



SVOLDER

YEAR-END REPORT 2019/2020

A dividend has
been paid in every
financial year

The Managing Director's comments, page 2

Results for the financial year

12 months: 1st September 2019–1st August 2020

- The company posted a result for the period of SEK **690** million (–13 m), corresponding to SEK **27.00** (–0.50) per share
- The net worth increased by **22.8%**, including reinvested dividend, to **SEK 144.00** per share
- The listed price of the Class B share increased by **30.9%**, including reinvested dividend, to SEK **140.80** per share
- The Carnegie Small Cap Return Index rose by **21.7%**
- The SIX Return Index (SIXRX) rose by **16.9%**
- Proposed dividend SEK **2.20** (2.15) per share

Major contributors to net worth

- + Positive: GARO, Troax, Lime Technologies
- Negative: ITAB Shop Concept, New Wave Group

Major changes in the equities portfolio

- + Bought: XANO Industri, Beijer Electronics Group, New Wave Group
- Sold: Platzer Fastigheter, Scandic Hotels Group

Result for current reporting period

3 months: 1st June–31st August 2020

- The company posted a result for the period of SEK **708** million (–30 m), corresponding to SEK **27.70** (–1.20) per share
- Net worth increased by **23.8%**
- The listed price of the Class B share rose by **38.3%**
- The Carnegie Small Cap Return Index increased by **15.8%**

Events after the reporting period
17TH SEPTEMBER 2020

Share price
152.60
SEK

Net worth
149
SEK/share

Dear Shareholder,

The 2019/2020 financial year has just drawn to a close. It has been a tumultuous and successful year on the stock exchange, although this must be put into perspective against how many people in Sweden and around the world have been affected very seriously, either directly or indirectly, by the COVID-19 pandemic.

SWEDISH STOCK EXCHANGE CONTINUES TO CONVINC

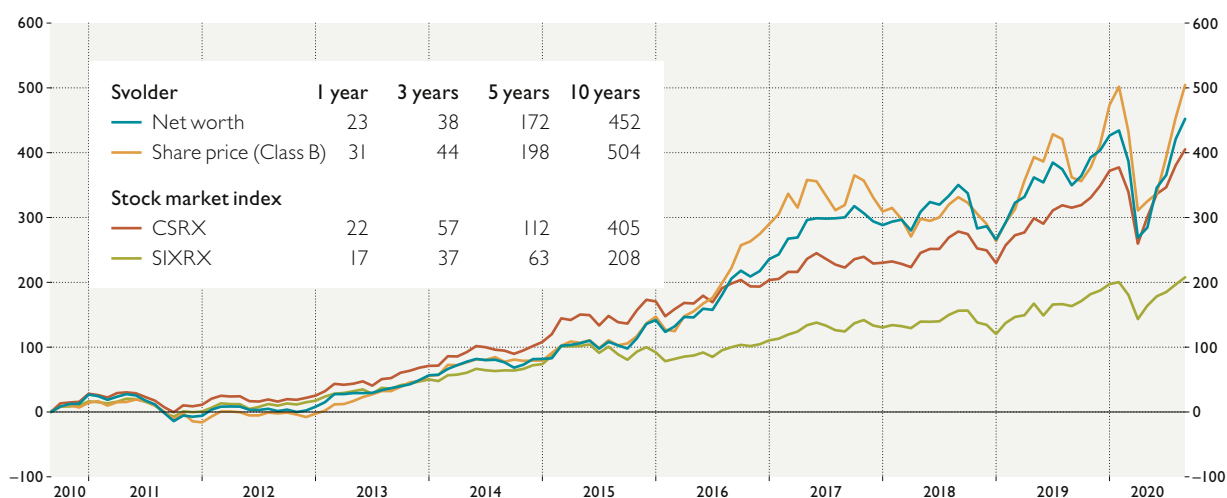
The past three-month period has been strong for the Swedish stock exchange in general and for Svolder in particular. It is as though the panic, worry and uncertainty that characterised much of the previous quarter vanished altogether over the summer. This strength has been especially robust from an international perspective as the Swedish krona has strengthened, not least against the US dollar.

