery range estimates, distance and seating behavior.
- Permobil acquired Supportec, a leading Dutch manufacturer of customized molded seating.

Important sustainability areas and related risks

- The most material aspects are quality of life for users, product and service quality and safety, safe and respectful workplace, diversity and inclusion, business ethics, responsible sourcing and environmental impact.
- These principles are primarily addressed in the core values, Code of Conduct, Anti-Corruption Policy, Health and Safety Policy and Supplier Code of Conduct.

Sustainability priorities 2020

- Group Management and the Board endorsed the focus areas on which the continued sustainability efforts will be based. Key performance indicators have been identified, and targets, and associated action plans, are in various stages of development for each area.
- Arranged awareness training in health and safety. Ongoing online tutorial for employees.
- Secured supply chain during covid-19 pandemic in order to deliver products to users and minimize disruption to their lives.

Key figures, SEK m	2020	2019
Net sales	3,944	4,446
EBITDA	826	924
EBITDA, %	20.9	20.8
EBITA	641	726
EBITA, %	16.3	16.3
Operating cash flow	835	776
Net debt	2,559	3,549

Key sustainability performance indicators	2020	2019
Number of employees	1,570	1,625
Gender balance in Management Group, share of women %	30	25
CO_{2e} emissions, tonnes (scope 1 and 2)	9,195	10,586
Injury Rate, TCIR	0.63	1.68
Employee perceived inclusiveness, scale 1-10	6.3	5.9
Suppliers with signed Code of Conduct based on spend, %	76	70
R&D intensity (R&D/sales), %	3.1	3.8

www.permobil.com
Chair: Martin Lundstedt
CEO: Bengt Thorsson
Board members from Patricia Industries: Christian Cederholm

OUR VIEW

- Permobil’s ambition to increase quality-of-life for its users through innovation has made the company a globally leading provider of advanced mobility solutions with attractive opportunities for profitable growth.
- Its strong culture, portfolio of brands, competitive products and innovation capabilities form a strong base for providing accessibility for more users globally.
- The key focus over the coming years is to drive organic growth, complemented by add-on acquisitions to strengthen the product portfolio and sales capabilities in existing and new geographies.

sarnova

SEK **8** bn
estimated value of holding

1%
of total adjusted assets

89%
total exposure

Sarnova is a specialty distributor of medical equipment, products, supplies, training and services to emergency medical services, hospitals and other healthcare providers.

Organic sales growth, constant currency
9%

Reported EBITA growth
-6%

Important events 2020

- Organic sales growth amounted to 9 percent in constant currency, driven by good growth in both the Emergency Preparedness and Acute business areas.
- Adjusting for items affecting comparability, the EBITA margin amounted to 11.4 percent, an improvement compared to 2019.
- Sarnova continued to invest in additional commercial resources within both Acute and Emergency Preparedness, digital platform enhancements and warehouse optimization.
- During the fourth quarter, Sarnova completed the acquisitions and simultaneous combination of the Digitech and R1 RCM EMS businesses, creating a leading provider of revenue cycle management (RCM) solutions for emergency medical services professionals. The combined business continues to operate as a stand-alone entity under the Digitech name. Sarnova invested approximately USD 130m and owns more than 60 percent of the combined business. For the 12-month period ending June 30, 2020, sales for the combined business were approximately USD 90m, with profitability higher than Sarnova's historical levels.

Key figures, USD m	2020	2019
Net sales	725	647
EBITDA	78	82
EBITDA, %	10.8	12.6
EBITA	69	73
EBITA, %	9.5	11.3
Operating cash flow	49	86
Net debt	525	287

Key sustainability performance indicators	2020	2019
Number of employees	1,195	645
Gender balance in Management Group, share of women %	10	14
CO_{2e} emissions, tonnes (scope 1 and 2)	1,944	2,323
Employees trained on Code of Conduct, %	100	99
Employee Engagement, % versus Benchmark (+/–)	82, +11	80, +4
Percentage of women among employees, %	46	44
Customer satisfaction, NPS	56	55

www.sarnova.com
Chair: Matthew Walter
CEO: Jeff Prestel
Board members from Patricia Industries: Yuriy Prilutskiy

Important sustainability areas and related risks

- The most material aspects are customer satisfaction, engaged employees, ethical business conduct and maintaining a diverse workforce.
- The principles are primarily addressed in the Code of Conduct, Employee Handbook and general corporate policies.

Sustainability priorities 2020

- Continued education of employees on ethical conduct, with an emphasis on the Code of Conduct.
- Conducted annual employee engagement survey with an emphasis to measure perception of diversity and inclusion within the workforce.
- Established a diversity and inclusion program to focus on further improvement through diversity and inclusion initiatives.
- Conducted a customer satisfaction survey.

OUR VIEW

- As the leading provider of specialty medical products and services for the emergency preparedness and respiratory markets in the U.S., Sarnova has attractive long-term profitable growth potential.
- Near-term, the focus is on commercial execution within the Emergency Preparedness and Acute Care businesses, expansion of product and service capabilities such as private label and custom kitting, investments in warehouse and distribution capacity, and integration of the Digitech and R1 revenue cycle management businesses.
- Sarnova continues to evaluate acquisition opportunities to strengthen its existing business as well as expand into attractive adjacent markets leveraging its organizational capabilities.

LABORIE

SEK **8** bn
estimated value of holding

1%
of total adjusted assets

98%
total exposure

Laborie designs and commercializes innovative diagnostic and therapeutic capital equipment and disposable products for the urology, gastroenterology, and labor & delivery markets.

Organic sales growth, constant currency
-19%

Reported EBITA growth
-28%

Important events 2020

- Organic sales growth amounted to –19 percent in constant currency, due to a significant decline in elective urology and gastroenterology procedures due to covid-19. The maternal and child health business (acquired during the first quarter 2020) was less impacted by covid-19 and reported growth.
- The reported EBITA margin amounted to 16.0 percent compared to 25.1 percent in 2019. Acquisition-related costs and provisions impacted profitability negatively both during 2020 and 2019.
- Laborie acquired a majority interest in GI Supply (GIS), a leading manufacturer of specialty gastroenterology products based in the U.S. For the 12-month period ending June 30, 2020 GIS sales were USD 18m. Laborie invested USD 20m in GIS.
- Laborie entered into a strategic partnership with Urotronic, a U.S-based medical device company developing technologies for the treatment of urethral strictures and benign prostatic hyperplasia. Laborie will invest USD 15m for a minority interest in Urotronic and secure an option to acquire the company.

Important sustainability areas and related risks

- Material aspects include employee health and safety, diversity and inclusion, business ethics, climate and environment, product quality and innovation.
- The principles are addressed in the Code of Conduct and Ethics, Supplier and Distributor Code of Conduct, compliance program, and Quality Policy.

Sustainability priorities 2020

- Implemented enhanced compliance program, covering business ethics, anti-bribery and anti-corruption, fair competition, as well as diversity and inclusion.
- Updated Code of Conduct for employees, suppliers and distributors and conducted enhanced training.
- Increased employee training on health and safety.
- Increased the focus of climate and environmental efficiency in business processes, supply chain and product innovation.
- Promoted diversity and inclusion in the workforce through communication, employee engagement and training.

Key figures, USD m	2020	2019
Net sales	230	205
EBITDA	44	56
EBITDA, %	19.1	27.3
EBITA	37	51
EBITA, %	16.0	25.1
Operating cash flow	21	24
Net debt	403	288

Key sustainability performance indicators	2020	2019
Number of employees	870	580
Gender balance in Management Group, share of women %	36	33
CO_{2e} emissions, tonnes (scope 1 and 2)	1,345	1,476[1)]
Employees trained on anti-bribery and anti-corruption, %	100	99
Incident rate	1.25	n/a
Employee satisfaction, eNPS	+17	n/a
R&D intensity (R&D/sales), %	6	5

1) Restated compared to annual report 2019.

www.laborie.com
Chair: Bo Jesper Hansen
CEO: Michael Frazzette
Board members from Patricia Industries: Yuriy Prilutskiy

OUR VIEW

- Laborie is an industry-leading innovator, manufacturer and supplier of medical technology products for the urology, gastroenterology, and labor & delivery markets.
- As the leader in each of its core markets, Laborie has strong growth opportunities driven by multiple long-term demographic drivers, new product introductions, commercial investment, and expansion into new geographies.
- Near-term, the priorities for Laborie are to improve profitability, drive growth and product innovation in its business units, advance the internal R&D pipeline, and continue to evaluate strategic add-on acquisitions within each of its business units.

piab

SEK **6** bn
estimated value of holding

1%
of total adjusted assets

97%
total exposure

Piab develops, produces and distributes gripping and moving solutions for end-users and machine manufacturers to improve energy efficiency, productivity and work environment.

Organic sales growth, constant currency	Reported EBITA growth
–4%	**5%**

Important events 2020

- Organic sales growth amounted to –4 percent in constant currency, negatively impacted by covid-19. APAC grew while Europe and Americas declined. All divisions reported sales declines.
- The reported EBITA margin declined to 23.5 percent. Adjusting for acquisition-related costs both during 2020 and 2019, the EBITA margin was 23.8 percent and 27.6 percent respectively. Good cost control mitigated the negative impact from the organic sales decline.
- Piab launched several new products aimed at a variety of industries, primarily within the Vacuum Conveying and Vacuum Automation divisions.

Important sustainability areas and related risks

- The most material aspects are climate, resource efficiency, diversity, inclusion, trade compliance and anti-corruption.
- These aspects are primarily addressed in the Code of Conduct, Sustainability Policy, Trade Compliance Policy, and the Anti-Corruption Policy.

Sustainability priorities 2020

- Conducted a Sustainability workshop resulting in six major focus areas.
- Updated the Code of Conduct and Sustainability Policy.
- Launched four new products with improved capabilities to reduce customers' energy consumption.
- Launched a project to substitute a metal housing to a bio-composite housing.
- Implemented tools for digital sales and marketing in order to reduce CO_{2e} emissions from travel.

Key figures, SEK m	2020	2019
Net sales	1,526	1,267
EBITDA	420	379
EBITDA, %	27.5	29.9
EBITA	359	341
EBITA, %	23.5	26.9
Operating cash flow	364	325
Net debt	1,574	987

Key sustainability performance indicators	2020	2019
Number of employees	625	515
Gender balance in Management Group, share of women %	30	31
CO_{2e} emissions, tonnes (scope 1 and 2)	1,535	1,713[1)]
Employees signed off on Code of Conduct, %	100	83
Employee engagement index (scale 1-100)	83	84
R&D intensity (R&D/sales), %	4.6	4.9
Energy efficiency (piSMART pumps sold/total pumps sold), %	21	18

1) Restated compared to annual report 2019.

www.piab.com
Chair: Ronnie Leten
CEO: Clas Gunneberg
Board members from Patricia Industries: Thomas Kidane

OUR VIEW

- Piab has significant organic growth potential driven by the global automation trend within manufacturing and logistics, which has been further accelerated by covid-19. The company continues to take a long term view in supporting investments in product development and geographic expansion to drive sustainable growth.
- There is also an opportunity to further strengthen the company and accelerate growth through complementary add-on acquisitions, that can leverage the company's strong channels and products, as well as expansion into adjacent segments.

ADVANCED INSTRUMENTS

SEK 5 bn
estimated value of holding

1%
of total adjusted assets

98%
total exposure

Advanced Instruments is a global provider of osmolality testing instrumentation and consumables for the clinical, biopharmaceutical and food & beverage markets.

Organic sales growth, constant currency

9%

Reported EBITA growth

19%

Important events 2020

- Patricia Industries completed the acquisition of Advanced Instruments, its 9th subsidiary, during the fourth quarter 2020.
- Organic sales growth amounted to 9 percent in constant currency, driven by good growth in both consumables and services as well as instruments.
- The EBITA margin improved, driven by operating leverage and reduced travel and marketing expenses, partly offset by investments in the commercial organization.
- In order to prepare Advanced Instruments for future growth, investments will be made to further expand the global commercial organization and accelerate key product development projects.

Important sustainability areas and related risks

- Material aspects include health and safety, business ethics, responsible supply chain, customer satisfaction, regulatory compliance and environment.
- The principles are primarily addressed in the Code of Conduct and the Quality Management System.

Sustainability priorities 2020

- Implemented a range of new recycling programs to reduce the environmental impact of operations.
- Ongoing work to deliver on the target to reduce the energy consumption and carbon emissions from operations with an ongoing LED lighting project.
- Conducted employee training on health and safety. The focus of the current year training was covid-19 to ensure the health and safety of employees.
- Implementing cellular manufacturing which has positive implications for environmental performance such as eliminating overproduction, reducing material waste, shifting to right-sized equipment and optimizing production floor space.

Key figures, USD m	2020	2019
Net sales	77	70
EBITDA	37	30
EBITDA, %	47.7	43.3
EBITA	35	30
EBITA, %	46.0	42.2
Operating cash flow	34	31
Net debt	152	124

Key sustainability performance indicators	2020	2019
Number of employees	130	115
Gender balance in Management Group, share of women %	30	30
CO_{2e} emissions, tonnes (scope 1 and 2)	680	852
Reduced CO_{2e} emissions through virtual service, tonnes	7.26	0.22
Number of employees trained on Code of Conduct	92	n/a
Number of work-related injuries	1	3

www.aicompanies.com
Chair: David Perez
CEO: Byron Selman
Board members from Patricia Industries: Noah Walley, Yuriy Prilutskiy

OUR VIEW

- With a strong brand reputation and deep customer relationships, it is recognized as the global authority on osmolality testing, and its products are the standard within each of its core markets.
- The key near-term focus will be on adding to the company's human capital, expanding its direct commercial capabilities, and accelerating investment in the company's new product pipeline.
- There are multiple organic and non-organic opportunities for long-term profitable growth due to strong and durable underlying growth rates in each of the company's core markets, as well as a diverse array of strategic acquisition targets for each of Advanced Instruments' core markets.

Vectura

SEK 4 bn
estimated value of holding

1%
of total adjusted assets

100%
total exposure

Vectura develops, owns and manages properties for community service, office and hotel with a long-term commitment. Manages the whole value chain, from land acquisition to development and management.

Reported sales growth	Reported EBITA growth
9%	-54%

Important events 2020

- Sales growth amounted to 9 percent. Revenue-based rental income from Grand Hôtel decreased compared to last year due to covid-19, but was offset by increased rental income from Community Services properties.
- The EBITA-margin was lower than last year, negatively impacted by increased depreciation due to completed projects and acquired properties during the year.
- Ongoing developments progressed according to plan and Vectura continued to strengthen its project pipeline. Several ongoing constructions of Community Services properties were completed, and new constructions were initiated.
- Construction of the building Forskaren, an office building in the life-science center in Hagastaden Stockholm, was initiated. Forskaren is expected to be completed by the end of 2023.
- Vectura acquired Bromma hospital, with significant development potential as the property and zoning plan allow for construction of elderly care and elderly housing in connection to the hospital.

Important sustainability areas and related risks

- The most material aspects are business ethics, good working conditions, diversity and inclusion, well-being for people in and around our properties, innovation, climate and circularity.
- Principles for these areas are primarily described in the Code of Conduct, Sustainability Policy and Supplier Code of Conduct.

Sustainability priorities 2020

- The new sustainability strategy was approved by the Board and launched externally during the year. An action plan has been developed and key activities during the year include hiring a Sustainability and Innovation Manager and implementing the new strategy. The Sustainability Policy and Code of Conduct for employees and suppliers have been updated to align with the updated strategy.
- Targets and priorities include climate neutrality in the management process in 2025 and in the construction process in 2030, more circular material flows and renewable materials, and maintaining a high level of environmental certification and climate adaptation.

Key figures, SEK m	2020	2019
Net sales	298	273
EBITDA	184	173
EBITDA, %	61.9	63.3
EBITA, adjusted	34	74
EBITA, adjusted, %	11.4	27.2
Operating cash flow	-1,450	-597
Net debt	4,302	2,662
Market value of properties	9,182	7,282

Key sustainability performance indicators	2020	2019
Number of employees	31	22
Gender balance in Management Group, share of women %	40	33
CO_{2e} emissions, tonnes (scope 1 and 2)	269	236[1)]
CO_{2e} emissions intensity, kg/m^2	3.7	4.1[1)]
Energy intensity, kWh/m^2	124	143[1)]
Employees trained on business ethics, %	93	n/a
Employee satisfaction, Teamship Index (0-100)	83	n/a

1) Restated compared to annual report 2019, due to developed calculation method.

www.vectura.se
Chair: Mats Wäppling
CEO: Joel Ambré
Board members from Patricia Industries: Ulrika af Burén

OUR VIEW

- Vectura creates value by developing, efficiently managing and owning sustainable and innovative real estate with focus on community service and commercial buildings.
- Key priorities for Vectura is to successfully advance ongoing developments, execute on the pipeline of projects and source additional growth opportunities.

BraunAbility

SEK **4** bn
estimated value of holding

1%
of total adjusted assets

95%
total exposure

BraunAbility is a global manufacturer of automotive mobility products engaged in the design, development and distribution of wheelchair accessible vehicles and wheelchair lifts.

Organic sales growth, constant currency	Reported EBITA growth
-24%	-49%

Important events 2020

- Organic sales growth amounted to −24 percent in constant currency, driven by weakness in demand related to covid-19. On the consumer side, BraunAbility's target base was more acutely affected by covid-19 than the broader auto market. On the commercial side, lower utilization of public transportation drove reduced order volume for buses and taxis.
- The EBITA margin amounted to 5.1 percent, a decrease compared to last year, driven by the reduction in sales, while efficient cost management mitigated the profitability decline.

Important sustainability areas and related risks

- Material aspects include product quality, customer satisfaction, innovation, regulatory compliance, occupational health and safety, sustainable supply chain, financial health and talent management.
- These principles are primarily addressed in the Code of Conduct, Supplier Code of Conduct, Employee Handbook, Quality Policy and company vision and values.

Sustainability priorities 2020

- Launched an inclusion initiative and trained all managers in the area of inclusive leadership.
- Instituted safety protocols to avoid transmission of covid-19 in the workplace and launched an online retail shopping tool in order to safeguard the health and safety of employees and customers.
- Initiated the development of a metrology lab to advance quality measurement capabilities.
- Continued the implementation of the revised Supplier Code of Conduct and the global trade sanctions procedure.

Key figures, USD m	2020	2019
Net sales	567	734
EBITDA	44	70
EBITDA, %	7.7	9.6
EBITA	29	57
EBITA, %	5.1	7.7
Operating cash flow	20	72
Net debt	189	193

Key sustainability performance indicators	2020	2019
Number of employees	1,555	1,700
Gender balance in Management Group, share of women %	20	18
CO_{2e} emissions, tonnes (scope 1 and 2) [1]	4,770	6,112
Injury Rate, TCIR [1]	1.0	1.1
Employees receiving performance development reviews, % [1]	94	99
Number of managers trained on inclusion [1]	160	n/a
Suppliers signed off on 2020 revised Code of Conduct, % [1]	13	n/a

1) The sustainability indicators exclude BraunAbility's subsidiaries.

www.braunability.com
Chair: Nick Gutwein
CEO: Staci Kroon
Board members from Patricia Industries: Noah Walley

OUR VIEW

- As the global market leader in automotive mobility products for people with disabilities, BraunAbility has significant organic growth potential as its core wheelchair accessible vehicle market is underpenetrated and benefits from sustainable demographic growth drivers.
- There are multiple opportunities to grow the business through acquisitions, product portfolio expansion, marketing investments, and entry into new geographies. In addition, there remains potential to further improve manufacturing efficiency and retail operations.
- Focus remains on executing on strategic growth initiatives, including new product development, continuous improvement on quality and safety, and complementary add-on acquisitions.

GRAND HÔTEL
STOCKHOLM – SWEDEN

SEK **0.1** bn
estimated value of holding

<1%
of total adjusted assets

100%
total exposure

The Grand Group offers accommodation, food & beverage, spa, conference and banqueting. It consists of Scandinavia's leading hotels Grand Hôtel, Lydmar Hotel and The Sparrow Hotel.

Organic sales growth
–58%

Reported EBITA growth
not measurable

Important events 2020

- Organic sales declined by 58 percent, significantly negatively impacted by decreased business travelling and tourism due to covid-19.
- Grand Group focused on securing an efficient operation despite the negative effects of covid-19, with reductions in staff and costs to adapt to the current circumstances.
- During the year, Grand Hôtel initiated a number of renovation projects, including the renovation of 75 rooms.
- Patricia Industries contributed SEK 100m in funding to Grand Group to support the company in the current market situation.

Important sustainability areas and related risks

- The most material aspects include climate and resource efficiency, protecting guests' privacy and safety, business ethics and anti-corruption, diversity and inclusion, human rights, and creating a safe and secure working environment for the employees.
- The principles are described in the core values, Code of Conduct, Environmental Policy and Human Resources manual.

Sustainability priorities 2020

- Safe and secure environment for all staff and guests. Grand Hôtel received the GBAC Star facility accreditation for its ability to prepare for, respond to, and recover from bio risk and infectious disease situations.
- Target to reduce energy consumption by 5 percent yearly. In 2020, the energy consumption was reduced by 16 percent mainly due to covid-19, regular inspections and new, more efficient equipment.
- Reduced plastic usage and food waste through improved planning.

Key figures, SEK m	2020	2019
Net sales	289	680
EBITDA	–37	142
EBITDA, %	–12.7	20.8
EBITA	–163	11
EBITA, %	–56.4	1.7
Operating cash flow	–255	1
Net debt	887	893

Key sustainability performance indicators	2020	2019
Number of employees	216	380
Gender balance in Management Group, share of women %	57	50
CO_{2e} emissions, tonnes (scope 1 and 2)	349	419
Reduction in energy consumption vs. last year, %	16	2
Absentee rate, %	6.0	4.5[1)]
Number of employees trained on anti-corruption	15	0
Customer satisfaction, NPS	72	70

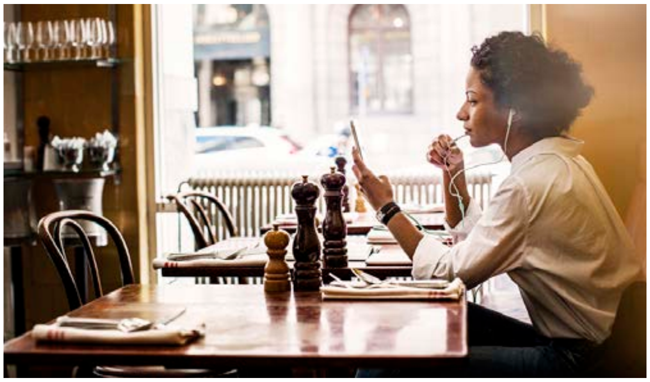
1) Restated compared to annual report 2019.

www.grandhotel.se, www.lydmar.com, www.thesparrowhotel.se
Chair: Peter Wallenberg Jr.
CEO: Pia Djupmark
Board members from Patricia Industries: Jenny Ashman Haquinius

OUR VIEW

- The Grand Group continues to develop its concept and customer offering, and near-term priorities are flexibility to meet changes in demand, and cost-efficiency.
- Patricia Industries continues to support the company as it is significantly impacted by covid-19 pandemic-related decreases in tourism and business travel.

Partner-owned and Financial Investments



SEK **8** bn
estimated value of holding

1%
of total adjusted assets

40%/40%
of capital/of votes

Three Scandinavia provides mobile voice and broadband services in Sweden and Denmark.

Service revenue growth

3%

Adjusted EBITDA growth

3%

Important events 2020

- The subscription base amounted to 3,678,000, an increase of 120,000.
- Service revenue grew by 3 percent.
- Reported EBITDA was flat, while adjusted EBITDA grew by 3 percent.
- Three Scandinavia announced the divestment of its passive network infrastructure assets, releasing significant capital and allowing further focus on the core business of providing customers with high-quality mobile services.
- In early 2021, Three Scandinavia secured 100MHz spectrum in the 3.5GHz-band in the Swedish 5G auction. This spectrum enables the building and development of an attractive 5G network for Swedish customers.
- Three Scandinavia distributed SEK 494m to its owners, of which SEK 198m to Patricia Industries.

Key figures, SEK m	2020	2019
Net sales	10,668	10,705
Sweden, SEK m	6,818	6,826
Denmark, DKK m	2,740	2,736
EBITDA	3,934	3,919
Sweden, SEK m	2,725	2,662
Denmark, DKK m	861	887
EBITDA, %	36.9	36.6
Sweden	40.0	39.0
Denmark	31.4	32.4
Net debt	6,341	6,934
Subscriptions	3,678,000	3,558,000
Sweden	2,209,000	2,090,000
Denmark	1,469,000	1,468,000
Number of employees	1,775	1,810

www.tre.se
Chair: Canning Fok
CEO: Morten Christiansen
Board members from Patricia Industries:
Christian Cederholm, Lennart Johansson

OUR VIEW

- Since its launch, Three Scandinavia has grown by offering its customers competitive deals and by being first to market with new, innovative services. High customer satisfaction is critical in order to continue to take market share. The company sees continued room for organic growth in the markets where it operates.
- The divestment of the tower assets allows the company to focus on its core business of providing customers with high-quality mobile services. Three Scandinavia continues to support investments in its network, including spectrum, which remains a prerequisite for a sustainable customer value proposition.

Financial Investments

Financial Investments consists of investments in which the investment horizon has not yet been defined. Our objective is to maximize the value and use realized proceeds for investments in existing and new subsidiaries. However, some holdings could become long-term investments.

SEK **4** bn
estimated value of holding

1%
of total adjusted assets

Important events 2020

- Investments amounted to SEK 100m, while divestments and distributions amounted to SEK 1,188m.
- The holdings in eSilicon, Madrague, Newron and Retail Solutions were fully exited.

As of December 31, 2020, European, U.S. and Asian holdings represented 12, 74 and 14 percent of the total value of the Financial Investments. 8 percent of the value of Financial Investments is represented by investments in publicly listed companies. The five largest investments represented 65 percent of the total value of Financial Investments.

Five largest Financial Investments, December 31, 2020

Company	Region	Business	Listed/ Unlisted	Reported value, SEK m
Sutter Hill Ventures	U.S	Venture fund	Unlisted	996
CDP Holding	Asia	IT	Unlisted	647
Callfire	U.S	IT	Unlisted	411
Atlas Antibodies	Europe	Healthcare	Unlisted	366
Rocket Lawyer Inc	U.S	IT	Unlisted	222
Total				**2,642**

Investments in EQT

EQT is a purpose-driven global investment organization with close to three decades of consistent investment performance across multiple geographies, sectors and strategies. EQT manages and advises a range of specialized investment funds and other investment vehicles that invest across the world with the mission to generate attractive returns and future-proof companies. As one of EQT's founders in 1994, Investor has invested in most of its funds.

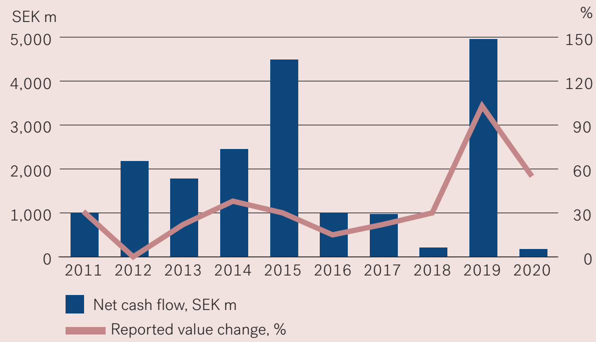
10%
of total adjusted assets

57
SEK bn adjusted value

0.2
net proceeds to Investor, SEK bn

55%
value change 2020

Value change and net cash flow



www.eqtgroup.com
Chair: Conni Jonsson
CEO: Christian Sinding
Board Member from Investor: Johan Forssell

EQT AB

- EQT AB is a leading manager of private equity and infrastructure funds with a total of 17 active funds and approximately EUR 52bn in assets under management.
- During 2020, following a strategic review, EQT AB concluded the divestment of its business segment Credit. The divestment enables EQT AB to further focus its efforts on building scalable value-add strategies focused on active ownership.
- In early 2021, EQT AB signed a combination with Exeter Property Group. The combination accelerates EQT AB's strategic growth ambitions within Real Estate.
- Key going forward is to continue to generate attractive returns for fund investors and to continue to develop EQT's successful business model built on industrial value creation.

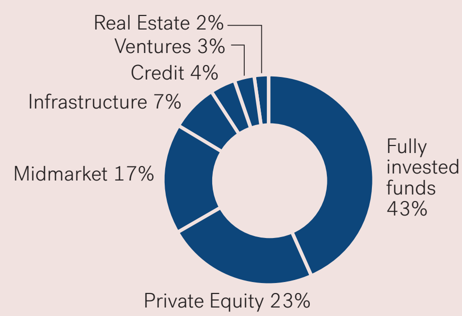
96%
total return 2020

18%
ownership (capital) in EQT AB

37
value of investment in EQT AB, SEK bn

EQT FUNDS

- Our investments in EQT's funds have been successful over time and we will continue to selectively invest in future funds.
- The cash flow generated by the EQT funds is lumpy by nature and depends on whether the funds are in an investment or exit phase. We expect continued strong net cash flow over time.



21
value of fund investments, SEK bn

Investor as an Investment Case

Market leaders with high exposure to attractive long-term trends

Our companies have **strong market positions** and **high exposure to attractive long-term trends**.

Within **medtech and healthcare**, our companies benefit from demographic trends and we see good opportunities for geographic expansion. Within **automation**, companies such as Atlas Copco, ABB and Piab are well positioned to capture vast opportunities. EQT provides us with strong exposure to the growing segment **alternative investments**, while Ericsson and Nasdaq are good examples of companies with strong **technology offerings**, which is important in an increasingly digital world.

Investor's business model, **building strong and sustainable businesses** through **engaged ownership**, has proven successful over time. Over the past ten years, the average annual **total shareholder return** has amounted to 19 percent, compared to 11 percent for the SIXRX return index.

Our **strong balance sheet and cash flow** allow us to capture attractive investment opportunities and to pay a steadily rising dividend. Over the past ten years, annual dividend growth has averaged 11 percent per year.

The Investor share is a competitive and liquid investment opportunity, offering exposure to a well-diversified portfolio of **listed and unlisted high-quality companies.** Our management costs amount to approximately 0.10 percent of adjusted net asset value.

The Investor Share

The total return, share price performance including reinvested dividends, for the Investor B-share in 2020 was 19 percent, while the SIXRX return index gained 15 percent. The average annualized total return has been 19 percent over the past ten years and 11 percent over the past 20 years. The corresponding total return of the SIXRX return index was 11 and 9 percent respectively.

The price of Investor's A share increased by 18 percent during the year from SEK 506.50 to SEK 597.50. The B share increased by 17 percent from SEK 511.20 to SEK 599.20.

Turnover

During 2020, the turnover of Investor shares on Nasdaq Stockholm totaled 346 million (269), of which 36 million were A-shares (26) and 310 million were B-shares (242). This corresponded to a turnover rate of 11 percent (8) for the A-share and 65 percent for the B-share (54), compared with 73 percent for Nasdaq Stockholm as a whole (62).

On average, 1.4 million Investor shares were traded daily (1.1). Investor was the 5th most traded share on Nasdaq Stockholm in 2020 by total turnover (8th). Additional Investor shares were also traded on other exchanges, see page 39.

Ownership structure

At year-end, Investor's share capital totaled SEK 4,795m, represented by 767,175,030 registered shares, of which 1,363,280 were owned by the company, each with a quota value of SEK 6.25.

Investor had a total of 328,057 shareholders at year-end 2020 (246,257). In terms of numbers, the largest category of shareholders is private investors, and in terms of the percentage of share capital held, institutional owners dominate. The largest single shareholder category is foundations, of which the three largest are Wallenberg foundations.

Employee share ownership

Within the framework of our long-term share based remuneration, all Investor employees are given the opportunity to invest approximately 10-15 percent (or in some cases more) of their gross base salary in Investor shares. Approximately 93 percent of Investor's employees participated in the Long-Term Variable Remuneration program 2019 (96).

Repurchases of own shares

In 2020, no shares were repurchased. The net decrease of 484,350 B-shares of holdings in own shares is attributable to transfer of shares and options within Investor's Long-Term Variable Remuneration program.

Proposed dividend

Proposed dividend, SEK

14.00

per share

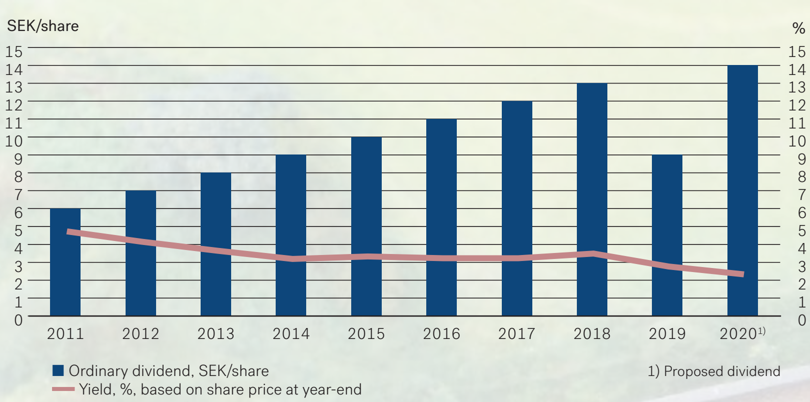
The Board proposes a dividend to shareholders of SEK 14.00 per share (9.00), to be paid in two installments, SEK 10.00 per share in May, 2021, and SEK 4.00 per share (subject to the proposed 4:1 share split) in November, 2021, corresponding to a maximum of SEK 10,740m to be distributed (6,889), based on the total number of registered shares.

Dividend policy

Investor's dividend policy is to distribute a large percentage of the dividends received from Listed Companies, as well as to make a distribution from other net assets corresponding to a yield in line with the equity market. The goal is to pay a steadily rising dividend.

2020	Number of shares held by Investor	Share of total number of outstanding shares, %	Nominal value, SEK m	Transaction value, SEK m
Opening balance B-shares	1,847,630	0.24	11.5	
Repurchased B-shares	0	0.00	0.0	
Transferred B-shares	–484,350	–0.06	–3.0	–85.2
Closing balance	**1,363,280**	**0.18**	**8.5**	

Dividend



Brief facts

- Listed on the Stockholm Stock Exchange since 1919.
- A shares and B shares are mainly traded on Nasdaq Stockholm.
- The difference between the A and B share classes is that the A share carries one vote while the B share carries 1/10 vote.
- Total number of registered shares: 767,175,030, of which 311,690,844 A shares and 455,484 186 B shares.
- Ticker codes B share: INVEB SS (Bloomberg), INVEb.ST (Reuters), INVE.B (FactSet).
- Market capitalization on December 31, 2020: SEK 458bn (adjusted for repurchased shares).
- The second largest company on Nasdaq Stockholm measured by market capitalization (primary-listed companies as of December 31, 2020).

Proposed split 4:1
To help increase liquidity in the Investor share, Investor's Board of Directors proposes to the AGM 2021 a 4:1 share split, implying that, providing approval by the AGM, one Investor share is divided into four shares. The same conditions apply to both class A- and class B-shares. Provided that the AGM approves the proposal, the Board of Directors will be mandated to decide upon a record date for the share split. This date will consequently not be decided upon until after the AGM on May 5, 2021.

Analyses of Investor
Firms publishing research on Investor AB

- ABG Sundal Collier
- BofA Merrill Lynch
- Citi
- Danske Bank
- DNB
- Handelsbanken
- JP Morgan
- Kepler Cheuvreux
- Nordea
- Pareto Securities
- SEB

Investor's 10 largest shareholders listed by capital stake[1)]

12/31 2020	% of capital	% of votes
Knut and Alice Wallenberg Foundation	20.0	43.0
Alecta Pension Insurance	5.0	3.1
AMF Insurance & Funds	4.0	8.2
SEB Foundation	2.3	4.9
SEB Funds	2.2	0.6
Vanguard	2.1	1.1
BlackRock	2.0	0.5
Marianne & Marcus Wallenberg Foundation	1.9	4.1
Swedbank Robur Funds	1.8	0.7
Norges Bank	1.8	0.5

1) Swedish owners are directly registered or registered in the name of nominees. Foreign owners through filings, custodian banks are excluded. Source: Modular Finance

Shareholders statistics, December 31, 2020 (Euroclear)

Number of shares	Number of shareholders	Holding, %
1–500	285,389	87
501–1,000	19,668	6
1,001–5,000	18,441	6
5,001–10,000	2,327	1
10,001–15,000	723	0
15,001–20,000	355	0
20,001–	1,154	0
Total	**328,057**	**100**

Investor Relations

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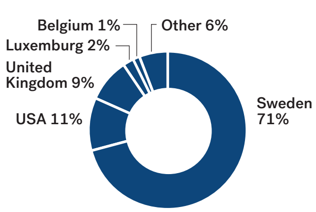
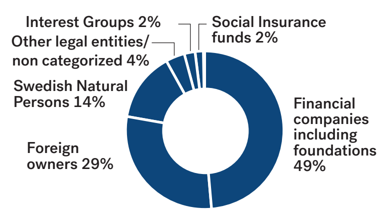
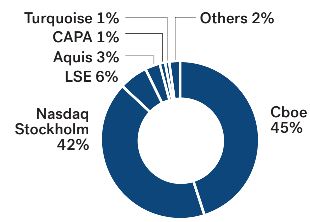
Distribution of ownership by country, % of capital (Euroclear)



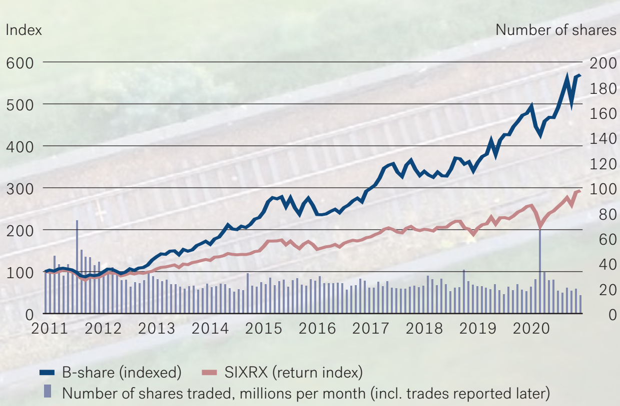
Distribution of shareholders, % of capital (Euroclear)



Trading by venue, % (Fidessa)



Total return Investor vs. SIXRX 2011-2020



Total Shareholder Return

Risks and Uncertainty Factors

All business activities involve risks and risk management is a continuous process. Proactive risk management is crucial for successful governance and operations. The Board frequently follows up on limits and risk exposure to ensure the ability to reach business strategies and goals.

Risk management
The Board is responsible for ensuring efficient risk management. At Investor, risk management is an integral part of the Group's processes and is kept close to business operations. The Board has adopted policies with risk levels, mandates and limits for the parent company and its business areas, while the boards of the subsidiaries decide and follow up on policies that have been adapted to manage the risks in their respective businesses. Risk management is conducted continuously in the day to day business at Investor and in the portfolio companies.

A comprehensive risk assessment is made annually to identify and evaluate existing and emerging risks. This assessment encompasses all categories of risks and involves the Management Group, representatives from the whole organization as well as input from the subsidiaries. Material risks are compiled in a company-wide risk map. When needed, action plans are defined and implemented to minimize the probability and impact of identified risks.

The conclusions drawn from the risk assessments are discussed and confirmed with the Board. The CEO and Management Group continuously follow up on the implementation of action plans and report back to the Board.

The covid-19 pandemic has affected the risk management both within Investor and in our companies. After safeguarding our employees, focus is on being close to our companies to support them in managing the effects on the businesses, focusing on customers, cash flow and liquidity. Essential risks that impact Investor fall within different risk categories and are described below.

These risks can individually, or in combination, have a major negative impact on the business. Actions to mitigate these risks are crucial and part of the everyday business at Investor.

For further description on risk management, see page 47 and 61-63.

Risks	Risk Mitigating Actions
Strategic risks	
Commercial risk Being a long-term owner, the exposure to companies and sectors vary over time depending on economic development. Market conditions and industry dynamics change, and transactions may not be feasible at a preferred time.	The Board has set investment principles and adopted a policy. The overall portfolio risk is mitigated by investments in several different industries and geographies. The business teams and the Management Group follow up continuously and report regularly to the Board on the development of the portfolio. *For further details see Engaged ownership, page 12.*
Technology shift risk The pace of technology change and the digital transformation is rapid. Being at the forefront of R&D and adapting to new technology is a prerequisite for all portfolio companies to become or remain best-in-class.	Investor's business teams constantly analyze the industries and the technology development and adapt the value creation plans. The risk is managed by continuous focus on agile and flexible business models, product development, customer needs, market analysis and cost efficiency. The value creation plans are reported to Investor's and Patricia Industries' boards. Investor's Management and Board regularly discuss and follow-up on the value creation plans. *For further details see Engaged ownership, page 12.*
Environmental and climate-related risk Indirect risks related to environmental factors of our portfolio companies continue to grow in importance at the same time as regulatory activity and reporting requirements are increasing. This includes for example resource scarcity, climate change and biodiversity. Environmental related risks have bearing on most traditional risk types, such as reputational and market risk for our portfolio companies.	The Board has adopted a Sustainability policy and has set clear expectations on the portfolio companies. Investor expects the portfolio companies to continue to mitigate negative environmental impact and transition to a low carbon economy, e.g. by developing climate strategies, committing to reduce their emissions in line with the Paris Agreement. This work is driven through the board representatives in the individual companies including following up on companies' targets and measures to reduce their environmental impact. Investor also monitors and follows up on the portfolio companies' progress through dialog and reporting. *For further details and Investor's TCFD disclosures, see page 15, 119-120.*
Political and geopolitical risk Political and geopolitical uncertainty has implications on the portfolio companies' businesses and strategies. Increased international trade restrictions may lead to deglobalization and impact the business environment in which the portfolio companies operate.	The Board and Management Group monitor and work proactively to assess political and geopolitical risks and how they affect the portfolio companies' businesses. When possible, Investor representatives participate in various relevant forums to present our case to promote transparency, a level playing field and free trade.

Uncertainty factors

Commercial and financial risks are the most significant risks and uncertainty factors affecting the Group. During 2020, the global economy, financial markets and societies have been significantly impacted by covid-19. For Investor, the impact has been uneven, with some portfolio companies being severely negatively affected, while others have been much more resilient.

Currently, there are positive factors, e.g. the roll-out of covid-19 vaccines, that should help the world economy stabilize and recover. However, the strength and sustainability of a recovery remain uncertain and depend on the continued development of the pandemic and measures to handle it. In addition, growing geopolitical uncertainties increase trade- and technology-related risks. Some industries also face structural challenges.

The unprecedented liquidity provided by central banks has led to ultra-low cost of capital and sharp asset inflation, creating significant medium-term risk for equity valuations, should inflation and interest rates rise faster than currently expected.

The above uncertainties may have a material adverse impact on Investor's and the portfolio companies' business operations and financial situations.

Risks	Risk Mitigating Actions
Financial risks The risks of losses due to changes in market variables such as fluctuations of share prices, interest rates and currency rates, are significant for Investor. Share price risk is the largest. The risks that liquidity is unavailable to meet payment commitments or that financing cannot be obtained or only at increased cost due to changed market conditions, are other essential financial risks.	Limits for financial risks are set in the Finance policy adopted by the Board. A measure to manage fluctuations in exchange rates and interest rates is the option to hedge by using derivative instruments. The share price risk is not hedged. Daily procedures are established to monitor, evaluate and report to the Management Group on current exposure. Also, ensuring financial preparedness by managing the liquidity ratio, allocating loan maturities over time and diversifying sources of capital are continuous risk mitigating activities. Regular reports on exposure versus set limits are provided to the Audit and Risk Committee by Treasury and Risk Control. *For further details see note 3, Financial risks and risk management page 61-63.*
Compliance risks **Business ethics risk** High ethical standards, respect for human rights and labor laws are the foundation for a strong and sustainable business. The risk of bribery and corruption or the risk of investing in companies with insufficient ethical business conduct, poor working conditions or non-compliance with labor rights all carry a reputational risk and can have a significant negative effect on both Investor, the portfolio companies and other stakeholders.	The Board has adopted a Policy framework with principles on how Investor should act as a responsible owner and company. Investor has set clear expectations on all portfolio companies to act responsibly and ethically. It is the responsibility of each portfolio company and its management to analyze and take systematic action to reduce these risks. New portfolio companies are evaluated in the investment process' due diligence. Investor follows up the subsidiaries on a range of areas within governance, ethics, risk and compliance, all selected based on risk assessment. Preventive measures include regular risk assessments, procedure development to mitigate risk, regular employee training to strengthen awareness and having whistleblowing channels implemented. *For further details see Business Ethics and Governance, page 14, 116-117.*
Regulatory risk All businesses and operations are affected by laws, regulations, agreements, sanctions and other regulatory requirements. Non-compliance with any of the above will significantly affect the business and reputation negatively, for both Investor and the portfolio companies.	Compliance with laws and regulations is a basic principle in the Policy framework adopted by the Board. Preventive measures taken are among other internal controls implemented in procedures as well as control functions following-up on compliance. The regulatory environment is continuously monitored in order to prepare for changes that may impact the business.
Operational risks **Cyber and information security risk** Cyber and information security risk is an increasingly material risk that continuously evolves. Security incidents, cyber-attacks, hacking or data leakage may have a direct impact on the operations of Investor and the portfolio companies.	The Board has adopted an Information security policy. The Management Group has implemented procedures and continuity plans to identify, protect, detect, recover and respond to incidents. Investor assesses regularly its risk profile and invests continuously to protect its systems and improve recovery plans. To increase awareness in the organization, employees are trained. Status and actions are regularly reported to and discussed within the Audit and Risk committee.
Key personnel/succession risk The ability to attract and retain the right competence is a very important prerequisite for Investor's long-term success. Our network is key to finding the best board and management candidates for our companies as well as for recruitment to Investor.	The Board and the boards in the portfolio companies continuously identify required key skills, to support the companies' long-term ambitions and needs, and reach out to individuals with relevant industrial, functional and geographical knowledge to broaden the network. The ability to attract, retain and develop individuals within Investor is supported by several measures including e.g. a well-defined recruitment process, succession planning, a competitive and long-term approach to compensation, and a focus on development opportunities through the performance reviews. *For further details see People at the Center, page 16.*

Corporate Governance Report

> **99**
>
> ***During 2020, the Board has extensively analyzed the effects of covid-19 on industries, markets and individual companies, with particular focus on our companies' resilience and long-term strategies as well as lessons learned. We have also decided on sustainability focus areas and targets with the aim to further future-proof Investor and our companies. We continued our efforts to address the impact of new technologies and cyber security. Regarding investments, the Board discussed and decided on increased ownership in several listed companies and investments in EQT funds, as well as Patricia Industries' acquisition of the new subsidiary Advanced Instruments.***
>
> *Jacob Wallenberg, Chair of the Board*

Corporate governance practices refer to the decision making systems with which owners, directly or indirectly, govern a company. Good corporate governance is not only important for Investor's organization, it is an integral part of Investor's core business.

We want our corporate governance work to guide our employees in good business conduct ensuring a sound risk culture. It is crucial for Investor to maintain trust among our shareholders, employees and other stakeholders.

Investor is a Swedish limited liability company, publicly traded on Nasdaq Stockholm, and follows the Swedish Code of Corporate Governance (the Code). The Code is published on www.bolagsstyrning.se, where a description of the Swedish Corporate Governance model can be found.