» *It is as though the panic, worry and uncertainty that characterised much of the previous quarter vanished altogether over the summer.* »

As mentioned, Svolder had a very strong fourth quarter, unlike the previous one. Net worth increased by 24 per cent and the share by 38 per cent. The discount to net worth thus decreased by 10 percentage points to just over 2 per cent on the closing day. Over the three-month period, the CSRX comparison index rose by just under 16 per cent and the Swedish stock exchange (SIXRX) by just over 10 per cent. At the same time the world index, measured in Swedish kronor (SEK), increased by a more modest 5 per cent.

This meant that Svolder's net worth increased by 23 per cent over the past financial year, just over one percentage point better than the small cap index (CSRX) and six percentage points better than the Swedish stock exchange (SIXRX). The stock exchanges' world index remained unchanged over that period when measured in Swedish kronor. Once again we are delighted and proud to report that the Swedish stock exchange is outperforming domestic interest rate investments.

Total return¹⁾ 10 years in % on 31st August 2020



Source: Svolder Morningstar and Infront

¹⁾ Total return is calculated using comparable methods to reinvestment indices and funds, i.e. assuming that the dividend paid is reinvested at the time of the dividend in underlying types of assets.

The slightly smaller companies on the stock exchange are performing better than the large ones and Svolder compares favourably with the CSRX index (market values up to approx. SEK 60 billion). Furthermore, the investments that Svolder focuses on, i.e. Swedish listed companies with a market value of less than SEK 20 billion, only account for approximately 40 per cent of the CSRX's value, and have not performed as well in recent years as the index's larger companies.

DIVIDENDS ARE PART OF SVOLDER'S DNA

Svolder considers dividends to be the most natural form of profit sharing and remuneration for the capital that shareholders bring to each listed company. It is devastating for the supply of capital if political pressure creates obstacles to dividends. Furthermore, dividends are already taxed in the companies and often give rise to further taxation in various stages of ownership. Invested capital must not be punished through taxation or impeded when it is needed most.

With its dividend policy, Svolder strives to distribute the dividends it receives from its portfolio companies to its shareholders, with deductions for ongoing management costs. This creates a neutral cash flow effect that ensures long-term portfolio management. Ever since the company was established, dividends have been paid for each financial year, totalling more than one billion Swedish kronor. This year too the board proposes a dividend, even though the dividends received from our portfolio companies have decreased sharply due to the COVID-19 pandemic. We think that the companies' ability to pay dividends will gradually be normalised. In addition, the dividend proposal is based on the opinion that share dividends in Svolder must always be a central part of the business, while at the same time the company has achieved a good operating profit this financial year (SEK 690 million) and has a stable financial position as an unleveraged investment company. The proposal of SEK 2.20 per share (SEK 56 million) increases Svolder's dividend for the seventh consecutive year.

IMPRESSIVE CRISIS MANAGEMENT IN COMPANIES

Many companies have handled the pandemic well. Despite closed borders, furloughed personnel and considerable and uncontrolled cross-infection in society, their crisis management has been impressive. After central banks and governments around the world turned on the money taps, it has

been possible to create the necessary calm for investors to return to the stock market. There are few or no alternatives to shares. However, I think it is too early to say the danger is over for economies and companies in different countries. There remains a high level of cross-infection in the world with many human tragedies as a result, and at some stage all the fiscal stimuli will have to be repaid.

In Sweden, we have neglected much of our normal healthcare during the pandemic, sometimes with fatal consequences, while at the same time we have little control over cross-infection more than six months after the outbreak. After a lot of ifs and buts, testing capacity has finally been built up, although taking samples seems to be less successful. Sweden's citizens have a high level of maturity regarding digital services and products. While the technology for track and trace does exist, Swedish authorities, along with regional and national decision-makers, are unable to utilise these opportunities.

When I note the successful crisis management of 'corporate Sweden', I can do nothing but react strongly when various official representatives and politicians talk of 'society's key workers' and never include the private business sector. If there is one thing that Sweden needs, it is its companies and their employees. Without them, the cash flow that politicians are so keen to spend on the public welfare which, by general consensus, we need will soon dry up.

LONG-TERM STRENGTH

Let's return to what Svolder is and strives for: an investment company with the aim of creating a long-term return for its shareholders through investments in soundly working companies. Share investments should be evaluated over long time periods. The diagram on the opposite page shows the strength of Svolder and the small companies, and that over time share investments have managed to bridge various types of crisis. In absolute terms and since the company was established in 1993, Svolder's Class B share has had an average return of around 15 per cent, where the dividends are reinvested in the share. It has therefore outperformed the Swedish stock exchange, calculated in the same way, by just over two percentage points a year. It is also pleasing to note that we had 1,700 shareholders at the beginning, and today we have around 35,000 more. Thank you for your trust!

Yours faithfully

ULF HEDLUNDH
Managing Director



THE EQUITIES PORTFOLIO

31ST AUGUST 2020

Share	Number	Share price (SEK) ¹⁾	Market value (SEK m)	% of net worth	% of the company's capital ²⁾	% of the company's votes ²⁾
GARO	1,475,500	438.00	646	17.5	14.8	14.8
Troax	3,035,000	168.00	510	13.8	5.1	5.1
Nordic Waterproofing	3,169,197	118.00	374	10.1	13.2	13.2
FM Mattsson Mora	1,926,844	120.00	231	6.3	13.9	6.0
New Wave Group	4,297,000	46.75	201	5.4	6.5	1.8
Beijer Electronics Group	4,365,000	41.95	183	5.0	15.1	15.2
Lime Technologies	550,000	325.00	179	4.8	4.3	4.3
XANO Industri	1,693,000	98.80	167	4.5	6.0	1.8
Boule Diagnostics	2,414,194	60.80	147	4.0	12.4	12.4
Elanders	1,985,077	69.90	139	3.8	5.6	3.8
Saab	500,000	260.00	130	3.5	0.4	0.3
Elos Medtech ³⁾	1,245,892	89.60	112	3.0	15.4	21.9
Magnolia Bostad	2,095,000	52.40	110	3.0	5.5	5.5
ITAB Shop Concept	5,836,601	13.02	76	2.1	5.7	1.9
Platzer Fastigheter	899,200	76.70	69	1.9	0.8	0.3
Serneke Group	1,327,609	50.00	66	1.8	5.7	1.9
Nolato	70,316	843.00	59	1.6	0.3	0.1
Others (3)			53	1.4		
Equities portfolio			3,452	93.7		
Net receivable (+)/net debt (-)			234	6.3		
Total/net worth			3,686	100.0		

144.00 SEK per Svolder share

All securities holdings come under level 1 of the value hierarchy.

¹⁾ In calculating the market value (fair value), the last price paid for the securities on Nasdaq Stockholm on the closing day has been used.

²⁾ Based on outstanding shares in the portfolio company.

³⁾ Of which 297,946 Class A shares.

The following information, for example, can be obtained from the table. Svolder's largest holding is GARO, which has a market value of SEK 646 million, corresponding to 17.5 per cent of net worth. A one-per-cent change in GARO's share price (bid price on the closing day) would affect Svolder's net worth by SEK 6 million, which equates to SEK 0.30 per Svolder share.

YEAR-END REPORT

1ST SEPTEMBER 2019 – 31ST AUGUST 2020

MARKET COMMENTARY

Svolder's 2019/2020 financial year, i.e. 1st September 2019 to 31st August 2020, was a volatile year for stock exchanges with varying results around the world. All in all, the European stock exchanges fell by 4.2 per cent, while the US (S&P 500) exchange rose by a full 19.5 per cent. The growth in value of the US dollar (USD) was weak. The world index (WDJ) rose by just over 13 per cent measured in US dollars but was virtually unchanged when measured in Swedish kronor, for example. At the same time, the Swedish stock exchange (SIXRX) rose a full 17 per cent, but was still surpassed by approximately five percentage points by small and medium-sized companies' shares (CSRX). On the whole, shares in companies with established digital business models performed very well. It should be noted that the trend for shares in real estate companies, which make up a significant group of companies in the CSRX, changed sharply at the beginning of the COVID-19 pandemic. After concentrating for a long time on the benefits of falling interest rates and return requirements, investors switched their focus instead to the risk of increased vacancies, costly changes in tenancy, insolvency situations for retail tenants and reductions in rent.