This Corporate Governance Report is submitted in accordance with the Swedish Annual Accounts Act and the Code. It explains how Investor has conducted its corporate governance activities during the 2020 financial year.

Investor has not deviated from the Nasdaq Stockholm Rule Book for Issuers nor from good stock market practice. Regarding deviation from the Code, see detailed information under section Deviation from the Code, page 46.

The Corporate Governance Report has been reviewed by Investor's auditor, as presented on page 113.

Shares

At year-end 2020, Investor had 328,057 shareholders according to the register of shareholders maintained by Euroclear. Shareholdings in Investor representing at least one tenth of the votes of all shares in the company is Knut and Alice Wallenberg Foundation with 20.0 percent of the capital and 43.0 percent of the votes.

Since year 2000, the Board has requested and been granted a mandate by the Annual General Meeting (AGM) to repurchase and transfer Investor shares. The 2021 AGM is proposed to grant a corresponding authorization to the Board to repurchase and transfer Investor shares as was granted by the 2020 AGM.

For more information about the Investor share and the largest share holders, see page 38.

Annual General Meeting

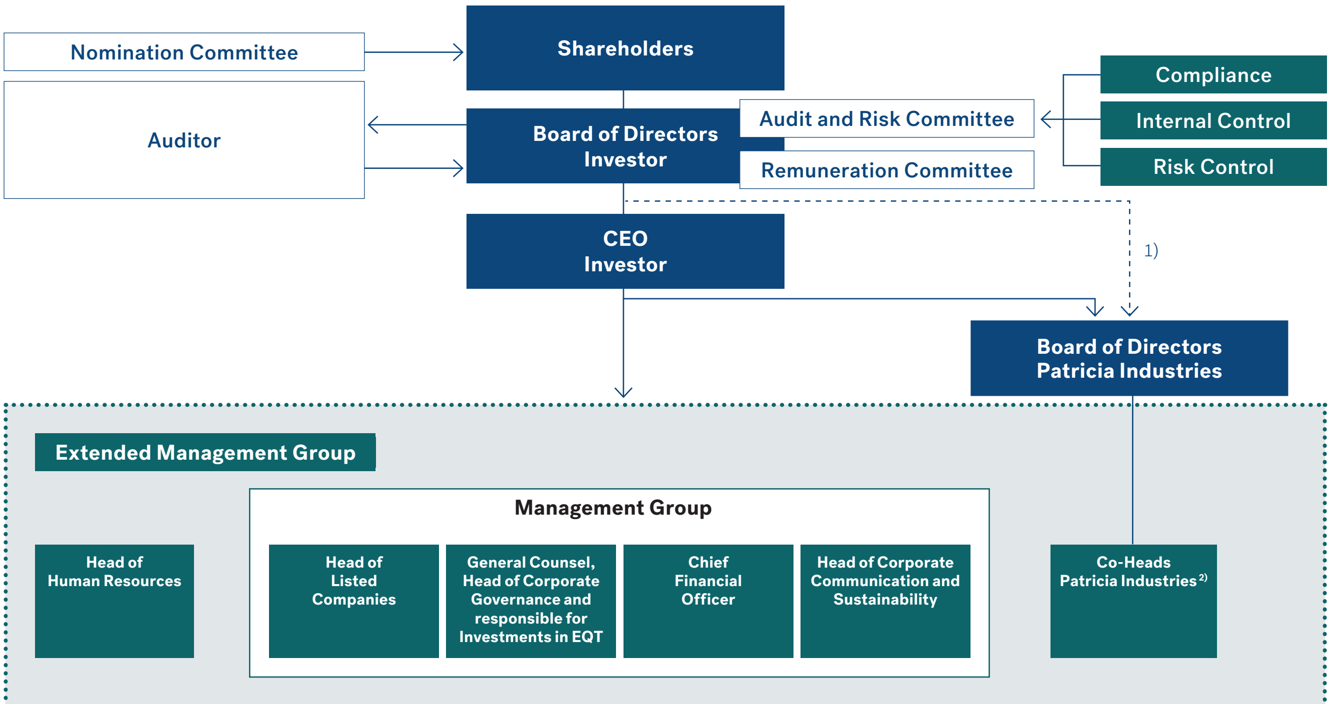
In light of the effects of the covid-19 pandemic and the recent developments in the society, the Investor 2020 AGM was carried out through advance voting pursuant to temporary legislation. The AGM was carried out without the possibility for shareholders to attend physically, in person or by proxy, and the shareholders exercised their voting rights by voting in advance, so called postal voting.

The 2021 AGM of Investor will take place on May 5. Each Investor shareholder entitled to vote may vote for the entire number of the shares owned and represented by the shareholder without restrictions to the number of votes. A-shares are entitled to one vote and B-shares are entitled to 1/10 vote.

In addition to what follows from applicable law regarding shareholders' right to participate at General Meetings, under Investor's Articles of Association shareholders must (within the time stated in the convening notice) give notice of their attendance and notify the Company of any intention to bring assistants.

The documents from the AGMs and the minutes recorded at the AGMs are published on the website.

Corporate Governance at Investor



1) Within given mandate from Investor's Board the operation within Patricia Industries is run independently.
2) In January 2021 Investor announced that Noah Walley is leaving his position as Co-Head of Patricia Industries.

Nomination Committee

In accordance with the instruction adopted by Investor's AGM, the members of the Nomination Committee shall be appointed by the four shareholders controlling the largest number of votes in Investor, which desire to appoint a member. In addition, the Chair of the Board shall be a member of the Committee. The Committee is obliged to perform its tasks according to the Code. The instruction for the Committee is published on the website.

The composition of the Nomination Committee meets the requirements concerning the independence of the Committee. The AGM documents related to the Nomination Committee are published on the website.

Nomination Committee 2021 AGM

Members	Appointed by	12/31 2020, % of votes
Michael Treschow	Wallenberg Foundations, Chair of the Nomination Committee	50.2
Anders Oscarsson	AMF Insurance and Funds	8.2
Lars Isacsson	SEB Foundation	4.9
Ramsay Brufer	Alecta	3.1
Jacob Wallenberg	Chair of the Board of Investor	

Auditor

In accordance with its Articles of Association, Investor must have one or two auditors, and no more than two deputies. A registered firm of auditors may be appointed as Investor's auditor. The auditor is appointed by the AGM for a mandate period of one year.

At the 2020 AGM, the registered auditing company, Deloitte AB was re-elected as auditor for the period until the end of the 2021 AGM. Deloitte AB has been the auditor in charge since 2013. The Authorized Public Accountant Jonas Ståhlberg is since 2020 the auditor in charge for the audit, before that the Authorized Public Accountant Thomas Strömberg was the auditor in charge for the audit.

For details on fees to auditors, see note 12, Auditor's fees and expenses.

Board of Directors

The Board is ultimately responsible for Investor's organization and administration. Pursuant to the Articles of Association, the Board must consist of no less than three and no more than thirteen Directors, as well as no more than four deputies. At the 2020 AGM ten members and no deputies were elected. The CEO is the only Board member employed by Investor.

The Nomination Committee applied the Code rule 4.1 as diversity policy in its nomination work. The aim is to achieve a well functioning composition of the Board when it comes to diversity and breadth, as relates to, inter alia, gender, nationality, age and industry experience. The current Board composition is the result of the work of the Nomination Committee prior to the 2020 AGM. The Nomination

Committee is of the opinion that the Board has an appropriate composition and size and reflects diversity and good variety regarding qualifications and experiences within areas of strategic importance to Investor. In respect of gender balance, excluding the CEO, 44 percent of the Board are women (based on nine elected members who are not employed by Investor).

The composition of Investor's Board meets the requirements concerning the independence of Directors. Several of the Board members are Directors of Investor's holdings and they receive Board compensation from these companies. This is not considered to entail a dependence of these members on Investor or its Management. Investor is an industrial holding company and works actively through the boards of its holdings to identify and drive value-creating initiatives. The work of the Board in Investor's holdings is the core of Investor's engaged ownership model. For Investor, where a fundamental component is to have the right board in each company, it is natural that members of Investor's Board and Management have board assignments in Investor's holdings.

A more detailed presentation of the Board is found on page 48 and on the website.

Work of the Board

During the year, the Board held 17 meetings (of which 6 per capsulam). The Board members' attendance is shown on page 48. The secretary of the Board meetings was, with a few exceptions, Investor's General Counsel, Petra Hedengran. Each Board meeting has included an item on the agenda during which the Board had the opportunity to discuss without representatives of the Management being present.

The Board has discussed, among other things, the acquisition of shares in ABB, Ericsson and Electrolux Professional, investments in EQT funds, cyber security and other strategic matters. In order to future-proof Investor and the portfolio companies, the Board has decided on three focus areas within sustainability; Business Ethics & Governance, Climate & Resource Efficiency, as well as Diversity & Inclusion. In light of the effects of covid-19 and the developments in the society, the Board decided to postpone the AGM to June, when the AGM was carried out through advance voting pursuant to temporary legislation. Covid-19 and its effects on society, the world economy and the portfolio companies have also prompted more frequent Board meetings with updates regarding the portfolio companies' situation.

The Board has devoted time to both internal and external presentations of the financial markets, among other things with a focus on macro effects as a consequence of covid-19. The Board has discussed the development and the effects on industries, markets and individual companies, paying particularly close attention to Investor's holdings and the long-term strategies of such holdings.

Furthermore, the Management of Patricia Industries has held a presentation on the development of this business area and its portfolio companies, including the acquisition of the subsidiary Advanced Instruments, as well as the key points in Patricia Industries' value creation plans.

An important part of the Board's work is the financial reports presented, including those prior to the interim report, the interim management statements and the year-end report. At regular Board meetings reports are delivered on the ongoing operations in the business areas, together with in-depth analyses and proposed actions regarding holdings. Sustainability performance and succession planning are evaluated yearly by the Board. During the year, the Management presented value creation plans for Listed Companies, including analyses of the holdings' operations and development potential in the business areas where they are active. These analyses were discussed and assessed by the Board with a focus on the individual companies as well as in the context of overall strategic discussions. The Board also discussed the overall strategy for Investor thoroughly at the yearly strategy review.

The Board regularly received and discussed reports on the composition of portfolios and developments within Patricia Industries and Investor's involvement in EQT.

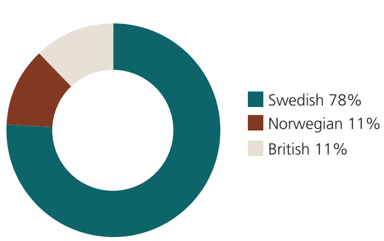
In addition to participating in meetings of the Audit and Risk Committee, the Investor's auditor also attended a Board meeting during which Board members had the opportunity to pose questions to the auditor without representatives of the Management being present.

Board Committees

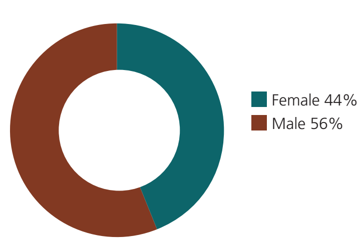
In order to increase the efficiency of its work and enable a more detailed analysis of certain issues, the Board has formed Committees. The Board Committees are the Audit and Risk Committee and the Remuneration Committee. The members of the Committees are appointed for

Board composition as of December 31, 2020, excluding executives (CEO)

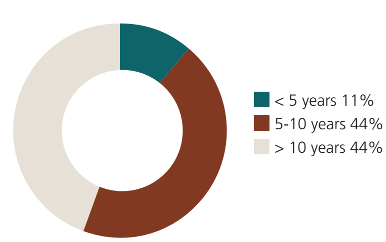
Nationality diversity



Gender diversity



Tenure



Audit and Risk Committee

Members	Attendance/ No. of meetings
Grace Reksten Skaugen (Chair)	7/7
Gunnar Brock	7/7
Magdalena Gerger	7/7
Jacob Wallenberg	7/7

Focus areas in 2020

- Analyzed each interim report, interim management statement, the year-end report, and the Annual Report for completeness and accuracy.
- Evaluated accounting and valuation principles, incl. impairments and estimated market values for Patricia Industries.
- Followed up Audit reports.
- Followed up on the efficiency of the internal control in the financial reporting process.
- Evaluated risk for errors in the financial reporting and followed up recommendations on improvements.
- Evaluated the auditor performance and presented to the Nomination Committee.
- Followed up on management costs, limits, mandates and risk exposure.
- Approved updates of Group policies.
- Followed up and analyzed challenges in relation to the covid-19 pandemic.

Remuneration Committee

Members	Attendance/ No. of meetings[1]
Jacob Wallenberg (Chair)	5/5
Tom Johnstone, CBE	5/5
Lena Treschow Torell	5/5

1) Per capsulam not included.
Total number of meetings: 6 (1 per capsulam)

Focus areas in 2020

- Evaluated and approved remuneration structures for employees and remuneration reviews for the Extended Management Group.
- Evaluated and assessed the CEO's goals and terms and conditions for remuneration, which were then approved by the Board.
- Discussed strategic employee and compensation related issues, including long-term competence development.
- Monitored and evaluated guidelines for remuneration including the long-term variable remuneration programs, both ongoing and those that have ended during the year.
- Monitored and evaluated the application of guidelines for remuneration that were approved by the AGM.
- Prepared a proposal on a Remuneration Report, adopted to new legal requirements, to the Board to submit to the 2021 AGM.
- Prepared a proposal to the Board to submit to the 2021 AGM long-term variable remuneration programs, both for Investor and Patricia Industries.

a maximum of one year at the statutory Board meeting. The Committee's duties and decision making authorities are regulated in the annually approved Committee instructions.

The Committees provide preparatory and administrative support to the Board. The issues considered at Committee meetings are recorded in minutes and reported at the next Board meeting. Representatives from Investor's specialist functions always participate in Committee meetings.

The Audit and Risk Committee is responsible for assuring the quality of the financial reporting and the efficiency in the internal control system. The Audit and Risk Committee also evaluates financial strategies, risk exposure and that the company's compliance efforts are effective.

The responsibilities of the Remuneration Committee are, among other things, to monitor, evaluate and prepare remuneration guidelines. The Committee decides remuneration to the members of the Extended Management Group, except for the CEO for whom the Board as a whole sets the remuneration.

Evaluation of the Board and CEO

The Chair of the Board initiates an annual evaluation of the performance of the Board and the Board Committees. The objective of the evaluation is to provide insight into the Board members' opinions about the performance of the Board and identify measures that could make the work of the Board more effective. A secondary objective is to form an overview of the areas the Board believes should be afforded greater scope and where additional expertise might be needed.

The 2020 evaluation was carried out with the support of an external consultant, where the evaluation was answered by each Board member. In addition, the Chair of the Board met with each Board member separately to discuss the work done by the Board during the year. The Board discussed the results of this year's evaluation and the Chair of the Board reported them to the Nomination Committee.

Investor's Board continuously evaluates the performance of the CEO by monitoring the development of the business in relation to established criteria. A formal performance review is carried out once a year.

The CEO and Management Group
The Board appoints the CEO and approves the Instruction for the CEO. The CEO is responsible for the day to day business of Investor, for example ongoing investments, employees, finance and accounting issues and regular contact with Investor's stakeholders, such as public authorities and the financial market. The CEO ensures that the Board is provided with the necessary material for making well-informed decisions.

The CEO has appointed an Extended Management Group to support in the management of Investor's overall business. For members of the Extended Management Group, see page 50.

Control functions
The Risk Control function is responsible for coordinating the internal reporting of Investor's significant risks at the aggregate level. The Risk Control function reports to the Audit and Risk Committee.

The Compliance function supports Investor's compliance with laws and regulations, and maintains internal regulatory systems and education to this end. The Compliance function reports to the Audit and Risk Committee.

The review function, Internal Control, provides objective support to the Board on matters relating to the internal control structure, partly by investigating major areas of risk and partly by performing reviews and follow-ups in selected areas. The Internal Control function regularly provides reports on its work to the Audit and Risk Committee during the year.

Remuneration
Compensation to the Board
The total compensation to the Board approved by the 2020 AGM was SEK 10,950t. Since the 2008 AGM, it is possible for Board members to receive a portion of their remuneration in the form of synthetic shares. The allocation of the Board compensation is provided on page 48 and in note 11, Employees and personnel costs.

The Board has adopted a policy stating that Board members, who do not already have such holdings, are expected to, over a five-year period, acquire an ownership in Investor shares (or a corresponding exposure to the Investor share, e.g. in the form of synthetic shares) with a market value equivalent to at least one year's Board compensation, before taxes, excluding remuneration for Committee work.

Board compensation resolved by the 2020 AGM, SEK	
Chair [1]	2,800,000
Vice Chair [1]	1,625,000
Member [1]	750,000
Chair Audit and Risk Committee	305,000
Member Audit and Risk Committee	200,000
Chair Remuneration Committee	180,000
Member Remuneration Committee	95,000

1) Non-employee Board members can choose to receive part of their Board compensation (excluding Committee compensation) in the form of synthetic shares. For total value of the Board compensation including synthetic shares and dividends at year-end, see note 11, Employees and personnel costs.

Remuneration to the Management Group
The total remuneration for the CEO is determined by the Board. Remuneration issues concerning other members of the Extended Management Group are decided by the Remuneration Committee, after which the Board is informed.

Investor's policy is for the Extended Management Group to own shares in Investor corresponding to a market value of at least one year's gross salary for the CEO and at least half of one year's gross salary for the other members of the Extended Management Group.

Guidelines for remuneration for the CEO and other members of the Extended Management Group, adopted to new legal requirements, were decided at the 2020 AGM and are in force until new guidelines are adopted by the general meeting. The Board shall prepare a proposal for new guidelines at least every fourth year to the general meeting. See page 52 and on the website for the most recently approved guidelines on remuneration.

The Board has prepared a Remuneration Report to be submitted to the 2021 AGM that describes how the remuneration guidelines, adopted by the 2020 AGM, have been implemented in 2020. The Remuneration Report also provides information on the remuneration to the CEO and a summary of Investor's outstanding long-term variable remuneration programs. The Remuneration Report can be found on the website.

The Board's proposal regarding long-term variable remuneration programs to the 2021 AGM are substantially the same as the programs decided by the 2020 AGM. See note 11, Employees and personnel costs, as well as the Remuneration Report and the AGM documentation on the website for description on the long-term variable remuneration programs.

Deviation from the Code
The long-term variable remuneration program for employees within Patricia Industries has the purpose that employees within Patricia Industries should have a long-term variable remuneration directly aligned with the value creation within the business area Patricia Industries. The program is based on the same structure as Investor's program for long-term variable remuneration and contains corresponding performance criteria, but the outcome is depending on the development of the underlying assets of Patricia Industries. Since these assets are not listed, the total cost of the program, which is cash-settled, cannot in an efficient way be capped by hedging arrangements. In order for the program to correspond as closely as possible and create a corresponding incentive profile as the Investor program, the total outcome for each individual participant in the program is limited by a maximum number of instruments that can be allocated, but not by any other type of predetermined limit. To the extent the program is not compliant with previous Code rule 9.5, i.e. that variable remuneration paid in cash should be subject to a pre-determined limit, this is consequently a deviation from the Code for the above stated reasons.

Similarly, the Extended Management Group member Noah Walley's rights under the old variable remuneration programs for IGC are not subject to any predetermined limit. To the extent these programs are not compliant with the above-mentioned Code rule, this is also a deviation from the Code. The reason for such deviation is that the Board has considered that Noah Walley's already agreed rights should be honored and remain valid also after his appointment to the Extended Management Group. (In January 2021 Investor announced that Noah Walley will leave his position as Co-Head of Patricia Industries.)

The Board of Director's report on Internal control over financial reporting

Investor's internal control over the financial reporting is focused primarily on ensuring efficient and reliable control of, and accounting for purchases, sales and valuation of securities as well as correct consolidation of the operating subsidiaries.

The Board and Management of each operating subsidiary is responsible for ensuring the efficiency of the subsidiary's internal control structures, risk management and financial reporting. Patricia Industries' Board representative provides this information to Patricia Industries' Board, where analysis and follow-up take place. Patricia Industries' Board ensures that Investor's Board and Management receive information on any issues that could affect Investor's business or financial reporting.

This description of the internal control over the financial reporting is based on the framework set by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Control environment

The control environment is built around an organization with clear decision-making channels, powers and responsibilities and a corporate culture based on shared values. It also requires each individual's awareness of his/her role in maintaining effective internal control.

All of Investor's business areas have policies, instructions and detailed process descriptions. These documents establish responsibilities for specific tasks, mandates and powers and how validation is to be carried out. Accounting and reporting rules and routines are documented in Investor's Financial Handbook. All governing documents are presented on the intranet for all employees. The documents are updated yearly or when needed. During 2020 the control functions have, among other things, followed up the portfolio companies' policy frameworks, with specific focus on the proactive work including internal controls in the financial processes to prevent corruption and bribery.

Risk assessment

Risk assessment is conducted continuously in the day to day business at Investor. Annually, the Finance department and the subsidiaries assess risk for major errors in the financial reporting and sets action plans to reduce identified risks. Focus is placed on significant Income Statement and Balance Sheet items, which have a higher risk because of the complexity, or where there is a risk that the effects of a potential error may become significant because of the high transaction values involved. Conclusions drawn from the risk assessments on risks for errors in the financial reporting 2020 have been reported to and discussed with the Audit and Risk Committee.

Using the risk assessment as a starting point to ensure the reliability of the financial reporting, the Audit and Risk Committee determines which of the identified risks should be prioritized by the Internal Control function. Suggestions for improvements are identified and implemented on an ongoing basis.

For a more detailed description of risks and other risk assessments, see note 3, Risks and Risk management.

Control activities

To ensure that the financial reporting gives a true and fair picture on each reporting date, every process incorporates a number of control activities. These involve all levels of the organization, from the Board and Management to other employees.

Financial controls in the company include approval of business transactions, reconciliation with external counterparties, daily monitoring of risk exposure, daily account reconciliation, monthly custody reconciliation, performance monitoring and analytical monitoring of decisions. Investor's financial reports are analyzed and validated by the company's control function within Finance. Frequent analysis of the operating subsidiaries' financial reports are also performed. During 2020 the documentation of key controls in the financial reporting process has been a special focus area due to the more digitalized way of working under the covid-19 pandemic.

Information and communication

For the purpose of ensuring that the external information is correct, complete and timely, Investor's Board has adopted a Communication Policy. Within the company, there are also instructions regarding information security and how to communicate financial information between the Board, Management and other employees as well as from Patricia Industries to Investor. The Finance department is responsible for ensuring uniform application of the Group's principles and instructions for the financial reporting. Finance identifies and communicates continuously improvement areas in the financial reporting to all subsidiaries.

Investor has an established external process for whistleblowing, accessible for all employees on the intranet and for external stakeholders on Investor's website. It can be used anonymously. Also the subsidiaries have established whistleblowing channels that can be used anonymously.

Monitoring

Both the Board and the Management Group regularly follow up on the effectiveness of the company's internal controls to ensure the quality of processes for the financial reporting. Investor's financial situation and strategy regarding the company's financial position are discussed at every Board meeting and the Board is provided with detailed reports on the development of the business to this end. The Board reviews all interim reports before public release.

The Audit and Risk Committee plays an important role in ensuring and monitoring that control activities are in place for important areas of risk inherent in the processes for financial reporting and regularly reports the results from the committee work to the Board. During 2020 the Audit and Risk Committee has specifically followed up on the subsidiaries' financial reporting regarding challenges related to the covid-19 pandemic. The Audit and Risk Committee, Management Group and the Internal Control function regularly follow up reported deviations.

Board of Directors[1)]

					
	Jacob Wallenberg	**Marcus Wallenberg**	**Gunnar Brock**	**Johan Forssell**	**Magdalena Gerger**
Position	Chair Chair: RC Member: ARC	Vice Chair	Director Member: ARC	Director President and CEO	Director Member: ARC
Elected	1998 (Chair since 2005)	2012 (Vice chair since 2015)	2009	2015	2014
Year of birth	1956	1956	1950	1971	1964
Nationality	Swedish	Swedish	Swedish	Swedish	Swedish
Education	B.Sc. in Economics and M.B.A., Wharton School, University of Pennsylvania Reserve Officer, Swedish Navy	B.Sc. of Foreign Service, Georgetown University	M.Sc. in Economics and Business Administration, Stockholm School of Economics	M.Sc. in Economics and Business Administration, Stockholm School of Economics	M. Econ., and M.B.A., Stockholm School of Economics M.B.A. exchange, McGill University
Current assignments	Vice Chair: ABB, Ericsson, FAM, Patricia Industries Director: Nasdaq, The Knut and Alice Wallenberg Foundation, Tsinghua School of Economics Advisory board, Steering Committee ERT[2)] Member: IBLAC[3)], IVA[4)]	Chair: FAM, Patricia Industries, Saab, SEB Vice Chair: The Knut and Alice Wallenberg Foundation Director: AstraZeneca Member: IVA[4)]	Chair: Mölnlycke, Neptunia Invest, Stena Director: ABB, Patricia Industries Member: IVA[4)]	Director: Atlas Copco, Confederation of Swedish Enterprise, Epiroc, EQT AB, IVA[4)], Patricia Industries, Stockholm School of Economics, Wärtsilä	CEO: Systembolaget Director: Humana, IVA[4)], Volkswagen Group Advisory Board
Work experience	Chair: SEB Vice Chair: Atlas Copco, Investor, SAS, Stora Director: The Coca-Cola Company, Electrolux, Stockholm School of Economics, Stockholm Chamber of Commerce, Stora, WM-data CEO: SEB Executive VP and CFO: Investor	Chair: Electrolux, International Chamber of Commerce, LKAB Director: EQT Holdings, Stora Enso, Temasek Holding CEO: Investor Executive Vice President: Investor	Chair: Rolling Optics, Stora Enso Director: Lego, SOS Children's Villages, Stockholm School of Economics, Syngenta, Total CEO: Alfa Laval, Atlas Copco, Tetra Pak Group, Thule International	Director: Saab Project Director: Aleris Head of Core Investments: Investor Head of Research: Investor Head of Capital Goods and Healthcare sector: Investor Head of Capital Goods sector: Investor	Chair: IQ-initiativet Director: Ahlsell, Husqvarna, IKEA (Ingka Holding), Svenska Spel Vice President, responsible for Fresh Dairy, Marketing and Innovation: Arla Foods Management consultant: Futoria Category Director: Nestlé Marketing Director: ICI Paints, Procter & Gamble
Attendance Board meetings[5)]	11/11	11/11	11/11	11/11	11/11
Independent to Investor and its Management	Yes	Yes	Yes[6)]	No[7)]	Yes
Independent to major shareholders	No[8)]	No[8)]	Yes	Yes	Yes
Total Board Comp. SEK[9)] (of which ARC) (of which RC)	3,180,000 (200,000) (180,000)	1,625,000	950,000 (200,000)	–	950,000 (200,000)
Shares in Investor[12)]	146,669 A shares 315,572 B shares 3,341 synthetic shares	510,000 A shares 14,839 B shares	4,794 synthetic shares	36,755 A shares 46,866 B shares	4,447 B shares 2,936 synthetic shares

ARC: *Audit and Risk Committee*, RC: *Remuneration Committee.*

1) Board of Directors as of December 31, 2020.
2) ERT: The European Round Table of Industrialists.
3) IBLAC: Mayor of Shanghai's International Business Leaders Advisory Council.
4) IVA: The Royal Swedish Academy of Engineering Sciences.
5) Per capsulam not included.
6) Invested, in his capacity as Chair of the Board of Mölnlycke, in a share investment program for the Board and senior executives of that company in 2018 and 2019. This circumstance is not considered to entail Gunnar Brock being dependent on Investor or its Management.
7) President and CEO.

Tom Johnstone, CBE	**Sara Mazur**	**Grace Reksten Skaugen**	**Hans Stråberg**	**Lena Treschow Torell**
Director Member: RC	Director	Director Chair: ARC	Director	Director Member: RC
2010	2018	2006	2011	2007
1955	1966	1953	1957	1946
British	Swedish	Norwegian	Swedish	Swedish
M.A., University of Glasgow Honorary Doctorate in Business Administration, the University of South Carolina Honorary Doctorate in Science, Cranfield University	M. Sc. in Electrical Engineering, Ph.D. in Fusion Plasma Physics and Docent/Associate Professor, Fusion Plasma Physics, Royal Institute of Technology Honorate Doctor of Philosophy, Luleå University of Technology	M.B.A., BI Norwegian School of Management, Careers in Business Program, New York University Ph.D., Laser Physics and B.Sc., Honours Physics, Imperial College of Science and Technology, London University	M.Sc. in Engineering, Chalmers University Reserve Officer, Swedish Army	Ph.D., Physics, University of Gothenburg Docent, Physics, Chalmers University
Chair: Collegial, Combient, Husqvarna, British-Swedish Chamber of Commerce in Sweden, Wärtsilä Director: Northvolt, Volvo Cars Member: IVA[4]	Chair: WASP Director: Saab, Combient, Nobel Prize Outreach Director Strategic Research: Knut and Alice Wallenberg Foundation Member: IVA[4]	Founder and Director: Norwegian Institute of Directors Director: Euronav, Lundin Energy, PJT Partners	Chair: Atlas Copco, CTEK, Roxtec, SKF Vice Chair: Stora Enso Director: Anocca, Mellbygård Member: IVA[4]	Chair: Chalmers University of Technology, The Swedish Postcode Lottery Foundation for Culture International Advisory Board: Sustainable Development Solutions Network Member: IVA[4]
Vice Chair: Wärtsilä Director: Electrolux, SKF, The Association of Swedish Engineering Industries, Wärtsilä CEO: SKF Executive Vice President: SKF President: Automotive Division, SKF	Director: Chalmers, Rise, SICS North Swedish ICT, The School of Electrical Engineering, The Wireless@KTH center, WACQT Vice President and Head of Research: Ericsson Various positions within Ericsson	Chair: Entra Eiendom, Ferd, Norwegian Institute of Directors Deputy Chair: Orkla, Statoil Director: Atlas Copco, Corporate Finance Enskilda Securities, Opera Software, Renewable Energy Corporation, Storebrand, Tandberg	Vice Chair: Orchid Orthopedics Director: Consilio International, The Confederation of Swedish Enterprise, The Association of Swedish Engineering Industries, Hedson, N Holding CEO: Electrolux COO: Electrolux Various positions within Electrolux	Chair: Euro-CASE Chair and President: IVA[4] Director: Ericsson, Gambro, Getinge, Imego, IRECO, Micronic, Saab, SKF, ÅF Research Director: Joint Research Centre, European Commission Professor in Physics: Chalmers University, Uppsala University
11/11	11/11	11/11	11/11	11/11
Yes	No[10]	Yes	Yes	Yes
Yes	No[11]	Yes	Yes	Yes
845,000 (95,000)	750,000	1,055,000 (305,000)	750,000	845,000 (95,000)
4,794 synthetic shares	3,750 B shares 2,630 synthetic shares	2,200 A shares	13,300 B shares 4,794 synthetic shares	2,500 B shares 4,794 synthetic shares

8) Member of Knut and Alice Wallenberg Foundation.
9) For total value of Board compensation including synthetic shares and dividends, see note 11. Employees and personnel costs.
10) Recent employment in Ericsson.
11) Consultancy agreement with Knut and Alice Wallenberg Foundation.
12) Holdings in Investor AB are stated as of December 31, 2020 and include holdings of close relatives and legal entities.

Management Group

					
	Johan Forssell	**Petra Hedengran**	**Viveka Hirdman-Ryrberg**	**Daniel Nodhäll**	**Helena Saxon**
Position	Director President and CEO	General Counsel, Head of Corporate Governance and responsible for investments in EQT funds	Head of Corporate Communication and Sustainability	Head of Listed Companies	Chief Financial Officer
Member of Management Group since	2006 (President and CEO since 2015)	2007	2018	2015	2015
Employed since	1995	2007	2018	2002	1997
Year of birth	1971	1964	1963	1978	1970
Nationality	Swedish	Swedish	Swedish	Swedish	Swedish
Education	M.Sc. in Economics and Business Administration, Stockholm School of Economics	Masters of Law, Stockholm University	B.Sc. in Business Administration and Lic.Sc in Economics, Stockholm School of Economics	M.Sc. in Economics and Business Administration, Stockholm School of Economics	M.Sc. in Economics and Business Administration, Stockholm School of Economics IMD, INSEAD
Current assignments	Director: Atlas Copco, Confederation of Swedish Enterprise, Epiroc, EQT AB, IVA[1)], Patricia Industries, Stockholm School of Economics, Wärtsilä	Director: Alecta, Electrolux, The Association for Generally Accepted Principles in the Securities Market	Chair: Sveriges Kommunikatörer, Misum at Stockholm School of Economics Director: SEB Investment Management AB	Director: Husqvarna, Saab, Electrolux Professional	Director: SEB, Sobi
Work experience	Director: Saab Project Director: Aleris Head of Core Investments: Investor Head of Research: Investor Head of Capital Goods and Healthcare sector: Investor Head of Capital Goods sector: Investor	Director: EQT Partners, Lindorff Group, Svenska Skeppshypotekskassan, The Swedish Export Credit Corporation, Allmänna Änke och Pupillkassan Partner and Head of Banking and Financing Group: Advokatfirman Lindahl Legal Counsel and General Counsel: ABB Financial Services, Nordic Region	Director; Grand Hotel, Mentor Sweden Member of Group Executive Committee and Head of Group Communication & Marketing including chairperson Group Sustainability Committee: SEB Various positions within SEB Consultant: PwC	Investment Manager: Investor Head of Capital Goods: Investor	Director: Aleris, Gambro, Mölnlycke Investment Manager: Investor CFO: Hallvarsson & Halvarsson, Syncron International Financial analyst: Goldman Sachs
Shares in Investor[2)]	36,755 A shares 46,866 B shares	4,500 A shares 20,000 B shares	9,013 B shares	11,895 A shares 5,105 B shares	3,345 A shares 13,143 B shares

See note 11, Employees and personnel costs, for shares and share-related instruments held by the Management Group members.

1) IVA: The Royal Swedish Academy of Engineering Sciences.
2) Holdings in Investor AB are stated as of December 31, 2020 and include holdings of close relatives and legal entities.
3) Members of the Extended Management Group. On December 31, 2020 the Extended Management Group consisted of the Management Group and three additional members.
4) In January 2021 Investor announced that Noah Walley will leave his position as Co-Head of Patricia Industries, and assume a role as Senior Advisor to Patricia Industries and Investor.

Jessica Häggström[3]	Christian Cederholm[3]	Noah Walley[3,4]
Head of Human Resources	Co-head Patricia Industries	Co-head Patricia Industries
2017	2017	2017
2017	2001	2003
1969	1978	1963
Swedish	Swedish	American
Master's degree in Human Resources and Labour Relations, University of Linköping and University of Uppsala	M.Sc. in Economics and Business Administration, Stockholm School of Economics	B.A. and M.A. in History, Oxford University J.D. Stanford University Law School
Director: CLS (Continuous Learning Solutions), Min Stora Dag, MBA Advisory Board Stockholm School of Economics	Director: Hi3G Scandinavia, Mölnlycke, Advisory Committee to Nasdaq European Markets, Permobil	Director: BraunAbility, Better Finance, Pulsepoint, Retail Solutions
Head of HR R&D Business Unit IT & Cloud: Ericsson Head of Talent Effectiveness: Ericsson Head of HR Finance: Ericsson Various HR positions within Ericsson Consultant: Watson Wyatt	Head of Patricia Industries Nordics Investment Manager: Investor Director: Aleris	Head of Patricia Industries U.S. President: IGC Managing Director: IGC General Partner: Morgan Stanley Director of over 20 venture-backed technology companies Consultant: McKinsey Investment Banker: N M Rothschild & Sons
1,400 A shares 676 B shares	42,350 A shares	37,563 B shares

Guidelines for remuneration for the President and other members of the Extended Management Group (Remuneration Policy), adopted at the 2020 AGM

The President and other members of the Extended Management Group fall within the provisions of these guidelines. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the Annual General Meeting 2020. These guidelines do not apply to remuneration decided by the general meeting as is the case with the programs for long-term variable remuneration.

The guidelines' promotion of the Company's business strategy, long-term interests and sustainability

Investor's business model is to be an engaged long-term owner. Through substantial ownership and board participation, we drive the initiatives that we believe will create the most value for each individual company. For more information regarding Investor's business model, please see www.investorab.com.

A prerequisite for the successful implementation of our business strategy and safeguarding of Investor's long-term interests, including its sustainability, is that we are able to recruit and retain qualified people. To this end, it is necessary that Investor offers competitive remuneration. These guidelines enable the Company to offer the President and other members of the Extended Management Group a competitive total remuneration.

Programs for long-term variable remuneration have been implemented in Investor. Such programs are resolved by the general meeting and are therefore not covered by these guidelines. For all employees within Investor there is a Stock Matching Plan and for Senior Management there is a Performance-Based Share Program. The performance criteria used for the Performance-Based Share Program is the total return on the Investor share during a three-year period as this provides a clear link to Investor's business model and thus to the shareholders' long-term value creation. As from 2017, a new program was introduced for employees within Patricia Industries, meaning that employees within Patricia Industries since then are not included in Investor's program for long-term variable remuneration. The performance criteria used for the long-term variable remuneration program within Patricia Industries are related to the value growth of Patricia Industries' portfolio. This provides exposure to both value increases and value decreases within existing and future investments made by Patricia Industries. Accordingly, there is a clear link to Investor's business model and thus to the shareholders' long-term value creation. Both Investor's and Patricia Industries' programs for long-term variable remuneration are conditional upon the employee's own investment in Investor shares and holding of three years. For more information regarding these programs, including the criteria on which the outcome depends, please see www.investorab.com.

Types of remuneration, etc.

The remuneration shall be competitive and in line with market conditions and may consist of the following components: Fixed cash remuneration, short-term variable remuneration, pension and other benefits. Long-term variable remuneration is also included in the total remuneration. Long-term variable remuneration is decided by the general meeting and is, as mentioned, therefore not covered by these guidelines.

Fixed cash remuneration

Fixed cash remuneration shall be reviewed annually and constitutes the basis for calculation of the variable remuneration.

Short-term variable remuneration

The short-term variable remuneration for the President may amount to not more than 30 percent of the fixed annual cash remuneration. For other members of the Extended Management Group, the short-term variable remuneration may amount to not more than 75 percent of the fixed annual cash remuneration.

Further remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are applied on an individual basis only, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100 percent of the fixed annual cash remuneration. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

Pension

Pension benefits, including health insurance, shall be premium defined. Variable remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 50 percent of the fixed annual cash remuneration.

Other benefits

Other benefits may include, for example, medical insurance and domestic services. Such benefits may amount to not more than 20 percent of the fixed annual cash remuneration.

For employments governed by rules other than Swedish, the components of the total remuneration may be duly adjusted for compliance with mandatory rules or local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Termination of employment

Upon termination of an employment, the notice period may not exceed six months. Fixed cash remuneration during the period of notice and severance pay may together not exceed an amount equivalent to two years fixed cash remuneration. When termination is made by the executive, the period of notice may not exceed six months and there is no entitlement to any severance pay. In addition, any non-compete undertakings may be compensated by remuneration for loss of income (compared to the fixed cash remuneration) for a maximum of six months following the termination of employment. This is not applicable, however, when severance is paid.

Criteria for awarding short-term variable remuneration, etc.

Short-term variable remuneration covered by these guidelines shall aim at promoting Investor's business strategy and long-term interests, including its sustainability. The short-term variable remuneration shall be dependent upon the individual's satisfaction of annually set criteria. In that way the remuneration is clearly related to the work contributions and performance of the individual. The criteria can be financial or non-financial, qualitative or quantitative, and shall be based on factors which support Investor's business strategy and long-term interests, including its sustainability, by for example being clearly linked to value creation, engaged long-term ownership and Investor's development.

The outcome of the short-term variable remuneration is reviewed annually. To which extent the criteria for awarding short-term variable remuneration have been satisfied shall be evaluated when the measurement period has ended. The Remuneration Committee is responsible for the evaluation. For the President, the short-term variable remuneration is then confirmed by the Board of Directors.

Investor shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to reclaim variable remuneration paid on incorrect grounds (claw-back).

Remuneration and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, remuneration and employment conditions for employees of the Company have been taken into account by including information on the employees' total remuneration, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are appropriate. The development of the gap between the remuneration to the President and the other members of the Extended Management Group and remuneration to other employees will be disclosed in the remuneration report.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision to propose guidelines for remuneration to the President and the other members of the Extended Management Group. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the President and the other members of the Extended Management Group, the application of the guidelines for remuneration as well as the current remuneration structures and compensation levels in Investor. The members of the Remuneration Committee are independent of Investor and its Management. The President and the other members of the Extended Management Group do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Deviation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve Investor's long-term interests, including its sustainability, or to ensure Investor's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Miscellaneous

For further information on remuneration, see Investor's Annual Report and Investor's website, www.investorab.com.

Disposition of Earnings

The Board of Directors proposes that the unappropriated earnings in Investor AB:

Total available funds for distribution:	
Retained earnings	304,154,195,672
Net profit for the year	22,855,432,685
Total SEK	**327,009,628,357**

To be allocated as follows:	
Dividend to shareholders, SEK 14.00 per share	10,740,450,420[1)]
Funds to be carried forward	316,269,177,937
Total SEK	**327,009,628,357**

The consolidated accounts and annual accounts have been prepared in accordance with the international accounting standards in Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards and generally accepted accounting standards in Sweden and give a true and fair view of the Group's and Parent Company's financial position and results of operations. The Administration Report for the Group and the Parent Company gives a true and fair view of the operations, position and results, and describes significant risks and uncertainty factors that the Parent Company and Group companies face. The annual accounts and the consolidated financial statements were approved for release by the Board of Directors and the President on March 22, 2021. The consolidated Income Statement and Balance Sheet, and the Income Statement and Balance Sheet of the Parent Company, will be presented for adoption by the Annual General Meeting on May 5, 2021.

The proposed dividend amounts to SEK 10,740m. The Group's equity attributable to the shareholders of the Parent Company was SEK 461,837m as of December 31, 2020, and unrestricted equity in the Parent Company was SEK 327,010m. Unrestricted equity includes SEK 247,597m attributable to unrealized changes in value according to a valuation at fair value. With reference to the above, and to other information that has come to the knowledge of the board, it is the opinion of the board that the proposed dividend is defendable with reference to the demands that the nature, scope and risks of Investor's operations place on the size of the company's and the Group's equity, and the company's and the Group's consolidation needs, liquidity and position in general.

1) Calculated on the total number of registered shares. No dividend is paid for the Parent Company's holding of own shares, whose exact number is determined on the record date for cash payment of the dividend. On December 31, 2020, the Parent Company's holding of own shares totaled 1,363,280. The proposed dividend is proposed to be paid in two installments, with SEK 10.00 per share in May, 2021 and SEK 4.00 per share, (or SEK 1.00 per share after implementation of the split 4:1 proposed by the Board of Directors to the Annual General Meeting), in November, 2021.

Stockholm, March 22, 2021

Jacob Wallenberg
Chair

Marcus Wallenberg
Vice Chair

Gunnar Brock
Director

Magdalena Gerger
Director

Tom Johnstone, CBE
Director

Sara Mazur
Director

Grace Reksten Skaugen
Director

Hans Stråberg
Director

Lena Treschow Torell
Director

Johan Forssell
President and Chief Executive Officer

Our Audit Report was submitted on March 22, 2021

Deloitte AB

Jonas Ståhlberg
Authorized Public Accountant

We strive to be a leader in sustainable business practices

List of contents of Financials

Consolidated Income Statement

SEK m	Note	2020	2019
Dividends	8	7,664	9,858
Other operating income	8	–	0
Changes in value	4, 6	41,138	91,779
Net sales	8	39,323	42,239
Cost of goods and services sold	10	–21,417	–24,343
Sales and marketing costs	10	–5,873	–6,257
Administrative, research and development and other operating costs	10	–7,033	–7,717
Management costs	10	–531	–513
Share of results in associates	20	1,825	579
Operating profit/loss	**7**	**55,097**	**105,625**
Financial income	13	1,212	165
Financial expenses	13	–3,185	–3,140
Net financial items		**–1,973**	**–2,975**
Profit/loss before tax		**53,125**	**102,650**
Tax	14	–463	–1,408
Profit/loss for the year	**7**	**52,662**	**101,242**
Attributable to:			
Owners of the Parent Company		52,790	101,226
Non-controlling interest		–128	16
Profit/loss for the year		**52,662**	**101,242**
Basic earnings per share, SEK	15	68.96	132.29
Diluted earnings per share, SEK	15	68.92	132.20

Consolidated Statement of Comprehensive Income

SEK m	Note	2020	2019
Profit/loss for the year		52,662	101,242
Other comprehensive income for the year, including taxes			
Items that will not be recycled to profit/loss for the year			
Revaluation of property, plant and equipment		–15	405
Remeasurements of defined benefit plans		–57	–141
Items that may be recycled to profit/loss for the year			
Cash flow hedges		–121	–18
Hedging costs		–12	40
Foreign currency translation adjustment		–4,376	1,704
Share of other comprehensive income in associates		–240	–72
Total other comprehensive income for the year		**–4,822**	**1,919**
Total comprehensive income for the year		**47,840**	**103,161**
Attributable to:			
Owners of the Parent Company		47,982	103,142
Non-controlling interest		–142	18
Total comprehensive income for the year	**25**	**47,840**	**103,161**

Consolidated Balance Sheet

SEK m	Note	12/31 2020	12/31 2019
ASSETS			
Non-current assets			
Goodwill	16	46,686	41,486
Other intangible assets	16	28,395	23,999
Buildings and land	9, 17	7,207	7,244
Investment Property	18	4,777	2,861
Machinery and equipment	9, 19	2,758	2,878
Shares and participations recognized at fair value	20, 31	428,487	386,756
Shares and participations in associates	20	3,643	4,189
Other financial investments	21	3,302	8,188
Long-term receivables	22	3,629	3,807
Deferred tax assets	14	911	605
Total non-current assets		**529,795**	**482,013**
Current assets			
Inventories	23	5,374	4,915
Tax assets		780	419
Trade receivables		5,426	4,813
Other receivables	22	1,070	518
Prepaid expenses and accrued income	24	697	788
Shares and participations in trading operation		14	371
Short-term investments	21	8,222	4,387
Cash and cash equivalents	21	19,670	19,231
Total current assets		**41,252**	**35,443**
TOTAL ASSETS		**571,047**	**517,456**

SEK m	Note	12/31 2020	12/31 2019
EQUITY AND LIABILITIES			
Equity	25		
Share capital		4,795	4,795
Other contributed equity		13,533	13,533
Reserves		4,974	9,787
Retained earnings, including profit/loss for the year		438,534	392,566
Equity attributable to share-holders of the Parent Company		**461,837**	**420,681**
Non-controlling interest		939	242
Total equity		**462,775**	**420,923**
Liabilities			
Non-current liabilities			
Long-term interest-bearing liabilities	9, 26	81,776	74,306
Provisions for pensions and similar obligations	27	1,186	1,114
Other provisions	28	126	104
Deferred tax liabilities	14	6,096	5,878
Long-term tax liabilities	14	–	372
Other long-term liabilities	29	4,670	4,494
Total non-current liabilities		**93,855**	**86,268**
Current liabilities			
Current interest-bearing liabilities	9, 26	4,709	994
Trade payables		2,841	2,788
Tax liabilities		1,098	799
Other liabilities	29	1,396	1,812
Accrued expenses and prepaid income	30	4,209	3,631
Provisions	28	164	241
Total current liabilities		**14,417**	**10,266**
Total liabilities		**108,271**	**96,533**
TOTAL EQUITY AND LIABILITIES		**571,047**	**517,456**

For information regarding pledged assets and contingent liabilities see note 32, Pledged assets and contingent liabilities.

Consolidated Statement of Changes in Equity

Note 25	Equity attributable to shareholders of the Parent Company								Non-controlling interest	Total equity
SEK m	Share capital	Other contributed equity	Translation reserve	Revaluation reserve	Hedging reserve	Hedging cost reserve	Retained earnings, incl. profit/loss for the year	Total		
Opening balance 1/1 2020	4,795	13,533	6,929	2,692	–11	177	392,566	420,681	242	420,923
Profit/loss for the year							52,790	52,790	–128	52,662
Other comprehensive income for the year			–4,601	–15	–122	–12	–57	–4,807	–14	–4,822
Total comprehensive income for the year			**–4,601**	**–15**	**–122**	**–12**	**52,733**	**47,982**	**–142**	**47,840**
Release of revaluation reserve due to depreciation of revalued amount				–61			61			
Dividend							–6,889	–6,889	–27	–6,916
Change in non-controlling interest							–38	–38	865	827
Stock options exercised by employees							85	85		85
Equity-settled share-based payment transactions							15	15		15
Closing balance 12/31 2020	**4,795**	**13,533**	**2,327**	**2,616**	**–133**	**165**	**438,534**	**461,837**	**939**	**462,775**

Note 25	Equity attributable to shareholders of the Parent Company								Non-controlling interest	Total equity
SEK m	Share capital	Other contributed equity	Translation reserve	Revaluation reserve	Hedging reserve	Hedging cost reserve	Retained earnings, incl. profit/loss for the year	Total		
Opening balance 1/1 2019	4,795	13,533	5,298	2,318	7	136	301,419	327,508	182	327,690
Adjustment for changed accounting policies (note 34)							–25	–25		–25
Opening balance 1/1 2019 adjusted for changed accounting policies	4,795	13,533	5,298	2,318	7	136	301,394	327,483	182	327,665
Profit/loss for the year							101,226	101,226	16	101,242
Other comprehensive income for the year			1,631	405	–18	40	–141	1,917	2	1,919
Total comprehensive income for the year			**1,631**	**405**	**–18**	**40**	**101,085**	**103,142**	**18**	**103,161**
Release of revaluation reserve due to depreciation of revalued amount				–31			31			
Dividend							–9,948	–9,948		–9,948
Change in non-controlling interest							–55	–55	42	–13
Stock options exercised by employees							48	48		48
Equity-settled share-based payment transactions							10	10		10
Closing balance 12/31 2019	**4,795**	**13,533**	**6,929**	**2,692**	**–11**	**177**	**392,566**	**420,681**	**242**	**420,923**

Consolidated Statement of Cash Flow

SEK m	Note	2020	2019
Operating activities			
Dividends received		7,994	10,338
Cash receipts		37,479	42,428
Cash payments		–30,985	–34,562
Cash flow from operating activities before net interest and income tax		**14,488**	**18,204**
Interest received[1)]		526	553
Interest paid[1)]		–2,781	–2,599
Income tax paid		–1,263	–1,617
Cash flow from operating activities		**10,970**	**14,540**
Investing activities			
Acquisitions[2)]		–8,262	–11,915
Divestments[3)]		5,816	16,051
Increase in long-term receivables		–303	–55
Decrease in long-term receivables		1,148	18
Acquisitions of subsidiaries, net effect on cash flow	5	–14,774	–945
Divestments of subsidiaries	6	30	5,172
Increase in other financial investments[4)]		–7,591	–14,426
Decrease in other financial investments[5)]		12,503	9,215
Net changes, short-term investments[6)]		–3,882	–1,810
Acquisitions of intangible assets and property, plant and equipment		–2,786	–2,090
Proceeds from sale of intangible assets and property, plant and equipment		362	499
Net cash used in investing activities		**–17,739**	**–286**
Financing activities			
New share issue		61	39
Proceeds from borrowings	26	21,714	12,134
Repayment of borrowings	26	–7,479	–8,796
Repurchases of own shares		–11	–49
Dividends paid		–6,889	–9,948
Net cash used in financing activities		**7,397**	**–6,620**
Cash flow for the year		**628**	**7,634**
Cash and cash equivalents at beginning of the year		**19,231**	**11,416**
Exchange difference in cash		–190	181
Cash and cash equivalents at year-end	**21**	**19,670**	**19,231**

1) Gross flows from interest swap contracts are included in interest received and interest paid.
2) Acquisitions include investments in listed and unlisted companies not defined as subsidiaries.
3) Divestments include sale of listed and non listed companies not defined as subsidiaries.
4) Increase in other financial investments include acquisition of bond with maturity later than 1 year.
5) Decrease in other financial investments include disposal or reclassification of bonds with maturity later than 1 year.
6) Net changes, short-term investments includes acquisitions and disposals of bonds and certificates with maturity within 1 year.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35
P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Notes to the Consolidated Financial Statements

Note 1 Significant accounting policies

The most significant accounting policies applied in this annual report are presented in this note and, where applicable, in the following notes to the financial statements. Significant accounting policies for the Parent Company can be found on page 105.

Statement of compliance

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. In addition the Swedish rules, RFR 1 Supplementary Accounting Policies for Groups, was applied.

Basis of preparation for the Parent Company and consolidated financial statements

The financial statements are presented in SEK, which is the functional currency of the Parent Company. All amounts, unless otherwise stated, are rounded to the nearest million (SEK m). Due to rounding, numbers presented throughout these consolidated financial statements may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The majority of the consolidated assets are financial assets and the majority of these as well as the majority of the real estate property within the Group are measured at fair value. Other assets and liabilities are in essence measured at historical cost.

Non-current assets and non-current liabilities consist primarily of amounts that are expected to be settled more than 12 months from the Balance Sheet date. Other assets and liabilities are presented as current assets and current liabilities.

The accounting policies have been consistently applied to all periods presented in the financial statements, unless otherwise noted. The accounting policies have also been consistently applied to the reporting and consolidation of the Parent Company, subsidiaries and associates.

Certain comparative figures have been reclassified in order to conform to the presentation of the current year's financial statements. In cases where reclassifications pertains to significant amounts, special information has been provided.

Changes in accounting policies

The following is a description of the revised accounting policies applied by the Group and Parent Company as of January 1, 2020.

Changes in accounting policies due to new or amended IFRS

From January 1, 2020 there was amendments to IFRS 3 Business combinations related to the definition of a Business and to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify the definition of material. These amendments have had no significant impact on the Group's reporting.

Amendments have also been adopted in IFRS 9, IAS 39 and IFRS 7 due to phase 1 of the Interest Rate Benchmark Reform. The amendments provide certain temporary reliefs in relation to specific requirements in hedge accounting and have the effect for the Group that the reforms have not caused hedge accounting to terminate.

New IFRS regulations and interpretations to be applied in 2021 or later

There are no mandatory known changes to IFRS and IFRIC to be applied in the future that are expected to have any significant impact on the Group's reporting.

From January 1, 2021 amendments have been made to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 due to phase 2 of the Interest Rate Benchmark Reform. The amendments mainly relate to exceptions in relation to termination of hedge accounting and modifications of financial assets and liabilities directly affected by inter-bank offered rate (IBOR) reform. In addition there will be new disclosure requirements.

Consolidation principles

The consolidated financial statements comprise of the Parent Company, subsidiaries and associates.

- Subsidiaries are companies over which Investor AB have control. When determining if control is present, power and ability to affect the amount of returns are considered, but also de facto control. Subsidiaries are reported in accordance with the acquisition method. For further information see note P7, Participations in Group companies.
- Associates are companies in which Investor has a significant influence, typically between 20 and 50 percent of the votes. Accounting for associates is dependent on how Investor controls and monitors the companies' operations. For further information see note 20, Shares and participations in associates.

Intra-group receivables, payables and transactions as well as gains arising from transactions with associates, that are consolidated using the equity method, are eliminated when preparing the consolidated financial statements.

Foreign currency

Translation to functional currency

Foreign currency transactions are translated at the exchange rate in existence on the date of the transaction. Assets and liabilities in foreign currency are translated at the exchange rate in existence on the balance sheet date, except for non-monetary assets and liabilities which are recognized at historical cost using the exchange rate in existence on the date of the transaction. Exchange differences arising on translation are recognized in the income statement with the exception of effects from cash-flow hedges, see note 31, Financial Instruments.

Financial statements of foreign operations

Assets and liabilities of foreign operations, including goodwill and other consolidated surpluses/deficits are translated to SEK using the exchange rate in existence on the balance sheet date. Revenues and expenses in a foreign operation are translated to SEK using an average exchange rate that approximates the exchange rates on the dates of the transactions. Translation differences arising when translating foreign operations are recognized directly in other comprehensive income and are accumulated in the translation reserve, which is a separate component of equity.

The following symbols IS and BS show which amounts in the notes that can be found in the Income Statement or Balance Sheet.

Note 2 Critical estimates and key judgments

In order to close the books and prepare the financial statements in accordance with IFRS, management must make estimates and assumptions that affect the application of the accounting policies and the amounts recognized for assets, liabilities, income and expenses.

Estimates and judgments are based on historical experience, market information and assumptions that management considers to be reasonable based on the circumstances prevailing at the time. Changes in assumptions may result in adjustments to reported values and the actual outcome may differ from the estimates and judgments that were made.

Judgments in relation to the application of accounting policies

Within the scope of IFRS, there are some instances where management must either choose between accounting policies, or choose whether to apply a particular accounting policy, in order to provide a fair view of the Group's activities. The development relating to accounting and the choice of policies are discussed in the Audit and Risk Committee.

Significant items for which a special judgment has been made in order to define the Group's accounting policies are presented below.

	Judgments	See note
Participations in Group companies	Control over investment or not	Note P7
Participations in associates	Fair value or equity method	Note 20
Owner-occupied property	Revaluation or cost model	Note 17
Interest-bearing liabilities and related derivatives	Application of hedge accounting	Note 31
Disposal of subsidiary	Discontinued operation or not	Note 6

Important sources of uncertainty in estimates

The most significant estimation uncertainties in relation to the preparation of the consolidated financial statements are presented on the next page. Changes in assumptions may result in material effects on the financial statements and the

Note 2 *Critical estimates and key judgments*

actual outcome may differ from estimated values. For more detailed descriptions of the judgments and assumptions, please refer to the specific notes referenced below.

	Estimates and assumptions	See note
Valuation of unlisted holdings	Appropriate valuation method, comparable companies, EBITDA multiples and sales multiples	Note 31
Valuation of interest-bearing liabilities and derivatives	Yield curve for valuation of financial instruments for which trading is limited and duration is long-term	Note 31
Valuation of owner-occupied property	Comparable properties, long-term inflation rate, projected cash flows, real interest rate and risk premium	Note 17
Valuation of Investment Property	Comparable properties, long-term inflation rate, projected cash flows, real interest rate and risk premium	Note 18
Impairment test of intangible assets	Projected cash-flows, growth rate, margins and discount factor	Note 16
Reporting of deferred tax assets	Future possibilities to benefit from tax loss carry forwards	Note 14
Valuation of pension liabilities	Discount rate and future salary increase	Note 27
Purchase Price Allocation	Valuation of acquired intangible assets	Note 5
Right-of-use assets and lease liabilities	Whether to include extension options in the lease term and relevant interest rates for discounting	Note 9 and note 34

Note 3 Financial risks and risk management

In its business Investor is impacted by several types of risks, as further described in the Administration report on page 40-41.

Investor's Finance policy adopted by the Board sets principles, limits and mandates to mitigate financial risks such as market risk, liquidity and financing risk as well as credit risks. The main financial risks that the Investor Group is exposed to is market risks. Derivative instruments are used to manage financial risks. All derivative transactions are handled in accordance with established policies and procedures.

Risk measurement is performed daily regarding the Treasury and Trading businesses and provided to Investor's Management. Financial reports are compiled monthly and followed-up by Management. Yearly a more comprehensive risk assessment is performed.

The Board follows up frequently on limits and risk exposure to ensure the ability to reach business strategies and goals. There has been no significant change in the measurement and follow-up of risks compared with the preceding year.

The financial risks in the subsidiaries are managed by each subsidiary's Finance function and reported to respective board.

Market risks

Market risks refer to the risk of a change in value of a financial instrument because of changes in share prices, exchange rates or interest rates.

Share price risk

Investor's most significant risk is share price risk. The majority of Investor's share price risk exposure is concentrated to Listed Companies. At year-end 2020, Listed Companies accounted for 76 percent of total assets of reported values (80). The companies and their share prices are analyzed and continuously monitored by Investor's analysts. Thus, a large portion of share price exposure in Listed Companies does not necessarily lead to any action. It is the long-term commitment that lays the groundwork for Investor's strategic measures. Investor does not have defined goals for share price risks, as share prices are affected by short term fluctuations. The share price risk for Listed Companies is not hedged. If the market value of Listed Companies was to decline by 10 percent, the impact on income and equity would be SEK –36.7bn (–34.5).

Patricia Industries including wholly-owned subsidiaries, Three Scandinavia and financial investments, but excluding Patricia Industries' cash, accounted for 12 percent of total assets of reported values (12). There is no share price risk associated with the wholly-owned subsidiaries. However, Patricia Industries' listed financial investments face a share price risk. A 10 percent decline in share prices for the financial investments would imply a loss of SEK –0.1m (–0.1).

Note 3 *Financial risks and risk management*

The investment in EQT AB is listed and as such exposed to share price risk. The EQT fund investments are partly exposed to share price risk. The total EQT investment accounted for 12 percent of total assets of reported values (9) as per year-end 2020. Should the market value and the valuation parameters, in accordance with the guidelines of the International Private Equity and Venture Capital Association, decline with 10 percent, the impact on the values of the total EQT investment would be SEK –5.7bn (–3.7).

Investor has a trading operation for the purpose of executing Listed Companies transactions and obtaining market information. The trading operation conducts short-term equity trading and deals in equity derivatives (primarily for hedging market risk in the portfolio). The market risk in this activity is measured and monitored in terms of cash delta. Limits on gross, net and maximum position size are measured as well as liquidity risk. At year-end 2020, the trading operation accounted for less than 0.5 percent of total assets of reported values (0.5). If the market value of the assets belonging to the trading operation were to decline by 10 percent, the impact on income would be SEK –1.3m (–3.3).

Listed holdings in all business areas

Listed holdings in all business areas account for 84 percent of total assets of reported values (84). If the market value of listed holdings in all business areas were to decline by 10 percent, the impact on income and equity would be SEK –40.5bn (–36.4), which equals 8.8 percent of Investor's reported net asset value (8.7). Market risks associated with listed shares constitute the greatest risk for Investor.

Exchange rate risk

Currency exposure arises from cash flows in foreign currencies (transaction exposure), the translation of Balance Sheet items to foreign currencies (balance sheet exposure) and the translation of foreign subsidiaries' Balance Sheets and Income Statements to the Groups accounting currency (translation exposure).

Balance sheet exposure

Since the majority of Listed Companies are listed in SEK, there is a limited direct exchange rate risk that affects Investor's Balance Sheet. However, Investor is indirectly exposed to exchange rate risks in Listed Companies that are listed on foreign stock exchanges or that have foreign currency as their pricing currency. In addition, there are indirectly exchange rate risks since the majority of the companies in the Listed Companies business area are active in several markets. These risks have a direct impact on the respective companies' Balance Sheet and Income Statement, which indirectly affects valuation of the shares.

The wholly-owned subsidiaries are exposed to exchange rate risks in businesses and investments made in foreign companies. Also the EQT fund investment is exposed to exchange rate risks.

There is no regular hedging of foreign currency since the investment horizon is long-term and currency fluctuations are expected to equal out over time. This hedging policy is subject to continuous evaluation and deviations from the policy may be allowed if judged beneficial from a market economic perspective.

Exchange rate risks for investments in the trading operation are minimized through currency derivative contracts at the portfolio level.

Total currency exposure for the Investor Group is provided in the table below. If the SEK were to appreciate 10 percent against the EUR (holding all other factors constant), the impact after hedges on income and equity would be SEK –0.3bn (–0.7). If the SEK were to appreciate 10 percent against the USD (holding all other factors constant), the impact after hedges on income and equity would be SEK –3.9bn (–3.9).

Gross exposure in foreign currencies, SEK m	Gross assets		Gross liabilities	
	12/31 2020	12/31 2019	12/31 2020	12/31 2019
EUR	61,554	57,674	–60,673	–52,316
USD	66,523	56,247	–28,781	–17,830
Other European and North American currencies	13,868	10,517	–7,847	–7,525
Asian currencies	2,978	2,705	–3,497	–3,661
Total	**144,923**	**127,142**	**–100,797**	**–81,332**

Exchange rate risk in excess liquidity on group level resulting from investments in foreign currency is managed through currency derivative contracts.

Exchange rate risk arising in connection with loans in foreign currency is managed by, among other things, exchanging the loans to SEK through currency swap contracts. The objective is to minimize the exchange rate risk in excess liquidity and the debt portfolio. This strategy is applied considering the holdings in foreign currency.

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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 3 *Financial risks and risk management*

The net exposure in foreign currencies after hedge is presented in the table below:

Net exposure in foreign currencies after hedge, SEK m	12/31 2020	12/31 2019
EUR	2,747	7,402
USD	38,683	39,493
Other European and North American currencies	12,274	9,444
Asian currencies	1,979	1,727
Total	**55,684**	**58,066**

The decreased net exposure in EUR is mainly related to Investor's issue of a 600m EUR bond.

Currency exposure associated with transactions
Investor seeks primarily to find natural hedges of transactions in foreign currencies, i e matching cash inflow with outflow in the same currency. Limits for the major currencies EUR and USD, on outstanding exposure at a specific time, have been set by the Board. Cash flows in other foreign currencies exceeding SEK 50m are to be hedged. As per year-end there was no such hedge outstanding.

Group companies with larger transaction exposure in foreign currencies are Mölnlycke and Permobil. Mölnlycke's operational cash flows in foreign currency are estimated at the equivalent of EUR 422m (457), corresponding to SEK 4.4bn (4.8), for the next 12 months. These cash flows are normally not hedged. However this year Mölnlycke have had specific unusual currency cash flows and these have been hedged. At year-end 2020 Mölnlycke had outstanding currency forwards and swaps corresponding to a nominal amount of EUR 104m. Forwards with longest term ends in May 2021. For outstanding currency hedging as of December 31, 2020, an immediate 10 percent rise in the value of each currency against the EUR would impact net income by EUR 30m during the next 12 month period (9.2). Permobil's operational cash flows in foreign currency are estimated to corresponding SEK 1,174m for the coming 12 months (727). These cashflows are not hedged. An immediate 10 percent rise in the value of each currency against the SEK would impact net income for Permobil by SEK 117m (61) and other comprehensive income with SEK 28m the coming 12 months (4).

Currency exposure associated with net investments in foreign operations
Currency exposure associated with investments made in independent foreign entities is considered as a translation risk and not an economic risk. The exposure arises when the foreign net investment is translated to SEK on the balance sheet date and it is recognized in the translation reserve under equity. To reduce such currency exposure Investor targets primarily to neutralize net investments in foreign currencies with loans in the same currency. Remaining currency exposure of net investments in foreign operations is normally not hedged.

The table below show the exposure, in main currencies, arising from net investments in foreign subsidiaries (in investment currency).

Currency exposure in equity	12/31 2020	12/31 2019
EUR m	3,664	3,149
GBP m	306	279
USD m	2,200	1,997

If the SEK were to appreciate by 10 percent this would decrease equity by SEK –6.9bn due to translation effects of currency exposure in net investments in foreign subsidiaries (–6.0).

Interest rate risk
The Group's interest rate risk is primarily associated with long-term borrowings. In order to minimize the effects of interest rate fluctuations, limits and instructions have been established for example regarding fixed interest rate periods.

Excess liquidity and debt portfolio
Investor AB's Treasury manages interest rate risks, exchange rate risks, liquidity risks and financing risks associated with the administration of the excess liquidity portfolio and financing activities.

For excess liquidity exposed to interest rate risks, the aim is to limit interest rate risks firstly and secondly to maximize return within the established guidelines of the risk policy. High financial flexibility is also strived for in order to satisfy future liquidity needs. Investments are therefore made in interest-bearing securities of short duration and high liquidity. For further information, see note 21, Other financial investments, short-term investments and cash and cash equivalents. A one percentage point parallel movement upward of the yield curve would reduce the value of the portfolio and affect the Income Statement by SEK –204m (–189).

On the liability side, Investor strives to manage interest rate risks by having an interest rate fixing tenor within the established limits and instructions of the Risk Policy. Fixed rates are established to provide flexibility to change the loan portfolio in step with investment activities and to minimize volatility in the cash flow over time. Investor uses derivatives to hedge against interest rate risks (related to both fair value and cash flow fluctuations) in the debt portfolio. Some derivatives do not qualify for hedge accounting, but are still grouped together with loans since the intention of the derivative is to achieve the desired fixed-interest term for each loan. The total outstanding carrying amount of hedged loans, including fair value hedge adjustment, was at year-end SEK 10,683m (11,308).

The table below shows the value of all interest rate derivatives by the end of 2020. The effect of fair value hedges is recognized in the Income Statement. The remaining maturities of fair value hedges vary between 1 and 17 years. For further information on the maturity structure, see schedule, "Investor AB's debt maturity profile".

Interest rate derivatives, fair value hedges, SEK m	12/31 2020 Fair value	12/31 2020 Nominal amount	12/31 2019 Fair value	12/31 2019 Nominal amount
Assets	2,037	10,426	2,653	11,007
Liabilities	–328	–898	–324	–1,852

Interest rate derivatives, cash flow hedges, SEK m	12/31 2020 Fair value	12/31 2020 Nominal amount	12/31 2019 Fair value	12/31 2019 Nominal amount
Assets	–	–	–	–
Liabilities	–155	–3,060	–22	–3,587

For more information on financial instruments and hedge accounting, see note 31, Financial instruments.

The table below shows the effect of a parallel movement of the yield curve up with one percentage point (100 basis points) for the Group's fair value loans and derivatives.

Interest sensitivity of loans and derivatives at fair value, SEK m	12/31 2020 Effect on income statement	12/31 2020 Effect on other comprehensive income	12/31 2019 Effect on income statement	12/31 2019 Effect on other comprehensive income
Hedged loans	–1,003	0	–1,292	–
Swaps for hedges	1,127	64	1,289	90
Other swaps	–22	0	–28	–
Net interest rate sensitivity	**102**	**64**	**–31**	**90**

The interest cost effect related to instruments with floating interest is non-material at a parallel movement of the yield curve with one percentage point.

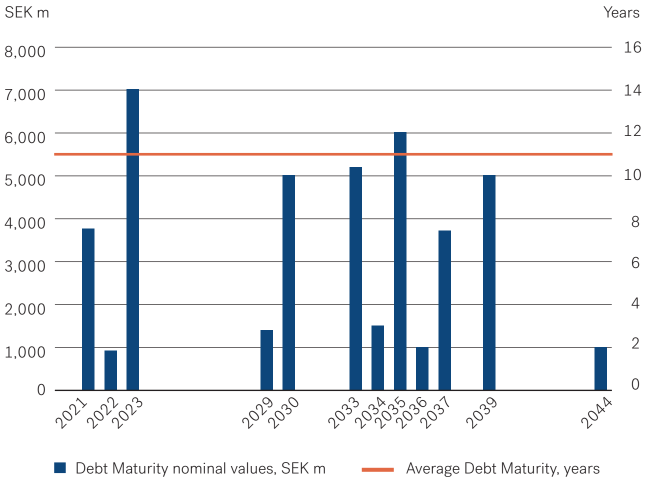
Liquidity and financing risk
Liquidity risk refers to the risk that a financial instrument cannot be divested without considerable extra costs, and to the risk that liquidity will not be available to meet payment commitments.

Liquidity risks are reduced in Treasury operations by limiting the maturity of short-term cash investments and by ensuring that cash and committed credit lines always exceed short-term debt, i e a liquidity ratio higher than one. Liquid funds are invested in deposit markets and short-term interest-bearing securities with low risk and high liquidity. In other words, they are invested in a well-functioning second-hand market, allowing conversion to cash when needed. Liquidity risk in the trading operations is restricted via limits established by the Board.

Financing risks are defined as the risk that financing can not be obtained, or can only be obtained at increased costs as a result of changed conditions in the capital market. To reduce the effect of refinancing risks, limits are set regarding average maturities for loans. In order to minimize financing risks, Treasury works actively to ensure financial preparedness by establishing loan and credit limits for both long-term and short-term borrowing. Financing risks are further reduced by allocating loan maturities over time (please refer to the chart on the next page) and by diversifying sources of capital. An important aspect, in this context, is the ambition to have a long-term borrowing profile. Furthermore, proactive liquidity-planning efforts also help limit both liquidity and financing risk.

Note 3 *Financial risks and risk management*

Investor AB's debt maturity profile



Investor's funding is primarily done through long-term loan programs in the Swedish and European capital markets. Investor has a European Medium Term Note Program (EMTN), which is a loan program intended for long-term financing. The program is for EUR 5.0bn (SEK 50.2bn), of which EUR 3.8bn (SEK 38.6bn) has been utilized.

For short-term financing, Investor has an uncommitted Swedish and a European Commercial Paper program (CP/ECP) for SEK 10.0bn and USD 1.5bn (SEK 12.3bn), respectively. At year-end 2020 these facilities were unutilized.

Investor has a committed syndicated bank loan facility of SEK 10.0bn. This facility is available until 2024. The facility was unutilized at year-end. In contrast to an uncommitted credit facility, a committed loan program is a formalized commitment from the credit grantor. There are no financial covenants in any of Investor AB's loan contracts, meaning that Investor does not have to meet special requirements with regard to key financial ratios for the loans it has obtained.

The wholly-owned subsidiaries ensure their financial preparedness by keeping credit facilities, should there be a need for additional working capital or minor acquisitions. The terms of the credit facilities require the companies to meet a number of covenants. During the current pandemic some subsidiaries have agreed with their counterparties on temporary conditions for the covenants. As per year-end the subsidiaries fulfilled their covenants.

With an equity/assets ratio of 81 percent at year-end (81), Investor has considerable financial flexibility, since leverage is low and most assets are highly liquid.

The following table shows the Group's contracted cash flow of loans including other financial payment commitments and derivatives.

	12/31 2020		12/31 2019	
Cash flow of financial liabilities and derivatives[1], SEK m	Loans and other financial debts and commitments	Derivatives	Loans and other financial debts and commitments	Derivatives
< 6 months	–5,456	146	–5,348	159
6-12 months	–745	–18	–1,202	119
1-2 years	–9,158	221	–9,651	382
2-5 years	–38,786	501	–33,009	619
> 5 years	–49,100	1,683	–44,397	2,578

1) Interest payments included.

For information on the Group's excess liquidity and how it is invested, see note 21, Other financial investments, short-term investments and cash and cash equivalents.

Exposure from guarantees and other contingent liabilities also constitutes a liquidity risk. For such exposure as per December 31, 2020, see note 32, Pledged assets and contingent liabilities.

Credit risk

Credit risk is the risk of a counterparty or issuer being unable to repay a liability to Investor. Investor is exposed to credit risks primarily through investments of excess liquidity in interest-bearing securities, which all are market valued. Credit risks also arise as a result of positive market values in derivative instruments (mainly interest rate, currency swaps).

Investor applies a wide-ranging limit structure with regard to maturities, issuers and counterparties in order to limit credit risks on single counterparties. With a view to further limiting credit risks in interest rate and currency swaps, and other derivative transactions, agreements are established with counterparties in accordance with the International Swaps and Derivatives Association, Inc. (ISDA), as well as netting agreements. Credit risk is monitored daily and the agreements with various counterparties are continuously analyzed.

The following table shows the total credit risk exposure by rating category as of December 31, 2020.

Exposure per rating category	Nominal amount, SEK m	Average remaining maturity, months	Number of counter-parties	Percentage of the credit risk exposure
Swedish government papers (AAA)	3,400	4.1	1	10
AAA	10,451	10.3	14	32
AA	5,523	0.6	47	17
A	10,513	0.2	57	32
Lower than A	2,651	4.2	30	8
Total	**32,539**	**4.2**	**149**	**100**

The total credit risk exposure at the end of 2020 amounted to SEK 32,539m (33,700). The credit risks resulting from positive market values for derivatives, which are included in the total credit risk, amounted to SEK 2,037m (2,653) and is reported in the Balance Sheet.

The credit risk in the wholly-owned subsidiaries relates mainly to trade account receivables. Mölnlycke's and Permobil's credit risks are limited due to the fact that a significant portion of their customers are public hospitals/care institutions.

The maximum exposure related to commercial credit risk corresponds to the carrying amount of trade receivables. Assessment of expected losses is described in note 31, Financial instruments.

The following table shows the aging of trade receivables and other short-term receivables within the Group.

	12/31 2020			12/31 2019		
Aging of receivables, SEK m	Gross carrying amount	Impair-ment	Net	Gross carrying amount	Impair-ment	Net
Not past due	4,989	–9	4,980	4,063	–7	4,056
Past due 0-30 days	705	–6	699	702	–1	701
Past due 31-90 days	526	–4	522	356	–1	355
Past due 91-180 days	226	–4	221	165	–19	146
Past due 181-360 days	91	–46	45	61	–19	41
More than 360 days	98	–69	29	71	–38	33
Total	**6,635**	**–138**	**6,496**	**5,417**	**–85**	**5,332**

Concentrations of credit risks

Concentrations of risk are defined as individual positions or areas accounting for a significant portion of the total exposure to each area of risk.

Because of the global nature of its business and sector diversification, the Group does not have any specific customers representing a significant portion of receivables.

The concentration of credit risk exposure related to fair value reported items, is presented in the first table in this column. The secured bonds issued by Swedish mortgage institutions have the primary rating category of AAA. The proportion of AAA-rated instruments accounted for 43 percent of the total credit risk exposure (37).

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35
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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35
P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 4 Changes in value

Accounting policies

Changes in value consist mainly of realized and unrealized result from long-term and short-term holdings in shares and participations recognized at fair value. Other in the table below includes transaction costs, profit-sharing costs and management fees for fund investments.

For shares and participations that were realized during the period, the changes in value consist of the difference between the consideration received and the value at the beginning of the period. Profit or loss from the divestment of a holding is recognized when the risks and benefits associated with owning the instrument are transferred to the buyer and the Group no longer has control over the instrument.

	2020	2019
Realized results from long-term and short-term investments	2,136	11,186
Unrealized results from long-term and short-term investments	39,272	80,772
Realized result from sale of subsidiaries	–	528
Other	–270	–707
IS Total	**41,138**	**91,779**

Note 5 Business combinations

Accounting policies

In connection with a business combination, the Group's acquisition cost is established through a purchase price allocation. In the analysis, the fair value of the identifiable assets and the assumed liabilities is determined. For business combinations where the cost exceeds the net carrying amount of the acquired identifiable assets and the assumed liabilities, the difference is reported as goodwill in the Balance Sheet. The purchase price allocation also identifies assets and liabilities that are not reported in the acquired company, such as trademarks and customer contracts. Identified intangible assets that have been identified when making the purchase price allocation are amortized over the estimated useful life. Goodwill and strong trademarks that are considered to have an indefinite useful life, are not amortized but tested annually for impairment, or whenever there is any indication of impairment.

Consideration that is contingent upon the outcome of future events is valued at fair value and the change in value is recognized in the Income Statement.

The financial statements of subsidiaries are reported in the consolidated financial statements as of the acquisition date and until the time when a controlling interest no longer exists.

Non-controlling interests

At the time of an acquisition, the Group must choose to either recognize non-controlling interest at fair value, meaning that goodwill is included in the non-controlling interest or recognize the non-controlling interest as the share of the net identifiable assets. The Group have chosen to recognize the non-controlling interest as the share of the net identifiable assets for all acquisitions.

If a business combination achieved in stages results in a controlling influence, the prior acquired shares are revalued at fair value and the effect of the revaluation is recognized in the Income Statement. Acquisitions that are made subsequent to having obtained a controlling influence and divestments that do not result in a loss of the controlling influence are reported under equity as a transfer between equity attributable to the Parent Company's shareholders and non-controlling interests. For information regarding put options to non-controlling interests, see note 25, Equity.

Patricia Industries' acquisition of Advanced Instruments

On October 30, 2020, Patricia Industries, a part of Investor AB, acquired 98 percent of Advanced Instruments, the leading global provider of osmolality instrumentation and consumables for the clinical, biopharmaceutical and food & beverage markets. With its long-term value creation objectives and strong industrial network, Patricia Industries is well positioned to support Advanced Instruments in further developing the business. The total consideration amounted to SEK 5,478m and was paid in cash. In the preliminary purchase price allocation, goodwill amounted to SEK 3,119m. The purchase price allocation is preliminary due to the allocation of goodwill and other intangible assets. The goodwill recognized for the acquisition corresponds to Advanced Instruments' position, with support from Patricia Industries, to further strengthen its capacity to serve its customers. The goodwill recognized is not expected to be deductible for income tax purposes. Intangible assets in the acquisition consists mainly of Proprietary technology.

Transaction related costs amounted to SEK 145m and derive from external legal fees and due diligence expenses. The costs have been included in the item Administrative, research and development and other operating costs in the Group's consolidated income statement.

Laborie's acquisition of Clinical Innovations

In February, 2020, Laborie completed the acquisition of Clinical Innovations, a leading provider of single-use, products for hospital labor & delivery and neonatal intensive care unit departments. The consideration amounted to SEK 4,513m. In the purchase price allocation, goodwill amounted to SEK 2,482m. The goodwill recognized for the acquisition corresponds to the complementary strengths of the companies. The goodwill recognized is not expected to be deductible for income tax purposes. Intangible assets in the acquisition consists mainly of Proprietary technology.

Transaction related costs amounted to SEK 180m and derive from external legal fees and due diligence expenses. These costs have been included in the line item Administrative, research and development and other operating cost in the Group's consolidated income statement.

Note 5 *Business combinations*

Sarnova's acquisition and combining of Digitech/R1

On October 30, 2020, Sarnova completed the acquisition and combining of the Digitech and R1 businesses, to a leading provider of advanced billing and technology services to the EMS transport industry. The consideration amounted to SEK 2,209m. In the preliminary purchase price allocation, goodwill amounted to SEK 1,723m. The goodwill recognized for the acquisition corresponds to the businesses position to further strengthen its capacity to serve the EMS industry. The goodwill recognized is not expected to be deductible for income tax purposes. Intangible assets in the acquisition consists mainly of Customer Contracts and relations.

Transaction related costs amounted to SEK 105m and derive from external legal fees and due diligence expenses. The costs have been included in the item Administrative, research and development and other operating costs in the Group's consolidated income statement.

Piab's acquisition of TAWI

In January, 2020, Piab completed the acquisition of TAWI Group, a leading manufacturer of ergonomic handling solutions. The consideration amounted to SEK 1,010m. In the purchase price allocation, goodwill amounted to SEK 528m. The goodwill recognized for the acquisition corresponds to the complementary strengths of the companies. The goodwill recognized is not expected to be deductible for income tax purposes. Intangible assets in the acquisition consists mainly of Customer contracts.

Transaction related costs amounted to SEK 6m and derive from external legal fees and due diligence expenses. These costs have been included in the line item Administrative, research and development and other operating cost in the Group's consolidated income statement.

Other acquisitions

During the period, BraunAbility and Permobil made a total of two acquisitions. The aggregate purchase price amounts to SEK 84m and goodwill amounts to SEK 43m.

Information about revenue and profit/loss

SEK m	Advanced Instruments	Clinical Innovations	Digitech/R1	TAWI	Others	Total
Revenue from the acquisition date until year-end 2020	129	607	139	306	64	1,245
Profit/loss from the acquisition date until year-end 2020	–70	–145	–94	33	–5	–281
Estimated revenue increase if the acquisition had occured on January 1, 2020	576	231	678	–	–	1,485
Estimated increase/decrease in profit/loss if the acquisition had occured on January 1, 2020	25	–162	101	–	–	–36

Identifiable assets acquired and liabilities assumed

SEK m	Advanced Instruments	Clinical Innovations	Digitech/R1	TAWI	Others	Total
Intangible assets	3,684	2,399	1,051	417	38	7,588
Property, plant and equipment	20	63	44	26	6	159
Other financial investments	–	–	–	11	–	11
Inventories	65	85	–	63	13	227
Trade receivables	111	122	175	78	4	489
Other current receivables	3	45	8	9	0	66
Cash and cash equivalents	162	57	156	52	3	430
Long-term interest-bearing liabilities	–1,413	–50	–19	–29	–1	–1,511
Deferred tax liabilities	–	–457	–184	–100	–7	–748
Other current liabilities	–173	–183	–88	–45	–18	–507
Net identifiable assets and liabilities	**2,458**	**2,082**	**1,142**	**482**	**39**	**6,203**
Non-controlling interest	–99	–51	–656	–	2	–805
Consolidated goodwill	3,119	2,482	1,723	528	43	7,895
Consideration	**5,478**	**4,513**	**2,209**	**1,010**	**84**	**13,293**

Note 6 Disposal of subsidiary

No subsidiaries have been divested during 2020.

In January 2019 Aleris divested its care operations, Aleris Care, to Ambea and in October 2019 the remaining part of Aleris was divested to Triton.

The consideration for the care operations amounted to SEK 3,220m and was paid in cash. Net cash proceeds from the remaining part of Aleris was SEK 2,719m and was paid in cash as well.

The total gain on the disposal of the Aleris businesses was SEK 528m and is included in Changes in value in the Group's consolidated Income Statement for 2019.

Aleris was not considered to represent a separate major line of business or geographical area of operations and was therefore not presented as discontinued operations. For the period from January 1, 2019, until the dates of divestment Aleris contributed net sales of SEK 3,959m and profit/loss of SEK –950m to the Group's result for 2019.

In 2019, Aleris made a write-down of goodwill amounting to SEK 1,451m, which is included in Administrative, research and development and other operating costs in the Group's consolidated Income Statement for 2019.

Assets and liabilities over which control was lost

SEK m	2019
Goodwill	3,454
Other intangible assets	222
Property, plant and equipment	1,672
Other financial investments	1
Other long-term receivables	24
Deferred tax assets	22
Other current receivables	1,054
Cash and cash equivalents	734
Other long-term liabilities	–991
Deferred tax liabilities	–42
Current liabilities	–1,475
Net assets disposed of	**4,677**
Gain on disposal	528
Total consideration	**5,205**
Consideration received in cash and cash equivalents	5,939
Less: cash and cash equivalents disposed of	–734
Total consideration received	**5,205**

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Note 7 Operating Segments

Investor is divided into operating segments based on how operations are reviewed and evaluated by the CEO. Investor's presentation of operating segments corresponds to the internal structure for management and reporting.

The operations are divided into the three business areas Listed Companies, Patricia Industries and Investments in EQT.

Listed Companies consists of twelve listed holdings, see pages 18-23.

Patricia Industries includes the wholly-owned subsidiaries, Three Scandinavia and the former IGC portfolio and all other financial investments, except Investor's trading portfolio, see pages 24-35.

The business area Investments in EQT consists of the holdings in EQT AB and the EQT funds, see page 36.

The reported items in the operating segment profit/loss for the year, assets and liabilities, are presented according to how they are reviewed by the CEO.

In the operating segment presentation, items directly attributable and items that can be reliably and fairly allocated to each respective segment are included. Non-allocated items are presented in Investor Groupwide and are related to the investing activities and consist, within profit/loss, of management costs, net financial items and components of tax. Assets and liabilities within investing activities are included in Investor Groupwide as well. Market prices are used for any transactions that occur between operating segments.

For information about goods, services and geographical areas, see note 8, Revenues.

Performance by business area 2020	Listed Companies	Patricia Industries	Investments in EQT	Investor Groupwide	Total
Dividends	7,281	0	383	–1	7,664
Changes in value	18,482	1,932	20,689	36[1)]	41,138
Net sales		39,323			39,323
Cost of goods and services sold		–21,417		0	–21,417
Sales and marketing costs		–5,873			–5,873
Administrative, research and development and other operating costs		–7,006	–4	–22	–7,033
Management costs	–113	–289	–10	–119	–531
Share of results in associates		1,825			1,825
IS Operating profit/loss	**25,650**	**8,495**	**21,058**	**–106**	**55,097**
Net financial items		–2,217		244	–1,973
Tax		–774		311	–463
IS Profit/loss for the year	**25,650**	**5,504**	**21,058**	**449**	**52,662**
Non-controlling interest		128			128
Net profit/loss for the period attributable to the Parent Company	**25,650**	**5,633**	**21,058**	**449**	**52,790**
Dividend		–27		–6,889	–6,916
Other effects on equity[2)]		–3,605	–649	–464	–4,718
Contribution to net asset value	**25,650**	**2,001**	**20,409**	**–6,904**	**41,156**
Net asset value by business area 12/31 2020					
Shares and participations	367,009	7,468	57,646	21	432,144
Other assets		113,917		1,086	115,004
Other liabilities	–77	–63,636	–161	–1,625	–65,499
Net debt/-cash[3)]		13,468		–33,281	–19,812
Total net asset value including net debt/-cash	**366,932**	**71,217**	**57,486**	**–33,799**	**461,837**
Shares in associates reported according to the equity method		3,643			3,643
Cash flow for the year	3,807	–1,960	–15	–1,204	628
Non-current assets by geographical area[4)]					
Sweden		45,225		16	45,241
Europe excl. Sweden		4,495			4,495
Other countries		40,024		62	40,086

1) Includes proceeds from the trading operation amounting to SEK 2,523m.
2) Refers mainly to revaluation reserve, effects of long-term share-based remuneration, changes in non-controlling interest and changes in the hedging and translation reserves.
3) Net debt/-cash refers to other financial investments, short-term investments, cash and cash equivalents, interest-bearing liabilities with related derivatives and defined benefit pensions within investing activities.
4) Non-current assets consists of intangible and tangible assets. Information regarding associates by geographical area is not presented because Investor, as a minority owner, can not access information that can be compiled in a meaningful way.

Note 7 *Operating Segments*

Performance by business area 2019	Listed Companies	Patricia Industries	Investments in EQT	Investor Groupwide	Total
Dividends	9,738		125	–6	9,858
Other operating income		0		0	0
Changes in value	69,953	948	20,872	6[1]	91,779
Net sales		42,239			42,239
Cost of goods and services sold		–24,343			–24,343
Sales and marketing costs		–6,257			–6,257
Administrative, research and development and other operating costs		–7,684	–6	–26	–7,717
Management costs	–110	–272	–9	–121	–513
Share of results in associates		579			579
IS Operating profit/loss	**79,581**	**5,209**	**20,981**	**–147**	**105,625**
Net financial items		–1,729		–1,246	–2,975
Tax		–1,017		–391	–1,408
IS Profit/loss for the year	**79,581**	**2,463**	**20,981**	**–1,783**	**101,242**
Non-controlling interest		–16			–16
Net profit/loss for the period attributable to the Parent Company	**79,581**	**2,447**	**20,981**	**–1,783**	**101,226**
Dividend				–9,948	–9,948
Other effects on equity[2]		1,431	400	64	1,895
Contribution to net asset value	**79,581**	**3,878**	**21,381**	**–11,667**	**93,173**
Net asset value by business area 12/31 2019					
Shares and participations	345,129	8,318	37,492	378	391,316
Other assets		97,625		968	98,593
Other liabilities	–40	–54,797	–244	–2,186	–57,266
Net debt/-cash[3]		20,897		–32,859	–11,962
Total net asset value including net debt/-cash	**345,089**	**72,043**	**37,248**	**–33,699**	**420,681**
Shares in associates reported according to the equity method		4,189			4,189
Cash flow for the year	5,299	11,815	4,876	–14,356	7,634
Non-current assets by geographical area[4]					
Sweden		45,777		14	45,790
Europe excl. Sweden		4,643			4,643
Other countries		27,950		84	28,034

1) Includes proceeds from the trading operation amounting to SEK 2,762m.
2) Refers mainly to revaluation reserve, effects of long-term share-based remuneration, changes in non-controlling interest and changes in the hedging and translation reserves.
3) Net debt/-cash refers to other financial investments, short-term investments, cash and cash equivalents, interest-bearing liabilities with related derivatives and defined benefit pensions within investing activities.
4) Non-current assets consists of intangible and tangible assets. Information regarding associates by geographical area is not presented because Investor, as a minority owner, can not access information that can be compiled in a meaningful way.

Note 8 Revenues

Accounting policies

Revenues included in operating profit are dividends and net sales.

Dividends received are recognized when the right to receive payment has been established.

Net sales

Revenues from customers are recognized when a performance obligation by transferring a promised good or service is satisfied. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. A promised good or service is transferred when or as control transfers to the buyer. When or as performance obligations are satisfied, the transaction price that is allocated to that performance obligation is recognized as revenue. Details of performance obligations included in contracts and how transaction prices are determined and allocated to performance obligations, are presented under Performance obligations and Transaction prices on the next page. All revenues from contract with customers are related to the operating segment Patricia Industries.

Disaggregated revenues from contracts with customers into the field of operation

Revenues from the sale of goods or services are disaggregated into the six field of operations Health care equipment, Health care services, Hotel, Real estate, Osmolality testing and Gripping and moving solutions.

Health care equipment

The majority of the revenues in the field of operations Health care equipment are derived from sale of single use products and solutions for managing wounds and preventing pressure ulcers. This field of operations also includes sales from: wheelchair accessible vehicles and wheelchair lifts; powered and manual wheelchairs as well as cushions and accessories; distribution of healthcare products to national emergency care providers, hospitals, schools, businesses and federal government agencies; and innovative capital equipment and consumables for the diagnosis and treatment of urological and gastrointestinal disorders.

Revenues within the field of operations Health care equipment are allocated to geographical area by the location of where the customer is resident. Health care equipment are sold through retail distribution channels and directly to customers.

The sale of medical equipment, products and supplies are recognized at the point of time when control transfers. The sale of extended warranty, service agreements and program management contracts are recognized over the term of the contract.

Health care services

Revenues within the field of operations Health care services are allocated into geographical area by the location of where the respective customer uses the services.

Sale is outsourced or performed by own personnel and revenue is mainly recognized at a point in time.

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Note 8 *Revenues*

Hotel
Revenues in the field of operations Hotel includes Lodging, Food & Beverage as well as Conference & Banqueting.

All sales within the category is considered to be services and are sold both through distributors and directly to customers.

The revenue from all sales of services is recognized over time as the customer receives and consumes the service.

Real estate
The field of operations Real estate includes revenue from rental agreements with external tenants. The majority of the rental agreements are related to office premises.

Rental agreements are signed directly with the tenants and the revenue is recognized over the term of the contract.

Osmolality testing
The majority of the revenue within the field of operations Osmolality testing is earned from the sale of equipment and consumable supplies necessary to use the equipment. Customers can separately purchase maintenance contracts and revenue are also earned from servicing of customer equipment and repair calls not covered by maintenance contracts.

Revenue from the sale of equipment and consumable supplies is generally recognized at a point in time upon transfer of control to the customer. Maintenance contracts are deferred and recognized ratably over the contract period and revenue from other service or repairment of equipment is recognized when the service is performed.