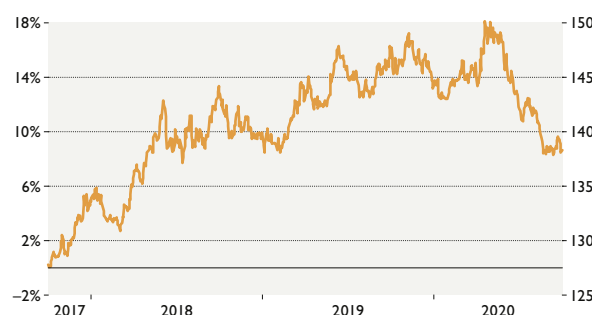
Index performance (12 months)



The trend of a weakening krona was broken during the financial year and the krona rose by a full 12 per cent against the US dollar and by just over 4 per cent against the euro. The US dollar in particular weakened considerably against other leading currencies during the year, and this can probably be attributed to the sharply rising US budget deficit, the effects of COVID-19, the upcoming presidential election and growing concerns about trade disputes with China, which has been the largest buyer of US government bonds after its own Federal Reserve. The strengthening of the krona is shown in the di-

agram below, where the higher index values indicate lower value for the Swedish krona in relation to its trading partners. The support that Swedish exporters have been given by a weak currency has therefore decreased during the financial year.

Development of the TCW trade-weighted currency index (3 years)



Global macroeconomic development in the world was heading slightly downwards before the effects of COVID-19 became discernible. Many countries virtually locked down their societies for limited periods of time, which had very palpable effects on each country's economy. No country has been spared and the fall in GNP in 2020 will be considerable. During the latter part of the financial year, the capital markets have slowly begun to discount gradual improvements in 2020 and 2021 to then have more normal growth in the world.

Commodity prices were volatile during the financial year, and particularly the price of oil. For a few days US oil producers, for example, had to pay to sell their oil as storage capacity was exhausted. Over the 12-month period, the price of Brent oil fell by 23 per cent. The price of gold rose, as is common in uncertain times, by almost 30 per cent and several industrial metals also experienced double-digit growth. It is worth noting that all raw materials are traded in the heavily weakened US dollar.

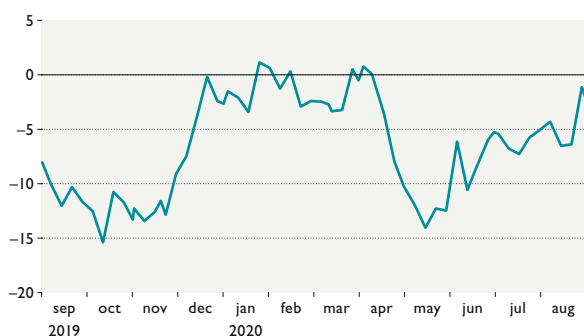
Aside from the COVID-19 pandemic, escalating trade disputes, primarily between the US and China, created uncertainty, particularly among investors, politicians, economists, and trade and industry representatives. The UK's exit from the EU and the financing of support for EU countries that have been particularly hard hit by the pandemic are important issues that have been sidelined. The tone among Europe's politicians has, however, been balanced and relatively mild. Geopolitically there are trouble spots that could flare up when the great powers' interests risk being challenged, for example in Hong Kong, Taiwan, Belarus and Ukraine.

Source: Infront

SHARE PRICE TRENDS

The closing price for Svolder's Class B share was SEK 140.80, which corresponds to an increase during the financial year of 30.9 per cent, including reinvested dividend. The Class B share's value on the closing day represented a discount of 2.2 per cent on net worth. The Class B share was traded on all trading days during the period, with an average of approximately 85,000 shares traded each day of trading on Nasdaq Stockholm.

Net worth discount (-)/premium(+) in % (12 months)

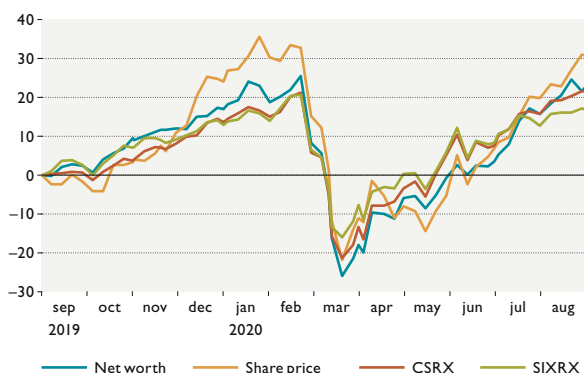


Svolder's Class A share is only traded through three auctions (known as Auction Only Market Segments) during the trading day: one on opening, one at about 13.30 and one when the market closes. The closing price for Svolder's Class A share was SEK 143.50, which means that the Class A share was valued at a discount of 0.4 per cent in relation to net worth.