Gripping and moving solutions
The field of operations Gripping and moving solutions mainly generates revenue from the sale of finished products and customer-specific solutions. The finished products are vacuum pumps, vacuum accessories, vacuum conveyors and suction cups for a variety of automated material handling and factory automation processes. The customer-specific solutions are assembled to the specification of each customer and comprise of products and components in combination with services such as installation and training activities.

Revenues are allocated to geographical area by the location of where the customer is resident. The sale channels are both through distributors and directly to customers and the revenue is mainly recognized at a point in time.

Performance obligations and Transaction prices
Revenues from the sale of goods or services are derived from five relatively different fields of operations. Below details can be found about different types of performance obligations in the contracts from customers and information about how transaction prices are determined and allocated to performance obligations. The information is on an aggregated level based on different types of customer contracts.

Sale of finished products
Sale of finished products are by far the largest part of Investor's net sales. The products mainly relates to health care equipment but also products within osmolality testing and gripping and moving solutions. Performance obligations in the contracts with customers from sale of finished products mainly refers to goods manufactured by the selling company. A minor part of the performance obligations also relates to distribution of goods as retailer, products having a trial period and revenue from customer-specific solutions. The sales contracts can, to a limited extent, also include performance obligations related to various forms of services, for example extended warranty, service agreements, program management contracts and similar obligations.

For finished products the performance obligation is satisfied at the point in time when control of the goods has transferred to the customer. The point in time is upon delivery to the customer or shipment of the goods, which is determined by the delivery terms of each contract. The evaluations in order to identify when a customer obtains control of promised goods is to a large extent based on the shipping terms. This is because shipping terms typically specifies when title passes and will also affect when risk and rewards of ownership transfer to the customer. For the majority of the sale, control is transferred upon delivery of the goods to the customer.

For distribution of health care products as a retailer, control is transferred upon shipment from the distribution center. At this point in time, the performance obligation is fulfilled and revenue is recognized. For products having a trial period, the revenue is recognized at the expiration of the trial period.

Customer-specific solutions are mainly relevant within Gripping and moving solutions and represents one performance obligation as a bundle of goods and services, since the separate goods and services are not considered as distinct within the context of each contract. The performance obligation is satisfied over time since the asset is not created with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The selected method used to measure the progress towards complete satisfaction of the performance obligation is the input method on the basis of cost incurred relative to the total expected costs for each customer-specific solution. Costs mainly include costs for labor and material. The input method is selected since the timing of the costs related to each customer-specific solution provides the best reflection of how control is transferred to the customer. The estimations related to revenue recognition from the input method require judgments that affect the determination of the amount and timing of revenue from customer-specific solutions. The initial estimate of total expected costs of each customer-specific solution is continuously controlled and updated if necessary.

Payment terms varies normally from 30-60 days and could in some instances be up to 90 days. Hence, the contracts does not involve any significant financing component. For certain countries and customers, when deemed appropriate from a credit risk perspective, payment in advance is requested before delivery of goods.

The transaction price for finished products is typically based on a list price, but where a contract contains elements of variable rebates, right of returns, customer discounts or similar, revenue is recognized net after recognizing a refund liability for such variable considerations. Right of returns is adjusted based on its accumulated historical experience to estimate the number of returns. These variable considerations can be paid both quarterly and yearly dependent on customer contract. The customer accrual of yearly contracts will increase the liability until repayment, which usually takes place during Q1, then the liability will be significantly reduced compared to year-end.

Sale of services
Sales of services mainly relates to health care services, but also services related to hotel. The sale of products can, to a limited extent, also include performance obligations related to various forms of services, for example extended warranty, service agreements, program management contracts and similar obligations.

Within Health care each contract is a series of distinct services that are essentially the same and follow the same pattern. Therefore each contract are identified as one performance obligation. The services are mainly activities within primary medical care. Revenues consist of listing compensation, compensation per visit and percentage compensation regardless of how many visits. Revenues from Health care services are mainly recognized over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the entity performs.

Performance obligations within hotel services mainly refers to accommodation and food & beverage. The different services are distinct and performance obligations recognized as revenue as the services are performed.

There are also performance obligations related to services connected with the sale of products, for example extended warranty, service agreements, program management contracts and similar obligations. Revenues are mainly recognized over time as the services are performed.

Contract balances

	2020	2019	Change	%
Contract assets	0	1	–1	–98
Contract liabilities	–400	–145	–256	177
Net contract assets/liabilities	**–400**	**–143**	**–257**	**179**

Contract assets are comprised of accrued revenue balances. Accrued revenue represents the right to consideration for goods and services that has been transferred to a customer, but payment has not yet been received.

Contract liabilities are an entity's obligation to transfer goods and services to a customer for which the entity has received consideration from the customer. These are comprised of deposits and prepayments collected on orders that will be transferred in a future period. Other forms of contract liabilities are payments related to extended warranty contracts and program management contracts, which are deferred and recognized straight-line over the contract life.

Contract costs
Since all sales commissions paid would have been amortized within one year, the practical expedient to recognize these costs as an expense when incurred is used. However an associated company, accounted for using the equity method, recognizes an asset for the incremental costs of obtaining a contract with a customer and the asset is amortized as the contracts are completed.

Note 8 *Revenues*

Net sales 2020	Field of operation: Health care equipment	Health care services	Hotel	Real estate	Osmolality testing	Gripping and moving solutions	Total
By geographical market:							
Sweden	851	194	286	189	0	142	1,661
Scandinavia, excl. Sweden	1,439	4			1	41	1,486
Europe, excl. Scandinavia	10,855	2			35	597	11,489
U.S.	20,104	22			73	385	20,584
North America, excl. U.S.	643				5	87	735
South America	284				3	48	334
Africa	497				0	3	501
Australia	920				2	10	932
Asia	1,281	97			11	214	1,602
Total	**36,874**	**319**	**286**	**189**	**129**	**1,526**	**39,323**[1)]
By category:							
Sales of products	36,283				115	1,526	37,925
Sales of services	529	319	286		14		1,147
Revenues from Leasing	58			185			243
Other Revenue	4			4			8
Total	**36,874**	**319**	**286**	**189**	**129**	**1,526**	**39,323**
By sales channels:							
Through distributors	20,802		171		71	686	21,730
Directly to customers	16,072	319	114	189	59	841	17,593
Total	**36,874**	**319**	**286**	**189**	**129**	**1,526**	**39,323**
Timing of revenue recognition:							
Goods and services transferred at a point in time	36,619	297			126	1,517	38,559
Goods and services transferred over time	255	22	286	189	3	10	764
Total	**36,874**	**319**	**286**	**189**	**129**	**1,526**	**39,323**

Net sales 2019	Field of operation: Health care equipment	Health care services	Hotel	Real estate	Osmolality testing	Gripping and moving solutions	Total
By geographical market:							
Sweden	720	2,016	678	123		26	3,564
Scandinavia, excl. Sweden	1,196	2,028				17	3,240
Europe, excl. Scandinavia	9,333	8				558	9,900
U.S.	21,179	217				350	21,746
North America, excl. U.S.	688					79	767
South America	376					43	419
Africa	399					3	401
Australia	834					7	842
Asia	1,175	1				184	1,360
Total	**35,900**	**4,270**	**678**	**123**	**–**	**1,267**	**42,239**[1)]
By category:							
Sales of products	35,390	6				1,267	36,663
Sales of services	449	4,260	678				5,387
Revenues from Leasing	58	2		120			181
Other Revenue	3	2		3			9
Total	**35,900**	**4,270**	**678**	**123**	**–**	**1,267**	**42,239**
By sales channels:							
Through distributors	20,871		515			697	22,083
Directly to customers	15,029	4,270	163	123		570	20,156
Total	**35,900**	**4,270**	**678**	**123**	**–**	**1,267**	**42,239**
Timing of revenue recognition:							
Goods and services transferred at a point in time	35,506	94				1,231	36,831
Goods and services transferred over time	394	4,176	678	123		36	5,408
Total	**35,900**	**4,270**	**678**	**123**	**–**	**1,267**	**42,239**

1) No customer exceeds 10 percent of total net sales.

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Note 9 Leases

Accounting policies

Lessee

For Investor as a lessee, a right-of-use asset is recognized to represent the right to use the leased assets. When entering into a new lease contract the right-of-use asset is measured at cost. Short-term leases and leases of low-value assets are exempt and recognized as an expense on a straight-line basis over the lease term.

At the same time, a lease liability is recognized representing the obligation to pay lease payments for the leased assets. The lease liability is measured at the present value of the lease payments that are not paid at that date. When discounting the lease payments, the interest rate implicit in the lease is used at first hand. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used.

After the commencement date the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses. The value of the lease liability is mainly adjusted to reflect interest on the lease liability and to reflect the lease payments made.

In the Consolidated Balance Sheet the right-of-use assets connected to leases are included in the items Buildings and land and Machinery and equipment. The lease liability is included in Long-term interest-bearing liabilities and Current interest-bearing liabilities.

Lessor

For Investor as a lessor, leases are classified as operating leases. The lease contracts do not transfer substantially all the risks and rewards incidental to ownership of the underlying assets. Lease payments from operating leases are recognized as income on a straight-line basis.

Information about lease contracts – Lessee

Lease contracts are related to vehicles, office equipment and rental agreements regarding offices, warehouses and factory buildings.

Leasing contracts for vehicles do normally not include any extension options. Outstanding leasing agreements for offices, warehouses and factories include various extension and termination options, as well as contracts that are automatically extended for a certain period if not actively being canceled.

When determining the lease term, extension options are considered. If no plan is initiated to move to another building six months before notice must be given, to not have the contract automatically extended, the extension option is included in the lease period. For other leased buildings individual assessments of the current lease term is made on an ongoing basis.

Lease amounts for the period – Lessee

	2020	2019
Disclosures related to the financial performance		
– Depreciation charge for right-of-use buildings	–352	–494
– Depreciation charge for right-of-use machinery and equipment	–109	–99
– Interest expense on lease liabilities	–78	–106
– Expense relating to short-term leases	–27	–30
– Expense relating to low-value leases	–7	–18
– Expense relating to variable lease payments	–6	–9
Disclosures related to cash flows		
– Cash outflow for leases, Interest	–78	–106
– Cash outflow for leases, Payment of lease liability	–429	–616
– Cash outflow for leases, Low value and short-term	–34	–44
Disclosures related to the financial position		
– Carrying amount of right-of-use asset as per December 31, included in:		
Buildings and land	1,860	1,789
Machinery and equipment	214	189
– Lease liability as per December 31, included in:		
Long-term interest-bearing liabilities	1,706	1,611
Current interest-bearing liabilities	392	391

Information about lease contracts – Lessor

Lease contracts are mainly related to rental agreements regarding premises and housing. Properties subject to rental agreements are owned by Investor and all rights are retained in the underlying assets.

Lease amounts for the period – Lessor

	2020	2019
Operating lease income		
Total income	243	181
– whereof variable lease income	6	3
Undiscounted lease payment to be received		
Less than 1 year from balance sheet date	237	198
1-2 years from balance sheet date	208	169
2-3 years from balance sheet date	182	132
3-4 years from balance sheet date	161	122
4-5 years from balance sheet date	150	116
More than 5 years from balance sheet date	1,063	831
Total	**2,001**	**1,567**

Reference to lease information in other notes

Disclosure	Note	Page
Information about right-of-use assets buildings	17 Buildings and land	82
Information about assets subject to an operating lease as a lessor	17 Buildings and land	82
Information about right-of-use assets machinery and equipment	19 Machinery and equipment	85
Maturity analysis of lease liabilities	26 Interest-bearing liabilities	89
Information about first time adoption of IFRS 16	34 Effects of changes in accounting policies	100

Note 10 Operating costs

	2020	2019
Raw materials and consumables	14,724	16,683
Personnel costs	9,445	11,509
Depreciation, amortization and impairment	3,252	4,751
Other operating expenses	7,433	5,887
Total	**34,853**	**38,830**

Costs related to research and development amounts to SEK 1,099m (998). Additional information regarding operating costs can be found in notes 9, 11-12 and 16-19.

Note 11 Employees and personnel costs

Accounting policies

Accounting policies on employee benefits such as short-term benefits, termination benefits and share-based payment transactions are presented below. Post-employment benefits are presented in note 27, Provisions for pensions and similar obligations.

Short-term benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related services are provided. A provision is made for the anticipated cost of variable cash salary and profit-sharing contracts when the Group has a current obligation to make such payments (because services have been provided by employees) and when the obligation can be reliably estimated.

Termination benefits

The cost of termination benefits is recognized only if the company is demonstrably committed (without any realistic possibility of withdrawing the commitment) by a formal plan to prematurely terminate an employee's employment.

Share-based payment transactions

Within the Investor Group both equity-settled and cash-settled stock option and share programs and cash-settled (synthetic) shares have been issued.

Accounting for equity-settled programs

The fair value of stock options and share programs issued is determined at the grant date in accordance with the Black & Scholes valuation model, taking into consideration the terms and conditions that are related to the share price.

The value is recognized in the income statement as a personnel cost allocated over the vesting period with a corresponding increase in equity.

The recognized cost corresponds to the fair value of the estimated number of options and shares that are expected to vest. This cost is adjusted in subsequent periods to reflect the actual number of vested options and shares. However, no adjustment is made when options and shares expire only because share price related conditions do not reach the level needed for the options to vest.

When equity-settled programs are exercised, shares are delivered to the employee. The delivered shares are treasury shares that are repurchased when needed. When exercised, the payment of the exercise price that was received from the employee is reported as an increase in equity.

Equity-settled programs issued to employees in Group companies

In the Parent Company, the value of equity instruments, which is offered to employees of other companies belonging to the Group, is reported as a capital contribution to subsidiaries. The value of participations in subsidiaries increases simultaneously to the Parent Company's reporting of an increase in equity. The costs related to employees in companies concerned are invoiced to the subsidiaries. The cash settlement of the invoices then neutralizes the increase of participations in subsidiaries.

Accounting for cash-settled programs

Cash-settled stock option and share programs and cash-settled (synthetic) shares result in an obligation that is valued at fair value and recognized as an expense with a corresponding increase in liabilities. Initial fair value is calculated and the grant value is recognized over the vesting period as a personnel cost, which is similar to the recognition of equity-settled programs. However, cash settled programs are revalued at fair value every balance sheet date and at final settlement. All changes in the fair value as a result of changes in share price or fair value of the underlying instruments are recognized in the financial net with a corresponding change in liabilities.

When cash-settled programs are exercised, the liability to the holder of the synthetic shares is settled.

Accounting for social security attributable to share-based payment transactions

Social security expenses attributable to share-based remuneration are recognized and accrued in accordance with the same principles as the costs for synthetic shares.

Guidelines for remuneration for the President and other Members of the Extended Management Group

The AGM 2020 decided on guidelines for remuneration for the President and other Members of the Extended Management Group. The complete guidelines can be found on page 52.

Average number of employees in the Group

	2020		2019	
	Total	Of which women	Total	Of which women
Parent Company, Sweden	71	36	72	37
Sweden, excl. Parent Company	1,804	914	3,095	1,991
Europe excl. Sweden	3,527	1,984	4,263	2,625
North- and South America	4,693	1,807	4,400	1,624
Africa	1	1	1	1
Asia	3,717	2,568	3,596	2,541
Australia	151	90	133	85
Total Group	**13,964**	**7,400**	**15,560**	**8,904**

Gender distribution in Boards and Senior management

	2020		2019	
	Men	Women	Men	Women
Gender distribution in percent				
Board of the Parent Company	60	40	60	40
Extended Management Group of the Parent Company incl. the President	50	50	50	50
Boards in the Group[1]	76	24	79	21
Management Groups in the Group	67	33	69	31

1) Based on all Group companies including small, internal companies with minor activity.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 11 *Employees and personnel costs*

Remunerations and benefits to Johan Forssell, President and Chief Executive Officer (SEK t)

Year	Basic salary	Vacation remuneration	Variable salary for the year	Total cash salary	Change of vacation pay liability	Pension premiums	Benefits	Long-term share-based remuneration value at grant date	Total	Own investment in long-term share-based remuneration	Own investment, % of CEO basic salary pre-tax
2020	10,355	1,495	2,796	**14,646**	–851	3,937	116	8,284	**26,133**	3,331	32.2
2019	9,500	556	2,565	**12,621**	164	3,592	160	7,600	**24,137**	3,185	33.5

Expensed remunerations

The amounts in the table below are calculated according to the accruals concept, in which the terms basic salary and variable salary refer to expensed amounts, including any changes to the reserve for variable salary, vacation pay provisions, etc. Variable salary refers to the approved variable salary for the current financial year, unless specified otherwise.

Expensed remunerations to the President and other members of the Extended Management Group in the Parent Company

Total remunerations 2020 (SEK t)	Basic salary	Vacation remuneration	Change of vacation pay liability	Variable salary for the year	Cost of long-term share-based remuneration[1]	Total	Pension costs[2]	Other remuneration and benefits	Total expensed remuneration
President and CEO	10,355	1,495	–851	2,796	8,838	**22,633**	3,937	116	**26,686**
Extended Management Group, excl. the President	39,903[3]	1,724	–606	13,082[4]	29,576	**83,678**	8,628	1,320	**93,626**
Total	**50,258**	**3,219**	**–1,457**	**15,878**	**38,413**	**106,310**	**12,565**	**1,437**	**120,312**
Total remunerations 2019 (SEK t)									
President and CEO	9,500	556	164	2,565	7,945	**20,730**	3,592	160	**24,482**
Extended Management Group, excl. the President	26,050	921	371	12,402[4]	25,676	**65,419**	8,107	1,309	**74,836**
Total	**35,550**	**1,477**	**535**	**14,967**	**33,621**	**86,149**	**11,700**	**1,469**	**99,318**

1) There is a deviation from the value at grant date according to the previous table. In the table above the cost is calculated based on the principles in IFRS 2 and allocated over the vesting period. The calculation is also adjusted for the actual outcome of allotted performance shares, whereas in the previous table the value is based on an assumed allotment.
2) There are no outstanding pension commitments for the Extended Management Group including the President.
3) The amount includes expensed severance pay for a member of the Extended Management Group. Total severance pay for the executive includes fixed cash remuneration during 18 months, in accordance with the employment contract.
4) In addition to these amounts a member of the Extended Management Group have participated in incentive programs within former Investor Growth Capital. For more information about these programs see "Incentive program for selected employees within Patricia Industries" on page 76 and in note 33, Related party transactions.

Total remuneration – expensed salaries, Board of Directors fees and other remuneration and social security costs

Total remuneration (SEK m), Group	2020 Basic salary[1]	Variable salary	Long-term share-based remuneration	Pension cost	Cost for employee benefits	Social security contribu-tions	Total	2019 Basic salary[1]	Variable salary	Long-term share-based remuneration	Pension cost	Cost for employee benefits	Social security contribu-tions	Total
Parent Company	99	15	40	29	13	58	254	94	15	41	28	14	53	246
Subsidiaries	6,059	976	156	491	489	1,001	9,171	7,379	908[3]	228	591	561	1,244	10,911
Total	**6,158**	**991**	**196**	**520**	**502**	**1,058[2]**	**9,425**	**7,473**	**924**	**269**	**619**	**575**	**1,297[2]**	**11,157**

1) Includes vacation remuneration and change of vacation pay liability.
2) Of which SEK 112m refers to social security contribution for long-term share-based remuneration (87).
3) Restated to reflect payments from profit-sharing program within former Investor Growth Capital.

Expensed salaries and remuneration distributed between senior executives, Presidents and Boards in subsidiaries and other employees

Remuneration (SEK m), Group	2020 Salary Senior executives Presidents and Boards in subsidiaries[1,2]	Of which variable salary[1]	Other employees	Total	2019 Salary Senior executives Presidents and Boards in subsidiaries[1,2]	Of which variable salary[1]	Other employees	Total
Parent Company	46	9	68	114	45	9	65	109
Subsidiaries	156	35	6,879	7,034	128	36[3]	8,159	8,287
Total	**202**	**45**	**6,947**	**7,149**	**173**	**45**	**8,224**	**8,397**

1) The number of people in the Parent Company is 16 (16) and in subsidiaries 76 (80).
2) Pension costs relating to senior executives, Presidents and Boards in subsidiaries amount to SEK 22m and are in addition to the amounts presented in the table (24).
3) Restated to reflect payments from profit-sharing program within former Investor Growth Capital.

Note 11 *Employees and personnel costs*

Long-term variable remuneration – program descriptions

The Board of Directors encourages employees to build up a significant shareholding in Investor. Through the long-term variable remuneration programs, part of the remuneration to employees becomes linked to the long-term performance of the Investor share. Investor has two programs for long-term variable remuneration: Investor's program and the program for Patricia Industries.

Investor's program for long-term variable remuneration

The program consists of the following two components:

1) Stock Matching Plan

Through the Stock Matching Plan, an employee could acquire or commit shares in Investor (Matching share) at the market price during a period (determined by the Board) subsequent to the release of Investor's first quarterly report for each year, respectively (the "Measurement Period"). After a three-year vesting period, two options (Matching Options) are granted for each Investor share acquired or committed by the employee, as well as a right to acquire one Investor share (Matching Share) for SEK 10. The Matching Share may be acquired during a four-year period subsequent to the vesting period. Each Matching Option entitles the holder to purchase one Investor share, during the corresponding period, at a strike price corresponding to 120 percent of the average volume-weighted price paid for Investor shares during the Measurement Period.

The President, other members of the Extended Management Group and a maximum of 20 other executives within Investor ("Senior Management") are required to participate in the Stock Matching Plan with Participation Shares corresponding to a "Participation Value" of at least 5 percent of their fixed cash remuneration before taxes. "Participation Value" refers to the number of Participation Shares multiplied by the Participation Price.

In addition, Senior Management is offered to participate with Participation Shares to such an extent that the value of the allocated Matching Options and Matching Shares amounts to a maximum of between 10 and approximately 27 percent (for the President, approximately 32 percent) of their respective annual fixed cash remuneration before taxes, depending on position, performance, etc. Other employees are not obligated, but have a right, to participate with Participation Shares to an extent that the value of the allotted Matching Options and Matching Shares amounts to a maximum of 10 or 15 percent of fixed cash remuneration depending on position, performance, etc.

Under the Stock Matching Plan, the President is entitled to participate with (invest in) Participation Shares corresponding to a Participation Value of up to 40 percent of the annual fixed cash remuneration before taxes. If the President participates fully in the Stock Matching Plan, the possibility to receive a Matching Shares and Matching Options under the Stock Matching Plan corresponds to a theoretical value of approximately 27 percent of the annual fixed cash remuneration before taxes.

2) Performance Plan

Senior Management has, in addition to the Stock Matching Plan, the right to participate in a Performance Plan. Under this program, which presumes participation in the Stock Matching Plan, Senior Management, after a three-year vesting period, has the right during a period of four years thereafter, to acquire additional Investor shares of class B ("Performance Shares") at a price corresponding to 50 percent of the Participation Price conditional upon the total return on the Investor shares exceeding a certain level during the vesting period. The total return is measured during a three-year qualification period (quarterly measurement on running 12-month basis where the total outcome is estimated as the average total return during the three years based on 9 measurement points). In order to give the participants the right to acquire the maximum number of Performance Shares, the average annual total return of the Investor share (including reinvested dividends) must exceed the interest on 10-year government bonds by more than 10 percentage points. If the total return does not exceed the 10-year interest on government bonds by at least 2 percentage points, then Senior Management is not entitled to acquire any Performance Shares. If the total return is between the 10-year interest on government bonds plus 2 percentage points and the 10-year interest on government bonds plus 10 percentage points, then a proportional (linear) calculation of the number of shares that may be acquired shall be made. The theoretical value of the opportunity to acquire Performance Shares for Senior Management shall amount to between 20 and approximately 53 percent of the respective Senior Manager's fixed cash remuneration for 2020 (for the President, approximately 53 percent).

Dividend adjustment

When the Matching Shares and Performance Shares are acquired, the employee receives compensation for dividends paid during the vesting period and up to the date of acquisition in order for the program to be dividend neutral.

Hedge contracts for employee stock option and share programs

Investor's policy is to implement measures to minimize the effects on equity from the programs in the event of an increase in Investor's share price. For programs implemented in 2006 and later, Investor has previously been repurchasing its own shares in order to guarantee delivery.

Summary of Investor's long-term share-based variable remuneration programs 2014-2020

Matching Shares 2014-2020

Year issued	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend 2020	Matching Shares forfeited in 2020	Matching Shares exercised in 2020	Weighted average share price on exercise	Number of Matching Shares at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2020	28,089	–	–	156	52	575.60	27,881[4]	467.93	516.96	10.00	12/31 2026	3
2019	32,671	32,651	581	1,047	221	574.68	31,964[4]	379.81	422.53	10.00	12/31 2025	3
2018	32,172	31,655	557	1,389	278	574.77	30,545[4]	333.01	370.47	10.00	12/31 2024	3
2017	28,482	28,330	380	24	9,996	540.17	18,690	355.53	395.69	10.00	12/31 2023	3
2016	49,948	38,575	618	–	26,410	567.27	12,783	246.40	274.01	10.00	12/31 2022	3
2015	37,671	26,721	302	–	19,838	556.94	7,185	293.33	326.18	10.00	12/31 2021	3
2014	55,451	26,568	398	–	26,962	536.23	4	219.51	244.29	10.00	12/31 2020	3
Total	**264,484**	**184,500**	**2,836**	**2,616**	**83,757**		**129,052**					

1) The value of Matching Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized value. See page 74 for specification of the basis of calculation.
3) Under certain circumstances, in conjunction with the end of employment, Matching Shares can be exercised before the end of the vesting period. Matching Shares that have already vested must be exercised within 3 months from the end of employment if the employment lasted less than 4 years and 12 months if the holder has been employed longer.
4) Matching Shares not available for exercise at year-end.

Matching Options 2014-2020

Year issued	Number of Matching Options granted	Number at the beginning of the year	Matching Options forfeited in 2020	Number of Matching Options exercised in 2020	Weighted average share price on exercise	Number of Matching Options at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2020	56,178	–	312	–	–	55,866[4]	28.98	37.57	632.60	12/31 2026	3
2019	65,342	64,777	2,060	435	574.68	62,282[4]	21.98	24.45	519.20	12/31 2025	3
2018	64,344	60,995	2,666	663	563.07	57,666[4]	21.50	23.95	456.60	12/31 2024	3
2017	56,964	53,989	–	13,161	546.53	40,828	27.57	30.70	486.90	12/31 2023	3
2016	99,896	68,307	–	45,644	565.63	22,663	28.32	32.69	340.90	12/31 2022	3
2015	75,342	49,338	–	37,560	542.46	11,778	38.77	44.76	403.30	12/31 2021	3
2014	110,902	39,722	–	39,722	558.62	–	29.86	34.41	304.50	12/31 2020	3
Total	**472,790**	**337,128**	**4,726**	**137,185**		**195,217**					

1) The value of Matching Options on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized value. See page 74 for specification of the basis of calculation.
3) Under certain circumstances, in conjunction with the end of employment, Matching Options can be exercised before the end of the vesting period. Matching Options that have already vested must be exercised within 3 months from end of employment if employment lasted less than 4 years and within 12 months if the holder has been employed longer.
4) Matching Options not available for exercise at year-end.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35
P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 11 *Employees and personnel costs*

Performance Shares 2014-2020

Year issued	Maximum number of Performance Shares granted	Number at the beginning of the year	Adjustment for dividend 2020	Performance Shares, forfeited in 2020	Performance Shares exercised in 2020	Weighted average share price on exercise	Number of Performance Shares at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)
2020	129,726	–	–	–	–	–	129,726[3]	119.56	133.85	263.59	12/31 2026	3
2019	143,814	144,939	2,653	–	–	–	147,592[3]	97.28	107.53	210.82	12/31 2025	3
2018	132,371	137,623	2,521	–	–	–	140,144[3]	86.63	95.92	179.70	12/31 2024	3
2017	121,591	129,123	1,081	54,930	18,988	541.10	56,286	92.81	102.77	187.62	12/31 2023	3
2016	231,067	115,119	1,752	–	79,904	558.18	36,967	66.74	74.26	127.88	12/31 2022	3
2015	163,585	86,994	991	–	74,158	553.73	13,827	80.59	89.84	146.09	12/31 2021	3
2014	258,017	88,963	1,386	–	90,349	563.43	–	62.79	70.03	107.34	12/31 2020	3
Total	**1,180,171**	**702,761**	**10,384**	**54,930**	**263,399**		**524,542**					

1) The value of Performance Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized value. See below for specification of the basis of calculation.
3) Performance Shares not available for exercise at year-end.

The difference between the theoretical value and fair value is mainly due to the fact that the anticipated personnel turnover is taken into consideration when determining the theoretical value. When estimating the fair value in accordance with IFRS 2, personnel turnover is not taken into account; instead the anticipated number of vested shares or options is adjusted. The adjustment is based on average historical outcome.

The calculation of the fair value on the grant date, according to IFRS 2, was based on the following conditions:

	2020			2019		
	Matching Share	Matching Option	Performance Share	Matching Share	Matching Option	Performance Share
Averaged volume-weighted price paid for Investor B shares	527.17	527.17	527.17	432.71	432.71	432.71
Strike price	10.00	632.60	263.59	10.00	519.20	216.36
Assumed volatility[1]	21%	21%	21%	21%	21%	21%
Assumed average term[2]	5 years	5 years	5 years	5 years	5 years	5 years
Assumed percentage of dividend[3]	0%	2.9%	0%	0%	3.3%	0%
Risk-free interest	–0.32%	–0.32%	–0.32%	–0.39%	–0.39%	–0.39%
Expected outcome[4]			50%			50%

1) The assumed volatility was based on future forecasts based on the historical volatility of Investor B shares, in which the term of the instrument is an influencing factor. The historical volatility has been in the interval of 15 to 30 percent.
2) The assumption of average term for the instruments at grant is based on historical exercise patterns and the actual term of the instruments within each remuneration program.
3) The dividend for Matching Shares and Performance Shares is compensated for by increasing the number of shares.
4) Probability to achieve the performance criteria is calculated based on historic data and verified externally.

Patricia Industries' program for long-term variable remuneration

It is the Board of Directors' ambition to continuously ensure a strong alignment between the variable remuneration of employees of Patricia Industries ("PI") and the value creation in the PI portfolio. The purpose of the PI program is to encourage employees to build up significant economic holdings in Investor shares as well as, directly or indirectly, in existing and future investments made by PI.

In summary, the PI program is built on the same structure as the Investor program, but is related to the value growth of PI. The instruments in the PI program are granted under two different Plans, as further described below: (i) The PI Balance Sheet Plan (the "PI-BS Plan") and (ii) The PI North America Subsidiaries Plan (the "PI-NA Plan"). The instruments have a duration of up to seven years and participants are granted, conditional upon making a personal investment in Investor shares or the use of already held Investor shares, instruments that vest after a three-year vesting period and may be exercised and/or settled during the four-year period thereafter (subject to applicable US tax laws).

Two categories of employees are offered to participate in the PI program: (i) PI Senior Management and (ii) Other PI Employees. Participants employed within the PI Nordic organization are only offered to participate in the PI-BS Plan whereas participants employed within the PI North America organization are offered to participate with 60 percent of their grant value (determined as described below) in the PI-BS Plan and 40 percent of their grant value in the PI-NA Plan.

General terms of instruments

The instruments granted under the PI-BS Plan and the PI-NA Plan are governed by the following terms and conditions:

- Granted free of charge.
- Instruments granted to Other PI Employees under the two Plans will replicate the structure of the Stock Matching Plan in Investor.
- Instruments granted to PI Senior Management under the two Plans consists both of instruments replicating the Stock Matching Plan in Investor and instruments subject to specific performance conditions replicating the structure of the Performance Plan in Investor.
- Vest three years after grant (the "Vesting Period").
- May not be transferred or pledged.
- Subject to vesting, the instruments may be exercised and/or settled during the four-year period following the end of the Vesting Period, subject to applicable US tax laws and provided that the participant, with certain exceptions, maintains the employment with PI and keeps the Participation Shares during the Vesting Period.
- Cash-settled.
- Participants receive remuneration for dividends paid from time of grant up to the date of exercise and/or settlement in order for the PI program to be dividend neutral.

Specific performance conditions for PI Senior Management

The following performance conditions apply to the instruments under the PI program allocated to PI Senior Management (replicating the structure of the Performance Plan in Investor).

Instruments granted under the PI-BS Plan: In order for participants to be awarded the maximum number of instruments, the compounded annual growth of the fair market value of PI's balance sheet must exceed the interest on 10-year Swedish government bonds by more than 10 percentage points. If the compounded annual growth of the fair market value of PI's balance sheet does not exceed the 10-year interest on Swedish government bonds by at least 2 percentage points, then participants will not be awarded any instruments. If the applicable compounded annual growth is between the 10-year interest on Swedish government bonds plus 2 percentage points and the 10-year interest on Swedish government bonds plus 10 percentage points, then a proportional (linear) calculation of the award shall be made. Performance is measured three times during the three-year Vesting Period, each measurement on a running 12-month basis.

Instruments granted under the PI-NA Plan: In order for participants to be awarded the maximum number of instruments the compounded annual growth of the North American operating subsidiaries of PI must exceed the interest on 10-year US government bonds by more than 12 percentage points. If the compounded annual growth of the fair market value of the North American operating subsidiaries of PI does not exceed the 10-year interest on US government bonds by at least 4 percentage points, then participants will not be awarded any instruments. If the applicable compounded annual growth is between the 10-year interest on US government bonds plus 4 percentage points and the 10-year interest on US government bonds plus 12 percentage points, then a proportional (linear) calculation of the award shall be made. Performance is measured once, at the end of the three-year Vesting Period.

1 2 3 4 5 6 7 8 9 10 **11** 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35
P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Summary of Patricia Industries' long-term share-based variable remuneration programs 2017-2020

PI-BS Plan

Matching Shares 2017-2020

Year issued	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend 2020	Matching Shares forfeited in 2020	Matching Shares exercised in 2020	Weighted average share price on exercise	Number of Matching Shares at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2020	19,757	–	–	–	–	–	19,757[4]	467.93	516.96	10.00	12/31 2026	3
2019	23,911	23,935	535	–	–	–	24,470[4]	379.81	422.43	10.00	12/31 2025	3
2018	25,280	23,352	523	–	–	–	23,875[4]	333.01	370.45	10.00	12/31 2024	3
2017	20,830	17,937	360	–	752	530.49	17,545	355.53	395.77	10.00	12/31 2023	3
Total	**89,778**	**65,224**	**1 418**	**–**	**752**		**85,647**					

Matching Options 2017-2020

Year issued	Number of Matching Options granted	Number at the beginning of the year	Matching Options forfeited in 2020	Number of Matching Options exercised in 2020	Weighted average share price on exercise	Number of Matching Options at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2020	39,514	–	–	–	–	39,514[4]	33.80	45.40	632.60	12/31 2026	3
2019	47,822	46,690	–	–	–	46,690[4]	26.30	48.37	519.20	12/31 2025	3
2018	50,560	44,980	–	–	–	44,980[4]	24.90	34.17	456.60	12/31 2024	3
2017	41,660	34,170	–	1,434	430.49	32,736	31.51	44.00	486.90	12/31 2023	3
Total	**140,042**	**125,840**	**–**	**1,434**		**124,406**					

Performance Shares 2017-2020

Year issued	Number of Performance Shares granted	Number at the beginning of the year	Adjustment for dividend 2020	Performance Shares forfeited in 2020	Performance Shares exercised in 2020	Weighted average share price on exercise	Number of Performance Shares at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2020	127,899	–	–	–	–	–	127,899[4]	119.56	133.85	263.59	12/31 2026	3
2019	152,948	152,512	3,358	–	–	–	155,870[4]	97.28	108.98	206.72	12/31 2025	3
2018	161,612	151,267	3,323	–	–	–	154,590[4]	86.63	97.67	179.56	12/31 2024	3
2017	132,442	114,139	1,411	41,833	2,323	536.38	71,364	92.81	106.11	189.62	12/31 2023	3
Total	**574,901**	**417,918**	**8,092**	**41,833**	**2,353**		**509,723**					

1) The value of Matching Shares, Matching Options and Performance Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values. See page 76 for specification of the basis of calculation.
3) Under certain circumstances, in conjunction with the end of employment, Matching Shares, Matching Options and Performance Shares can be exercised before the end of the vesting period. Instruments that have already vested must be exercised within 3 months from end of employment if employment lasted less than 4 years and within 12 months if the holder has been employed longer.
4) Matching Shares, Matching Options and Performance Shares not available for exercise at year-end.

PI-NA Plan

Matching Shares 2017-2020

Year issued	Number of Matching Shares granted	Number at the beginning of the year	Adjustment for dividend 2020	Matching Shares forfeited in 2020	Matching Shares exercised in 2020	Weighted average share price on exercise	Number of Matching Shares at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2020	9,339	–	–	–	–	–	9,339[4]	468.16	517.32	10.00	12/31 2026	3
2019	11,568	11,568	–	–	–	–	11,568[4]	380.83	424.12	10.00	12/31 2025	3
2018	13,110	11,769	–	–	–	–	11,769[4]	334.17	372.34	10.00	12/31 2024	3
2017	10,482	8,165	–	–	325	789.20	7,840	356.31	396.95	10.00	12/31 2023	3
Total	**44,499**	**31,502**	**–**	**–**	**325**		**40,516**					

Matching Options 2017-2020

Year issued	Number of Matching Options granted	Number at the beginning of the year	Matching Options forfeited in 2020	Number of Matching Options exercised in 2020	Weighted average share price on exercise	Number of Matching Options at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2020	18,678	–	–	–	–	18,678[4]	35.32	47.63	632.60	12/31 2026	3
2019	23,136	23,136	–	–	–	23,136[4]	29.80	53.60	519.20	12/31 2025	3
2018	26,220	23,230	–	–	–	23,230[4]	27.33	37.04	456.60	12/31 2024	3
2017	20,964	16,124	–	641	789.20	15,483	29.85	39.19	486.90	12/31 2023	3
Total	**70,320**	**62,490**	**–**	**641**		**61,849**					

Performance Shares 2017-2020

Year issued	Number of Performance Shares granted	Number at the beginning of the year	Adjustment for dividend 2020	Performance Shares forfeited in 2020	Performance Shares exercised in 2020	Weighted average share price on exercise	Number of Performance Shares at year-end	Theoretical value[1], SEK	Fair value[2], SEK	Strike price, SEK	Maturity date	Vesting period (years)[3]
2020	63,695	–	–	–	–	–	63,695[4]	122.29	137.94	263.59	12/31 2026	3
2019	72,497	72,497	–	–	–	–	72,497[4]	107.44	124.02	216.36	12/31 2025	3
2018	80,402	74,112	–	–	–	–	74,112[4]	96.80	112.51	187.82	12/31 2024	3
2017	67,237	53,282	–	–	2,222	789.20	51,060	99.89	114.76	200.33	12/31 2023	3
Total	**283,831**	**199,891**	**–**	**–**	**2,222**		**261,364**					

1) The value of Matching Shares, Matching Options and Performance Shares on the grant date was based on a theoretical value calculated in accordance with the Black & Scholes valuation model.
2) The fair value on the grant date was calculated in accordance with IFRS 2, which was also used for calculating recognized values. See page 76 for specification of the basis of calculation.
3) Under certain circumstances, in conjunction with the end of employment, Matching Shares, Matching Options and Performance Shares can be exercised before the end of the vesting period. Instruments that have already vested must be exercised within 3 months from end of employment if employment lasted less than 4 years and within 12 months if the holder has been employed longer.
4) Matching Shares, Matching Options and Performance Shares not available for exercise at year-end.

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Note 11 *Employees and personnel costs*

The calculation of the fair value on the grant date, according to IFRS 2, was based on the following conditions:

	PI-BS Plan						PI-NA Plan					
	Matching Share		Matching Option		Performance Share		Matching Share		Matching Option		Performance Share	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Averaged volume-weighted price paid for Investor B shares	527.17	432.71	527.17	432.71	527.17	432.71	527.17	432.71	527.17	432.71	527.17	432.71
Strike price	10.00	10.00	632.60	519.20	263.59	216.36	10.00	10.00	632.60	519.20	263.59	216.36
Assumed volatility[1)]	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%
Assumed average term[2)]	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Assumed percentage of dividend[3)]	0%	0%	2.1%	2.4%	0%	0%	0%	0%	2.3%	3.7%	0%	0%
Risk-free interest	−0.32%	−0.39%	−0.32%	−0.39%	−0.32%	−0.39%	0.24%	2.18%	0.24%	2.18%	0.24%	2.18%
Expected outcome[4)]					50%	50%					50%	50%

1) The assumed volatility was based on future forecasts based on the historical volatility of Investor B shares, in which the term of the instrument is an influencing factor. The historical volatility has been in the interval of 15 to 30 percent.
2) The assumption of average term for the instruments at grant is based on historical exercise patterns and the actual term of the instruments within each remuneration program.
3) The dividend for Matching Shares and Performance Shares is compensated for by increasing the number of shares.
4) Probability to achieve the performance criteria is calculated based on historic data and verified externally.

Other programs in subsidiaries

Incentive program for selected employees within Patricia Industries

A limited number of employees within the former Investor Growth Capital (IGC) participate in a profit-sharing program based on realized proceeds from investments that was made within IGC. During the year, a total of SEK 19m was paid out to employees from this program (6), where of SEK 9m to member of the Extended Management Group in Investor (3). The provision (not paid out) on unrealized gains amounted to SEK 66m at year-end (42), where of SEK 31m to member of the Extended Management Group in Investor (20).

Incentive programs in Patricia Industries' subsidiaries

Senior executives and selected senior staff in BraunAbility, Laborie and Sarnova, are offered the opportunity to invest in Stock Appreciation Rights and Stock Options in the respective subsidiary. These instruments are mainly cash settled and the participants do not need to make any initial investment.

Management Participation Programs

Board members and senior executives in unlisted investments, including Mölnlycke, Permobil, Piab, Vectura, BraunAbility, Sarnova and Laborie are offered the opportunity to invest in the companies through management participation programs or similar. The terms of the programs are based on market valuations and are designed to yield lower return to the participants than that of the owners if the investment plan is not reached but higher return to the participants than that of the owners if the plan is exceeded.

Profit-sharing program for the trading operation

This program includes participants both from the trading organization and the investment organization. The participants in this program receive, in addition to their base salary, a variable salary equivalent to 20 percent of the trading function's net result. The program includes a clawback principle by which 50 percent of the variable salary allotment is withheld for one year and will only be paid out in full if the trading result for that year is positive. In order to receive full allotment, two consecutive profitable years are required. In total, approximately 10-15 employees participate in the program.

Accounting effects of share-based payment transactions

Costs relating to share-based payment transactions, SEK m	2020	2019
Group		
Costs relating to equity-settled share-based payment transactions	52	62
Costs relating to cash-settled share-based payment transactions	74	206
Social security relating to share-based payment transactions	112	87
Total	**238**	**355**
Parent Company		
Costs relating to equity-settled share-based payment transactions	28	26
Costs relating to cash-settled share-based payment transactions	12	14
Social security relating to share-based payment transactions	47	48
Total	**87**	**88**

Other effects of share-based payment transactions, SEK m	2020	2019
Group		
Effect on equity relating to Stock-Options exercised by employees	85	48
Carrying amount of liability relating to cash-settled instruments	401	403
Parent Company		
Effect on equity relating to Stock-Options exercised by employees	85	48
Carrying amount of liability relating to cash-settled instruments	38	32

Note 11 *Employees and personnel costs*

Remuneration to the Board of the Parent Company
At the 2020 Annual General Meeting (AGM), it was decided that Board remuneration should total SEK 10,950t (11,700), of which SEK 9,675t (10,425) would be in the form of cash and synthetic shares and SEK 1,275t (1,275) would be distributed as cash remuneration for committee work done by the Board of Directors.

Synthetic shares 2008-2020
Since 2008, Board members have been given the opportunity to receive a part of their gross remuneration, excluding committee fees, in synthetic shares. AGM's decision regarding synthetic shares 2020 is essentially identical to the decision of the AGM 2019. In 2020, Board members were entitled to receive 50 percent of the proposed remuneration before tax, excluding remuneration for committee work, in the form of synthetic shares and 50 percent in cash (instead of receiving 100 percent of the remuneration in cash). A synthetic share carries the same economic rights as a class B Investor share, which means that the value of the Board of Director's remuneration in synthetic shares, just like for class B shares, is dependent upon value fluctuations as well as the amount of dividends during the five-year period until 2025, when each synthetic share entitles the Board member to receive an amount corresponding to the share price, at the time, of a class B Investor share. At the statutory meeting in May 2020 the Board approved, as in 2019, establishment of a policy pursuant to which members of the Board (who do not already have such holdings) are expected to, over a five-year period, acquire ownership in Investor shares (or a corresponding exposure to the Investor share, for example in synthetic shares) for a market value that is expected to correspond to at least one year's remuneration for board work, before taxes and excluding remuneration for committee work.

The Director's right to receive payment occurs after the publications of the year-end report and the three interim reports, respectively, during the fifth year following the general meeting which resolved on the allocation of the Synthetic Shares, with 25 percent of the allocated Synthetic Shares on each occasion. In case the Director resigns as Board member prior to a payment date the Director has a right, within three months after the Director's resignation, to request that the time of payment shall be brought forward, and instead shall occur, in relation to 25 percent of the total number of allocated Synthetic Shares, after the publications of each of the year-end report and the three interim reports, respectively, which are made during the year after the year when such request was received by the Company.

Expensed remuneration to the Board 2020

Total remuneration for 2020 (SEK t)	Cash Board fee	Value of Synthetic Shares as at grant date	Committee fee	Total Board fee as at grant date	Effect from change in market value of previous years Synthetic Shares	Effect from change in market value of Synthetic Shares issued 2020	Effect from Synthetic Shares exercised 2020	Total fee, actual cost	Number of Synthetic Shares at the beginning of the year	Number of Synthetic Shares granted 2020[1]	Adjustment for dividend	Exercised Synthetic Shares, 2020	Number of Synthetic Shares on December 31, 2020
Jacob Wallenberg	2,800		380	3,180	325			3,505	3,281		60		3,341
Marcus Wallenberg	1,625			1,625				1,625					
Josef Ackermann[2]					305		28	332	4,146		68	1,079	3,135
Gunnar Brock[3]	375	375	200	950	392	83	28	1,452	5,025	764	84	1,079	4,794
Johan Forssell													
Magdalena Gerger	375	375	200	950	210	83	28	1,271	3,202	764	50	1,079	2,936
Tom Johnstone, CBE	375	375	95	845	392	83	28	1,347	5,025	764	84	1,079	4,794
Sara Mazur	375	375		750	181	83		1,014	1,833	764	34		2,630
Grace Reksten Skaugen	750		305	1,055				1,055					
Hans Stråberg	375	375		750	392	83	28	1,252	5,025	764	84	1,079	4,794
Lena Treschow Torell	375	375	95	845	392	83	28	1,347	5,025	764	84	1,079	4,794
Sara Öhrvall[4]					210		28	238	3,193		50	1,079	2,163
Total	**7,425**	**2,250**	**1,275**	**10,950**	**2,798**	**497**	**194**	**14,439**	**35,755**	**4,585**	**600**	**7,556**	**33,384**

1) Based on weighted average stock price for Investor B in the period June 22 to June 26, 2020: SEK 490.76.
2) Member of the Board until 5/8 2019.
3) Additional remunerations of SEK 1,573t to Gunnar Brock have been expensed in the subsidiaries.
4) Member of the Board until 5/8 2018.

Expensed remuneration to the Board 2019

Total remuneration for 2019 (SEK t)	Cash Board fee	Value of Synthetic Shares as at grant date	Committee fee	Total Board fee as at grant date	Effect from change in market value of previous years Synthetic Shares	Effect from change in market value of Synthetic Shares issued 2019	Effect from Synthetic Shares exercised/ forfeited 2019	Total fee, actual cost	Number of Synthetic Shares at the beginning of the year	Number of Synthetic Shares granted 2019[1]	Adjustment for dividend	Exercised/ forfeited Synthetic Shares, 2019	Number of Synthetic Shares on December 31, 2019
Jacob Wallenberg	1,400	1,400	380	3,180		277		3,457		3,256	26		3,282
Marcus Wallenberg	1,625			1,625				1,625					
Josef Ackermann[2]					606		86	693	5,339		138	1,330	4,146
Dominic Barton[3]	188	375		563			–375	188		872		872	
Gunnar Brock[4]	375	375	200	950	606	74	86	1,717	5,339	872	145	1,330	5,025
Johan Forssell													
Magdalena Gerger	750		200	950	467		86	1,503	4,421		111	1,330	3,202
Tom Johnstone, CBE	375	375	95	845	606	74	86	1,612	5,339	872	145	1,330	5,025
Sara Mazur	375	375		750	139	74		964	927	872	34		1,833
Grace Reksten Skaugen	750		305	1,055				1,055					
Hans Stråberg	375	375		750	606	74	86	1,517	5,339	872	145	1,330	5,025
Lena Treschow Torell	375	375	95	845	606	74	86	1,612	5,339	872	145	1,330	5,025
Peter Wallenberg Jr.[5]							86	86	1,309		21	1,330	
Sara Öhrvall[6]					467			467	3,103		90		3,193
Total	**6,558**	**3,650**	**1,275**	**11,513**	**4,103**	**649**	**230**	**16,495**	**36,453**	**8,488**	**998**	**10,184**	**35,755**

1) Based on weighted average stock price for Investor B in the period May 10 to May 16, 2019: SEK 430.02.
2) Member of the Board until 5/8 2019.
3) Member of the Board until 11/14 2019.
4) Additional remunerations of SEK 1,588t to Gunnar Brock have been expensed in the subsidiaries.
5) Member of the Board until 5/12 2015.
6) Member of the Board until 5/8 2018.

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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35
P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 12 Auditor's fees and expenses

	2020	2019
Auditor in charge	Deloitte	Deloitte
Auditing assignment	40	43
Other audit activities	2	0
Tax advice	7	8
Other assignments	1	1
Total Auditor in charge	**50**	**51**
Other auditors		
Auditing assignment	3	2
Total other auditors	**3**	**2**
Total	**54**	**53**

Audit assignment refers to the auditor's reimbursement for execution of the statutory audit. The work includes the audit of the annual report and consolidated financial statements and the accounting, the administration of the Board of Directors and the CEO and remunerations for audit advice offered in connection with the audit assignment.

Other audit activities refers to other assignments, other consultations or other assistance which the entity's auditors perform as a result of observations during the audit.

Note 13 Net financial items

Accounting policies

Financial income and financial expenses consist mainly of interest, exchange rate differences on financial items and changes in the value of financial investments, liabilities and derivatives used to finance operations.

Interest is calculated using the effective interest rate method. The effective interest rate is the rate that discounts estimated future payments or receipts throughout the expected life of the financial instrument to the net carrying amount of the financial asset or liability. Transaction costs, including issuing costs, are expensed as incurred. When valued at amortized cost, amortization takes place over the remaining life using the effective interest rate. Borrowing costs are recognized in profit/loss using the effective interest rate method except to the extent that they are directly attributable to the acquisition, construction or production of assets that take considerable time to prepare for their intended use or sale. In such cases, they are included in the acquisition cost of the asset. Costs related to unused credit facilities are recognized as interest and are amortized on a straight-line basis over the term of the facilities. Other financial items consist mainly of changes in the value of derivatives and loans that are subject to fair value hedging, and foreign currency result.

	2020	2019
Interest		
Interest income	13	35
Interest expense	–2,170	–2,282
Total interest	**–2,158**	**–2,248**
Other financial items		
Changes in value, gains	165	130
Changes in value, losses	1,035	–
Exchange loss	–	–197
Other items	–1,015	–660
Total other financial items	**185**	**–727**
IS Net financial items	**–1,973**	**–2,975**

Other financial items consists of unrealized market value changes and realized results of financial items excluding interest. Net financial items include the changes in value attributable to long-term share-based remuneration SEK –98m (–74) and revaluations of financial assets and liabilities established with valuation techniques totaling SEK 165m (130). Liabilities accounted for as hedges have been revalued by SEK 33m (–247) and the associated hedging instruments have been revalued by SEK –12m (346). Derivatives included in cash flow hedges are not recognized in the Income Statement but have affected Other Comprehensive income by SEK –161m (–22). In Other items the revaluation effect of put options to non-controlling interests are included with SEK –997m (–420). For more information about net financial items, see note 31, Financial instruments.

Note 14 Income tax

Accounting policies

The amount reported as the Group's total income tax for the year consists of current tax and deferred tax. Current tax is tax that must be paid or refunds that will be received for the current year and adjustments to current tax attributable to earlier periods. Deferred tax is based on the temporary differences between the tax base of an asset or liability and its carrying amount. Temporary differences attributable to goodwill are not recognized. Furthermore, temporary differences attributable to investments in subsidiaries or associates are not recognized unless they are expected to reverse within the foreseeable future. The valuation of deferred tax is based on the extent to which underlying assets and liabilities are expected to be realized or settled. Deferred tax is calculated using the tax rates and tax regulations that have been decided at year-end. If the calculations result in a deferred tax asset, it will only be reported as such if it is probable that it will be realized.

Income taxes are reported in the Income Statement unless the underlying transaction is reported as part of Other Comprehensive income or as a component of equity. In such cases, the associated tax effect is also reported as part of Other Comprehensive income or as a component of equity.

Part of the difference between the effective tax rate and the Parent Company's tax rate that occurs upon reconciliation is due to the fact that the Parent Company is taxed in accordance with the rules that apply to industrial holding companies.

For a description of matters relating to tax contingencies, see note 32, Pledged assets and contingent liabilities.

Information about the connection between tax expense for the period and reported profit/loss before tax

	2020 (%)	2020	2019 (%)	2019
Reported profit/loss before tax		53,125		102,650
Tax according to applicable tax rate	21.4	–11,369	21.4	–21,967
Tax effect of other tax rates in other jurisdictions	0.1	–50	0.2	–214
Tax from previous years	–0.9	470	0.0	35
Tax effect of non-taxable income	–24.7	13,106	–24.6	25,274
Tax effect status as an industrial holding company[1]	–2.0	1,050	–0.5	508
Tax effect of non-deductible expenses	5.3	–2,837	4.4	–4,478
Controlled Foreign Company taxation	0.0	–6	0.0	–
Standard interest on tax allocation reserves	0.0	–1	0.0	0
Tax effect of not recognized losses or temporary differences	1.5	–812	0.5	–485
Tax effect of recognition and derecognition of tax losses and temporary differences	1.4	–729	0.4	–429
Other	0.0	3	0.0	15
Current tax expense	**2.2**	**–1,176**	**1.7**	**–1,740**
Tax effect of recognition and derecognition of tax losses and temporary differences	–1.4	729	–0.4	428
Tax effect of not recognized losses or temporary differences	–0.1	29	0.1	–92
Tax effect of changed tax rates	0.1	–44	0.0	–4
Tax effect impairment of goodwill	0.0	–	0.0	–
Other	0.0	–2	0.0	0
Deferred tax income	**–1.3**	**713**	**–0.3**	**332**
IS Reported tax expense	**0.9**	**–463**	**1.4**	**–1,408**

1) For tax purposes, industrial holding companies may deduct the dividend approved at the subsequent Annual General Meeting.

Income tax for the year in Other Comprehensive income

	2020	2019
Income tax for the year in Other Comprehensive income	61	–17
Total	**61**	**–17**

Note 14 *Income tax*

Deferred taxes

Deferred taxes refer to the following assets and liabilities

	12/31 2020			12/31 2019		
	Asset	Liability	Net	Asset	Liability	Net
Intangible assets	152	–5,372	–5,220	314	–5,265	–4,951
Property, plant and equipment	41	–1,135	–1,095	11	–1,065	–1,054
Financial assets	9	–141	–132	15	–27	–12
Inventory	212	–5	206	205	–11	194
Interest-bearing liabilities	172	–2	170	5	–	5
Pension provisions	371	–62	309	240	0	240
Provisions	191	–3	188	148	–12	136
Losses carry-forward	262	–	262	145	–	145
Tax allocation reserves	3	–162	–159	0	–155	–154
Other	308	–23	285	191	–12	178
Total deferred tax assets and liabilities	**1,722**	**–6,907**	**–5,185**	**1,274**	**–6,547**	**–5,273**
Net of deferred tax assets and liabilities[1]	–810	810	–	–669	669	–
BS Net deferred tax	**911**	**–6,096**	**–5,185**	**605**	**–5,878**	**–5,273**

1) Deferred tax assets and liabilities are offset if a legal right exist for this.

Unrecognized deferred tax assets and liabilities

Tax relating to deductible temporary differences for which deferred tax assets have not been recognized amounted to SEK 163m on December 31, 2020 (125). The amount mainly refers to the tax amount of unrecognized losses carry-forward. The amount does not include the Parent Company due to its status as an industrial holding company for tax purposes.

Tax relating to temporary differences for which deferred tax liabilities have not been recognized amounted to EUR 31m on December 31, 2020 (41). The amount refers to the tax amount on unrealized taxable foreign exchange gain on an intercompany loan that will be taxable when the loan is close to fully repaid. Since the Group has the full decisive power to decide if and when the loan is to be repaid and the Group has no intention to repay the loan within a foreseeable future, no deferred tax liability has been recognized.

Change in deferred taxes related to temporary differences and losses carry-forward

12/31 2020	Amount at the beginning of the year	Business combinations	Recognized in the Income Statement	Recognized in Other Comprehensive income	Exchange rate differences	Amount at year-end
Intangible assets	–4,951	–980	406	–	304	–5,220
Property, plant and equipment	–1,054	–2	–61	2	21	–1,095
Financial assets	–12	–	–123	1	1	–132
Inventory	194	3	32	–	–23	206
Interest-bearing liabilities	5	–	143	26	–3	170
Pension provisions	240	0	55	19	–6	309
Provisions	136	6	62	–	–17	188
Losses carry-forward	145	42	105	–	–29	262
Tax allocation reserves	–154	–4	0	–	0	–159
Other	178	47	93	13	–46	285
Total	**–5,273**	**–888**	**713**	**61**	**202**	**–5,185**

Change in deferred taxes related to temporary differences and losses carry-forward

12/31 2019	Amount at the beginning of the year	Business combinations	Recognized in the Income Statement	Recognized in Other Comprehensive income	Exchange rate differences	Amount at year-end
Intangible assets	–5,220	43	335	–	–109	–4,951
Property, plant and equipment	–820	12	–131	–105	–9	–1,054
Financial assets	–166	–	163	–	–9	–12
Inventory	159	–2	35	–	2	194
Interest-bearing liabilities	25	–	–27	5	1	5
Pension provisions	226	–22	3	39	–6	240
Provisions	148	–18	2	–	3	136
Losses carry-forward	270	–41	–91	–	7	145
Tax allocation reserves	–72	1	–83	–	0	–154
Other	14	–6	127	45	–1	178
Total	**–5,435**	**–35**	**332**	**–17**	**–119**	**–5,273**

Long-term tax liabilities

	12/31 2020	12/31 2019
Tax liability expected to be paid after more than 12 months		
Reserve for tax on deduction for interest expenses	–	372

Investor AB's subsidiaries have historically claimed deduction for certain interest expenses, which were denied by the tax authorities. At year-end 2019 a reserve was booked for the tax that might need to be paid if the interest deductions were to be denied by the courts. In 2020 the court allowed the deductions why the reserve was reversed. For more information see note 32, Pledged assets and contingent liabilities.

1 2 3 4 5 6 7 8 9 10 11 12 13 15 16 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 15 Earnings per share

Accounting policies
The calculation of basic earnings per share is based on the profit/loss for the year attributable to shareholders of the Parent Company and on the weighted average number of shares outstanding during the year. When calculating diluted earnings per share, the average number of shares is adjusted to take into account the effects of dilutive potential ordinary shares, originating during the reported periods from stock option and share programs that have been offered to employees. Dilutions from stock option and share programs affect the number of shares and only occur when the strike price is less than the share price. The potential ordinary shares are not viewed as dilutive if they would result in better earnings per share after dilution, which occurs when net income is negative.

Basic earnings per share

	2020	2019
Profit/loss for the year attributable to the holders of ordinary shares in the Parent Company, SEK m	52,790	101,226
Weighted average number of ordinary shares outstanding during the year, millions	765.5	765.2
IS **Basic earnings per share, SEK**	**68.96**	**132.29**

Change in the number of outstanding shares, before dilution	2020	2019
Total number of outstanding shares at beginning of the year, millions	765.3	765.1
Repurchase of own shares during the year, millions	0.0	0.0
Sales own shares during the year, millions	0.5	0.3
Total number of outstanding shares at year-end, millions	**765.8**	**765.3**

Diluted earnings per share

	2020	2019
Profit for the year attributable to the holders of ordinary shares in the Parent Company, SEK m	52,790	101,226
Weighted average number of outstanding ordinary shares, millions	765.5	765.2
Effect of issued:		
Employee share and stock option programs, millions	0.5	0.5
Number of shares used for the calculation of diluted earnings per share, millions	766.0	765.7
IS **Diluted earnings per share, SEK**	**68.92**	**132.20**

Instruments that are potentially dilutive in the future and changes after the balance sheet date
Outstanding options and shares in long-term share-based programs are to be considered dilutive only if earnings per share was less after than before dilution. Some options are out of money due to a lower average share price (SEK 527.69) compared to exercise price and potential value per option to be expensed in accordance to IFRS 2. Finally there are Performance Shares for which performance terms and conditions are to be met before they can be dilutive. See note 11, Employees and personnel costs, for exercise price and a description of performance terms and conditions.

Note 16 Intangible assets

Accounting policies
Intangible assets, except for goodwill and tradenames with indefinite life, are reported at cost after a deduction for accumulated amortization or any impairment losses. Goodwill and the majority of the Groups tradenames have an indefinite life and are reported at cost after any impairment losses.

Goodwill
Goodwill arises when the acquisition cost in a business combination exceeds the fair value of acquired assets and liabilities according to the purchase price allocation.

Tradenames and Trademarks
Tradenames and trademarks are valued as part of the fair value of businesses acquired from a third party. The tradenames and trademarks must have long-term value and it must be possible to sell them separately.

Capitalized development expenditure
Costs attributable to the development of qualifying assets are capitalized as a component of the asset's acquisition cost. An internally generated intangible asset is reported by the Group only if all of the following apply; it is possible to identify the asset that was created, it is both technically and financially feasible to complete the asset, there is both intent and ability to use the asset, it is likely that the asset will generate future economic benefits and it is possible to calculate the expenses in a reliable way. Amortization of the asset begins as soon as it is put into use. All other expenditure is immediately recognized in the Income Statement.

Proprietary technology
Proprietary technology consists of assets such as patents and licenses and is valued as part of the fair value of acquired businesses.

Customer contracts and relations
Customer contracts and relations are valued as part of the fair value of acquired businesses (less any amortization or impairment losses). The useful life of these assets are sometimes long, which reflects the long-term nature of the underlying business. Customer contracts and relations are based on the period of time over which net payments are expected to be received from the contract, as well as legal and financial factors.

Software
Costs for software intended for own administrative use are recognized as an asset in the Balance Sheet when the costs are expected to generate future economic benefits in the form of more efficient processes. Capitalized expenditure for software is amortized from the date it became available for use.

Amortizations
Amortizations are made linearly over the asset's estimated useful life. Goodwill and tradenames with an indefinite useful life are not amortized.

Estimated useful lives:

Trademarks	3-15 years
Capitalized development expenditure	3-8 years
Proprietary technology	5-20 years
Customer contracts and relations	4-18 years
Software and other	1-10 years

Impairment
The recoverable amount of an asset is calculated whenever there is an indication of impairment. The recoverable amount is calculated once per year or more often if there are any indications of impairment for goodwill, trademarks and other intangible assets with an indefinite useful life and intangible assets that are not yet available for use. The recoverable amount is the higher of the fair value less selling expenses and the value-in-use. When determining the value-in-use, future cash flows are discounted using a discount rate that takes into account the risk-free interest rate and risk associated with the specific asset. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The loss is reported in the Income Statement.

Note 16 *Intangible assets*

12/31 2020	Goodwill	Other intangible assets: Tradenames and Trademarks	Capitalized development expenditure	Proprietary technology	Customer contracts and relations	Software and other	Total other	Total
Accumulated costs								
Opening balance	41,540	10,120	1,524	4,932	15,209	1,167	32,951	74,491
Business combinations	8,504	637	10	5,757	1,445	320	8,169	16,673
Internally generated intangible assets			50	24		22	96	96
Acquisitions		4	108	16	32	193	353	353
Disposals			–4			–4	–8	–8
Reclassifications			1			10	10	10
Exchange rate differences	–3,308	–474	–80	–945	–1,153	–112	–2,764	–6,072
At year-end	**46,736**	**10,286**	**1,609**	**9,783**	**15,534**	**1,596**	**38,808**	**85,544**
Accumulated amortization and impairment losses								
Opening balance	–54	–253	–613	–1,728	–5,924	–433	–8,952	–9,006
Disposals			4			2	6	6
Impairment loss		–14	–7			–15	–35	–35
Amortizations	–2	–140	–152	–505	–1,121	–150	–2,068	–2,071
Reclassifications				–47	47			
Exchange rate differences	6	35	21	158	410	13	637	643
At year-end	**–50**	**–372**	**–746**	**–2,123**	**–6,588**	**–583**	**–10,413**	**–10,462**
BS Carrying amount at year-end	**46,686**	**9,914**	**863**	**7,660**	**8,945**	**1,013**	**28,395**	**75,081**
Allocation of amortization and impairment in Income Statement								
Costs of goods and services sold	–2	0			0	–16	–16	–18
Sales and marketing costs		–72	–4	–157	–181	–27	–441	–441
Administrative, research and development and other operating costs		–81	–154	–348	–940	–121	–1,645	–1,645
Management costs						–2	–2	–2
Total	**–2**	**–154**	**–158**	**–505**	**–1,121**	**–165**	**–2,104**	**–2,106**

12/31 2019	Goodwill	Other intangible assets: Tradenames and Trademarks	Capitalized development expenditure	Proprietary technology	Customer contracts and relations	Software and other	Total other	Total
Accumulated costs								
Opening balance	45,018	10,007	1,517	3,975	14,714	2,723	32,935	77,953
Business combinations	663	2		90	47	–26	113	776
Internally generated intangible assets			48	211		59	318	318
Acquisitions	164	1	128	1	143	146	419	582
Disposals	–5,128	–38	–57	–66	–1,085	–187	–1,433	–6,562
Reclassifications	–15	2	–140	669	1,106	–1,652	–15	–30
Exchange rate differences	838	147	29	50	285	103	615	1,453
At year-end	**41,540**	**10,120**	**1,524**	**4,932**	**15,209**	**1,167**	**32,951**	**74,491**
Accumulated amortization and impairment losses								
Opening balance	–1,631	–111	–559	–1,284	–5,760	–499	–8,213	–9,844
Disposals	3,172	4	43	30	857	165	1,098	4,270
Impairment loss	–1,544[1)]	–21					–21	–1,565
Amortizations	–51	–121	–163	–385	–926	–123	–1,717	–1,769
Reclassifications			71	–71	–17	26	9	9
Exchange rate differences	1	–4	–6	–18	–78	–3	–108	–108
At year-end	**–54**	**–253**	**–613**	**–1,728**	**–5,924**	**–433**	**–8,952**	**–9,006**
BS Carrying amount at year-end	**41,486**	**9,867**	**911**	**3,203**	**9,285**	**734**	**23,999**	**65,485**
Allocation of amortization and impairment in Income Statement								
Costs of goods and services sold	–2	–4	–7		–10	–12	–34	–36
Sales and marketing costs		–53		–137	–171	–14	–376	–376
Administrative, research and development and other operating costs	–1,593[1)]	–85	–156	–248	–744	–95	–1,328	–2,921
Management costs						–2	–2	–2
Total	**–1,595**	**–142**	**–163**	**–385**	**–926**	**–123**	**–1,739**	**–3,334**

1) Including write-down of goodwill related to Aleris amounting to SEK 1,451m.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35
P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35
P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 16 *Intangible assets*

Impairment testing

Goodwill and other intangible assets with an indefinite useful life originating from acquisitions are primarily divided between seven cash-generating entities; Mölnlycke, Permobil, BraunAbility, Laborie, Sarnova, Advanced Instruments and Piab. Investor makes regular tests to determine that the carrying values of these assets do not exceed the value in use. The method for impairment testing is based on a discounted cash flow forecast to determine the value in use. Various assumptions are used to suit the different companies and its business. The calculated value in use is then compared to the carrying amount.

Value in use

Value in use is calculated as Investors share of present value of future estimated cash flow generated from the subsidiaries. The estimate of future cash flows is based upon reasonable assumptions and best knowledge of the company and future economic conditions. The base for the estimate is an assumption of the future growth rate, budgets and forecasts. The chosen discount factor reflects specific risks that are assignable to the asset and marketable assessments of the time value of money. The base for calculation of the discount rate is the company's weighted average cost of capital, where the assumption of the risk free interest rate, market risk premium, leverage, cost of debt and relevant tax rate are important components. The ambition is to use a discount rate which is not dependent on short term market sentiment, but instead reflects a long-term cost of capital corresponding to Investor's long-term investment horizon.

Key assumptions

The estimated value for each cash-generating entity is based on a value in use calculation in which assumptions of future growth rate and operating margins are important components. The estimated value in use is based on the budget for the coming year and financial forecasts for the four years after that (or a longer period if deemed more relevant). Operating margin in the value in use calculations reflect management's past experience together with reasonable assumptions and best knowledge of the company and future economic conditions.

A growth rate of 1.8-2.6 percent has been used to extrapolate the cash flows for the years beyond the forecast period (1.7-2.9 percent in previous year impairment test). The growth-rate is individual for each entity and is considered reasonable given the company's historical growth, geographical positioning and industry fundamentals. A sector's long-term growth drivers, such as demographics and lifestyle aspects can be considered as well.

Sensitivity analysis

During 2020, the global economy, financial markets and societies have been significantly impacted by covid-19. For Investor, the impact has been uneven, with some companies being severely negatively affected, while others have been much more resilient. In June 2020, Investor performed sensitivity analysis for all cash-generating entities with intangible assets with indefinite useful life. The sensitivity analysis was based on the annual impairment tests for 2019, updated with revised forecasts due to covid-19. As for the impairment tests 2019, the sensitivity analysis for all companies except from Piab proved significant headroom in relation to the carrying amount. Since covid-19 has had a significant negative impact on the demand for Piab's products, a new valuation was done to capture the revised forecast for 2020 and onwards. The updated valuation indicated a headroom in line with the 2019 impairment test despite the downturn. In the annual impairment test for 2020, the value in use for Piab is significantly higher than the carrying amount and for all entities the assessment is that no reasonably possible change in any key assumption will lead to a calculated recoverable amount that is lower than the carrying amount.

12/31 2020	Amount of Goodwill SEK m	Amount of Tradenames SEK m[1]	Valuation method	Budget for	Financial forecasts until	Growth rate beyond forecast period	Discount rate (pre tax)
Cash Generating Units							
Mölnlycke	22,741	5,154	Value in use	2021	2025	1.8	10.0
Laborie	6,162	160	Value in use	2021	2025	2.2	9.4
Sarnova	5,870	686	Value in use	2021	2025	2.5	9.1
Piab	4,065	1,045	Value in use	2021	2025	2.6	9.5
Permobil	3,124	1,443	Value in use	2021	2025	2.2	9.8
Advanced Instruments	2,859	434	Value in use	2021	2025	2.6	9.4
BraunAbility	1,668	245	Value in use	2021	2025	2.2	10.4
Other[2]	198	–					
Total	**46,686**	**9,166**					

12/31 2019	Amount of Goodwill SEK m	Amount of Tradenames SEK m[1]	Valuation method	Budget for	Financial forecasts until	Growth rate beyond forecast period	Discount rate (pre tax)
Cash Generating Units							
Mölnlycke	23,602	5,358	Value in use	2020	2024	1.9	10.1
Sarnova	4,719	–	Value in use	2020	2024	2.5	9.7
Laborie	4,125	178	Value in use	2020	2024	2.9	9.6
Piab	3,726	1,045	Value in use	2020	2024	2.7	9.7
Permobil	3,249	1,443	Value in use	2020	2024	2.2	9.9
BraunAbility	1,865	285	Value in use	2020	2024	1.7	10.4
Other[2]	200	–					
Total	**41,486**	**8,309**					

1) Tradenames with indefinite useful life.
2) Cash Generating Units with intangible assets with indefinite useful life that are non-significant.

Note 17 Buildings and land

Accounting policies

Owner-occupied property within the Group is reported either according to the revaluation model or the cost model.

Owner-occupied property has been categorized based on their characteristics:

Hotel property	Revaluation model
Care property	Revaluation model
Office property	Revaluation model
Industrial property	Cost model
Right-of-use assets	Cost model

Buildings and land held to earn rentals or for capital appreciation or both, is classified and measured as Investment Property. More information about Investment Property can be found in note 18, Investment Property. Properties subject to an operating lease as a lessor are disclosed in the table on the next page. More disclosures can also be found in note 9, Leases.

Note 17 *Buildings and land*

Cost model
After recognition as an asset, owner-occupied property measured according to the cost model, shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price and directly attributable costs, including borrowing costs, required to bring the asset to working condition for its intended use. Property consist of parts with different useful lives (such as the framework, land, roof and basic installations), the parts are treated as separate components of property.

Subsequent expenditure is capitalized only if it is probable that future economic benefits associated with the asset will flow to the company and if the cost can be measured reliably. All other subsequent costs are expensed in the period they arise. A subsequent expenditure is capitalized if the expenditure is a replacement of an identified component or if a new component is added. Any undepreciated carrying amount of replaced components, or parts of components, are retired and expensed in connection with the exchange. Repairs are expensed as incurred.

Revaluation model
Owner-occupied property, whose fair value can be measured reliably, is recognized according to the revaluation model less accumulated depreciation and revaluation adjustments. Property is revalued with sufficient regularity to ensure that the carrying amount does not differ materially from the amount established as fair value on the balance sheet date. When an asset's carrying amount is increased as a result of a revaluation, the increase is reported in Other Comprehensive income and accumulated in a separate component of equity, called the Revaluation reserve. When an asset's carrying amount is decreased as a result of a revaluation and there is a balance in the revaluation reserve attributable to the asset, the decrease in value is recognized in Other Comprehensive income and the amount in the revaluation reserve is also decreased.

The difference between depreciation based on the revalued amount, and depreciation based on the original cost, is transferred from the revaluation reserve to retained earnings.

At the time of a revaluation the accumulated depreciation is recalculated in proportion to the change in the asset's increased cost so that the carrying amount of the asset (the net of the adjusted cost and adjusted depreciation) after revaluation corresponds to the revalued amount. When an asset is divested, the value attributable to the asset in the revaluation reserve is transferred to retained earnings, without having any effect on profit/loss or Other Comprehensive income.

Depreciation
Depreciation is made linearly over the asset's estimated useful life. Land is not depreciated.

Estimated useful lives:

Frameworks	25-100 years
Land improvements	15-40 years
Building components	2-50 years

Impairment
The recoverable amount of an asset is calculated whenever there is an indication of impairment. An impairment loss is recognized in the income statement if the carrying amount exceeds the recoverable amount and there is no value relating to the asset to release from the revaluation reserve.

Valuation of owner-occupied property recognized with the revaluation model
Owner-occupied property recognized with the revaluation model is classified in level 3, according to the definition in IFRS 13. Property valuations are regularly conducted by external appraisers. Fair value has been determined based on current market prices for comparable properties and by using a return model based on a calculation of the present value of future cash flows.

The discount rate has been estimated at 5.42-5.65 percent (5.52-5.75) and consists of an estimated long-term inflation rate of 2 percent, a risk-free long-term real rate of interest and a risk premium. Payments for operations and maintenance have been assessed following the rate of inflation during the calculation period.

The residual value has been assessed by the long-term, normalized net operating income for the year after the calculation period divided by an estimated long-term yield. The long-term yield requirement has been assessed to be in a span of 3.52 percent to 3.75 percent (3.52-3.75). Value determined on an earnings basis nominal development during the calculation period will then be around 2 percent.

All valuations in level 3 are based on assumptions and judgments that management consider to be reasonable based on the circumstances prevailing at the time. Changes in assumptions may result in adjustments to reported values and actual outcome may differ from the estimates and judgments that were made. The valuation of owner-occupied property recognized with the revaluation model is dependent on the level of the discount rate and the long-term yield requirement. A 0.5 percentage point change of the discount rate would have an effect on the value of the owner-occupied property recognized with the revaluation model of SEK 178m (173). Respectively a 0.5 percentage point change of the long-term yield requirement would have an effect on the value of SEK 453m (439).

The majority of the properties was revalued during 2020. The Hotel properties and some Office properties have been revalued by December 31, 2020.

	Revaluation model			Cost model						
	Buildings	Buildings	Land and Land improvements	Buildings		Land and Land improvements		Total		
12/31 2020	For own use	Operating leases	For own use	For own use	Right-of-use	For own use	Right-of-use	Buildings	Land and Land improvements	Total
Revalued cost										
Opening balance	1,875	379	2,709	1,446	2,104	99	22	5,805	2,830	8,635
Business combinations				29	45			75		75
Other acquisitions	73			42	500	0	19	616	19	634
Sales and disposals				–16	–12		–10	–28	–10	–38
Reclassifications	–6	2	3	13	9			18	3	21
Effect of revaluations on revaluation reserve	–25	18	–10					–7	–10	–17
Exchange rate differences				–138	–179	–10	–2	–316	–12	–328
At year-end	**1,918**	**399**	**2,702**	**1,376**	**2,468**	**89**	**29**	**6,162**	**2,820**	**8,982**
Accumulated depreciation										
Opening balance	–594	–45	–	–415	–335	–1	–2	–1,388	–3	–1,391
Sales and disposals				10	4			14		14
Depreciation	–55	–14	0	–77	–350	–1	–2	–495	–3	–498
Reclassifications	1		–1	5				7	–1	5
Exchange rate differences				47	47	0	0	94	1	95
At year-end	**–647**	**–59**	**–1**	**–429**	**–633**	**–2**	**–4**	**–1,768**	**–7**	**–1,775**
BS Carrying amount at year-end	**1,271**	**340**	**2,701**	**947**	**1,835**	**88**	**25**	**4,393**	**2,813**	**7,207**
Carrying amount if acquisition cost model had been used	**860**	**325**	**341**	**947**	**1,835**	**88**	**25**	**3,967**	**454**	**4,421**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 17 *Buildings and land*

12/31 2019	Revaluation model			Cost model				Total		
	Buildings	Buildings	Land	Buildings		Land and Land improvements				
	For own use	Operating leases	For own use	For own use	Right-of-use	For own use	Right-of-use	Buildings	Land	Total
Revalued cost										
Opening balance	4,135	283	2,132	1,492	–	97	–	5,910	2,228	8,138
Adjustment for changed accounting policy				5	2,796	2	15	2,801	17	2,818
Other acquisitions	50	0		51	565	1	2	667	2	669
Sales and disposals	–209		–30	–15	–1,407	–1		–1,631	–31	–1,662
Reclassifications	–321	321		–151	127	–4	4	–23	0	–23
Reclassification to Investment Property	–1,414	–93	–381					–1,507	–381	–1,888
Effect of revaluations on revaluation reserve	–375	–132	987					–507	987	480
Exchange rate differences	9		1	63	22	5	0	95	7	102
At year-end	**1,875**	**379**	**2,709**	**1,446**	**2,104**	**99**	**22**	**5,805**	**2,830**	**8,635**
Accumulated depreciation										
Opening balance	–640	–42	–	–358	–	–	–	–1,040	–	–1,040
Sales and disposals	12			6	177	0		195	0	196
Depreciation	–77	–16		–68	–492	–1	–2	–652	–3	–655
Reclassifications	26	4		24	–24			30		30
Reclassification to Investment Property	85	8						94		94
Exchange rate differences	–1	0		–19	4	0	0	–16	0	–16
At year-end	**–594**	**–45**	**–**	**–415**	**–335**	**–1**	**–2**	**–1,388**	**–3**	**–1,391**
BS Carrying amount at year-end	**1,282**	**334**	**2,709**	**1,032**	**1,769**	**98**	**20**	**4,417**	**2,827**	**7,244**
Carrying amount if acquisition cost model had been used	**801**	**337**	**305**	**1,032**	**1,769**	**98**	**20**	**3,939**	**423**	**4,362**

Note 18 Investment Property

Accounting policies

Property held to earn rentals from external lessees or for capital appreciation or both is classified as investment property. All investment property is measured using the fair value model. Changes in the fair value are recognized in profit/loss for the year.

The market value of each property is assessed individually by external valuers. The valuation method uses a 10-15 year cash flow analysis, based on the property's net operating income. Opening value-impacting factors, such as yield requirement, are assessed using the location-based pricing method. The location's market rental rate and long-term vacancy rate are also assessed. Each property is assessed using property-specific value-impacting events, such as newly signed and renegotiated lease agreements, terminated leases and investments. In estimating the fair value of the properties, the highest and best use of the properties is their current use. Changes to the unobservable inputs used in the valuations during the period are analyzed by management at each closing date against internally available information, information from completed and planned transactions and information from external sources. The valuation method therefore complies with Level 3 of the fair value hierarchy in IFRS 13.

Amounts recognized in profit and loss statement	2020	2019
Rental income	127	79
Direct operating expenses arising from investment property that generated rental income during the period	–32	–16
Direct operating expenses arising from investment property that did not generate rental income during the period	0	–1

Major changes during the previous reporting period

Several properties had a change in use in January, 2019. The main reason for the change was the sale of Aleris care operations. Previously all properties was classified as owner-occupied property, but from January, 2019 several properties are classified as investment property due to having external lessees. The effect of this change is that properties with a value of SEK 1,794m have been reclassified from owner-occupied property to investment property.

Fair value measurement of Investment Property

The discount rate has been estimated at 4.25-7.0 percent (4.5-6.5) and consists of an estimated long-term inflation rate of 2 percent, a risk-free long-term real rate of interest and a risk premium. Payments for operations and maintenance have been assessed following the rate of inflation during the calculation period.

The residual value has been assessed by the long-term, normalized net operating income for the year after the calculation period divided by an estimated long-term yield. The long-term yield requirement has been assessed to be in a span of 3.9 percent to 6.0 percent (4.0-7.15). Value determined on an earnings basis nominal development during the calculation period will then be around 2 percent.

All valuations in level 3 are based on assumptions and judgments that management consider to be reasonable based on the circumstances prevailing at the time. Changes in assumptions may result in adjustments to reported values and actual outcome may differ from the estimates and judgments that were made. The valuation of owner-occupied property recognized with the revaluation model is dependent on the level of the discount rate and the long-term yield requirement. A 0.5 percentage point change of the discount rate would have an effect on the value of the owner-occupied property recognized with the revaluation model of SEK 164m (101). Respectively a 0.5 percentage point change of the long-term yield requirement would have an effect on the value of SEK 218m (136). All properties was revalued during 2020.

	12/31 2020				12/31 2019			
	Buildings				Buildings			
	Buildings	Construction in progress	Land	Total	Buildings	Construction in progress	Land	Total
Opening balance	1,749	669	442	2,861	–	–	–	–
Reclassification from owner-occupied property					1,039	356	399	1,794
Business Combinations					101		16	117
Other acquisitions	730	359	740	1,830	10	680	29	718
Sales and disposals	–214		–29	–243		–3	–7	–10
Reclassifications	658	–766	82	–26	345	–364	17	–2
Effect of revaluation	489		–134	356	255		–12	243
BS Carrying amount at year-end	**3,413**	**262**	**1,101**	**4,777**	**1,749**	**669**	**442**	**2,861**

Note 19 Machinery and equipment

Accounting policies
Items of machinery and equipment are reported at cost after a deduction for accumulated depreciation and any impairment losses.

Depreciation is made linearly over the assets estimated useful life:

Machinery	3-24 years	
Furniture, fixtures and fittings	3-11 years	
Expenditure on leased property	5-28 years	– or over the remaining lease period if shorter

	12/31 2020						12/31 2019					
	Machinery	Furniture, fixtures and fittings	Expenditure on leased property	Machinery and furniture Right-of-use	Machinery, operating leases as lessor	Total	Machinery	Furniture, fixtures and fittings	Expenditure on leased property	Machinery Right-of-use	Machinery, operating leases as lessor	Total
Accumulated costs												
Opening balance	2,979	1,824	224	287	62	5,376	2,645	2,606	591	–	63	5,906
Adjustment for changed accounting policy							28			214		242
Business combinations	30	83	2	5		120	0	0		0		0
Other acquisitions	218	294	10	145	12	678	206	404	39	71	19	739
Sales and disposals	–66	–204	0	–15	–8	–294	–85	–1,057	–408	–5	–23	–1,577
Reclassifications	42	–72	0			–30	93	–184	–1	0	0	–91
Exchange rate differences	–248	–158	–6	–18	–8	–439	90	54	2	7	2	157
At year-end	**2,954**	**1,766**	**230**	**403**	**58**	**5,411**	**2,979**	**1,824**	**224**	**287**	**62**	**5,376**
Accumulated depreciation and impairment												
Opening balance	–1,201	–1,020	–159	–98	–21	–2,497	–971	–1,264	–298	–	–10	–2,544
Sales and disposals	42	187	0	10	5	244	63	597	191		6	856
Reclassifications	–8	36	–1			27	–3	8	0			5
Depreciation	–267	–246	–11	–109	–15	–648	–253	–331	–50	–99	–16	–749
Exchange rate differences	111	95	4	7	4	221	–36	–30	–1	1	0	–66
At year-end	**–1,322**	**–948**	**–166**	**–190**	**–27**	**–2,653**	**–1,201**	**–1,020**	**–159**	**–98**	**–21**	**–2,497**
BS Carrying amount at year-end	**1,632**	**817**	**64**	**214**	**31**	**2,758**	**1,778**	**804**	**65**	**189**	**41**	**2,878**

Note 20 Shares and participations in associates

Accounting policies
Associates are companies in which Investor, directly or indirectly, has a significant influence, typically between 20 and 50 percent of the votes. Accounting for associates is dependent on how Investor controls and monitors the companies' operations. The Group applies the equity method for unlisted holdings in those cases where Investor is significantly involved in the associate's operations.

Certain unlisted associates within Patricia Industries and all listed associates are controlled and monitored based on fair value and are accounted for as financial instruments at fair value through profit/loss, according to IFRS 9 and IAS 28 p.18-19.

Reporting of associates in accordance with the equity method
Associates are reported in the consolidated financial statements as of the date when significant influence was obtained. When applying the equity method, the carrying amount of the investments in associates that is reported in the consolidated financial statements, corresponds to the Group's share of the associates' equity, consolidated goodwill, and any consolidated surpluses/deficits.

In the consolidated Income Statement, the Group's share of the associates' profit/loss that is attributable to the owners of the Parent Company (adjusted for any depreciation, impairment losses or reversals of acquired surpluses/deficits) is recognized as "share of results in associates". These shares of profit/loss (less any dividends received from associates) are the primary component of the change in reported value of participations in associates. The Group's share of other comprehensive income in associates is reported as a separate component of other comprehensive income.

Upon acquisition of an associate, any difference between the cost of the holding including transaction costs and the investor's share of the net fair value of the associate's identifiable assets and liabilities is reported as goodwill corresponding to principles for acquisition of subsidiaries.

If the Group's share of reported losses in the associate exceeds the carrying amount of the participations in the Group, the value of the participations is reduced to zero. Losses are also offset against long-term financial receivables without collateral, the economic substance of which is comprised of part of the investor's net investment in the associate. Continuing losses are not recognized, unless the Group has an obligation to cover the losses incurred by the associate. The equity method is applied until such time when the Group no longer has significant influence.

Specification of carrying amount using the equity method

	12/31 2020	12/31 2019
At the beginning of the year	4,189	4,191
Share of results in associates	1,825	579
Share of other comprehensive income in associates	–240	–72
Dividends to owners	–2,130	–486
Other changes in associated companies equity	4	–25
Exchange rate differences	–5	2
BS Carrying amount at year-end	**3,643**	**4,189**

Note 20 *Shares and participations in associates*

Information about material associates
Hi3G Holdings AB, Stockholm, 556619-6647
Three Scandinavia is an operator providing mobile voice and broadband services in Sweden and Denmark. Investor's share of votes are 40 percent and the investment is included in Patricia Industries.

Three Scandinavia is consolidated using the equity method. Dividend was distributed to Investor for 2020 amounting to SEK 330m (480).

Three Scandinavia announced the divestment of its passive network infrastructure assets, allowing further focus on the core business of providing customers with high-quality mobile services. During December, a first payment of SEK 1.1bn for the divestment was received. In January, a second payment of SEK 0.4bn was received. In total Investor expects to receive SEK 5bn. Following the transaction, the company will establish service contracts for the utilization of the divested network infrastructure assets, which will have a negative impact on earnings.

Summarized financial information for associates using the equity method

Hi3G Holdings AB	Total	
	12/31 2020	12/31 2019
Ownership capital/votes, %	40/40	40/40
Net sales	10,668	10,705
Profit/loss for the year	4,678	1,297
Total other comprehensive income for the year	–597	–178
Total comprehensive income for the year	4,081	1,119
Investor's share of total comprehensive income for the year	1,632	448
Total share of total comprehensive income	**1,632**	**448**
Non-material associates		
Share of profit/loss for the year	–46	60
Share of total other comprehensive income	–1	–1
Share of total comprehensive income for the year	–47	60
Total share of total comprehensive income	**1,586**	**507**
Hi3G Holdings AB		
Total non-current assets	15,548	17,476
Total current assets	3,852	3,423
Total non-current liabilities	–7,797	–8,338
Total current liabilities	–2,716	–2,435
Total net assets (100 %)	8,887	10,125
Investor's share of total net assets	3,555	4,050
Carrying amount of Hi3G Holdings AB	3,555	4,050
Carrying amount of non-material associates	89	139
BS Carrying amount of associates at year-end reported using the equity method	**3,643**	**4,189**

Summarized financial information for material associates valued at fair value

	Investor's share of			100% of reported values of the associate					
12/31 2020 Company, Registered office, Registration number	Ownership capital/votes (%)	Carrying amount[1]	Dividends received	Net sales	Profit/loss for the year	Other comprehensive income for the year	Total comprehensive income for the year	Total assets	Total liabilities
SEB, Stockholm, 502032-9081	21/21	38,761	–	49,717	15,746	637	16,383	3,040,432	2,868,489
Atlas Copco, Stockholm, 556014-2720	17/22	87,303	1,454	99,787	14,783	–5,835	8,948	113,366	59,832
Ericsson, Stockholm, 556016-0680	8/23	25,989	384	232,390	17,623	–8,643	8,980	271,530	186,353
Electrolux, Stockholm, 556009-4178	16/28	9,746	356	115,960	6,584	–3,103	3,481	99,604	80,895
Swedish Orphan Biovitrum AB, Stockholm, 556038-9321	35/35	17,898	–	15,261	3,245	–52	3,193	48,283	28,077
Elextrolux Professional, Stockholm, 556003-0354	20/32	2,743	–	7,263	278	–188	89	7,314	4,514
Epiroc, Stockholm, 556077-9018	17/23	31,096	499	36,122	5,410	–1,960	3,450	43,886	20,147
Saab, Linköping, 556036-0793	30/40	9,854	–	35,431	1,092	–173	919	60,568	38,924
Husqvarna, Jönköping, 556000-5331	17/33	10,346	218	41,943	2,495	–1,443	1,052	43,517	26,455
Total participations in material associates valued at fair value		**233,736**	**2,911**	**633,874**	**67,256**	**–20,760**	**46,495**	**3,728,500**	**3,313,686**

Summarized financial information for material associates valued at fair value

	Investor's share of			100% of reported values of the associate					
12/31 2019 Company, Registered office, Registration number	Ownership capital/votes (%)	Carrying amount[1]	Dividends received	Net sales	Profit/loss for the year	Other comprehensive income for the year	Total comprehensive income for the year	Total assets	Total liabilities
SEB, Stockholm, 502032-9081	21/21	40,124	2,965	50,134	20,177	1,160	21,337	2,856,648	2,700,948
Atlas Copco, Stockholm, 556014-2720	17/22	76,975	1,309	103,756	16,543	932	17,475	111,722	58,432
Ericsson, Stockholm, 556016-0680	7/23	20,063	240	227,216	1,840	–3,590	–1,750	276,383	194,505
Electrolux, Stockholm, 556009-4178	16/28	11,655	432	118,981	2,509	944	3,453	106,808	84,234
Swedish Orphan Biovitrum AB, Stockholm, 556038-9321	36/36	16,586	–	14,248	3,304	–57	3,247	45,658	28,728
Epiroc, Stockholm, 556077-9018	17/23	23,759	436	40,849	5,884	301	6,185	41,037	18,224
Saab, Linköping, 556036-0793	30/40	12,865	184	35,433	2,025	–115	1,910	59,858	39,049
Husqvarna, Jönköping, 556000-5331	17/33	7,254	218	42,277	2,528	10	2,538	41,981	24,698
Total participations in material associates valued at fair value		**209,281**	**5,785**	**632,894**	**54,810**	**–415**	**54,395**	**3,540,095**	**3,148,818**

1) Carrying amount for associates valued at fair value, equals the quoted market price for the investment.

Note 21 Other financial investments, short-term investments and cash and cash equivalents

Accounting policies
Other financial investments and short-term investments consist of interest-bearing securities which are recognized at fair value through profit/loss.
Short-term investments with a maturity of three months or less from the date of acquisition have been classified as cash and cash equivalents provided that:
- there is an insignificant risk of changes in value
- they are readily convertible to cash

For more information regarding accounting policies, see note 31, Financial instruments.

Excess liquidity is to be invested for maximum return within the framework of given limits for foreign exchange, interest rate, credit and liquidity risks, see note 3, Financial risks and risk management.

12/31 2020	0–3 months	4–6 months	7–12 months	13–24 months	Total carrying amount
Short-term investments	5,606	3,369	4,853		13,828
Cash and bank	14,064				14,064
Other financial investments				3,302	3,302
BS Total	**19,670**	**3,369**	**4,853**	**3,302**	**31,194**

12/31 2019	0–3 months	4–6 months	7–12 months	13–24 months	Total carrying amount
Short-term investments	7,007	379	4,008		11,394
Cash and bank	12,225				12,225
Other financial investments				8,188	8,188
BS Total	**19,231**	**379**	**4,008**	**8,188**	**31,806**

Of the total carrying amount, SEK 21,862m is readily available for investments (24,894).