Under the terms of Svolder's Articles of Association, Class A shareholders wishing to convert Class A shares into Class B shares may do so by application to Svolder's Board of Directors. No Class A shares were converted during the financial year.

On the closing day, the total number of shares in Svolder equalled 25,600,000, of which 1,245,672 were Class A shares and 24,354,328 were Class B shares. The number of shareholders has increased by approximately 15,400, and amounted to 36,200 according to the most recently published share register on 30 June 2020.

Total return¹⁾ % (12 months)



¹⁾ Total return is calculated using comparable methods to reinvestment indices and funds, i.e. assuming that the dividend paid is reinvested at the time of the dividend in underlying types of assets.

Total return¹⁾ %

	12 months 1/9 2019– 31/8 2020	12 months 1/9 2018– 31/8 2019
Svolder		
Share price (Class B)	30.9	7.1
Net worth	22.8	-0.1
Stock market index		
Carnegie Small Cap Return Index	21.7	9.7
SIX Return Index	16.9	2.8

¹⁾ Total return is calculated using comparable methods to reinvestment indices and funds, i.e. assuming that the dividend paid is reinvested at the time of the dividend in underlying types of assets.

CHANGE IN NET WORTH

Svolder's closing net worth was SEK 144.00 per share, which represents an increase during the financial year of 22.8 per cent, including reinvested dividend. This figure is 1.1 percentage points above that of the CSRX comparison index, which rose by 21.7 per cent during the corresponding period. This can be compared with the stock market as a whole (SIXRX), which increased by 16.9 per cent.

Net worth trend (12 months)
1st September 2019–31st August 2020

	SEK m	SEK/share
Net worth, 31st August 2019	3,051	119.20
Equities portfolio		
Opening value	2,877	112.40
Purchase of shares	376	
Sale of shares	-502	
Change in value, equities portfolio	702	22.50
Closing value	3,452	134.80
Net debt (-)/net receivable (+)		
Opening value	174	6.80
Share dividends received	9	
Dividend paid	-55	
Management costs	-20	
Net financial items	0	
Sale of shares, net	126	2.30
Closing value	234	9.10
Net worth, 31st August 2020	3,686	144.00

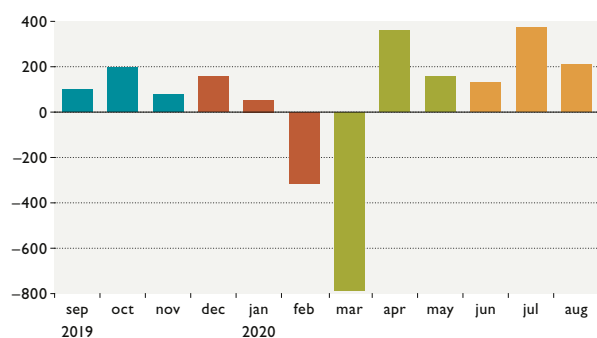
Source: Svolder, Infront and Morningstar

Biggest contributors to changes in net worth accumulated financial year 2019/2020

(Based on net worth of SEK 3,051 million or SEK 119.20/share on 31st August 2019)

Share	SEK m	SEK/share
GARO	247	9.60
Troax	215	8.40
Lime Technologies	135	5.30
Nordic Waterproofing	118	4.60
FM Mattsson Mora	58	2.30
Boule Diagnostics	53	2.10
Nolato	45	1.80
Magnolia Bostad	37	1.40
Total, eight positive	908	35.50
ITAB Shop Concept	-64	-2.50
New Wave Group	-43	-1.70
Total, two negative	-107	-4.20
Other shares	-90	-3.50
Shares, total	710	27.80
Other	-20	-0.80
Change in value before dividend	690	27.00

Change in net worth in SEK million per month (12 months)

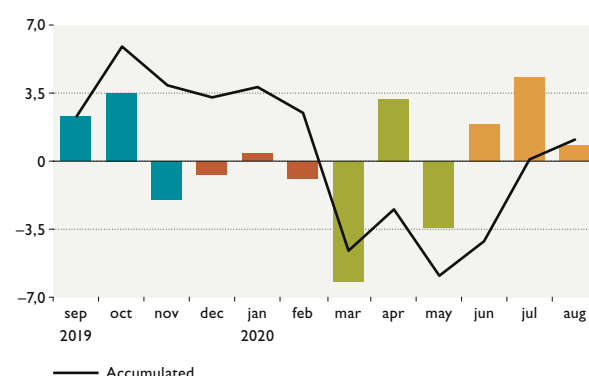


Excluding dividends of SEK 55.0 million (SEK 2.15/share) paid in November 2019.