Note 22 Long-term receivables and other receivables

	12/31 2020	12/31 2019
Non-current receivables		
Receivables from associates	–	1
Derivatives	2,015	2,653
Receivables from MPP Foundations	1,571	1,109
Other	43	45
BS Total	**3,629**	**3,807**

	12/31 2020	12/31 2019
Other receivables		
Derivatives	39	0
Incoming payments	686	13
VAT	91	93
Other	254	412
BS Total	**1,070**	**518**

Note 23 Inventories

Accounting policies
Inventory is valued at the lower of net realizable value (NRV) and cost. The cost of finished goods and work-in-progress includes a reasonable portion of the indirect costs based on normal capacity utilization. The cost of inventories is calculated using the FIFO (first in, first out) method or by using the weighted average cost formula. This is because the products in the Group´s inventories have different natures or uses.
Net realizable value is based on the estimated sales price in the ordinary course of business less the estimated costs to bring about a sale.

	12/31 2020	12/31 2019
Raw materials and consumables	1,951	1,949
Work in progress	227	152
Finished goods	3,141	2,758
Supplies	54	56
BS Total	**5,374**	**4,915**

Note 24 Prepaid expenses and accrued income

	12/31 2020	12/31 2019
Accrued interest income	226	270
Other financial receivables	30	6
Accrued customer income (contract assets)	0	1
Other accrued income	170	301
Other prepaid expenses	271	210
BS Total	**697**	**788**

Note 25 Equity

Share capital
Share capital in the Parent Company.

Other contributed equity
Refers to equity contributed by shareholders. It also includes premiums paid in connection with new stock issues.

Translation reserve
The translation reserve includes all foreign exchange differences arising on the translation of financial statements from foreign operations reported in a currency different from the reporting currency of the Group. The translation reserve also comprises exchange rate differences arising in conjunction with the translation of swap contracts reported as hedging instruments of a net investment in a foreign operation. Changes in translation reserve has had no impact on reported tax.

Revaluation reserve
The revaluation reserve includes changes in value relating to owner-occupied property and related taxes.

Hedging reserve
The hedging reserve includes the effective component of the accumulated net change of fair value and related taxes, of an instrument used for a cash flow hedge, relating to hedging transactions not yet accounted for in the Profit/loss.

Hedging cost reserve
Basis spread is the cost for swapping between different currencies. The basis spread is taken into account when the market value of Investor's swap portfolio is calculated. The basis spread is defined as hedging cost and the relating change in market value is accounted for in the hedging cost reserve.

Non-controlling interest
Non-controlling interest are presented in the equity separately from the equity attributable to the shareholders of the Parent Company. In the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the part attributable to the non-controlling interest are included and separately disclosed in conjunction with the statements.
For more information regarding non-controlling interests, see note P7, Participation in Group companies.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35
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Note 25 *Equity*

Specification of reserves in equity	12/31 2020	12/31 2019
Translation reserve		
Opening balance	6,929	5,298
Translation differences for the year, subsidiaries	–4,363	1,538
Reclassification adjustment to Income Statement	–	164
Change for the year, associates	–239	–71
	2,327	**6,929**
Revaluation reserve		
Opening balance	2,692	2,318
Revaluation of non-current assets for the year	–17	510
Tax relating to revaluations for the year	2	–105
Release of revaluation reserve due to depreciation of revalued amount	–61	–31
	2,616	**2,692**
Hedging reserve		
Opening balance	–11	7
Cash flow hedges:		
Reclassification adjustment to Income Statement	–	–
Change in fair value of cash flow hedges for the year	–161	–22
Tax relating to changes in fair value of cash flow hedges for the year	40	5
Change for the year, associates	–1	–1
	–133	**–11**
Hedging cost reserve		
Opening balance	177	136
Hedging cost for the year	–12	40
	165	**177**
Total reserves		
Opening balance	9,787	7,760
Change in reserves for the year:		
Translation reserve	–4,601	1,631
Revaluation reserve	–76	374
Hedging reserve	–122	–18
Hedging cost reserve	–12	40
Carrying amount at year-end	**4,974**	**9,787**

Repurchased shares included in retained earnings under equity, including profit/loss for the year

	Number of shares		Amounts affecting equity, SEK m	
	2020	2019	2020	2019
Opening balance, repurchased own shares	1,847,630	2,108,682	–399	–447
Sales/repurchases for the year	–484,350	–261,052	85[1)]	48[1)]
Balance at year-end, repurchased own shares	**1,363,280**	**1,847,630**	**–314**	**–399**

1) In connection with transfer of shares and options within Investors' long-term variable remuneration program, the payment of received strike price has had a positive effect on equity.

Repurchased shares

Repurchased shares include the cost of acquiring own shares held by the Parent Company. On December 31, 2020 the Group held 1,363,280 of its own shares (1,847,630). Repurchases of own shares are reported as a deduction from equity. Cash proceeds from the sale of such equity instruments are reported as an increase in unrestricted equity. Any transaction costs are recognized directly under equity.

Dividend

The Board of Directors proposes that the unappropriated earnings in Investor AB:

Total available funds for distribution:	
Retained earnings	304,154
Net profit for the year	22,855
Total	**327,010**

To be allocated as follows:	
Dividend to shareholders, SEK 14.00 per share	10,740[1)]
Funds to be carried forward	316,269
Total	**327,010**

1) Calculated on the total number of registered shares.

For more information, see the Administration Report page 53. The dividend is subject to the approval of the Annual General Meeting on May 5, 2021.

The dividend for 2019 amounted to SEK 6,889m (SEK 9.00 per share) and the dividend for 2018 amounted to 9,948m (SEK 13.00 per share).

Dividends paid out per share for 2019 and 2018 correspond to proposed dividend per share (in 2019 the proposal was revised before the Annual General Meeting). Dividends are recognized as a liability as soon as the Annual General Meeting has approved the dividend for the year.

Capital management

In order to be able to act upon business opportunities at any point in time, it is vital for Investor to maintain financial flexibility. The Group's goal is to have leverage (net debt as a percentage of total assets) of 5-10 percent over an economic cycle. The ceiling for Investor's leverage has been set at a maximum of 25 percent, which may only be exceeded on a short-term basis. Investor´s leverage at the beginning of the year was 2.8 percent and at the end of the year 4.1 percent. The change is mainly due to cash flows arising from dividends from Listed Companies, proceeds from sales within the operating segments Investments in EQT and Patricia Industries, investments in Advanced Instruments, ABB, Ericsson and EQT funds and dividends paid to shareholders. For more information, see the Administration Report page 11.

The Group's total shareholder return objective (sum of the share price change and dividend) is to exceed the risk-free interest rate plus a risk premium, i.e. 8-9 percent. The total shareholder return for 2020 was 19.3 percent.

Capital is defined as total recognized equity.

Equity	12/31 2020	12/31 2019
Attributable to shareholders of the Parent Company	461,837	420,681
Attributable to non-controlling interest	939	242
BS Total	**462,775**	**420,923**

Put options to non-controlling interests

Agreements with non-controlling interests exists that obliges Investor to, at specified occasions, purchase equity instruments in subsidiaries if the counterparty wants to divest them. The agreement, put option, is a contract to purchase the group's own equity instruments and thus gives rise to a financial liability. The liability is included in Other long-term liabilities, see note 29, Other long-term and short-term liabilities. The obligation under the put option is valued at the estimated redemption amount at the time when the equity instrument can be put to Investor. The put option is valued at the proportionate value in relation to the fair value of the subsidiary. At remeasurement of the liability, the change of value is recognized in net financial items.

At initial recognition of the put option as a liability, equity is reduced by an amount corresponding to its fair value. Firstly equity attributable to the non-controlling interests are reduced and if this is insufficient in retained earnings attributable to shareholders of the Parent Company.

Note 26 Interest-bearing liabilities

Accounting policies
For more information relating to accounting policies for financial liabilities see note 31, Financial instruments.

Interest-bearing liabilities

	12/31 2020	12/31 2019
Long-term interest-bearing liabilities		
Bond loans	63,076	60,949
Bank loans	16,514	11,389
Interest rate derivatives with negative value	480	336
Lease liabilities	1,706	1,611
Other long-term interest-bearing liabilities	–	22
BS **Total**	**81,776**	**74,306**
Short-term interest-bearing liabilities		
Bond loans	3,809	–
Bank loans	507	590
Interest rate derivatives with negative value	–	10
Lease liabilities	392	391
Other short-term interest-bearing liabilities	–	2
BS **Total**	**4,709**	**994**
Total interest-bearing liabilities and derivatives, excluding interest rate derivatives positive value	**86,484**	**75,300**
Long-term interest rate derivatives positive value	–2,015	–2,653
Short-term interest rate derivatives positive value	–22	–
Total	**–2,037**	**–2,653**
Total interest-bearing liabilities and derivatives	**84,448**	**72,647**

Lease liabilities

Maturity, 12/31 2020	Future lease payments	Interest	Present value of future lease payments
Less than 1 year from balance sheet date	454	–62	392
1-5 years from balance sheet date	1,176	–178	998
More than 5 years from balance sheet date	940	–232	708
Total	**2,570**	**–472**	**2,098**

Maturity, 12/31 2019	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than 1 year from balance sheet date	474	–83	391
1-5 years from balance sheet date	1,081	–183	899
More than 5 years from balance sheet date	989	–277	712
Total	**2,544**	**–542**	**2,002**

Changes in liabilities arising from financing activities

			Non-cash changes				
12/31 2020	Opening balance	Cash flows	Acquisitions	Foreign exchange movements	Fair value changes	Other[4]	Amount at year-end
Long-term interest-bearing liabilities	72,695	14,814	1,083	–4,088	–588	–3,845	80,070[1]
Current interest-bearing liabilities	602	–149	35	4	91	3,733	4,316[2]
Long-term leases	1,611	–21	53	–107		169	1,706[1]
Current leases	391	–408	5	–32		436	392[2]
Long-term interest rate derivatives positive value	–2,653				639		–2,015[3]
Short-term interest rate derivatives positive value	–				–22		–22
Total liabilities from financing activities	**72,647**	**14,236**	**1,176**	**–4,223**	**119**	**493**	**84,448**

			Non-cash changes					
12/31 2019	Opening balance	Cash flows	Acquisitions	Foreign exchange movements	Fair value changes	Effect of IFRS 16	Other[4]	Amount at year-end
Long-term interest-bearing liabilities	63,759	7,699		791	816		–371	72,695[1]
Current interest-bearing liabilities	3,829	–3,745	9	152	–167		525	602[2]
Long-term leases	106		487	–32		2,380	–1,331	1,611[1]
Current leases	16	–616	–9	–9		602	407	391[2]
Long-term interest rate derivatives positive value	–1,838				–815			–2,653[3]
Short-term interest rate derivatives positive value	–3				3			–
Total liabilities from financing activities	**65,870**	**3,338**	**488**	**902**	**–164**	**2,982**	**–769**	**72,647**

1) Included in Consolidated Balance Sheet item Long-term interest-bearing liabilities.
2) Included in Consolidated Balance Sheet item Current interest-bearing liabilities.
3) Included in Consolidated Balance Sheet item Long-term receivables.
4) Includes foremost new lease liabilities and transfers between long-term and short-term liabilities.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35
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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35
P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 27 Provisions for pensions and similar obligations

Accounting policies

Defined contribution plans

Defined contribution plans are plans under which the company's obligations are limited to the premium of fixed contributions. In such cases, the size of the employee's pension depends on the contributions the company makes to the plan, or to an insurance company, along with the return that the capital contributions generate. Consequently, the employee carries both the actuarial risk (i.e. the risk that benefits will be lower than expected) and the investment risk (i.e. the risk that invested assets will be insufficient for providing the expected benefits). The company's obligations to pay contributions to defined contribution plans are recognized as an expense in the Income Statement at the rate that employees provide services to the company during a period.

Defined benefit plans

In defined benefit pension plans, payments are made to employees and former employees based on their salary at the time of retirement and the number of years of service. The Group carries the risk for making the payments. The net obligation under defined benefit plans is measured separately for each plan, by estimating the future benefits earned, including taxes, by the employees, in current and prior periods.

This benefit is discounted to a present value with a discount rate representing the closing day rate on high quality corporate bonds, mortgage backed bonds or government bonds with a life corresponding to the duration of the pension obligations. The measurement is made by a qualified actuary using the projected unit credit method. The fair value of any plan assets is calculated on the closing date.

When determining the present value of the obligation and the fair value of plan assets, actuarial gains and losses may arise. This is either because the actual outcome differs from the previous assumption or because the assumptions have changed. Remeasurements of defined benefit obligations are recognized as income or expenses in other comprehensive income.

The value presented in the Balance Sheet for pensions and similar commitments corresponds to the obligation's present value at year-end, less the fair value of plan assets. When the calculation results in a Group asset, the carrying amount of the asset is limited to the present value of future repayments from the plan or decreased future payments to the plan (asset ceiling).

The net of the interest on pension liabilities and the yield on adherent management assets is recognized in net financial items. Other components are recognized in operating profit/loss.

Risks associated with the defined benefit plan

Investment risks

The defined benefit obligation is calculated using discount rates with references to, for example, corporate bond yields. If assets in funded plans under perform this yield, it will increase the amount of deficit. Allocation of assets among different categories is important to reduce the portfolio risk. The time horizon for the investments is also an important factor.

Interest risks

A decrease in corporate bond yields will increase the value of the defined benefit obligation for accounting purposes.

Longevity risk

The majority of the obligations are to provide benefits for the life of the plan member, so increases in life expectancy will result in an increase in the defined benefit obligation.

Salary risk

The majority of the obligations are to provide benefits for plan members based on annual salaries. If salaries increase faster than has been assumed, this will result in an increase in the defined benefit obligation.

Pension benefits

Employees in Group companies have various kinds of pension benefits. These benefits are either defined contribution plans or defined benefit plans. In Sweden the total retirement benefit package is often a mixed solution with some parts being defined contribution pension plans and others being defined benefit pension plans. Salaried employees' plans comprise of the defined benefit plan ITP and the additional defined contribution plan ITPK.

The ITP plan is secured with the insurance company Alecta. Since the information provided by Alecta is not sufficient to be able to account for as a defined benefit plan, the Alecta plan has been reported as a defined contribution plan (multi-employer plan).

The ITP plan has contracts with a premium, where benefits continue unchanged until retirement. This means that premiums can not be changed to the policyholder's or the insured's disadvantage.

The Group operates defined contribution plans in Sweden, Australia, Canada, the Czech Republic, Denmark, Finland, Malaysia and the UK. The plans imply that the Group obtains pension insurances or makes payments to foundations.

74 percent of the Group's defined benefit plans exist in Sweden. Other defined benefit plans exist in the U.S., Belgium, Germany, the Netherlands, Thailand, Italy, France and Austria. The plans in Belgium, the U.S. and the Netherlands are funded. In Sweden there are funded and unfunded plans and the plans in other countries are unfunded.

Amounts recognized in Profit/loss and Other Comprehensive income for defined benefit plans

Components of defined benefit cost (gain –)	2020	2019
Current service cost	58	85
Past service cost and gains/losses from settlements	–17	–20
Additional pension obligations	3	3
Other values	–2	–3
Total operating cost	**42**	**66**
Net interest expense	16	22
Exchange rate differences	–	–
Total financial cost	**16**	**22**
Components recognized in profit/loss	**59**	**88**

Remeasurement on the net defined benefit liability (gain –)	2020	2019
Return on plan assets (excl. amounts in interest income)	–15	–45
Actuarial gains/losses, demographic assumptions	–1	0
Actuarial gains/losses, financial assumptions	60	235
Actuarial gains/losses, experience adjustments	32	–8
Other	0	–2
Components in Other Comprehensive income	**76**	**180**

Provision for defined benefit plans

The amount included in the consolidated Balance Sheet arising from defined benefit plans	12/31 2020	12/31 2019
Present value of funded or partly funded obligations	430	469
Present value of unfunded obligations	1,027	920
Total present value of defined benefit obligations	**1,457**	**1,389**
Fair value of plan assets	–271	–275
NPV of obligations and fair value of plan assets	**1,186**	**1,114**
Restriction on asset ceiling recognized	0	–
BS **Net liability arising from defined benefit obligations**	**1,186**	**1,114**

Note 27 *Provisions for pensions and similar obligations*

Changes in the obligations for defined benefit plans recognized during the year	12/31 2020	12/31 2019
Defined benefit plan obligations, opening balance	1,389	1,418
Current service cost	61	83
Interest cost	17	32
Remeasurement of defined benefit obligations		
Actuarial gains/losses, demographic assumptions	–1	0
Actuarial gains/losses, financial assumptions	60	235
Actuarial gains/losses, experience adjustments	32	–8
Contributions to the plan from the employer	0	19
Past service cost and gains/losses from curtailments	–17	–20
Liabilities reclassified as Liabilities directly associated with assets held for sale	–	–373
Benefit paid	–41	–34
Other	–9	28
Exchange rate difference	–34	9
Obligations for defined benefit plans at year-end	**1,457**	**1,389**

Changes in fair value of plan assets during the year	12/31 2020	12/31 2019
Fair value of plan assets, opening balance	275	456
Interest income	3	11
Remeasurement of fair value plan assets		
Return on plan assets (excl. amounts in interest income)	15	45
Contributions from the employer	8	24
Contributions from plan participants	1	1
Effects of disposals	–	–279
Exchange differences on foreign plans	–3	1
Benefit paid	–21	–17
Other	5	29
Exchange rate difference	–11	4
Fair value of plan assets at year-end	**271**	**275**

The fair value of the plan asset at the end of the reporting period for each category are as follows	12/31 2020	12/31 2019
Cash and cash equivalents	1	–
Equity investments	24	24
Debt investments[1]	11	27
Properties	–	–
Other values[2]	235	223
Total fair value of plan assets	**271**	**275**

1) The majority of the debt investments represents of Swedish government bonds.
2) Includes insurance contracts from countries where the liabilities are insured (the Netherlands, Belgium and Norway). There are no split of the underlying assets available.

Changes in restriction asset ceiling in the current year	12/31 2020	12/31 2019
Restriction asset ceiling, opening balance	–	–
Interest net	0	–
Changes asset ceiling, OCI	0	–
Restriction asset ceiling at year-end	**0**	**–**

The Group estimates that SEK 22m will be paid to defined benefit plans during 2021 (9).

Assumptions

Assumptions for defined benefit obligations 2020	Sweden	Other (weighted average)
Discount rate	1.1	0.7
Future salary growth	1.5	0.7
Future pension growth	2.0-2.2	1.2
Mortality assumptions used	DUS14, PRI	Local mortality tables

Assumptions for defined benefit obligations 2019	Sweden	Other (weighted average)
Discount rate	1.5	1.1
Future salary growth	1.7	1.6
Future pension growth	1.8-2.2	0.7
Mortality assumptions used	DUS14, PRI	Local mortality tables

Basis used to determine the discount rate

The discount rate has been set separately for each country by reference to market rates on high quality corporate bonds with a duration and currency that is consistent with the duration and currency of the defined benefit obligation. This may involve interpolation of bond yield curves where there is no direct match for duration or the market is not deep for matching bond durations. The market for high quality Swedish mortgage backed bonds is considered to be deep and thereby fulfills the requirements of high quality corporate bonds according to IAS 19. Swedish mortgage backed bonds have therefore served as reference when determining the discount rate used for the calculation of the defined benefit obligations in Sweden. In countries where there is no deep market for high quality corporate bonds, government bonds are used as a reference when determining the discount rate.

Maturity profile of the majority of the defined benefit obligation

Maturity profile	0-3 year	4-6 year	7-15 year	Over 15 year	Total
Cash flows	75	89	361	1,236	1,761

Multi-employer plans

The Swedish ITP plan is secured with the insurance company Alecta, which is a mutual life insurance company, owned by its customers, i.e. businesses and their employees. The company form means that any surplus in operations is returned to the customers and the insured population is responsible for any deficit. For the fiscal year 2020 the Investor Group did not have access to information that would make it possible to recognize it as a defined benefit plan. The ITP pension plan secured through insurance from Alecta is therefore recognized as a defined contribution plan. The premium for the defined benefit pension plan is calculated individually and depends on salary, pension already earned and expected remaining period of service. For 2021, the Investor Group expect to pay SEK 21m for premiums to Alecta (17). Alecta's total premiums per year for defined benefit pensions is about SEK 15bn (15).

A measure of the financial strength of a mutual insurance company is the collective funding ratio, which shows the relationship between the assets and the total insurance undertaking. The collective funding ratio measures distributable assets in relation to insurance commitments. The insurance commitment is comprised of guaranteed commitments and allocated rebates to the insured and policy holders, calculated according to Alecta's technical methods and assumptions, which differ from the methods and assumptions applied in the valuation of defined benefit pensions according to IAS 19.

According to Alecta's consolidation policy for defined benefit insurance, the collective funding ratio is usually allowed to vary between 125 and 175 percent. With a low funding ratio, one measure to increase the ratio can be to increase the price of newly subscribed benefits and benefit increases. If the collective funding ratio exceeds 150 percent, the policyholder's premiums can be reduced. By the end of 2020 the surplus of the collective funding ratio in Alecta was 148 percent (148).

Defined contribution plans

Defined contribution plans	2020	2019
Expenses for defined contribution plans	397	481

Sensitivity analysis

Valuation of provision for pensions and similar obligations are estimates of present and future values. There are always uncertainty involved. Alternative assumptions will give different present values.

The sensitivity analysis below shows the values after discount rate changes, from the current rate used.

Discount rate	1 percentage point increase	1 percentage point decrease
Present value of defined benefit obligations	1,167	1,782
Current service cost	42	72
Interest expense	21	3

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35
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Note 28 Other provisions

Accounting policies

The Group reports a provision in the Balance Sheet when there is a formal or informal obligation as a result of a past event for which it is probable that an outflow of resources will be needed to settle the obligation and when a reliable estimate of the amount can be made.

A restructuring provision is recognized when the Group has a detailed, formal plan for the restructuring, and the restructuring plan has commenced or has been publicly announced.

For medical care and health care operations, a provision is made for the risk of loss if the total directly attributable costs during the entire term of the contract are expected to exceed the total revenues, including indexation. Provisions are reviewed at each balance sheet date.

	12/31 2020	12/31 2019
Provisions expected to be paid after more than 12 months		
Provision for social security contributions for LTVR	33	16
Other	93	88
BS Total non-current other provisions	**126**	**104**
Provisions expected to be paid within 12 months		
Restructuring reserve	43	47
Provision for social security contributions for LTVR	25	40
Other	96	154
BS Total current other provisions	**164**	**241**
Total other provisions	**290**	**345**

Provision for social security contributions for long-term share-based remuneration (LTVR)

Investor operates LTVR programs which are offered to all employees. Provision is made for social security contributions connected to these programs. The provision will be used during the years 2021-2026.

Restructuring reserve

The restructuring reserve mainly relates to personnel related costs.

Other

Other comprises mainly of provisions for guarantees and personnel related reserves, but also other provisions that have been considered immaterial to specify. These provisions intend to be settled with SEK 96m in 2021, SEK 74m in 2022 and SEK 19m in 2023 or later.

12/31 2020	Restruc-turing reserve	Social security LTVR	Other	Total other provisions
Opening balance	47	55	242	345
Provisions for the year	15	22	152	189
Reversals for the year	–19	–20	–205	–244
Carrying amount at year-end	**43**	**58**	**189**	**290**
12/31 2019				
Opening balance	172	38	272	481
Provisions for the year	20	28	201	249
Reversals for the year	–145	–10	–231	–386
Carrying amount at year-end	**47**	**55**	**242**	**345**

Note 29 Other long-term and short-term liabilities

	12/31 2020	12/31 2019
Acquisition related liabilities	123	357
Liabilities related to share-based instruments	326	345
Non controlling interest[1)]	3,701	3,224
Other	521	567
BS Total other long-term liabilities	**4,670**	**4,494**

1) Fair value of issued put options' over non-controlling interest.

	12/31 2020	12/31 2019
Derivatives	120	142
Shares on loan	0	338
Incoming payments	15	0
VAT	363	282
Vehicle Floorplan liabilities	111	79
Personnel-related	226	349
Prepayments from customers	87	60
Other	474	562
BS Total other current liabilities	**1,396**	**1,812**

Note 30 Accrued expenses and deferred income

	12/31 2020	12/31 2019
Accrued interest expenses	834	903
Personnel-related expenses	1,726	1,357
Customer bonuses	285	279
Prepayments from customers (contract liabilities)	400	145
Other	964	947
BS Total	**4,209**	**3,631**

Note 31 Financial instruments

Accounting policies

Financial instruments recognized in the consolidated Balance Sheet include assets such as the following: shares and participations recognized at fair value, other financial investments, loan receivables, trade receivables, short-term investments, cash and cash equivalents, and derivatives. Liabilities recognized in the Balance Sheet include the following: loans, shares on loan, trade payables and derivatives.

A financial asset or financial liability is recognized in the Balance Sheet when the Group becomes party to the contractual provisions of the instrument. Trade receivables and trade payables are recognized in the Balance Sheet when an invoice is sent or received.

A financial asset or part thereof is derecognized in the Balance Sheet when the contractual rights to the cash flows from the financial asset expire. A financial liability or part thereof is derecognized in the Balance Sheet when it is extinguished – i.e. when the obligation specified in the contract is discharged or canceled or expires.

A financial asset and liability are offset against one another and the net amount is reported in the Balance Sheet only when there is a legally enforceable right and an intention to set off the recognized amounts.

A purchase or sale of financial assets is recognized on the trade date, which is the date that an entity commits itself to purchase or sell an asset.

Classification and measurement

Financial instruments are allocated to different categories. For financial assets classification is based on the entity's business model for managing the financial asset and the characteristics of the contractual cash flows of the asset.

There are three different business models according to IFRS 9 which are based on how the cash flows from the asset are realized:

- By collecting the contractual cash flows over the life of the financial asset.
- By both collecting the contractual cash flows from the financial assets and by selling financial assets.
- By selling the financial assets.

If the financial asset is held within a business model with the objective to realize the cash flows from the financial asset by collecting the contractual cash flows over the life of the asset and those cash flows are solely payments of principal and interest on the principal amount outstanding, the asset shall be measured at amortized cost.

If the financial asset is held within a business model with the objective to realize the cash flows from the financial asset both by collecting the contractual cash flows and by selling financial assets and those cash flows are solely payments of principal and interest on the principal amount outstanding, the asset shall be measured at fair value through other comprehensive income (OCI).

In all other cases the financial asset shall be measured at fair value through profit or loss.

Financial liabilities are classified as measured at amortized cost, except for:

- financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value; and
- contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognized in profit or loss.

Financial assets

Financial assets measured at fair value through profit/loss

Financial assets within a business model that are measured at fair value through profit/loss are divided into: "financial assets excluding derivatives used in hedge accounting" and "derivatives used in hedge accounting".

Financial assets excluding derivatives used in hedge accounting includes all share holdings within the Group. All financial investments and cash and cash equivalents within the liquidity portfolio are included here as well.

Derivatives used in hedge accounting, consists of derivatives used in hedge accounting with a positive fair value. More information can be found under Derivatives on page 98.

Financial assets measured at fair value through other comprehensive income

Investor currently has no financial assets within a business model in this category.

Financial assets measured at amortized cost

This category mainly includes trade receivables, other short-term receivables and cash and cash equivalents in the subsidiaries within Patricia Industries. These assets are short-term in nature, which is why they are reported at nominal amounts without any discounting.

This category also includes other financial investments and long-term receivables managed within a business model that can be described as "hold-to-collect", meaning that the cash flows from the assets are realized by collecting the contractual cash flows over the life of the financial assets.

The contractual cash flows from all the receivables within the category "financial assets measured at amortized cost" are considered to be solely payments of principal and interest on the principal amount outstanding.

A loss allowance is recognized for all financial assets classified as measured at amortized cost. For all these financial assets, except trade receivables, the loss allowance is calculated as 12 month expected losses or, if the credit risk for the financial asset has increased significantly since initial recognition, as lifetime expected losses. The assessment is made every balance sheet day and if any contractual payments for a loan are more than 30 days past due, the credit risk is considered to have increased significantly since initial recognition.

For trade receivables a simplified approach is applied and a loss allowance based on lifetime expected credit losses are recorded. The deduction for defaulted debts are assessed on an individual basis, with an additional allowance for trade receivables that are not past due. This loss rate allowance reflects a three years history of credit losses and are calculated and reviewed regularly in order to reflect current conditions and forecasts about the future.

Financial liabilities

Financial liabilities measured at fair value through profit/loss

Financial liabilities within a business model that are measured at fair value through profit/loss are divided into: "financial liabilities excluding derivatives used in hedge accounting" and "derivatives used in hedge accounting".

Financial liabilities excluding derivatives used in hedge accounting mainly relates to written put options that may result in Group companies receiving their own equity shares and being obligated to deliver cash corresponding to the fair value of the equity shares. Shares on loan in the trading operation are also classified as financial liabilities, except derivatives used in hedge accounting. When shares on loan are sold, an amount corresponding to the fair value of the shares is recorded as a liability. This category also includes contingent considerations recognized in business combinations to which IFRS 3 applies.

Derivatives used in hedge accounting include any derivatives used in hedge accounting with a negative fair value (except for derivatives that is part of a cash flow hedge). More information can be found under Derivatives on page 98.

Financial liabilities measured at amortized cost

This category includes all other financial liabilities than those measured at fair value through profit/loss above. Amortized cost is calculated based on the effective interest that was determined when the loan was obtained. This means that surpluses/deficits, as well as direct issuing costs, are amortized over the life of the liability. Trade payables are short-term in nature, which is why they are recognized at nominal amounts without any discounting.

Disclosures

Disclosures regarding financial instruments can also be found in: note 3, Financial risks and risk management; note 13, Net financial items; note 21, Other financial investments, short-term investments and cash and cash equivalents; and note 26, Interest-bearing liabilities.

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Note 31 *Financial instruments*

Financial assets and liabilities by valuation category

	Financial instruments measured at fair value through profit/loss		Financial instruments measured at amortized cost		
12/31 2020	Financial assets/liabilities excluding derivatives used in hedge accounting	Derivatives used in hedge accounting		Total carrying amount	Fair value
Financial assets					
Shares and participations recognized at fair value	428,487			428,487	428,487
Other financial investments	3,217		85	3,302	3,302
Long-term receivables	1,571	2,015	43	3,629	3,629
Accrued interest income			229	229	229
Trade receivables			5,426	5,426	5,426
Other receivables	17	22	1,031	1,070	1,070
Shares and participations in trading operation	14			14	14
Short-term investments	8,222			8,222	8,222
Cash and cash equivalents	11,560		8,109	19,670	19,670
Total	**453,087**	**2,037**	**14,924**	**470,049**	**470,049**
Financial liabilities					
Long-term interest-bearing liabilities	372		81,404	81,776	88,684[1)]
Other long-term liabilities	3,992		679	4,670	4,670
Current interest-bearing liabilities	23		4,685	4,709	4,786[1)]
Trade payables			2,841	2,841	2,841
Other current liabilities	122		1,275	1,396	1,396
Accrued interest expenses			834	834	834
Total	**4,508**	**–**	**91,718**	**96,227**	**103,212**

1) The Groups loans are valued at amortized cost. Fair value on loans are presented. For other assets and liabilities there are no differences between the carrying amount and fair value.

Financial assets and liabilities by valuation category

	Financial instruments measured at fair value through profit/loss		Financial instruments measured at amortized cost		
12/31 2019	Financial assets/liabilities excluding derivatives used in hedge accounting	Derivatives used in hedge accounting		Total carrying amount	Fair value
Financial assets					
Shares and participations recognized at fair value	386,756			386,756	386,756
Other financial investments	8,099		89	8,188	8,188
Long-term receivables	1,109	2,653	45	3,807	3,807
Accrued interest income			276	276	276
Trade receivables			4,813	4,813	4,813
Other receivables	11		507	518	518
Shares and participations in trading operation	371			371	371
Short-term investments	4,386		1	4,387	4,387
Cash and cash equivalents	12,858		6,373	19,231	19,231
Total	**413,590**	**2,653**	**12,105**	**428,348**	**428,348**
Financial liabilities					
Long-term interest-bearing liabilities	373		73,934	74,306	80,106[1)]
Other long-term liabilities	3,243	102	1,148	4,494	4,494
Current interest-bearing liabilities	19		975	994	994
Trade payables			2,788	2,788	2,788
Other current liabilities	695	89	1,027	1,812	1,812
Accrued interest expenses			903	903	903
Total	**4,330**	**191**	**80,776**	**85,297**	**91,097**

1) The Groups loans are valued at amortized cost. Fair value on loans are presented. For other assets and liabilities there are no differences between the carrying amount and fair value.

Note 31 *Financial instruments*

Result from financial assets and liabilities by valuation category

2020	Financial assets and liabilities measured at fair value through profit/loss			Financial assets measured at amortized cost		
	Financial assets excluding derivatives used in hedge accounting	Financial liabilities excluding derivatives used in hedge accounting	Derivatives used in hedge accounting	Loans and receivables	Other financial liabilities	Total
Operating profit/loss						
Dividends	7,664					7,664
Changes in value, including currency	40,938	–27			–9	40,903
Cost of sales, distribution expenses				–59	226	167
Net financial items						
Interest	4	–6	274	–5	–2,496	–2,230
Changes in value	29	115	–12		33	165
Exchange rate differences	219	–210	–595	–56	1,624	981
Total	**48,855**	**–128**	**–334**	**–121**	**–622**	**47,650**

2019	Financial assets and liabilities measured at fair value through profit/loss			Financial assets measured at amortized cost		
	Financial assets excluding derivatives used in hedge accounting	Financial liabilities excluding derivatives used in hedge accounting	Derivatives used in hedge accounting	Loans and receivables	Other financial liabilities	Total
Operating profit/loss						
Dividends	9,858					9,858
Changes in value, including currency	91,032	163			–70	91,124
Cost of sales, distribution expenses	0			6	–78	–72
Net financial items						
Interest	39	–53	362	9	–2,595	–2,238
Changes in value	–22	53	346		–247	130
Exchange rate differences	87	–165	455	–10	–602	–234
Total	**100,993**	**–2**	**1,163**	**6**	**–3,593**	**98,568**

Measurements of financial instruments at fair value
Following is a description of the methods and assumptions used to determine the fair value of financial assets and liabilities shown in this Annual Report. Changed conditions regarding the determination of fair value of financial instruments cause transfer between levels described below.

Measurements of financial instruments in level 1
Listed holdings
Listed holdings are valued on the basis of their share price (bid price, if there is one quoted) on the balance sheet date.

Measurements of financial instruments in level 2
Shares and participations
Shares and participations in level 2 consist of holdings in listed shares for which the classes are not actively traded. The measurement of these shares is based on the market price for the most traded class of shares for the same holding.

Derivatives
Derivatives in level 2 consist mainly of currency and interest rate swaps for which the valuation is based on discounted future cash flows according to the terms and conditions in the agreement and based on relevant market data.

Measurement of financial instruments in level 3
Unlisted holdings and fund holdings
Unlisted holdings are measured on the basis of the "International Private Equity and Venture Capital Valuation Guidelines".

For directly owned holdings (i.e. those owned directly by a company in the Investor Group), an overall evaluation is made to determine the measurement method that is appropriate for each specific holding. It is first taken into account whether a recent financing round or "arm's length transaction" has been made. As a secondary measure, a valuation is made by applying relevant multiples to the holding's key ratios, derived from a relevant sample of comparable companies, with deduction for individually determined adjustments as a consequence of the size difference between the company being valued and the sample of comparable companies. In those cases when other measurement methods better reflect the fair value of a holding, this value is used.

Unlisted holdings in funds are measured at Investor's share of the value that the fund manager reports for all unlisted fund holdings (Net Asset Value) and is normally updated when a new valuation is received. If Investor's assessment is that the fund manager's valuation does not sufficiently take into account factors that affect the value of the underlying holdings, or if the valuation is considered to deviate considerably from IFRS principles, the value is adjusted.

When estimating the fair value market conditions, liquidity, financial condition, purchase multiples paid in other comparable third-party transactions, the price of securities of other companies comparable to the portfolio company, and operating results and other financial data of the portfolio company are taken in consideration as applicable. Representatives from Investor's management participate actively in the valuation process within Investor Growth Capital (IGC) and evaluate the estimated fair values for holdings in IGC and the EQT funds in relation to their knowledge of the development of the portfolio companies and the market. Listed holdings in funds are measured in the same way as listed holdings, as described above.

Derivatives
The valuation of currency interest rate swaps with long duration and limited liquidity is based on discounted cash flows according to the terms and conditions of the agreement and based on an estimated market rate for similar instruments with diverse durations.

Options
The value of unlisted options is calculated in accordance with the Black & Scholes valuation model.

Fair value of assets and liabilities not measured at fair value in the Balance Sheet
Interest-bearing liabilities
The fair value would be classified in level 3 and is based on market prices and generally accepted methods, in which future cash flows have been discounted at the current interest rate, including Investor's current credit rating, for the remaining life.

Loans, trade receivables and trade payables
The carrying amounts of loans, trade receivables and trade payables are considered to reflect their fair value.

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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 31 *Financial instruments*

Assets and liabilities measured at fair value

The table below indicates how fair value is measured for the financial instruments recognized at fair value in the Balance Sheet. The financial instruments are categorized on three levels, depending on how the fair value is measured:

Level 1: According to quoted prices (unadjusted) in active markets for identical instruments
Level 2: According to directly or indirectly observable inputs that are not included in level 1
Level 3: According to inputs that are unobservable in the market

Financial assets and liabilities by level

	12/31 2020					12/31 2019				
	Level 1	Level 2	Level 3	Other[1]	Total	Level 1	Level 2	Level 3	Other[1]	Total
Financial assets										
Shares and participations recognized at fair value	401,958	2,104	24,409	16	428,487	362,170	2,222	22,347	16	386,756
Other financial instruments	3,101		120	81	3,302	8,009	19	71	89	8,188
Long-term receivables			3,586	43	3,629		231	3,531	45	3,807
Other receivables		39		1,031	1,070	12	0	10	497	518
Shares and participations in trading operation	14				14	371				371
Short-term investments	8,222				8,222	4,386			1	4,387
Cash and cash equivalents	10,518			9,151	19,670	12,858			6,373	19,231
Total	**423,813**	**2,143**	**28,114**	**10,323**	**464,394**	**387,806**	**2,472**	**25,960**	**7,021**	**423,259**
Financial liabilities										
Long-term interest-bearing liabilities		269	59	81,448	81,776	0	257	56	73,993	74,306
Other long-term liabilities			4,179	492	4,670	243		3,936	315	4,494
Short-term interest-bearing liabilities				4,709	4,709	0	10		984	994
Other current liabilities	6	114	117	1,159	1,396	339	141	215	1,117	1,812
Total	**6**	**382**	**4,355**	**87,807**	**92,551**	**582**	**408**	**4,207**	**76,409**	**81,606**

1) To enable reconciliation with balance sheet items, financial instruments not valued at fair value as well as other assets and liabilities that are included within balance sheet items have been included within Other.

The table below indicates which valuation technique and which important unobservable input that has been used in order to estimate the carrying amounts of financial instruments in level 3. The inputs in the table below are not indicative of all the unobservable inputs that may have been used for an individual investment.

Valuation techniques

	Fair value				Range	
	12/31 2020	12/31 2019	Valuation technique	Input	12/31 2020	12/31 2019
Shares and participations	24,409	22,347	Last round of financing	N/A	N/A	N/A
			Comparable companies	EBITDA multiples	N/A	N/A
			Comparable companies	Sales multiples	0.9–6.5	1.3–5.2
			Comparable transactions	Sales multiples	1.4–6.2	1.3–3.6
			Net Asset Value	N/A	N/A	N/A
Other financial instruments	120	71	Discounted cash flow	Market interest rate	N/A	N/A
Long-term and short-term receivables	3,586	3,541	Discounted cash flow	Market interest rate	N/A	N/A
Long-term interest bearing liabilities	59	56	Discounted cash flow	Market interest rate	N/A	N/A
Other provisions and liabilities	4,296	4,151	Discounted cash flow		N/A	N/A

All valuations in level 3 are based on assumptions and judgments that management consider to be reasonable based on the circumstances prevailing at the time. Changes in assumptions may result in adjustments to reported values and the actual outcome may differ from the estimates and judgments that were made.

The unlisted part of Financial Investments portfolio companies, corresponds to 92 percent of the portfolio value (93). Part of the unlisted portfolio is valued based on comparable companies, and the value is dependent on the level of the multiples. The multiple ranges provided in the note show the minimum and maximum value of the actual multiples applied in these valuations. A 10 percent change of the multiples would have an effect on the Financial Investments portfolio value of approximately SEK 100m (100).

For the derivatives, a parallel shift of the interest rate curve upwards by one percentage point would affect the profit/loss and equity positively by approximately SEK 1,000m (1,000).

Note 31 *Financial instruments*

The table below shows a reconciliation between opening and closing balance for the financial instruments recognized at fair value in the Balance Sheet derived from a valuation technique of unobservable input (level 3). No transfers have been made between level 1 and 2.

Changes of financial assets and liabilities in level 3

12/31 2020	Shares and participations recognized at fair value	Other financial investments	Long-term receivables	Other current receivables	Total financial assets	Long-term interest-bearing liabilities	Other long-term liabilities	Other current liabilities	Total financial liabilities
Opening balance	22,347	71	3,531	10	25,960	56	3,936	215	4,207
Total gains or losses in profit/loss									
in line Changes in value	4,446		238		4,684		–77		–77
in line Net financial items			–408		–408	3	974	–101	876
in line Cost of goods and services sold		18			18				
Reported in other comprehensive income									
in line Foreign currency translation	–1,318	–16	–28		–1,363		–230	5	–225
Acquisitions	4,222	69	281		4,572		6		6
Divestments	–5,287	–20	–29	–10	–5,346		–1		–1
Issues							44		44
Settlements							–398	–77	–475
Reclassification							–76	76	–
Transfers out of level 3		–2			–2				
Carrying amount at year-end	**24,409**	**120**	**3,586**	**–**	**28,114**	**59**	**4,179**	**117**	**4,355**
Total gains or losses for the period included in profit/loss for financial instruments held at the end of the period (unrealized results)									
Changes in value	3,645				3,645		–1,037		–1,037
Net financial items			–408		–408	–3			–3
Total	**3,645**		**–408**		**3,237**	**–3**	**–1,037**		**–1,040**

12/31 2019	Shares and participations recognized at fair value	Other financial investments	Long-term receivables	Other current receivables	Total financial assets	Long-term interest-bearing liabilities	Other long-term liabilities	Other current liabilities	Total financial liabilities
Opening balance	25,936	67	2,553		28,556	47	3,164	86	3,297
Total gains or losses									
in profit/loss	3,123	2	937	10	4,072	9	409		418
in other comprehensive income	403	2	4		409		51	3	54
Acquisitions	6,886	0	55		6,940		328	126	453
Divestments	–11,261				–11,261		–16		–16
Settlements			–18		–18		0		0
Transfers out of level 3	–2,739				–2,739				
Carrying amount at year-end	**22,347**	**71**	**3,531**	**10**	**25,960**	**56**	**3,936**	**215**	**4,207**
Total gains or losses for the period included in profit/loss for financial instruments held at the end of the period (unrealized results)									
Changes in value	1,109				1,109		4,818		4,818
Net financial items			850		850	–9			–9
Total	**1,109**		**850**		**1,959**	**–9**	**4,818**		**4,809**

Net amounts of financial assets and liabilities

No financial assets and liabilities have been set off in the Balance Sheet. The table below shows financial assets and liabilities covered by master netting agreements (ISDA).

	12/31 2020			12/31 2019		
Financial assets	Gross and net amount	Financial instruments not set off in the Balance sheet	Net amount	Gross and net amount	Financial instruments not set off in the Balance sheet	Net amount
Shares[1)]	–	–	–	934	–338	597
Derivatives[2)]	2,015	–328	1,687	2,653	–314	2,340
Derivatives[3)]	18	–5	14	4	0	4
Total	**2,033**	**–332**	**1,701**	**3,592**	**–652**	**2,940**

1) Included in the Balance sheet under Shares and participations valued at fair value, SEK 428,487m (386,756).
2) Included in the Balance sheet under Long-term receivables, SEK 3,629m (3,807).
3) Included in the Balance sheet under Other receivables, SEK 1,070m (518).

	12/31 2020			12/31 2019		
Financial liabilities	Gross and net amount	Financial instruments not set off in the Balance sheet	Net amount	Gross and net amount	Financial instruments not set off in the Balance sheet	Net amount
Derivatives[1)]	328	–328	–	314	–314	–
Derivatives[2)]	–	–	–	10	–	10
Securities lending[3)]	17	–5	12	440	–338	102
Total	**345**	**–332**	**12**	**764**	**–652**	**112**

1) Included in the Balance sheet under Long-term interest bearing liabilities, SEK 81,776m (74,306).
2) Included in the Balance sheet under Current interest-bearing liabilities, SEK 4,709m (994).
3) Included in the Balance sheet under Other liabilities, SEK 1,396m (1,812).

The Groups derivatives are covered by ISDA agreements. For repurchase agreements GMRA agreements exist and for securities lending there are GMSLA agreements. According to the agreements the holder has the right to set off the derivatives and keep securities when the counterparty does not fulfill its commitments.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 31 *Financial instruments*

Accounting policies

Derivatives

Derivatives, such as forwards, options and swaps, are used to offset the risks associated with fluctuations in exchange rates and share prices, as well as the exposure to interest rate risks. Derivatives are initially recognized at fair value through profit/loss, which means that transaction costs are charged to profit/loss for the period. In the following periods, the derivative instrument is recognized at fair value and changes in the value are recognized in the Income Statement as income or expense (part of operating profit) or as part of net financial items. Where they are reported is based on the purpose of the derivative and whether its use is related to an operating item or a financial item. The interest rate coupon from an interest rate swap is recognized as interest and value changes are recognized as other financial items as a component of financial net, provided that the interest rate swap is not part of a cash flow hedge, which is accounted for according to the description below. Disclosures related to derivatives can also be found in note 3, Financial risks and risk management.

Hedge accounting

Investor applies hedge accounting in order to reduce fluctuations in profit/loss related to hedging of interest rate risks and currency risks. When hedge accounting is applied, value changes related to the hedging instrument is presented in profit/loss at the same time as the result from the hedged item. The effective part of the hedge is presented in the same component of the income statement as the hedged item.

Receivables and liabilities in foreign currency

Currency derivatives are used to hedge receivables and liabilities against foreign exchange rate risks. Hedge accounting is not used to protect against foreign exchange risk since an economic hedge has already been reflected in the financial statements. This occurs by recognizing the underlying receivable or liability at the closing rate and the hedge instrument at fair value in the Income Statement.

Hedging of interest rate and exchange rate risks – fair value hedges

In some cases, the Group uses derivatives as hedging instruments for different types of financial risks connected with the Group's external borrowing. For example, a fixed rate loan in foreign currency can be swapped to floating rate SEK with foreign currency interest rate swaps. The loan's credit spread component on initial recognition is not included in the hedging relationship. The so-called FX basis spread is defined as a hedging cost and is not part of the hedge either. The market value of the hedging instrument relating to basis spread is instead accounted for in equity.