Svolder's equities portfolio is not an index portfolio: investment decisions are, instead, based on valuation of the individual shares. The portfolio's results in relation to comparison indices may, therefore, differ substantially from one accounting period to another. Share evaluation is complemented by a certain strategic focus on individual sectors based on macroeconomic factors.

Change in net worth relative to CSRX (12 months)

In percentage points per month and accumulated



LIQUIDITY/BORROWING

The equities portfolio was unplugged on the closing day. The net receivable, which includes liquid assets and the share trading's unliquidated transactions etc., was SEK 234 million on the closing day, corresponding to 6.3 per cent of the company's net worth. This can be compared with a net receivable of SEK 174 million at the beginning of the financial year.

THE EQUITIES PORTFOLIO

Shares were acquired for a gross amount of SEK 376 million during the financial year. Shares to the value of SEK 502 million (gross) were sold during the corresponding period, and net sales consequently amounted to SEK 126 million. A dividend of SEK 55 million was paid to shareholders in November 2019 for the 2018/2019 financial year. The number of holdings in the equities portfolio on the closing day totalled 20, which was as many as on the opening day of the financial year.

Major net purchases for the equities portfolio (12 months) 1st September 2019–31st August 2020

Share	Number	SEK m	SEK/share ¹⁾
XANO Industri	560,264	56	100.00
Beijer Electronics Group	888,285	50	56.00
New Wave Group	793,650	46	57.40
Elanders	398,841	31	77.10
Elos Medtech	284,892	29	102.50

¹⁾ The purchase price per share is arrived at on the basis of the aggregate purchase price for all shares of the same class acquired during the period.

Comments on the majority of purchases and sales have been continuously reported in Svolder's interim reports. Transactions, along with the prevailing investment philosophy, will be presented in detail in the forthcoming Annual Report which will be distributed at the beginning of November.

Major net sales from the equities portfolio (12 months) 1st September 2019–31st August 2020

Share	Number	SEK m	SEK/share ¹⁾
Platzer Fastigheter	2,248,300	233	103.80
Scandic Hotel Group	2,000,000	118	60.60
Lime Technologies	90,000	26	216.60
Saab	60,000	22	327.80

¹⁾ The sales proceeds per share are arrived at on the basis of the aggregate market value for all shares of the same class sold during the period.

MANAGEMENT COSTS

Total management costs for the financial year amounted to SEK 20 million (24 m), which equated to 0.6 (0.8) per cent of average net worth.

Management costs include costs for an incentive programme for Svolder employees. Over the past financial year Svolder's net worth, including reinvested dividends, performed 1.1 percentage points better than the CSRX. The variable remuneration has an annual ceiling and the sum paid must be invested in Svolder Class B shares to be held for at least three years. The reserve for the 2019/2020 financial year is SEK 2.5 million (7.3 m). The reserve equates to just under 0.1 (0.2) per cent of the opening net worth.

THE PARENT COMPANY

The results for the Group and the Parent Company correspond in full. The Parent Company balance sheet is the same as for the Group with the exception of the Parent Company's holdings in subsidiaries, worth SEK 0.1 million, and a current liability of SEK 0.1 million. The Parent Company and the Group have an overdraft facility totalling SEK 200 million.

RISKS AND UNCERTAINTY FACTORS

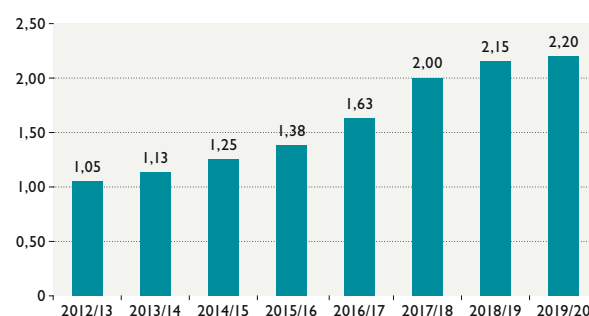
The identified risks and uncertainties for the Group and the Parent Company are presented on page 63 and in note 17 on page 76 of the 2018/2019 Annual Report. The market risk (the equities portfolio's price risk) is adjudged to be the most significant of the risks listed. No significant changes are deemed to have occurred subsequently.

DIVIDEND

At the 2020 Annual General Meeting the Board will propose a share dividend of SEK 2.20 (2.15) per share for the 2019/2020 financial year, which equates to SEK 56 million (55 m). The proposal equates to 1.5 (1.8) per cent of the closing net worth and a yield of 1.6 (2.0) per cent based on

the share price on the closing day. The proposed dividend is a deviation from Svolder's dividend policy which is based on the portfolio companies' dividends less Svolder's ongoing management costs. The portfolio companies have, like other companies on the stock exchange, had a restrictive position on dividends during the spring due to uncertainty surrounding the ongoing pandemic. The dividend proposal is based on the assessment that share dividends are a central part of Svolder's business, while at the same time the company has achieved a good operating profit and has a stable financial position as an unleveraged investment company.

Dividend in SEK per share



2019/2020: dividend proposed by the Board of Directors.

EVENTS AFTER THE REPORTING PERIOD

The net worth on 17th September was SEK 149 per share and the listed price (Class B share) was SEK 152.60.

AGM AND FINANCIAL REPORTING

The Annual General Meeting will be held on Monday 16th November 2020 in Stockholm. The aim is to have a face-to-face AGM. Measures will be taken to reduce the risk of spreading COVID-19 while taking into account the prevailing infection situation and national guidelines. Further information will be provided in the notice to attend, which will be announced on around 14th October with a press release, a presentation on Svolder's website, an advertisement in *Dagens Industri* and information in the upcoming Annual Report.

The Annual Report will be available on Svolder's website at the end of October and distributed in printed form in early November to shareholders who registered with the company to receive printed information. The interim report for the period 1st September–30th November 2020 will be published on 11th December 2020.



INTERIM REPORT 4

CURRENT REPORTING PERIOD:
1ST JUNE – 31ST AUGUST 2020

Result for current reporting period

3 months: 1st June–31st August 2020

- The company posted a result for the period of SEK **708** million (–30 m), corresponding to SEK **27.70** (–1.20) per share
- The net worth increased **23.8%** to SEK **144.00** per share
- The listed price of the Class B share increased by **38.3%** to SEK **140.80** per share
- The Carnegie Small Cap Return Index increased by **15.8%**

Major contributors to net worth

- + Positive: GARO, Troax, New Wave Group
- Negative: -

Major changes in the equities portfolio

- + Bought: XANO Industri
- Sold: Nolato, Scandic Hotels Group

MARKET COMMENTARY

The current reporting period, 1st June–31st August 2020, was characterised by a strong positive trend on the stock exchange. Half-year reports from listed companies generally showed less of a negative impact from the COVID-19 pandemic than feared. Sales of consumer goods varied greatly depending on the form of distribution and application area. As much of the contact between people came to be digital, both professionally and socially, companies with established digital business models often performed well. Central banks and governments around the world pursued an abnormally expansive monetary and fiscal policy, which greatly reduced the risks of a long-term recession in various countries. The pandemic remains rife in Sweden and the world around, although Europe has gradually seen lower and lower death figures and fewer people in intensive care.

The Swedish stock exchange (SIXRX) rose by just over 10 per cent, but was surpassed by the index for small and medium-sized companies (CSRX) which grew by almost 16 per cent. Almost without exception, the world's stock exchanges rose in their local currencies. For example, the Europa index, S&P 500 (USA) and DJ world index rose by 7, 15 and 14 per cent respectively.

During the current reporting period the krona has increased by more than eight per cent against the US dollar and by 1.4 per cent against the euro. This is a reverse in the trend of earlier currency movements characterised by the weakness of the krona. One likely reason is that Sweden and the other Nordic countries have seen less of an economic downturn resulting from COVID-19. Another is less dramatic statements from the Riksbank, Sweden's central bank, about the need for even lower interest rates, i.e. negative rates. Finally, the main change is likely global and linked to the sharp fall in the US dollar in response to its highly expansive fiscal policy.

Movements in interest rates during the quarter were limited. The interest rates of government bonds in European countries with a good credit rating remain mainly negative. Comments from the world's various central banks indicate that their monetary policy will be highly expansive for the foreseeable future. The various fiscal stimulus packages around the world have stabilised economies, but do not seem to have influenced interest levels to any great extent.