As long as hedge accounting is applied, the carrying value of the hedged item is adjusted for fair value changes attributable to the risk being hedged, and those fair value changes are recognized in profit/loss. The hedging instrument is measured at fair value, with changes in fair value also recognized in profit/loss.

Hedging of the Group's interest rate exposure – cash flow hedges

In some cases Investor uses interest rate swaps to control the exposure to variability in cash flows of future interest rate fluctuations for loans with a variable interest rate. In the Balance Sheet, interest rate swaps are valued at fair value. The interest rate coupon is recognized on an on-going basis in the Income Statement as a component of interest expense. Unrealized changes to the fair value of interest rate swaps are recognized in Other Comprehensive income and are included as a component of the hedging reserve until the hedged item has an effect on the Income Statement and as long as the criteria for hedge accounting and effectiveness are met.

Hedging of the Group's currency exposure – cash flow hedges

Normally cash flows in foreign currencies are not hedged. However specific unusual currency cash flows in some cases can be hedged. In the Balance Sheet, these contracts are valued at fair value. Unrealized changes to the fair value of currency contracts are recognized in Other Comprehensive income and are included as a component of the hedging reserve until the hedged item has an effect on the Income Statement and as long as the criteria for hedge accounting and effectiveness are met.

Hedging of currency risk in foreign net investments

In the consolidated Balance Sheet, investments in foreign operations are reported as net assets in subsidiaries. The Group do not apply hedge accounting for the currency risk in foreign net investments.

Hedging instruments together with hedged items and derivatives without hedge accounting

	Nominal amount Remaining term		Nominal amount		Assets Carrying amount		Liabilities Carrying amount		Changes in fair value		Accumulated amount of fair value change	
	<1 year	>1 year	12/31 2020	12/31 2019	12/31 2020	12/31 2019	12/31 2020	12/31 2019	2020	2019	12/31 2020	12/31 2019
Fair value hedges												
Contracts related to interest rate												
Interest Rate Swaps										–3		
Bonds										3		
Ineffectiveness[1]										0		
Contracts related to foreign currency												
Currency Swaps	2,772	5,865	8,637	8,637	2,037	2,653			–604	905	2,101	2,718
Bonds				–8,637			10,683	11,308	625	–806	–2,110	–2,735
Ineffectiveness[1]									21	99		
Cash flow hedges												
Contracts related to interest rate												
Interest Rate Swaps	100	2,961	3,060	3,587			152	22	–133	–22	–3	–22
Loans							3,060	3,587	140	22	3	22
Ineffectiveness[1]									7	0		
Contracts related to foreign currency												
Currency Swaps	1,046		1,046		17		–16		4			
Ineffectiveness[1]												
Total Hedging instruments	**3,917**	**8,826**	**12,743**	**12,224**	**2,054**	**2,653**	**136**	**22**	**–732**	**880**	**2,098**	**2,696**
Total Hedged items							**13,743**	**14,895**	**765**	**–781**	**–2,107**	**–2,713**
Total Ineffectiveness[1]									**28**	**99**		

1) The gain/loss attributable to the ineffective component in all hedging relations are accounted for within the profit/loss items Financial income/cost in the Consolidated Income Statement.

Hedging instruments with a positive fair value are in the Consolidated Balance Sheet reported within the balance sheet items current and long-term receivables respectively. Hedging instruments with a negative fair value are in the Consolidated Balance Sheet reported within the balance sheet items current and long-term liabilities respectively.

Note 32 Pledged assets and contingent liabilities

Accounting policies
A contingent liability exists when there is a possible obligation depending on whether some uncertain future event occurs, or, when there is a present obligation, but payment is not probable or the amount cannot be measured reliably. A provision is recognized if and only if a present obligation (legal or constructive) has arisen as a result of a past event (the obligating event), the payment is probable (more likely than not), and the amount can be estimated reliably.

Pledged assets	12/31 2020	12/31 2019
In the form of pledged securities for liabilities and provisions		
Real estate mortgages	3,173	3,147
Shares etc.[1)]	17,759	11,251
Other pledged and equivalent collateral		
Bank Guarantee	3	3
Total pledged assets	**20,935**	**14,400**

1) Pledged shares for loans in subsidiaries.

Contingent liabilities	12/31 2020	12/31 2019
Guarantee commitments to FPG/PRI	1	1
Guarantees on behalf of associates	–	–
Other contingent liabilities	1,077	2,310
Total contingent liabilities	**1,078**	**2,311**

Other contingent liabilities consist of warranties within the wholly-owned subsidiaries. The decrease in contingent liabilities is mainly related to the change in appeals regarding deducted interest expenses.

Investor AB's subsidiaries have historically claimed deductions for interest expenses, some have been denied by the tax authorities. Investor has always believed that these deductions have been claimed rightfully and appealed the cases during 2019. In 2020, the deductions were tried in court and the outcome was in favor of Investor and the deductions consequently allowed. The interest deductions that were challenged by the tax authorities were treated as contingent liabilities with SEK 377m in 2019. These are no longer treated as contingent liabilities.

The credit facilities within the wholly-owned subsidiaries are subject to financial covenants.

Note 33 Related party transactions

The following additional information about related parties is being provided in addition to what has been reported in other notes to the financial statements.

Relations with related parties
The Knut and Alice Wallenberg Foundation has significant influence over Investor (in accordance with the definition in IAS 24 Related Party Disclosures) and therefore a related party relationship (see Other related party in the table below). Investor has also a related party relationship with its subsidiaries and associated companies.

Companies with common board members
In addition to the above-noted relations with related parties, there are a number of companies in which Investor and the company have common board members. Since these situations do not imply influence of the type described in IAS 24, information has not been provided in this note.

Related party transactions
Transactions with related parties are priced according to market terms, for information about the Parent Company see note P18, Related party transactions.

With key management personnel
See note 11, Employees and personnel costs for information about salaries and other compensation, costs and commitments regarding pensions and similar benefits, and severance payment agreements for the board, President and other senior executives.

Investment programs
Selected senior staff and other senior executives within Patricia Industries have had the opportunity for a number of years to make parallel investments to some extent with Investor. The Carried interest plans created within the former Investor Growth Capital (IGC), are designed in accordance with market practice in the venture capital market and provide an economic incentive for managers and encourage personal commitment to analysis and investment work since the result is directly connected to the financial performance of the business. Carried interest plans are linked to realized growth in the value of holdings, after deduction for costs, seen as a portfolio.

During the year, a total of SEK 7m was paid out to senior staff within Investor from these programs (4). The provision (not paid out) on unrealized gains to senior staff amounted to SEK 5m at year-end (2). Expensed amounts were reported in the item "Changes in Value" in the Income Statement.

Related party transactions

	Associates		Other related party	
	2020	2019	2020	2019
Sales of products/services	10	9	10	10
Purchase of products/services	6	54		
Financial expenses	148	145		
Financial income	6	71		
Dividend received	3,241	6,265		
Dividend paid	–	–	1,381	1,995
Receivables	5,043	4,044	0	0
Liabilities	8,523	5,274	3	3

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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35
P1 P2 P3 P4 P5 P6 P7 P8 P9 P10 P11 P12 P13 P14 P15 P16 P17 P18

Note 34 Effects of changes in accounting policies

There has been no changes in accounting policies in 2020.

Leases

From January 1, 2019 Investor applies IFRS 16 Leases. Investor has used the new standard prospectively and therefore used the transition method to apply the standard retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings as of January 1, 2019. The lease liability initially recognized corresponds to the present value of the remaining lease payments, except short-term leases and leases of low value, discounted using the incremental borrowing rate as per January 1, 2019. The average incremental borrowing rate was 3.8 percent at the date of initial application of IFRS 16.

The right-of-use asset connected to the lease payments yet not paid, has initially in most cases been measured to an amount equal to the lease liability, adjusted for the amount of any prepaid or accrued lease payments relating to these lease contracts. In some cases, the right-of-use asset has been measured at its carrying amount as if the Standard had been applied since the commencement date instead, but discounted using the incremental borrowing rate at January 1, 2019. This method has had an effect on retained earnings of SEK –25m. The total right-of-use assets as per January 1, 2019, were SEK 3,023m. Of these, SEK 2,809m was buildings and land and mainly related to rental agreements for offices and industrial premises. The effect on the Consolidated Income Statement was SEK –40m during 2019. This due to leasing costs being reversed and instead being accounted for as depreciation and interest expense, applying an effective interest method. In the Consolidated Cash Flow the cash payments within Operating activities have decreased correspondingly and are instead reported as interest paid within Operating activities and repayment of borrowings within Financing activities.

Effect on the Consolidated Balance Sheet due to changes in accounting policies

	Reported as per 12/31 2018	Adjustment due to IFRS 16	Adjusted as per 1/1 2019
Buildings and land	7,098	2,809	9,907
Whereof finance leases	111[1)]	2,809	2,920
Machinery and equipment	3,362	214	3,576
Whereof finance leases	17[1)]	214	231
Shares and participations in associates	4,191	–25[2)]	4,166
Other receivables (current)	318	–41[3)]	277
Total equity	327,690	–25	327,665
Long-term interest-bearing liabilities	63,866	2,380	66,246
Whereof lease liabilities	106[1)]	2,380	2,487
Current interest-bearing liabilities	3,845	602	4,447
Whereof lease liabilities	16[1)]	602	618

1) Finance leases according to IAS 17.
2) Increase due to the effect of changed accounting policy in Three Scandinavia.
3) Adjustment for prepaid lease payments.

Reconciliation of operating lease commitments (IAS 17) and reported lease liabilities (IFRS 16)

Non-cancellable future lease payments as of December 31, 2018	**4,537**
Financial lease liability as of December 31, 2018	123
Short-term lease contracts	–36
Low value lease contracts	–33
Effects of extension options	485
Effects of reclassification of lease contracts	–24
Effects of adjustments of indexes or other variable fees	–90
Effects due to discounting	–764
Effects due to divested operations	–1,133
Exchange rate differences	40
Lease liability as of January 1, 2019	**3,105**

Investment Property

From mid-January, 2019, certain properties are classified as Investment Property according to IAS 40 due to the properties being leased out to external lessees after that time. These properties were previously used for services within the Group and therefore classified as owner-occupied property reported according to the revaluation model less accumulated depreciation and revaluation adjustments. The effect on the Consolidated Balance Sheet at the time for reclassification was as follows:

Buildings and land reported as owner-occupied property	–1,794
Investment Property	1,794
Effect on total equity	**–**

Note 35 Subsequent events

Christian Cederholm appointed Head of Patricia Industries

On January 20, 2021, Investor announced that Christian Cederholm has been appointed Head of Patricia Industries. Christian previously was Co-Head together with Noah Walley. Noah Walley will retire from full-time employment and assume a role as Senior Advisor to Patricia Industries and Investor.

Transactions in Ericsson shares

Investor AB communicated on February 24, 2021, in conjunction with a placing, that Investor entered into an agreement to sell 5,000,000 Ericsson B shares and to acquire 5,000,000 Ericsson A shares. Both the buy and sell transaction were conducted at a share price of SEK 103.85. Following the transactions, Investor's ownership will amount to 23.6 percent of the votes compared to 22.8 percent prior to the transaction. Investor's ownership of the capital remains unchanged at 7.7 percent.

Parent Company

The Parent Company's result after financial items was SEK 22,855m (76,699). The result is mainly related to Listed Companies which contributed to the result with dividends amounting to SEK 6,433m (8,867) and value changes of SEK 18,996m (68,962).

During 2020, the Parent Company invested SEK 15,289m in financial assets (4,912), of which SEK 11,572m in Group companies (583) and purchases in Listed Companies of SEK 3,380m (4,328). The Parent Company divested SEK 3,000m in Group Companies (8,235) and SEK 18m (21) in Listed Companies during the year. The Parent Company issued a new bond with a nominal amount of EUR 600m. By the end of the period, Shareholder's equity totaled SEK 345,742m (329,661).

Parent Company Income Statement

SEK m	Note	2020	2019
Dividends		6,433	8,867
Changes in value	P8, P9	18,996	68,962
Net sales		11	12
Operating costs	P2	–388	–387
Result from participation in group companies	P7	–2,400	–
Operating profit/loss		**22,652**	**77,453**
Profit/loss from financial items			
Results from other receivables that are non-current assets	P3	–340	2,017
Interest income and similar items	P4	2,206	0
Interest expenses and similar items	P4	–1,663	–2,771
Profit/loss after financial items		**22,855**	**76,699**
Tax	P1	–	–
Profit/loss for the year		**22,855**	**76,699**

Parent Company Statement of Comprehensive Income

SEK m	2020	2019
Profit/loss for the year	22,855	76,699
Other Comprehensive income for the year, net taxes		
Items that will not be recycled to profit/loss for the year		
Remeasurements of defined benefit plans	3	–14
Hedging cost	–3	–2
Total Other Comprehensive income for the year	**1**	**–16**
Total Comprehensive income for the year	**22,856**	**76,683**

Parent Company Balance Sheet

SEK m	Note	12/31 2020	12/31 2019
ASSETS			
Non-current assets			
Intangible assets			
Capitalized expenditure for software	P5	3	3
Property, plant and equipment			
Equipment	P6	12	10
Financial assets			
Participations in Group companies	P7	50,179	44,007
Participations in associates	P8, P15	233,736	209,281
Other long-term holdings of securities	P9	103,631	105,721
Receivables from Group companies	P10	12,395	17,112
Total non-current assets		**399,957**	**376,134**
Current assets			
Trade receivables		0	1
Receivables from Group companies		4,087	1,925
Receivables from associates		0	2
Tax assets		9	10
Other receivables		1	0
Prepaid expenses and accrued income	P11	51	60
Cash and cash equivalents		–	–
Total current assets		**4,149**	**1,998**
TOTAL ASSETS		**404,106**	**378,132**

SEK m	Note	12/31 2020	12/31 2019
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		4,795	4,795
Statutory reserve		13,935	13,935
Reserve for development expenditures		2	3
		18,732	**18,733**
Unrestricted equity			
Accumulated profit/loss		304,155	234,229
Profit/loss for the year		22,855	76,699
		327,010	**310,928**
Total equity		**345,742**	**329,661**
Provisions			
Provisions for pensions and similar obligations	P12	109	112
Other provisions	P13	41	25
Total provisions		**150**	**138**
Non-current liabilities			
Interest-bearing liabilities	P14	37,640	37,164
Liabilities to Group companies		7,094	10,224
Other long-term liabilities		15	9
Total non-current liabilities		**44,749**	**47,397**
Current liabilities			
Interest-bearing liabilities	M14	3,718	–
Trade payables		14	12
Liabilities to Group companies		8,911	86
Liabilities to associates		0	0
Other liabilities		89	75
Accrued expenses and deferred income	P16	709	724
Other provisions	P13	24	40
Total current liabilities		**13,465**	**937**
TOTAL EQUITY AND LIABILITIES		**404,106**	**378,132**

For information regarding pledged assets and contingent liabilities see note P17, Pledged assets and contingent liabilities.

Parent Company Statement of Changes in Equity

SEK m	Restricted equity: Share capital	Restricted equity: Statutory reserve	Restricted equity: Reserve for development expenditures	Unrestricted equity: Accumulated profit/loss	Unrestricted equity: Profit/loss for the year	Total equity
Opening balance 1/1 2020	**4,795**	**13,935**	**3**	**310,928**		**329,661**
Profit/loss for the year					22,855	22,855
Other Comprehensive income for the year				1		1
Total Comprehensive income for the year				**1**	**22,855**	**22,856**
Dividend				–6,889		–6,889
Stock options exercised by employees				85		85
Equity-settled share-based payment transactions				29		29
Reclassification			–1	1		–
Closing balance 12/31 2020	**4,795**	**13,935**	**2**	**304,155**	**22,855**	**345,742**

SEK m	Restricted equity: Share capital	Restricted equity: Statutory reserve	Restricted equity: Reserve for development expenditures	Unrestricted equity: Accumulated profit/loss	Unrestricted equity: Profit/loss for the year	Total equity
Opening balance 1/1 2019	**4,795**	**13,935**	**4**	**244,130**		**262,864**
Profit/loss for the year					76,699	76,699
Other Comprehensive income for the year				–16		–16
Total Comprehensive income for the year				**–16**	**76,699**	**76,683**
Dividend				–9,948		–9,948
Stock options exercised by employees				48		48
Equity-settled share-based payment transactions				13		13
Reclassification			–1	1		–
Closing balance 12/31 2019	**4,795**	**13,935**	**3**	**234,229**	**76,699**	**329,661**

Distribution of share capital

The Parent Company's share capital on December 31, 2020, as well as on December 31, 2019, consists of the following numbers of shares with a quota of SEK 6.25 per share.

Share class	Number of shares	Number of votes	Share in % of: Capital	Share in % of: Votes
A 1 vote	311,690,844	311,690,844	40.6	87.2
B 1/10 vote	455,484,186	45,548,418	59.4	12.8
Total	**767,175,030**	**357,239,262**	**100.0**	**100.0**

For information regarding repurchased own shares, see page 38.

Dividend
For the Board of Director's proposed Disposition of Earnings, see note 25, Equity.

Parent Company Statement of Cash Flow

SEK m	2020	2019
Operating activities		
Dividends received	6,433	8,867
Cash payments	–259	–363
Cash flow from operating activities before net interest and income tax	**6,174**	**8,504**
Interest received	903	1,058
Interest paid	–1,691	–1,608
Income tax paid	2	0
Cash flow from operating activities	**5,387**	**7,954**
Investing activities		
Share portfolio		
Acquisitions	–3,383	–4,333
Divestments	18	21
Other items		
Capital contributions to/from subsidiaries	–8,572	3,000
Acquisitions of property, plant and equipment/intangible assets	–5	0
Net cash used in investing activities	**–11,943**	**–1,313**
Financing activities		
Proceeds from borrowings	6,095	5,323
Repayment of borrowings	–	–1,287
Change, intra-group balances	7,350	–730
Dividends paid	–6,889	–9,948
Net cash used in financing activities	**6,556**	**–6,642**
Cash flow for the year	**–**	**–**
Cash and cash equivalents at beginning of the year	**–**	**–**
Cash and cash equivalents at year-end	**–**	**–**

The Parent Company does not report cash and cash equivalents since liquidity needs are covered by funds in the joint bank account for the Group. These funds are reported as balances with the Group's internal bank, AB Investor Group Finance.

Note P1 Accounting policies

The Annual Accounts Act and RFR 2 Accounting for Legal Entities has been applied for the Parent Company. The Parent Company applies the same accounting policies as the Group unless otherwise noted. Any differences between the accounting policies of the Parent Company and those of the Group are caused by limitations to the application of IFRS in the Parent Company because of the Swedish Annual Accounts Act. Significant accounting policies for the Parent Company that differs from the Group are presented in this note. Other significant accounting policies are presented in note 1, Significant accounting policies and in connection to respective note to the consolidated financial statements.

Subsidiaries

Subsidiaries are companies in which Investor AB is able to exert a controlling influence. Controlling influence is the power to, either directly or indirectly, govern the financial and operating policies of an entity in order to obtain economic benefits from its activities.

In the Parent Company, participations in Group companies are recognized in accordance with the cost method and in legal entities, transaction costs attributable to business combinations will be included in the acquisition cost.

Contingent consideration is valued based on the likelihood that the consideration will be paid. Any changes to the provision/receivable result in an increase/decrease in the cost of acquisition. On each balance sheet date, the carrying amounts are reviewed to determine if there are any indications of impairment. Dividends from subsidiaries are included in the Parent Company's operating profit/loss.

Shareholders' contribution

Shareholders' contributions are recognized directly in equity by the receiver and are capitalized in Participations in Group companies by the giver to the extent that no impairment loss is required.

Associates

Based on how Investor controls and monitors the companies' operations, Participations in associates are recognized at fair value in accordance with IFRS 9. For further information see note 20, Shares and participations in associates.

Borrowing costs

In the Parent Company, borrowing costs are charged to profit/loss during the period they pertain to. Borrowing costs are not capitalized.

Financial guarantees

The Parent Company's financial guarantee contracts consist primarily of guarantees on behalf of subsidiaries and associates.

The Parent Company applies RFR 2 IFRS 9 item 1, to account for financial guarantee contracts issued on behalf of associates, which is somewhat more lenient than the rules in IFRS 9, due to the relationship between accounting and taxation. The Parent Company recognizes financial guarantee contracts as a provision in the Balance Sheet when the company has a commitment for which payment will most likely be required.

Tax regulation

The Parent Company is taxed in accordance with the Swedish rules for certain holding companies. The purpose of these rules is to allow reallocations of its holdings without tax consequences. To be eligible for these rules, the company should, almost exclusively, manage an equity portfolio providing the shareholders risk allocation. The regulations for industrial holding companies imply that capital gains on shares are not taxable and corresponding capital losses are non-deductible. Dividends received and interest income are both taxable items, while administrative costs, interest expenses and dividend paid are all deductible. Moreover, the Parent Company declares a standard income of 1.5 percent on the market value of listed shares when the voting rights at the beginning of the year are less than 10 percent, or when they exceed 10 percent but, at the beginning of the year, had been owned for less than one year. As a consequence of these tax regulations, the Parent Company typically does not pay income tax. For the same reason, the Parent Company does not report deferred tax attributable to temporary differences. The regulations for industrial holding companies also imply that the Parent Company may neither give nor receive Group contributions.

Leases

The Parent Company applies RFR 2 IFRS 16 item 1, and therefore recognize leases in the Income Statement on a straight-line basis over the lease term.

Note P2 Operating costs

Personnel

Expensed wages, salaries and other remunerations amounted to SEK 253m (246), of which social costs SEK 58m (53). The average number of employees at year-end were 71 (72). For more information see note 11, Employees and personnel costs on page 71.

Auditor's fees and expenses

	2020	2019
Auditor in charge	*Deloitte*	*Deloitte*
Auditing assignment	2	2
Other audit activities	–	0
Total	**2**	**2**

Leases

Non-cancellable future lease payments	2020	2019
Less than 1 year from balance sheet date	12	10
1-5 years from balance sheet date	0	0
Total	**12**	**10**
Costs for the year		
Minimum lease payments	–16	–14
Total	**–16**	**–14**

Lease contracts are mainly related to rental agreement for office building.

Note P3 Results from other receivables that are non-current assets

	2020	2019
Interest income from Group companies	888	988
Changes in value	–284	209
Other interest income	39	44
Exchange rate differences	–984	776
IS Total	**–340**	**2,017**

Note P4 Other net financial items

	2020	2019
Interest income and similar items		
Changes in value	268	–
Exchange rate differences	1,938	–
IS Total	**2,206**	**–**

	2020	2019
Interest expenses and similar items		
Interest expenses to Group companies	–331	–347
Changes in value	–	–151
Changes in value attributable to long-term share-based remuneration	–34	–36
Net financial items, internal bank	–	0
Interest expenses, other borrowings	–1,271	–1,346
Exchange rate differences	–	–859
Other	–27	–30
IS Total	**–1,663**	**–2,771**

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Note P5 Intangible assets

Capitalized expenditure for software	12/31 2020	12/31 2019
Accumulated costs		
Opening balance	28	29
Acquisitions	2	0
Disposals	–	–
At year-end	**30**	**28**
Accumulated amortization and impairment losses		
Opening balance	–25	–24
Disposals	–	–
Amortizations	–2	–2
At year-end	–27	–25
BS Carrying amount at year-end	**3**	**3**
Allocation of amortizations in Income Statement		
Operating costs	–2	–2
Total	**–2**	**–2**

Note P6 Property, plant and equipment

Equipment	12/31 2020	12/31 2019
Accumulated costs		
Opening balance	34	34
Acquisitions	4	0
Sales and disposals	–	0
At year-end	**37**	**34**
Accumulated depreciation and impairment		
Opening balance	–24	–24
Sales and disposals	–	0
Depreciation for the year	–1	–1
At year-end	–25	–24
BS Carrying amount at year-end	**12**	**10**

Note P7 Participations in Group companies

Specification of the Parent Company's direct holdings of participations in Group companies

		Ownership interest in %[1]		Carrying amount	
Subsidiary, Registered office, Registration number	Number of shares	12/31 2020	12/31 2019	12/31 2020	12/31 2019
Investor Holding AB, Stockholm, 556554-1538	1,000	100.0	100.0	1,493	2,793
Patricia Industries AB, Stockholm, 556752-6057	100,000	100.0	100.0	29,639	23,539
Invaw Invest AB, Stockholm, 556270-6308[2]	10,000	100.0	100.0	8,299	12,099
Patricia Industries II AB, Stockholm, 556619-6811	1,000	100.0	100.0	8,754	3,282
Innax AB, Stockholm, 556619-6753[3]	1,000	100.0	100.0	1,579	1,879
AB Investor Group Finance, Stockholm, 556371-9987[4]	100,000	100.0	100.0	416	416
BS Carrying amount				**50,179**	**44,007**

1) Refers to share of equity, which also corresponds to the share of voting power.
2) Holding company of the shares in Wärtsilä.
3) Holding company of the shares in Nasdaq.
4) The Group's internal bank.

Other material indirect holdings in subsidiaries

	Ownership interest in %[1]	
Subsidiary, Registered office	12/31 2020	12/31 2019
Advanced Instruments Inc., Massachusetts	98.2	–
Braun Holdings Inc., Indiana	95.0	95.2
Investor Growth Capital AB, Stockholm[2]	100.0	100.0
Investor Investment Holding AB, Stockholm[3]	100.0	100.0
Laborie, Toronto	98.5	98.4
Mölnlycke AB, Gothenburg	98.8	98.8
Permobil Holding AB, Timrå	91.0	91.0
Piab AB, Täby	91.1	91.1
Sarnova, Columbus	89.2	86.3
The Grand Group AB, Stockholm	100.0	100.0
Vectura Fastigheter AB, Stockholm	100.0	100.0

1) Refers to share of equity.
2) Holding company of Investor Growth Capital Inc.
3) Holding company of the shares in EQT AB.
4) Attributable to impairment in Invaw Invest AB.

Changes in participations in group companies	12/31 2020	12/31 2019
Accumulated costs		
Opening balance	45,148	48,148
Acquisitions and capital contributions	11,572	500
Divestments and repaid capital contribution	–3,000	–3,500
At year-end	**53,720**	**45,148**
Accumulated impairment losses		
Opening balance	–1,140	–1,140
Impairments	–2,400[4]	–
At year-end	–3,540	–1,140
BS Carrying amount at year-end	**50,179**	**44,007**

The Investor Group consists of 6 wholly-owned subsidiaries to Investor AB, see table above, and a number of indirect holdings of which the material indirect holdings in subsidiaries are stated in the table above. In the subgroups Mölnlycke, Permobil, Piab, BraunAbility, Sarnova, Laborie and Advanced Instruments non-controlling interests exists. None of these are considered material for Investor. Investor have assessed control over all subsidiaries due to the high ownership interest and Investor AB having direct or indirect power of the companies and has the right and ability to affect the returns. Investor also continuously assess whether it controls companies with ownership interests below 50 percent. The assessment is based on whether Investor has the practical ability to direct relevant activities unilaterally either through the boards or the annual general meetings of the companies. No companies where de facto control exists have been identified.

Note P8 Participations in associates

Specification of participations in associates

Company, Registered office, Registration number	Number of shares	Ownership capital/votes (%)	12/31 2020 Investor's share of Carrying amount[1]	Equity[2]	Profit/loss for the year[3]	12/31 2019 Investor's share of Carrying amount[1]	Equity[2]	Profit/loss for the year[3]
SEB, Stockholm, 502032-9081	456,198,927	21/21	38,761	35,764	1,066	40,124	32,386	4,197
Atlas Copco, Stockholm, 556014-2720	207,754,141	17/22	87,303	8,986	2,496	76,975	8,539	2,792
Ericsson, Stockholm, 556016-0680	256,104,764	8/23	25,989	6,674	579	20,063	5,944	160
Electrolux, Stockholm, 556009-4178	50,786,412	16/28	9,746	3,067	305	11,655	3,250	145
Electrolux Professional, Stockholm, 556003-0354	58,941,654	20/32	2,743	567	56	–	–	–
Swedish Orphan Biovitrum, Stockholm, 556038-9321	107,594,165	35/35	17,898	7,155	532	16,586	6,078	1,186
Saab, Linköping, 556036-0793	40,972,622	30/40	9,854	6,483	324	12,865	6,202	599
Husqvarna, Jönköping, 556000-5331	97,052,157	17/33	10,346	2,873	420	7,254	2,903	425
Epiroc, Stockholm, 556041-2149	207,757,845	17/23	31,096	4,052	279	23,759	3,892	1,004
BS Total participations in associates			**233,736**			**209,281**		

1) Carrying amount for associates valued at fair value, equals the quoted market price for the investment.
2) Equity refers to the ownership interest in the equity of a company including the equity component in untaxed reserves.
3) Profit/loss for the year refers to the share of the company's results after tax including the equity component in the change for the year in untaxed reserves.

Specification of carrying amount for participations in associates valued at fair value

	12/31 2020	12/31 2019
Opening balance	209,281	167,442
Acquisitions	1,261	75
Revaluations disclosed in Income Statement	23,193	41,764
BS Carrying amount at year-end	**233,736**	**209,281**

Note P9 Other long-term holdings of securities

	12/31 2020	12/31 2019
Opening balance	105,721	74,292
Acquisitions	2,118	4,253
Divestments	-13	–
Revaluations disclosed in Income Statement	–4,195	27,175
BS Carrying amount at year-end	**103,631**	**105,721**

Note P10 Receivables from Group companies

	12/31 2020	12/31 2019
Opening balance	17,112	20,960
New lending	337	83
Divestments/due/redeemed	–	–4,735
Reclassifications	-3,925	–
Unrealized change in value	-1,129	804
BS Carrying amount at year-end	**12,395**	**17,112**

Note P11 Prepaid expenses and accrued income

	12/31 2020	12/31 2019
Accrued interest income	31	34
Other financial receivables	3	6
Other	18	20
BS Total	**51**	**60**

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Note P12 Provisions for pensions and similar obligations

For more information see note 27, Provision for pensions and similar obligations.

Amounts recognized in Profit/loss for the year and Other Comprehensive income for defined benefit plans

Components of defined benefit cost (gain –)	2020	2019
Net interest expense	1	2
Total financial cost	**1**	**2**
Components recognized in profit or loss	**1**	**2**

Remeasurement on the net defined benefit liability (gain –)	2020	2019
Actuarial gains/losses, financial assumptions	–3	14
Actuarial gains/losses, experience adjustments	–1	0
Components in Other Comprehensive income	–3	**14**

Provision for defined benefit plans

The amount included in the Balance Sheet arising from defined benefit plan	12/31 2020	12/31 2019
Present value of unfunded obligations	109	112
Total present value of defined benefit obligations	**109**	**112**
BS Net liability arising from defined benefit obligations	**109**	**112**

Changes in the obligations for defined benefit plans during the year	12/31 2020	12/31 2019
Defined benefit plan obligations, opening balance	112	97
Interest cost	1	2
Remeasurement of defined benefit obligations		
Actuarial gains/losses, financial assumptions	–3	14
Actuarial gains/losses, experience adjustments	–1	0
Exchange difference on foreign plans	0	0
Benefit paid	–4	–4
Other	3	3
Obligations for defined benefit plans at year-end	**109**	**112**

Assumptions

Assumptions for defined benefit obligations	12/31 2020	12/31 2019
Discount rate	0.8	1.4
Future pension growth	2.0	2.0
Mortality assumption used	DUS14	DUS14

In the Parent Company Swedish mortgage backed bonds have been used as reference when determining the discount rate used for the calculation of the defined benefit obligation. The market for high quality Swedish mortgage backed bonds is considered to be deep and thereby fulfill the requirements of high quality corporate bonds according to IAS 19.

Defined contribution plans

Defined contribution plans	2020	2019
Expenses for defined contribution plans	39	28

Note P13 Other provisions

	12/31 2020	12/31 2019
Provisions expected to be paid after more than 12 months		
Provision for social security contributions for LTVR	31	13
Other	10	12
BS Total non-current other provisions	**41**	**25**
Provisions expected to be paid within 12 months		
Provision for social security contributions for LTVR	24	40
Other	–	–
BS Total current provisions	**24**	**40**
Total other provisions	**65**	**65**

Provision for social security contributions for long-term share-based remuneration (LTVR)
Investor operates LTVR programs which are offered to all employees. Provision is made for social security contributions connected to these programs. The provision will be used during the years 2021-2026.

Other
Other provisions are considered immaterial to specify.

12/31 2020	Social security LTVR	Other	Total other provisions
Opening balance	53	12	65
Provisions for the year	21	–	21
Reversals for the year	–19	–3	–22
Carrying amount at year-end	**55**	**10**	**65**
12/31 2019			
Opening balance	36	59	95
Provisions for the year	26	–	26
Reversals for the year	–9	–46	–55
Carrying amount at year-end	**53**	**12**	**65**

Note P14 Interest-bearing liabilities

	12/31 2020	12/31 2019
Long-term interest-bearing liabilities		
Bond loans	37,372	36,907
Related interest rate derivatives with negative value	268	257
BS Total	**37,640**	**37,164**
Short-term interest-bearing liabilities		
Bond loans	3,718	–
BS Total	**3,718**	**–**
Total interest-bearing liabilities and derivatives	**41,358**	**37,164**

	12/31 2020	12/31 2019
Carrying amounts		
Maturity, less than 1 year from balance sheet date	3,718	–
Maturity, 1-5 years from balance sheet date	7,959	11,821
Maturity, more than 5 years from balance sheet date	29,681	25,342
Total	**41,358**	**37,164**

Changes in liabilities arising from financing activities

			Non-cash changes				
12/31 2020	Opening balance	Cash flows	Reclassifications	Foreign exchange movements	Fair value changes	Other	Amount at year-end
Long-term interest-bearing liabilities	37,164	6,095	-3,700	-1,883	-91	56	37,640
Current interest-bearing liabilities	–	–	3,700	74	–	-56	3,718
Total liabilities from financing activities	**37,164**	**6,095**	**–**	**-1,809**	**-91**	**–**	**41,358**

			Non-cash changes				
12/31 2019	Opening balance	Cash flows	Reclassifications	Foreign exchange movements	Fair value changes	Other	Amount at year-end
Long-term interest-bearing liabilities	31,187	5,323	–	610	45	0	37,164
Current interest-bearing liabilities	1,138	-1,286	–	148			–
Total liabilities from financing activities	**32,325**	**4,037**	**–**	**758**	**45**	**0**	**37,164**

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Note P15 Financial instruments

Accounting policies

For accounting policies see note 31, Financial instruments.

Financial assets and liabilities by valuation category

	Financial instruments measured at fair value through profit/loss		Financial instruments measured at amortized cost		
12/31 2020	Financial assets/liabilities excluding derivatives used in hedge accounting	Derivatives used in hedge accounting		Total carrying amount	Fair value
Financial assets					
Other long-term holdings of securities	103,631			103,631	103,631
Participations in associates	233,736			233,736	233,736
Receivables from Group companies (non-current)		769	11,626	12,395	12,395
Accrued interest income			33	33	33
Trade receivables			0	0	0
Receivables from Group companies (current)			4,087	4,087	4,087
Receivables from associates			0	0	0
Other receivables			1	1	1
Total	**337,367**	**769**	**15,748**	**353,884**	**353,884**
Financial liabilities					
Loans (non-current)	269		37,372	37,640	45,512[1)]
Liabilities to Group companies (non-current)		1,621	5,472	7,094	7,094
Other liabilities (non-current)			15	15	15
Loans (current)			3,718	3,718	3,887[1)]
Trade payables			14	14	14
Liabilities to Group companies (current)			8,911	8,911	8,911
Liabilities to associates (current)			0	0	0
Accrued interest expenses			590	590	590
Other liabilities	71		18	89	89
Total	**339**	**1,621**	**56,111**	**58,071**	**66,113**

1) The Parent Company's loans are valued at amortized cost. Fair value on loans are presented in the table. For other assets and liabilities there are no differences between carrying amount and fair value.

Financial assets and liabilities by valuation category

	Financial instruments measured at fair value through profit/loss		Financial instruments measured at amortized cost		
12/31 2019	Financial assets/liabilities excluding derivatives used in hedge accounting	Derivatives used in hedge accounting		Total carrying amount	Fair value
Financial assets					
Other long-term holdings of securities	105,721			105,721	105,721
Participations in associates	209,281			209,281	209,281
Receivables from Group companies (non-current)		1,083	16,029	17,112	17,112
Accrued interest income			40	40	40
Trade receivables			1	1	1
Receivables from Group companies (current)			1,924	1,924	1,924
Receivables from associates			2	2	2
Other receivables			0	0	0
Total	**315,002**	**1,083**	**17,996**	**334,081**	**334,081**
Financial liabilities					
Loans (non-current)	257		36,906	37,164	44,120[1)]
Liabilities to Group companies (non-current)		1,979	8,244	10,224	10,224
Other liabilities (non-current)			9	9	9
Trade payables			12	12	12
Liabilities to Group companies (current)			86	86	86
Liabilities to associates (current)			0	0	0
Accrued interest expenses			618	618	618
Other liabilities	39		36	75	75
Total	**296**	**1,979**	**45,913**	**48,188**	**55,144**

1) The Parent Company's loans are valued at amortized cost. Fair value on loans are presented in the table. For other assets and liabilities there are no differences between carrying amount and fair value.

Note P15 *Financial instruments*

Result from financial assets and liabilities by valuation category

2020	Financial assets and liabilities measured at fair value through profit/loss: Financial assets excluding derivatives used in hedge accounting	Financial assets and liabilities measured at fair value through profit/loss: Financial liabilities excluding derivatives used in hedge accounting	Financial assets and liabilities measured at fair value through profit/loss: Derivatives used in hedge accounting	Financial assets and liabilities measured at amortized cost: Loans and receivables	Financial assets and liabilities measured at amortized cost: Other financial liabilities	Total
Operating profit/loss						
Dividends	6,433					6,433
Changes in value, including currency	19,023	–27				18,996
Net financial items						
Interest		10	–42	760	–1,419	–691
Changes in value		24	46	–152	66	–15
Exchange rate differences		–36	–	–801	1,791	954
Total	**25,456**	**–28**	**4**	**–194**	**439**	**25,677**

2019	Financial assets excluding derivatives used in hedge accounting	Financial liabilities excluding derivatives used in hedge accounting	Derivatives used in hedge accounting	Loans and receivables	Other financial liabilities	Total
Operating profit/loss						
Dividends	8,867					8,867
Changes in value, including currency	68,991	–29				68,962
Net financial items						
Interest		12	–42	860	–1,508	–678
Changes in value		2	–4	106	–47	58
Exchange rate differences		9	–	652	–744	–83
Total	**77,858**	**–5**	**–46**	**1,618**	**–2,299**	**77,126**

Assets and liabilities measured at fair value

The table below indicates how fair value is measured for the financial instruments recognized at fair value in the Balance Sheet. The financial instruments are categorized on three levels, depending on how the fair value is measured:

Level 1: According to quoted prices (unadjusted) in active markets for identical instruments
Level 2: According to directly or indirectly observable inputs that are not included in level 1
Level 3: According to inputs that are unobservable in the market

Financial assets and liabilities by level	12/31 2020					12/31 2019				
	Level 1	Level 2	Level 3	Other[1]	Total	Level 1	Level 2	Level 3	Other[1]	Total
Financial assets										
Participations associates	231,632	2,104			233,736	207,059	2,222			209,281
Receivables from Group companies (non-current)			769	11,626	12,395			1,083	16,029	17,112
Other long-term holdings of securities	103,624		7		103,631	105,714		7		105,721
Total	**335,256**	**2,104**	**776**	**11,626**	**349,762**	**312,774**	**2,222**	**1,090**	**16,029**	**332,114**
Financial liabilities										
Liabilities to Group companies (non-current)			1,621	5,472	7,094			1,979	8,244	10,224
Interest-bearing liabilities (non-current)		269		37,372	37,640		277		36,887	37,164
Other current liabilities		71		18	89		39		35	75
Total	–	**339**	**1,621**	**42,863**	**44,823**	–	**316**	**1,979**	**45,166**	**47,462**

1) To enable reconciliation with balance sheet items, financial instruments not valued at fair value as well as other assets and liabilities that are included within balance sheet items have been included within Other.

Note P15 *Financial instruments*

The table below shows a reconciliation between opening and closing balance for the financial instruments recognized at fair value in the Balance Sheet derived from a valuation technique of unobservable input (level 3). No transfers have been made between level 1 and 2.

Changes of financial assets and liabilities in level 3

12/31 2020	Other long-term holdings of securities	Long-term receivables	Total financial assets	Long-term interest-bearing liabilities	Total financial liabilities
Opening balance	7	1,083	1,089	1,979	1,979
Total gains or losses in profit/loss		–314	–314	–358	–358
Acquisitions					
Divestments					
Carrying amount at year-end	**7**	**769**	**775**	**1,621**	**1,621**
Total gains or losses for the period included in profit/loss for financial instruments held at the end of the period (unrealized results)					
Changes in value	–	–314	–314	–358	–358
Total	**–**	**–314**	**–314**	**–358**	**–358**

12/31 2019	Other long-term holdings of securities	Long-term receivables	Total financial assets	Long-term interest-bearing liabilities	Total financial liabilities
Opening balance	6	856	862	1,747	1,747
Total gains or losses in profit/loss		227	227	232	232
Acquisitions	1		1		
Divestments					
Carrying amount at year-end	**7**	**1,083**	**1,089**	**1,979**	**1,979**
Total gains or losses for the period included in profit/loss for financial instruments held at the end of the period (unrealized results)					
Changes in value	–	227	227	232	232
Total	–	**227**	**227**	**232**	**232**

Note P16 Accrued expenses and deferred income

	12/31 2020	12/31 2019
Accrued interest expenses	590	618
Personnel-related expenses	93	80
Other	26	26
BS Total	**709**	**724**

Note P17 Pledged assets and contingent liabilities

	12/31 2020	12/31 2019
Pledged assets		
In the form of pledged securities for liabilities and provisions		
Shares	0	563
Total pledged assets	**0**	**563**
Contingent liabilities		
Guarantees on behalf of Group companies	–	–
Guarantees on behalf of associates	–	–
Total contingent liabilities	**–**	**–**

Note P18 Related party transactions

The Parent Company is related with its subsidiaries and associated companies see note P7, Participations in Group companies and note P8, Participations in associates.

For related party transactions with other related party, see note 33, Related party transactions.

Related party transactions

	Group companies		Associates		Other related party	
	2020	2019	2020	2019	2020	2019
Sales of products/services	3	2	4	3		
Purchase of products/services	11	12	4	3		
Financial expenses	331	347				
Financial income	888	988				
Dividend received			2,911	5,785		
Dividend paid					1,381	1,995
Capital contributions	8,572	3,000				
Receivables	16,482	19,037				
Liabilities	16,005	10,311				

Auditor's report

To the annual general meeting of the shareholders of Investor AB (publ.)
Corp. Id 556013-8298

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Investor AB (publ) for the financial year January 1, 2020 – December 31, 2020 except for the corporate governance statement on pages 42-52 and the statutory sustainability report on pages 6-9, 14-17, 26-34, 40-41 and 116-122. The annual accounts and consolidated accounts of the company are included on pages 6-17 and 40-121 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 42-52 and the statutory sustainability report on pages 6-9, 14-17, 26-34, 40-41 and 116-122. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Governance over financial reporting

The companies within Patricia Industries are independent with separate internal control systems in place for their operating activities as well as processes for financial reporting.

Our audit focused on the internal governance over financial reporting for several reasons. Firstly, it is important to ensure that the information reported by each entity is prepared in accordance with IFRS. Secondly, it is important to have well established procedures to ensure timely and correct financial reporting. Thirdly, monitoring controls are important to ensure high quality reporting.

Investor's information regarding the principles applied for its consolidated financial statements are included in Note 1 Significant accounting policies and in Note 20 Shares and participation in associates further explanation on the method for accounting for associates is provided.

Our audit procedures included, but were not limited to:

- evaluating Investor's processes relating to internal controls over financial reporting and testing of relevant controls,
- evaluating relevant internal controls in relation to critical IT-systems used for financial reporting,
- evaluating Investor's monitoring controls over financial information reported from consolidated subsidiaries and associates reported under the equity method.

Valuation of listed and unlisted investments

Investor group's carrying value of listed investments amounted to SEK 404,062 million as of December 31, 2020.

We focused on the listed investments since the carrying value is significant, there is a risk that changes in ownership might not be properly recognized, and effects of dividend received might not be properly reflected in the carrying value.

Investor's principles for accounting for listed investments, disclosures regarding the investments and description of measurement of financial instruments are included in Note 31 Financial instruments.

Our audit procedures included, but were not limited to:

- evaluating the valuation process and testing of relevant controls,
- validating the holdings towards external statements,
- validating the fair value calculation arithmetically and comparing values to official share prices,
- evaluating the adequacy of disclosures relating to valuation of listed investments to ensure compliance with IFRS.

Investor group's carrying value of unlisted investments recognized at fair value amounted to SEK 24,409 million as of December 31, 2020. Investor's valuation policy is based on IFRS 13 and the International Private Equity and Venture Capital Valuation Guidelines. Inappropriate judgements made in the assessment of fair value could have a significant impact on the value of the unlisted investment.

We focused on the unlisted investments since the carrying value is material, the investment portfolio comprises a large number of unlisted securities and since the assessments made to arrive at the fair value is sensitive to judgements and estimates made.

Investor's principles for accounting for unlisted investments, disclosures regarding these investments and description of measurement of financial instruments are included in Note 31 Financial instruments.

Our audit procedures included, but were not limited to:

- evaluating the valuation process and testing of relevant controls,
- validating correct ownership percentages in and proper accounting for changes in such ownership,
- validating that the methodology applied in the valuation of the portfolio companies is in accordance with IFRS 13 and the International Private Equity and Venture Capital Valuation Guidelines,
- evaluating the relevance of multiples used in Patricia Industries' portfolio companies' estimated enterprise value calculations against market multiples from relevant transactions or market data.

Valuation of goodwill

Investor's acquisitions of Mölnlycke, Permobil, BraunAbility, Laborie, Sarnova, Piab and Advanced Instruments have led to a portion of the purchase price being allocated to intangible assets including goodwill. Changes in economic conditions or lower than expected development of performance may be indicators of potential impairment of the recoverable amount of these assets and hence the consolidated net asset value of Investor. The total carrying amount of goodwill relating to these holdings amounted to SEK 46,488 million as of December 31, 2020.

We focused on the assessments of the carrying value for the holdings above since value of goodwill is material and as the assessment of the recoverable amount may be sensitive to changes in assumptions.

Investor's disclosures regarding intangible assets are included in Note 16 Intangible assets, which specifically explains key assumptions used in the assessment of the recoverable amounts.

Our audit procedures included, but were not limited to:

- evaluating of management's annual process for impairment test of the carrying goodwill value,
- validating the valuations and financial development of each entity and discussing historical performance with management,
- by involving our valuation specialists, evaluating assumptions made in management's impairment tests such as weighted average cost of capital, perpetual growth rate, prospected revenue and profit growth, as well as comparing to historic performance and other benchmark data,
- evaluating the sensitivity of key assumptions,
- evaluating the adequacy of the disclosures related to valuation of goodwill and to ensure compliance IFRS.

Other information than the annual accounts and consolidated accounts

The other information consists of the remuneration report as well as the pages 1-5, 18-39 and 122-125 in this document that also contains other information than the annual accounts and consolidated accounts. The Board of Directors and the Managing Director are responsible for this other information. We expect to obtain the remuneration report after the date of this audit report.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Investor AB (publ) for the financial year January 1, 2020 – December 31, 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor´s report.

The auditor's examination of the corporate governance statement
The Board of Directors is responsible for the corporate governance statement on pages 42-52 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor´s opinion regarding the statutory sustainability report
The Board of Directors is responsible for the statutory sustainability report on pages 6-9, 14-17, 26-34, 40-41 and 116-122, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Deloitte AB, was appointed auditor of Investor AB (publ) by the general meeting of the shareholders on the 2020-06-17 and has been the company's auditor since 2013-04-15.

Stockholm March 22, 2021
Deloitte AB

Jonas Ståhlberg
Authorized Public Accountant

Sustainability Notes

Sustainability reporting

Investor's Sustainability Report 2020 is integrated in the Annual Report and covers the calendar year 2020. The content is mainly found on pages 6-9, 14-17 and in this supplement on pages 116–122.

The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, Core option, as well as the disclosure requirements set out in the Swedish Annual Accounts Act. The wholly-owned subsidiaries have sustainability sections on pages 26-34. The listed companies and a number of the companies within Patricia Industries also publish their own sustainability reports. The sustainability report has been reviewed by a third party, PwC, to ensure the accuracy and completeness of the reporting.

Our sustainability work is also disclosed on our website where our Sustainability Policy, Code of Conduct, guiding principle on tax, TCFD report and whistleblowing procedures are available. A mapping of Investor's existing sustainability reporting with references to SASB metrics is also available on our webpage. Investor reports its Communication of Progress to the UN Global Compact and climate data to CDP.

Stakeholder engagement

Investor continuously monitors its most significant economic, environmental and social impacts to ensure that Investor addresses the most important issues to its stakeholders. Key stakeholder groups have been identified based on their interest and potential impact from and on Investor's operations.

Investor's most significant sustainability topics have been identified and prioritized via ongoing engagements, dialogs, group meetings, and interviews with stakeholders through different channels and methods. Most of them are integrated in our regular work through for example ongoing dialog with investors, analysts, employees, suppliers and partners.

Stakeholders	Methods of engagement	Key topics
Employees incl. existing and potential	• Regular communication and meetings • Annual and semi-annual performance reviews • Employee surveys • Interviews and workshops • External surveys concerning employer brand and student perception • Internship programs	• Business ethics and governance • Diversity and inclusion • Employee development • Work-life balance • Climate
Investors and Analysts	• Annual Report and Interim Reports • Webcasts, website and press releases • Sustainability assessment/ surveys • Capital Market Days • Investor and analysts meetings and roadshows • Annual General Meetings	• Business ethics and governance • Economic performance • Climate • Diversity • Integrate sustainability in business model
Portfolio Companies	• Regular communication and meetings • Active representation in boards • Investor Sustainability Network • Annual assessment and follow-up	• Business ethics and governance • Climate and resource efficiency • Diversity and inclusion
Society incl. authorities, universities, experts, business partners, NGOs and media	• Annual Reports • Meetings with scientists and experts • Community engagement and dialog • Memberships and partnerships	• Compliance with laws and regulations • Transparency and reporting • Integrate sustainability in business model • Business ethics and governance • Environment and climate • Diversity and inclusion

The table shows the key stakeholder groups, methods we use to engage with them and the key sustainability topics raised.

Materiality assessment

The first materiality analysis was performed in 2016 and in 2019 we conducted an updated stakeholder dialog to reaffirm the results and prioritize the most material topics going forward. The stakeholders raised the importance of Investor encouraging the portfolio companies to create sustainable business models and work in a sustainable way. All of our stakeholders stress the importance of active governance of sustainability issues both as a company and as an owner in order to ensure Investor's long-term attractiveness as an investment. The results from different stakeholders showed great similarities when it comes to what was most valued. Topics that have been raised by our key stakeholders are governance, business ethics, anti-corruption, climate and diversity. All stakeholders considered these topics to be very important.

Material topic	Boundary and impact
Business Ethics & Governance	Impact within and outside the organization. Ethical business conduct is the foundation for our and our portfolio companies' long-term success. The information regarding the material topic covers Investor AB and aggregated data for our portfolio companies.
Diversity & Inclusion	Impact within and outside the organization. Investor views both diversity and inclusion as business imperatives and believes the value that is created benefits society at large. The information regarding the material topic covers Investor AB and aggregated data for our portfolio companies.
Climate & Resource Efficiency	Impact mainly outside the organization. Small direct impact from Investor AB and main impact is indirect through the operations of our portfolio companies. Investors includes climate data relating to our scope 1, 2 and 3 emissions. Our scope 3 emissions includes our portfolio companies' scope 1 and 2 emissions.

Policy and strategic documents

The Sustainability Policy sets the framework for Investor's sustainability approach and work. The Board of Directors has decided on a long-term sustainability approach covering both Investor and our portfolio companies. The Management Group decides on the development and execution of the sustainability approach and within the Management Group, the Head of Corporate Communication & Sustainability is responsible for coordinating and driving the overall sustainability work. Investor has monitoring and mitigating activities to ensure that the policies are adhered to. All policies and procedures are reviewed and approved annually.

Areas	Policy and strategic documents
Compliance with laws and business ethics Fair competition Human Rights International standards	• Code of Conduct • Sustainability Policy (incl. Investor Sustainability Guidelines) • Governance, Risk and Compliance Policy • Work Environment Procedures • Risk Management Procedures • Diversity and Inclusion Plan • Employee Handbook • Tax Policy
Bribery and corruption Conflict of interest Political donations	• Code of Conduct (incl. Anti-bribery and Anti-corruption Policy) • Gift and Benefit Procedures • Risk Management Procedures • Inside Information Policy • Employee Handbook
Diversity and non-discrimination	• Code of Conduct • Sustainability Policy (incl. Investor Sustainability Guidelines) • Diversity and Inclusion Plan • Employee Handbook • Work Environment Procedures
Working conditions and employee development	• Code of Conduct • Sustainability Policy (incl. Investor Sustainability Guidelines) • Employee Handbook • Work Environment Procedures
Environment and climate	• Code of Conduct • Sustainability Policy (incl. Investor Sustainability Guidelines) • Employee Handbook (incl. Travel Policy)

Memberships and partnerships

Investor is a member of the UN Global Compact and supports the ILO conventions, Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises. Investor is also a member in Sida's Swedish Investors for Sustainable Development with the aim of developing more efficient performance indicators and processes to measure development of the UN Sustainable Development Goals.

Investor aims to continuously generate sustainable, economic value and simultaneously have a positive impact on society and the environment, thus creating shared value. In 2020, our total paid dividend amounted to SEK 6.9bn, whereof approx. SEK 1.6bn, was distributed to our lead owners, the Wallenberg foundations, whose purpose is to grant funding to scientific research in Sweden. Investor strives to be a good corporate citizen and also supports organizations such as IVA, SNS, Chambers of Commerce, Business Challenge and Young Enterprise Sweden. The areas we prioritize are youth, education and entrepreneurship. In order to support the overall community during the pandemic, Investor engaged in Sommarspåret, a program which enabled teenagers to gain work-experience over summer despite a difficult labor market. Sommarspåret was a part of the Skills Shift Initiative and within this initiative, Investor also contributed to furloughed hotel staff reskilling into supporting elderly care staff. Investor also contributed to Omstartskommissionen, ten proposals for increasing Sweden's competitiveness on the back of the pandemic. Investor formed a Sustainability Network in 2017 where Heads of Sustainability in our portfolio companies normally meet three to four times per year to discuss different challenges and opportunities. In 2020, the Investor Sustainability Network met virtually three times.

Business Ethics & Governance

Governance and approach

Acting responsibly and ethically is crucial for Investor to maintain a high level of credibility. The risk for unethical behavior within Investor's organization or in our portfolio companies could have a significant negative effect on both Investor, the portfolio companies and other stakeholders. Unethical behavior could also affect the future development of the business.

Investor's Board of Directors has decided on a policy framework that sets the principles for how Investor should act as a responsible owner and company. These topics are addressed in our Code of Conduct and other documents such as our policies for sustainability, anti-corruption and whistleblowing. Our Code of Conduct guides all employees in their day to day work based on our values as well as policies. The Code of Conduct applies to all employees, Boards of Director and company representatives. All employees are expected to comply with our policies and confirm their adherence by signing Investor's Code of Conduct yearly.

Investor has zero tolerance for corruption and bribery. We also have internal procedures approved by the Management Group, aimed at providing guidance to evaluate what is appropriate and not appropriate in professional relations regarding, among other things, gifts and benefits. Gifts and benefits given and received shall always be characterized by openness and moderation. In doubtful situations, the immediate manager shall always be informed and consulted. Investor's Legal department is also available for guidance. We hold regular trainings and all policies and procedures are available on Investor's intranet. In 2020, Investor also organized a training on anti-bribery and anti-corruption with The Secretary General of The Swedish Anti-Corruption Institute as a guest speaker.

We strive to maintain a transparent business climate and high business ethics and we value the safety and respect of everyone affected by our business. Through our external whistleblower system, both employees and other external parties can report suspected violations of law or business ethics. Investor's employees are an important source of insight for revealing possible misconduct that needs to be addressed.

The whistleblowing procedure is prepared and managed by Compliance and approved by Investor's Management Group. The purpose of the whistleblowing channel is to encourage employees and other stakeholders to blow the whistle on suspected misconduct without any risk of retaliation, as well as to ensure an appropriate investigation process. Reports are handled confidentially by representatives at Investor's Legal department. Access to messages received through the channel is restricted. Representatives from the Legal department decide if and how a whistleblowing report should be escalated. A summary of received reports is presented to the Board of Directors on an annual basis. In 2020, Investor received six reports through the whistleblowing channel, all were related to situations in our portfolio companies. All reports have been processed and managed.

Process covering governance, risk and compliance

To continuously develop and enhance ethical business conduct, risk management and compliance within the portfolio companies, Investor focuses on strengthening the governance structures in relation to these areas. Investor has a structured process for this work that covers a range of areas within governance, ethics, risk and compliance. The areas are selected based on risk assessment and include, among other areas, ethical business conduct, trade compliance, anti-corruption, anti-bribery and whistleblowing. Investor's subsidiaries are reviewed in relation to the areas covered by the program, with focus on the governing structures.

In addition to the overall review a focus area is selected every year. In 2020 the focus area has been the companies' efforts to prevent bribery and corruption. Representatives from all subsidiaries have participated an awareness training followed by a review of the subsidiaries' processes. Dialogs have also been held with all listed companies about their efforts to prevent corruption and bribery. Preventive activities such as risk assessment, policies, internal control and third party controls in relation to bribery and corruption have been covered in the review and dialogs.

Based on the reviews and dialogs it is concluded that all companies have set a zero tolerance principle against corruption and bribery and have processes for implementation established. The companies are continuously developing their processes. Risk assessment and Board reporting are examples on areas that in some companies have been identified for further enhancement.

Focus areas 2018-2020
- Corruption and bribery
- Board reporting
- Trade compliance
- Sustainability
- Supplier control
- Data privacy

Targets and outcomes

In 2020, all employees at Investor AB participated in training covering principles in the policy framework. Investor's internal instructions are monitored continuously and updated at least annually. Material incidents are reported to the Management Group and the Board. All employees sign the Code of Conduct which also includes the anti-bribery and anti-corruption policy. The risk for bribery and corruption is evaluated continuously and also assessed on an annual basis as part of Investor's risk assessment process. There have been no reported incidents at Investor relating to bribery and corruption during 2020.

Investor has a procurement process that defines ownership and responsibilities when evaluating suppliers and products. Among other things suppliers and products should be evaluated in relation to quality, price, information security, business ethics, climate and human rights. Suppliers are followed-up with regularly, mostly through dialogs and assessments. Each subsidiary sets its own procedures for evaluation and audits of its suppliers. As an industrial holding company, our supply chain is neither extensive nor complex. The primary suppliers are office, software and hardware providers, consultancies and travel agents. Our own analysis shows limited sustainability related risks in our supply chain. Suppliers are primarily active in Nordic countries and there have been no major changes of suppliers during 2020.

Our portfolio companies are expected to adhere to Investor's Sustainability Guidelines (see page 14). The guidelines define the expectations applicable to all portfolio companies to conduct their operations in a responsible and ethical manner. They require, among other things, that our portfolio companies have adequate policies, processes and resources to manage and monitor business ethics, and that they have secure whistleblowing systems in place.

A key priority for Investor is to ensure full compliance of the requirements in the Sustainability Guidelines. Investor continuously monitors the portfolio companies' development and progress. Both through reviews, dialogs and the annual sustainability self-assessment questionnaire.

Portfolio companies	2020	2019	2018
Companies that have signed the UN Global Compact	96%	95%	83%
Companies that have a whistleblowing channel	100%	100%	100%
Companies that have an anti-corruption policy	100%	100%	100%
Companies that have a Code of Conduct	100%	100%	100%
Companies that have a human rights policy	100%	95%	-
Companies that have a health and safety policy	100%	100%	-

In 2020, the number of major portfolio companies increased by two, from 22 to 24 compared to 2019. Patricia Industries acquired Advanced Instruments and Listed Companies added Electrolux Professional, a spin-off from Electrolux. The new portfolio company Advanced Instruments was acquired in the fourth quarter 2020 and is therefore not included in the sustainability key performance indicators for 2020. All 24 portfolio companies will be included in the sustainability key performance indicators for 2021.

The business teams within Investor develop value creation plans for each portfolio company which include business ethics and sustainability. Progress within the portfolio companies regarding business ethics and the sustainability guidelines are monitored regularly and if a serious sustainability related issue occurs in one of our companies, Investor's business team is responsible for raising the matter and for monitoring the steps the company takes to address the issue.

Diversity & Inclusion

Governance and approach

Investor strongly believes that diverse teams characterized by inclusion and different perspectives stimulate innovation and drive better decision-making. Investor strives for diversity across all dimensions: nationality, age, gender, education as well as differences in mindsets and experiences.

Investor aims to provide a best-in-class working environment for our employees. Investor mirrors the collective bargaining agreement for the banking community and offer our employees the same or better benefits. All employees shall be treated equally, fairly and with respect regardless of age, gender, national origin, disability, religion, sexual orientation or union membership, among others. Investor has zero-tolerance against any kind of harassment or discrimination.

To ensure equal opportunities in the work environment, Investor's management has established a Diversity and Inclusion Plan regarding equality initiatives for Investor's employees. The plan includes five steps: investigate, analyze, take action, follow up and evaluate. This applies to the areas equal work environment, work and parenthood, training and competence development, recruitment, equal wages, and work against harassment, sexual harassment and reprisals. Regarding compensation, we want to offer fair and market-based compensation. When it comes to equal pay, we conduct an annual salary evaluation to ensure that we provide equal compensation between men and women.

A Diversity and Inclusion group has been formed that actively collaborates on initiatives to further strengthen diversity and inclusion within Investor. We are convinced that making use of the total available talent base builds stronger and more dynamic teams and we strive to expand our recruitment base. When recruiting, our ambition is to have a diverse slate of candidates and diverse interview panels. Investor organizes regular training for employees. In 2020, Investor arranged training for employees in the strengths and challenges of a diverse team from a research perspective and the importance of inclusiveness. Inclusive organizations maximize the power of all differences and realize the full potential of all of their employees. We measure perceived inclusion among our employees and how our employees feel about their individual ability to make an impact yearly.

Targets and outcomes

Investor has the target to maintain a gender balance of 40/60 in Investor's Group Management, meaning at least 40 percent of the underrepresented gender. In 2020, the proportion of women in Investor AB's Management Group was 60 percent and 50 percent in the overall organization. In the end of 2020, the number of employees was 94 (headcount). Investor is well diversified in terms of age, gender and expertise. The average age among employees is 42 years.

Gender, women	2020	2019	2018
Employees [1]	50%	48%	50%
Managers	39%	32%	35%
Extended Management Group	50%	50%	50%
Management Group	60%	60%	60%
Board of Directors [2]	44%	44%	40%

Age group 2020	<30 years	30-50 years	>50 years
Employees [1]	17	48	29
Extended Management Group	0	3	5
Board of Directors [2]	0	0	9

1) Includes all employees (head count), including the members of the Management Group.
2) Board of Directors excluding the CEO.

Investor conducts employee engagement surveys on a regular basis. The survey in 2020 came out with strong results versus the external benchmark. The engagement score was top 5 percent of a global finance benchmark. Our strongest scores are linked to values, well-being and strategy. Investor measure perceived level of inclusion among our employees as well as their ability as individuals to make an impact and contribute to the overall strategy.

In 2020, employees reported a high level of inclusion compared to external benchmark, scoring 8.9 (scale 1-10). On belonging and on feeling valued, the equivalent scores were 9.0 and 8.8 respectively. Areas to work on are career development and to further enhance an inclusive culture, Investor will also set a target for perceived level of inclusion.

Employee survey	2020
Employee Inclusion score (scale 1-10)	8.9
Employee Engagement score (scale 1-10)	9.0
Employee Net Promoter Score (eNPS scale –100 to 100)	80

	2020		2019	
Employee turnover	**Women**	**Men**	**Women**	**Men**
Number of new employee hires	7	3	5	4
Rate of new employee hires	7%	3%	6%	4%
Number of employee turnover	4	3	9	5
Rate of employee turnover [1]	9%	7%	20%	11%
Employment contract				
Number of permanent employees	45	44	43	44
Number of temporary employees [2]	2	3	0	2
Employment type				
Number of full-time employees	43	44	42	44
Number of part-time employees	4	3	1	2
Parental leave				
Average time on parental leave, weeks [3]	16	9	48	10

1) The turnover is calculated on the average number of employees during the year. The total turnover was 8 percent and includes retirement, moves to subsidiaries and normal attrition. With a relatively low total headcount number, the turnover tends to vary year over year.
2) The five temporary employees are located at the Stockholm office.
3) Data for the Stockholm office. Investor aims for a more equal balance in the take out of parental leave between the genders.

In our portfolio companies, with nearly 500,000 co-workers worldwide, it is crucial that they work with diversity and inclusion to ensure long-term successful companies. To actively promote diversity in all dimensions and encourage all our companies to do so, Investor has set diversity and inclusion targets for our portfolio. The first target is to ensure that all portfolio companies measure the perceived level of inclusion among employees on a regular basis. The second target is to reach a gender balance of 40/60 in the portfolio companies' board of directors and executive management teams from an overall portfolio perspective 2030.

Our portfolio companies report progress yearly. In 2020, all companies reported that they have policies covering diversity and anti-discrimination and 83 percent of our companies have a commitment or target related to diversity, mainly focused on gender. 87 percent of our companies measured the perceived level of inclusion among their employees. The average proportion of women in the companies' management groups amounts to 25 percent. The average age is 51 and there are 23 nationalities represented. The five most common nationalities are Swedish, American, Danish, German and British. Among the Swedish portfolio companies, the management groups have on average 33 percent Non-Swedish members.

Portfolio Management Groups, women	2020	2019	2018
Listed Companies	22.3%	21.4%	21.0%
Patricia Industries	30.2%	28.2%	30.3%
EQT AB	14.3%	16.7%	9.1%
Average share of women	**25.0%**	**24.0%**	**24.5%**

Portfolio Management Groups, nationalities	2020	2019	2018
Listed Companies	23	21	21
Patricia Industries	11	13	10
EQT AB	3	3	5
Total number of different nationalities	**23**	**21**	**21**

Participating in nomination committees, in order to compose the best possible board for each company, is one of Investor's most important tasks as an owner. Investor is represented in nine nomination committees in the Swedish listed companies. In six of these, Investor has female representation.

The average proportion of women in the companies' boards of directors amounts to 30 percent. The average age is 57 and there are 14 nationalities represented. The most common nationalities are Swedish, American, British, Canadian and Belgian. Among the Swedish portfolio companies, the boards of directors have on average 30 percent Non-Swedish members.

Portfolio Board of Directors, women	2020	2019	2018
Listed Companies	36.5%	34.6%	35.0%
Patricia Industries	19.8%	12.9%	13.1%
EQT AB	37.5%	16.7%	16.7%
Average share of women	**30.0%**	**24.9%**	**24.7%**

Portfolio Board of Directors, nationalities	2020	2019	2018
Listed Companies	14	15	15
Patricia Industries	7	8	8
EQT AB	4	2	2
Total number of different nationalities	**14**	**15**	**15**

The process to collect diversity data has been improved to ensure high quality data. In the reported diversity data, executive directors are excluded from the Board of Directors (e g CEO) to prevent double counting as they are included in the Management Groups.

Climate & Resource Efficiency

Governance

As a long-term owner, we both need to take into account risks and take advantage of opportunities resulting from climate change. Our aim is to contribute to the transition to a society with net-zero greenhouse gas emissions. Investor is committed to the Paris Agreement and has set long term targets for Investor as a company and for Investor's portfolio of companies.

The Board of Directors decides on the Sustainability Policy, Governance, Risk and Compliance Policy and Finance Policy, all of which set the principles for how Investor should act. The policies are reviewed and approved on an annual basis. The Board of Directors is responsible for Investor's overall strategy, including the approach to integrate sustainability aspects as part of our value creation. The CEO is a member of the Board of Directors and has overall responsibility for Investor's business strategy including climate-related issues.

Risk assessment are conducted continuously in the day to day business at Investor. A comprehensive risk assessment is made annually to identify and evaluate existing and emerging risks to mitigate. This assessment encompasses all categories of risks and involves the Management Group, representatives from the whole organization, the control functions as well as input from the subsidiaries. Material risks are compiled in a company-wide risk map. When needed, action plans are defined and implemented to minimize the probability and impact of identified risks. The conclusions drawn from the risk assessments are discussed and confirmed with the Board. The CEO and Management Group continuously follow up on the implementation of action plans and report back to the Board.

The Management Group decides on the development and execution of the sustainability approach and within the Management Group the Head of Corporate Communication & Sustainability is responsible for coordinating and driving the overall sustainability work. The managerial responsibility for responsible investments lies within the investment organization. The Heads of Listed Companies and Patricia Industries are responsible for integrating sustainability into the investment and ownership strategies, including risk assessment, due diligence, continuous monitoring and follow-up. Investor's board representative together with the business teams engage with the companies at least yearly regarding sustainability.

Each business area is responsible for driving the implementation of our sustainability strategy and assessing potential risks and opportunities related to climate change. Investor also has a dedicated sustainability team that together with the business teams drive specific sustainability related projects and climate-related topics. All employees within Investor have a responsibility to work in line with the overall sustainability strategy. Investor conducts sustainability training for employees regularly and at least yearly. During the year, Investor has performed a number of activities to increase its knowledge and expertise in climate issues. Investor held several presentations and trainings for employees regarding sustainability and our focus areas during the year. There were two training sessions more connected to climate change with external speakers, one was Professor Johan Rockström from Potsdam Institute with a specific focus on the science of climate change and the other one was Klas Eklund, senior economist at Mannheimer Swartling, who focused on the economics of climate change.

Strategy and risk management

Investor AB's investment strategy is based on the conviction that sustainability strategies are fundamental for the long-term growth of our net asset value. Given Investor's long-term investment horizon it is crucial to take climate aspects into account in investment decisions. Climate risks and opportunities exist both in the short- and long-term perspective. In the shorter term, the transition to a low carbon society also means investment opportunities, e.g. companies with products and services that contribute to the transition to a low-carbon economy. Concurrently, there is a risk that our portfolio companies do not transform quickly enough to meet the demands for lower carbon emission solutions, impacting the long-term value of Investor's portfolio. Many of our portfolio companies are sustainability leaders, such as Electrolux, ABB and Husqvarna. These companies have over many years developed products demanded by customers who require low carbon solutions.

Investment in research and development is important to secure the long-term competitiveness of our portfolio companies. Since Investor's ownership strategy is to engage in company that are leaders in their industries, we continuously focus on their performance, their technology position and research and development strategy to develop new innovative products. The future success of our companies depends on their capacity to drive change and to invest for the long-term in new solutions that are more resource efficient and that meet the needs of their customers. We monitor the companies' investments in research and development (R&D). In 2020, R&D expenses in our companies totaled SEK 122bn.

At Investor, climate-related issues are monitored continuously and once a year a more comprehensive analysis is conducted on all portfolio companies. As an owner we assess our portfolio's overall exposure to climate-related risks and opportunities. All 24 portfolio companies report their yearly sustainability performance to Investor. The collection of information is both through a sustainability system and through follow-up dialogues/meetings with each company. Climate calculations and analyses are performed for Investor's portfolio companies in order to identify companies' fossil fuel dependency and negative trends for carbon emissions.

It is likely that governments and international bodies such as EU will introduce various regulatory measures, which will increase the price of GHG emissions. Companies would likely also be indirectly impacted by a rise in energy costs, for example in the purchase of energy-intensive materials. Most of our holdings have a comparably low carbon impact in relation to their respective industries and due to the spread of sectors (telecommunications, manufacturing, pharmaceuticals, banking) and geographical presence, it is unlikely that all of Investor's portfolio companies would be affected by increased price of GHG emissions at the same time.

The process of managing this risk involves fostering a commitment from our portfolio companies to continue to mitigate carbon emissions and adapt to a low carbon economy, e.g. by developing climate strategies, committing to reduce their emissions in line with the Paris Agreement. Investor develops individual value creation plans for each portfolio company and drives the climate strategy through our board representatives in the individual companies. Investor also monitors and follows our companies progress through dialogue and reporting.

The business teams and sustainability team engage with our portfolio companies on a regular basis. In 2020, Investor engaged with our 24 companies regarding sustainability. Investor follows-up with the companies each year regarding water consumption, waste and greenhouse gas emissions.

Through Investor's Sustainability Network we meet the portfolio companies' Heads of Sustainability to discuss different sustainability challenges and opportunities. Investor Sustainability Network met three times during 2020, and all three meetings focused specific on environment and climate, two related to circular economy and one regarding EU Taxonomy and Sustainable Finance.

Targets and outcomes

Investor has committed to climate targets aligned with the Paris Agreement's aim of limiting global temperature rise to well below 2 degrees above pre-industrial levels, while trying to limit the temperature increase to 1.5 degrees. The climate targets are:

- Reduce absolute GHG emissions from Investor AB's scope 1 and 2 by 50 percent by 2030 compared with 2016.
- Reduce absolute GHG emissions from portfolio companies by 50 percent by 2030 compared to 2016 (the portfolio companies' scope 1 and 2).
- Accelerate our portfolio companies' climate strategies beyond their basic footprint, ensuring that all portfolio companies set relevant reduction targets related to their products, services or value chain (the portfolio companies' scope 3).

Investor AB's greenhouse gas emissions

Investor AB's direct environmental impact is limited, but we take action to reduce our negative impact and carbon footprint. This includes cautious use of natural resources and energy as well as managing waste in an environmentally sound manner. Investor integrates environment and climate considerations into its business operations and risk assessments. Investor is a member and follows the UN Global Compact's ten principles, which include the precautionary principle.

The energy consumption at our head office represents more than 65 percent of Investor's total consumption. The target is to reduce consumption with three percent yearly. During the last three years Vectura, our portfolio company, from whom we rent our head office, has implemented a number of emission reduction initiatives, e.g. installed motion lighting, solar panels and charging posts for electric vehicles. At our main premises in Stockholm we use 100 percent renewable electricity.

In 2020, the total energy consumption in our offices amounted to 1,102 MWh compared to 1,291 MWh in 2019. In 2020, the scope 1 and 2 emissions for Investor AB equaled 88 tonnes, a reduction of 26 percent compared to 2016. The reduction compared to 2016 is mainly due to energy efficiency in offices and in 2020, the energy consumption in offices was also impacted by increased remote working due to covid-19 pandemic.

The emissions from scope 1 consist of company cars and the scope 2 emissions include purchased electricity and district heating for our offices in Stockholm, New York, Amsterdam and Palo Alto. To reach our target to reduce emissions by 50 percent by 2030, Investor will continue to minimize carbon emissions from our offices and company cars.

GHG emissions, tonnes CO_{2e}	2020	2019	2018	2017	2016
Scope 1	16	18	18	22	22
Scope 2 market based method	72	86	90	87	96
(Scope 2 location based method)	(91)	(98)	(103)	(101)	(112)
Investor's scope 1 and 2 1)	**88**	**103**	**108**	**109**	**118**

Scope 3 emissions, tonnes CO_{2e}	2020	2019	2018	2017	2016
Equity share of portfolio emissions 2)	284,500	329,800	348,900	354,200	354,500
Emissions from business travel 3)	65	530	600	690	610
Other scope 3 emissions 4)	50	140	160	210	170
Investor's scope 3	**284,615**	**330,470**	**349,660**	**355,100**	**355,280**

1) Total scope 1 and 2 emissions are calculated based on market based method. The figures for emissions have been restated compared to Annual Report 2019 due to availability of actual energy figures for the office in New York.
2) Equity share includes the emissions from our portfolio companies' scope 1 and 2 emissions equal to the owned share of the companies. The figures for emissions have been restated compared to Annual Report 2019 due to updated data from portfolio companies. Please note that the portfolio target is set on the total level.
3) Emissions from business travel include for example air, rail, hotel nights and taxi.
4) Emissions from other activities include emissions from for example purchased IT equipment.

The emissions from business travel were significantly reduced due to covid-19. Long-term we will reduce emission from business travel by increasing digital meetings solutions and reducing travel by air.

Emissions are reported in accordance with the Greenhouse Gas Protocol. Emissions are expressed in CO_{2e}, carbon dioxide equivalents, which means all relevant greenhouse gases are included. Definitions are presented on page 124. Investor has used the Science-based Target Setting Tool and the absolute contraction approach to identify the percentage of reduction needed to be in line with the Paris Agreement.

Portfolio companies' greenhouse gas emissions

As an owner, we acknowledge our broader role to accelerate the transition to a sustainable low carbon economy. It is Investor's ambition to reduce the portfolio's carbon footprint by impacting companies to reduce their carbon emissions in line with the Paris Agreement. Investor aims to strengthen the portfolio's resilience and have committed to reduce absolute GHG emissions from portfolio companies by 50 percent between 2016 and 2030.

The target includes the portfolio companies' total scope 1 and 2 emissions and is set for the overall portfolio (not an equity approach). Investor has set targets on the total level in order to contribute to an actual reduction of carbon emissions. The baseline is 2016 as this is the first year we measured its companies' emissions and is aligned with the Agenda 2030. The emissions from portfolio companies' exclude Financial Investments and EQT funds.

GHG emissions, tonnes CO_{2e} 1)	2020	2019	2018	2017	2016
Listed Companies	1,345,400	1,786,300	2,043,200	2,256,200	2,360,300
Patricia Industries	136,800	139,000	132,500	120,200	121,000
EQT AB 2)	300	400	400	300	200
Portfolio companies' emissions	**1,482,500**	**1,925,700**	**2,176,100**	**2,376,700**	**2,481,500**

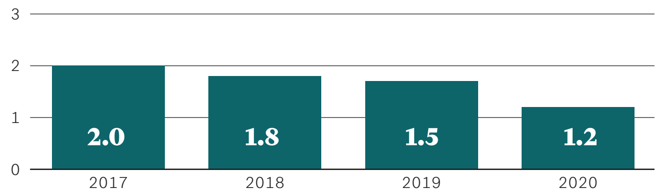
1) Emissions from our portfolio companies' total scope 1 and 2 emissions. The figures for emissions have been restated compared to Annual Report 2019 due to updated data from portfolio companies.
2) EQT AB has changed its method for calculating scope 1 and 2 emissions and Investor has estimated historical figures 2016-2018 based on number of employees (FTE).

In 2020, greenhouse gas emissions from our overall portfolio decreased by 40 percent compared to 2016. Investor works through its representation on the boards to drive the companies to set targets and strategies to develop resource efficient processes and to reduce their greenhouse gas emissions. In the yearly sustainability questionnaire Investor tracked that 78 percent of our companies had targets to reduce its scope 1 and 2 emissions (50).

By the end of 2020, 57 percent of our portfolio companies had aligned their climate strategies to the Paris Agreement and set measurable targets to decrease greenhouse gas emissions by 50 percent or more by 2030 (23). By the end of 2020, the portfolio companies that represent more than 77 percent of the total emissions from the portfolio had set reduction targets that were aligned with the Paris Agreement.

The reduction of emissions is both in absolute terms and in relation to revenues, i.e. decoupling (lower carbon impact and higher revenues and economic results). The diagram shows the emissions from the total portfolio in relations to the revenue from all the portfolio companies.

Emissions in relation to revenue, tonnes of CO_{2e} / SEK m.



Portfolio companies' indirect greenhouse gas emissions

Investor has set an additional portfolio target to ensure that all of our companies have relevant reduction targets for their scope 3 emissions. The portfolio companies' scope 3 emissions are material. It is challenging to set an overall reduction target due to the complexity of the different business models and industries, Investor has therefore set this target to ensure that our companies integrate climate in their business strategies where it is most relevant to them and ensuring that emissions upstream and downstream in the value chain are taken into consideration.

In 2020, 74 percent of our companies measured scope 3 emissions and 43 percent had reduction targets related to their products, services or value chain (the portfolio companies' scope 3 emissions). This is an increase compared to 2019 when 36 percent of the companies had reduction targets for scope 3 emissions. In terms of resource efficiency, 57 percent of our companies had targets regarding resource efficiency (50).

Portfolio companies' indirect emissions	2020	2019
Share of our companies that measured scope 3 emissions	74%	73%
Share of our companies that have reduction target for scope 3	43%	36%
Share of our companies that have resource efficiency targets	57%	50%

TCFD Index

Investor supports the Task Force on Climate-related Financial Disclosures (TCFD) and have implemented its recommendations to better understand the actual and potential impact of climate-related risks and opportunities on our business, strategy and financial planning.

Investor will continue to develop our work around climate-related risks assessments and scenario analysis going forward. Read more about Investor's sustainability approach and progress in the separate TCFD Report or the complete CDP answers on our webpage.

Principle	Disclosure	Page/Reference
Governance	Board oversight	119, TCFD Report
	Management approach	119, TCFD Report
Strategy	Actual and potential impacts	119, TCFD Report
	Risks and opportunities	119, TCFD Report
Risk management	Risk analysis and assessment	40, 119, TCFD Report
	Risk management	40, 119, TCFD Report
Metrics and targets	Targets	119-120, TCFD Report
	Outcomes	120, TCFD Report

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GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	14-15, 116
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GRI 305: GHG Emissions	305-1	Direct GHG emissions (scope 1)	119-120
	305-2	Energy indirect GHG emissions (scope 2)	119-120
	305-3	Other indirect GHG emissions (scope 3)	120
Diversity & Inclusion			
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	14-17, 116, 118
	103-2	The management approach and its components	14-17, 116, 118
	103-3	Evaluation of the management approach	116, 118
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	15, 44, 118

Unless otherwise indicated, all GRI Standards used are from 2016.

Information

The company's last sustainability report was published in March 2020. Some new contextual information has been added which was not included in the previous report, but aside from this there have been no material changes in reporting practices and no significant restatements of information compared to previous years. Our business model and supply chain remain unchanged in all material aspects.

Contact information

Questions or comments regarding the report can be directed to Sustainability Manager, Sofia Jonsson, sofia.jonsson@investorab.com

Auditor's Limited Assurance Report on the Sustainability Report

To Investor AB (publ), corporate identity number 556013-8298

Introduction
We have been engaged by the Group Management of Investor AB (publ) to undertake a limited assurance on parts of Investor's Sustainability Report for the year 2020, specifically sustainability information on pages 7-9, 14-17, and 116-121 of Investor's Annual Report 2020.

Responsibilities of the Board and Management
The Board of Directors and Group Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 116 in the Sustainability Report, and consists of the GRI Sustainability Reporting Standards which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the company has developed. This responsibility includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the Auditor
Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed. Our assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted limited assurance procedures in accordance with ISAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by IAASB. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. A limited assurance engagement have a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQC 1 *(International Standard on Quality Control)* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Investor AB (publ) according to generally accepted auditing standards in Sweden and have fulfilled our professional ethics responsibility according to these requirements.

The procedures performed in a limited assurance engagement do not allow us to obtain such assurance that we would become aware of all significant matters that could have been identified if an audit was performed. The conclusion based on a limited assurance engagement, therefore, does not provide the same level of assurance as a conclusion based on an audit has.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusions
Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.

Stockholm, March 22, 2021
PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt
Authorized Public Accountant

Karin Juslin
Expert Member of FAR

Five-year Summary

Investor Group

	2016	2017	2018	2019	2020	Annual average growth 5 years, %
Net asset value						
Listed Companies	248,354	284,030	270,807	345,089	366,932	
Patricia Industries	54,806	48,614	57,963	51,146	57,749	
Investments in EQT	13,996	16,165	20,828	37,248	57,486	
Other assets & liabilities	–327	–323	–660	–840	–518	
Total assets	**316,829**	**348,486**	**348,938**	**432,643**	**481,649**	
Net cash (+) / Net debt (–)	–16,752	–12,224	–21,430	–11,962	–19,812	
of which Patricia Industries cash	*14,389*	*19,368*	*13,017*	*20,897*	*13,468*	
Net asset value	**300,077**	**336,262**	**327,508**	**420,681**	**461,837**	
Change in net asset value with dividend added back, %	13	15	0	31	11	14
Adjusted net asset value	**340,183**	**384,747**	**372,004**	**485,019**	**546,385**	
Change in adjusted net asset value with dividend added back, %	–	16	–1	33	14	
Condensed Balance Sheet						
Shares and participations	276,790	312,141	303,480	391,316	432,145	
Other	93,183	96,426	112,548	126,140	138,902	
Balance Sheet total	369,973	408,567	416,028	517,456	571,047	
Profit and loss						
Profit/loss for the year attributable to Parent Company shareholders	33,665	44,318	–2,252	101,226	52,790	
Comprehensive income	35,545	44,473	225	103,161	47,840	
Dividends						
Dividends received	8,351	8,404	9,342	9,858	7,664	
of which from Listed Companies	*8,307*	*8,319*	*8,656*	*9,738*	*7,281*	*–1*
Contribution to NAV						
Contribution to NAV, Listed Companies	30,936	42,636	–6,398	79,581	25,650	
Total return, Listed Companies, %	14	17	–2	30	8	
Contribution to NAV, Patricia Industries	4,438	766	4,510	3,878	2,001	
Contribution to NAV, Investments in EQT	1,986	3,144	4,868	21,381	20,409	
Transactions						
Investments, Listed Companies	1,488	1,245	3,382	4,353	3,382	
Divestments & redemptions, Listed Companies	–	–	1,661	24	21	
Investments, Patricia Industries	6,127	406	10,892	346	10,657	
Divestments, Patricia Industries	2,360	1,725	755	5,652	2,302	
Distributions to Patricia Industries	4,763	6,014	5,634	5,652	4,012	
Draw-downs, Investments in EQT	2,864	3,781	4,023	7,266	4,630	
Proceeds, Investments in EQT	3,874	4,757	4,228	12,227	4,801	
Key figures per share						
Net asset value, SEK	393	440	428	550	603	
Basic earnings, SEK	44.09	57.96	–2.94	132.29	68.96	
Diluted earnings, SEK	44.02	57.90	–2.94	132.20	68.92	
Equity, SEK	393	440	428	550	604	
Key ratios						
Leverage, %	5	4	6	3	4	
Equity/assets ratio, %	81	82	79	81	81	
Return on equity, %	12	14	–1	27	12	
Discount to reported net asset value, %	14	16	12	7	1	
Management costs, % of net asset value	0.2	0.1	0.1	0.1	0.1	
Share data						
Total number of shares, million	767.2	767.2	767.2	767.2	767.2	
Holding of own shares, million	2.8	2.4	2.1	1.8	1.4	
Share price on December 31, SEK	340.5	374.1	375.6	511.2	599.2	14
Market capitalization on December 31	259,119	284,048	288,107	389,770	458,345	
Dividend paid to Parent Company shareholders	8,411	9,179	9,948	6 889	10,740[2,3]	
Dividend per share, SEK	11.00	12.00	13.00	9,00	14.00[3]	7
Dividend payout ratio, %	101	110	115	71	148[3]	
Dividend yield, %	3.2	3.2	3.5	1,8	2.3[3]	
Total annual turnover rate, Investor shares, %[1]	64	58	64	54	65	
Total return, Investor shares, %[1]	13	13	4	40	19	17
SIXRX (return index), %	10	9	–4	35	15	12
OMXS30 index, %	5	4	–11	26	6	5
Foreign ownership, capital, %	30	32	30	29	29	

Reported figures unless otherwise stated

1) Pertains to class B shares.
2) Based on the total number of registered shares.
3) Proposed dividend of SEK 14.00/share.

Alternative Performance Measures and Definitions

Alternative Performance Measures

Investor applies the Esma Guidelines on Alternative Performance Measures (APM). APMs are disclosed when they complement performance measures defined by IFRS. The basis for disclosed APMs are that they are used by management to evaluate the financial performance and in so believed to give analysts and other stakeholders valuable information.

Definitions of all APMs used are found below. Reconciliations to the financial statements for the APMs that are not directly identifiable from the financial statements and considered significant to specify, are disclosed on page 29 in the Year-End Report 2020 for Investor AB. We have also included definitions of greenhouse gas emissions in accordance with GHG Protocol.

Adjusted net asset value
Net asset value based on estimated market values within Patricia Industries.

Basic earnings per share
Profit/loss for the year attributable to the Parent Company´s shareholders in relation to the weighted average number of shares outstanding.

Capital expenditures
Acquisitions of tangible and intangible assets during the period.

Change in net asset value
Change in the carrying value of total assets less net debt for a period.

Contribution to net asset value
Changes in the carrying value of total assets less net debt (corresponds to the group´s change in equity attributable to shareholders of the Parent Company).

Diluted earnings per share
Profit/loss for the year attributable to the Parent Company´s shareholders, in relation to the weighted average number of shares outstanding after full conversion and adjusted for the effect of share-based payments.

Discount to net asset value
The difference between net asset value and market capitalization as a percentage of net asset value. If market capitalization is lower than net asset value, the share is traded at a discount. If market capitalization is higher, it is traded at a premium.

Distribution
Includes repayment of shareholder loans and other transfers of capital from companies to Patricia Industries.

Dividend yield
Dividend per share in relation to share price at the balance sheet date.

Dividends payout ratio
Dividends paid in relation to dividends received from Listed Core Investments.

EBIT
Earnings before interest and taxes.

EBITA
Earnings before interest, taxes and acqusition-related amortizations.

EBITA margin
Earnings before interest, taxes and amortizations divided by sales (%).

EBITDA
Earnings before interest, taxes, depreciations and amortizations.

Equity per share
Shareholders´ equity as a percentage of the weighted average number of shares outstanding.

Equity/assets ratio
Shareholders´ equity as a percentage of the balance sheet total.

Gross cash
The sum of cash and cash equivalents, short-term investments and interest-bearing current and long-term receivables. Deductions are made for items related to subsidiaries within Patricia Industries.

Gross debt
The sum of interest-bearing current and long-term liabilities, including pension liabilities, less derivatives with positive value related to the loans. Deductions are made for items related to subsidiaries within Patricia Industries.

Industrial holding company
A company that offers shareholders the possibility to spread their risks and get attractive returns through long-term ownership of a well-distributed holdings of securities. Its shares are typically owned by a large number of individuals.

Investments
Acquisitions of financial assets.

Investments, net of proceeds
Acquisitions of financial assets net of sales proceeds received.

Investor´s cash and readily available placements
The sum of Gross cash.

Leverage
Net debt/Net cash as a percentage of total assets.

Market cost of capital
Defined as the risk-free interest rate plus the market´s risk premium.

Multiple valuation
A method for determining the fair value of a company by examining and comparing the financial ratios of relevant peer groups.

Net asset value, SEK per share
Equity attributable to shareholders of the Parent Company in relation to the number of shares outstanding at the balance sheet date.

Net asset value
The carrying value of total assets less net debt (corresponds to the group´s equity attributable to shareholders of the Parent Company).

Net cash flow
Net invested capital and sales proceeds.

Net debt/Net cash
Interest-bearing current and long-term liabilities, including pension liabilities, less cash and cash equivalents, short-term investments and interest-bearing current and long-term receivables. Deductions are made for items related to subsidiaries within Patricia Industries.

Operating cash flow
Cash flow from operating activities.

Proceeds
Cash payments obtained from sale of investments plus cash proceeds from distributions.

Reported value
Net asset value per investment.

Reported value change
The sum of realized and unrealized result from long-term and short-term holdings in shares and participations, net of transaction costs, profit-sharing costs and management fees for fund investments.

Return on equity
Profit/loss for the rolling 12 months as a percentage of average shareholders´ equity.

Risk premium
The surplus yield above the risk-free interest rate that an investor requires to compensate for the higher risk in an investment in shares.

Risk-free interest rate
The interest earned on an investment in government bonds. In calculations, Investor has used SSVX 90 days.

SIX return index, SIXRX
A Swedish all shares total return index calculated on share price change and reinvested dividends.

Total assets
The net of all assets and liabilities not included in net debt.

Total adjusted assets
The net of all assets including estimated market values for Patricia Industries' major subsidiaries and partner-owned investments and liabilities not included in net debt.

Total return
The sum of change in share price including reinvested dividend.

Turnover rate
Number of shares traded during the year as a percentage of the total number of shares outstanding.

Value, SEK per share
Reported value in relation to the number of shares outstanding on the Balance Sheet date.

Wholly-owned subsidiaries
Majority-owned companies within Patricia Industries, for ownership stake see page 10.

GHG Protocol definitions
Scope 1: emissions from sources that are owned or controlled by the organization.
Scope 2: indirect emissions result from electricity, heating and cooling consumed by the organization.
- A market-based method reflects emissions from electricity that the company has chosen.
- A location-based method reflects the average emissions intensity of grids on which energy consumption occurs.

Scope 3: all indirect emissions (not included in scope 2) that occur in the value chain, including both upstream and downstream emissions.

Shareholder Information

Calendar of events 2021

- Interim Management Statement, January-March: April 20
- Annual General Meeting: May 5
- Interim Report, January-June: July 15
- Interim Management Statement, January-September: October 18
- Year-End Report 2020: January 21, 2022

Information material

Financial information about Investor can be accessed and ordered (information by sms, e-mail or printed annual report) on our website: www.investorab.com, or by calling +46 8 614 2131.

Printed annual reports are distributed to shareholders who have requested it. All new shareholders will receive a letter asking how they would like to receive information.

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Annual General Meeting

Investor's Annual General Meeting will be held on Wednesday, May 5, 2021. Due to covid-19, the Annual General Meeting is only conducted by advance voting. Instructions are available in the notice convening the Annual General Meeting and on Investor's website, www.investorab.com. Information on the resolutions passed at the Annual General Meeting will be disclosed on May 5, 2021, as soon as the outcome of the advance voting has been confirmed.

Dividend

The Board of Directors proposes a dividend to the shareholders of SEK 14.00 (9.00) per share for fiscal year 2020. The dividend is proposed to be paid in two installments, SEK 10.00 per share with record date May 7, 2021, and SEK 4.00 per share (or SEK 1.00 per share after implementation of the share split 4:1 proposed by the Board of Directors to the Annual General Meeting) with record date November 8, 2021. If the proposal is approved by the Annual General Meeting, the dividend is expected to be distributed by Euroclear Sweden AB on May 12, 2021 and November 11, 2021.

Building best-in-class companies since 1916

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