Commodity prices continued their positive trend. Improved production statistics from China and the weak development of the dollar are probably the main reasons for this. Gold rose by almost 14 per cent, while industrial metals rose even more. The price of copper, for example, increased by 24 per cent. The price of Brent oil rose by just over 21 per cent.

Total return¹⁾ %

	3 months 1/6 2020– 31/8 2020	12 months 1/9 2019– 31/8 2020
Svolder		
Share price (Class B)	38.3	30.9
Net worth	23.8	22.8
Stock market index		
Carnegie Small Cap Return Index	15.8	21.7
SIX Return Index	10.5	16.9

¹⁾ Total return is calculated using comparable methods to reinvestment indices and funds, i.e. assuming that the dividend paid is reinvested at the time of the dividend in underlying types of assets.

Source: Svolder, Infront and Morningstar

CHANGE IN NET WORTH

Svolder's closing net worth was SEK 144.00 per share, which represents an increase during the current reporting period of 23.8 per cent. This figure is up 8.0 percentage points on that of the CSRX comparison index, which increased by 15.8 per cent during the corresponding period. This can be compared with the stock market as a whole (SIXRX), which increased by 10.5 per cent.

This positive deviation can primarily be attributed to the fact that Svolder's five largest holdings, which account for just over half of its equities portfolio, performed considerably better than the CSRX. In addition, the low proportion of real estate shares in the equities portfolio was a positive in the relative comparison.

Net worth trend (3 months) 1st June–31st August 2020

	SEK m	SEK/share
Net worth, 31st May 2020	2,978	116.30
Equities portfolio		
Opening value	2,799	109.40
Purchase of shares	41	
Sale of shares	–99	
Change in value, equities portfolio	711	25.50
Closing value	3,452	134.80
Net debt (–)/net receivable (+)		
Opening value	178	7.00
Share dividends received	4	
Management costs	–6	
Net financial items	0	
Sale of shares, net	58	2.20
Closing value	234	9.10
Net worth, 31st August 2020	3,686	144.00

Electrical product company **GARO** was by far the largest contributor to net worth during the current reporting period. No specific news or events explain the strong development in share price. On the other hand, we have noted an increased interest in and capital flow into companies with a sustainability/ESG profile. GARO's now complete product portfolio within infrastructure for charging the growing fleet of electric vehicles is a prime example of products and services with a clear ESG profile. Other recently launched products also have properties that focus on sustainability. The company's valuation has certainly increased along with its share price, but the company's product offering and market position are deemed to be very interesting for the future.

The Q2 report of perimeter protection company **Troax** showed slightly lower sales than expected. The results and the margin were, however, higher than forecast, yet still down on the previous year. The order intake fell by 19 per cent during the quarter, mainly due to restrictions relating to COVID-19. Less uncertainty about the company's resilience during an economic downturn could be one reason for the share's strong development. In addition, there is increasing interest in the fast-growing segment of automated storage solutions for e-commerce customers. For the fifth consecutive quarter, Troax was one of the largest positive contributors to Svolder's net worth.

Brand group **New Wave** was initially severely affected by bans on mass gatherings, and the company was also forced to close certain warehouses. Its share price fell dramatically during the first quarter but stabilised as more and more countries began to open up. The company issued a reverse profit warning for the second quarter in mid-July as its sales and profit both developed far better than expected. This prompted the share price to rise sharply and make a considerable contribution to net worth during the current reporting period. The valuation is considered attractive, and as restrictions are lifted in various countries Svolder expects to see continued positive development for the business and the share.

Taps and mixer fittings manufacturer **FM Mattsson Mora Group** (FMM) performed strongly in the first half of 2020. This can mainly be attributed to Dutch company **Hotbath**, which was acquired in May 2019 and developed better than expected. To date COVID-19 has had a limited

effect on the business and it has been possible to resolve the resulting disruptions. An increased focus on hand hygiene and touch-free taps is a positive for FMM. In connection with its Q2 report, the company announced that it intends to convene an extraordinary general meeting of shareholders in September, at which it proposes to pay the previously cancelled dividend of SEK 3.50 per share. This proposal was welcomed by the stock market and the share became a major contributor to net worth.

As with many other construction-related businesses, waterproofing product company **Nordic Waterproofing** has not been particularly hard hit by COVID-19 to date. The company has reported increasing margins for several consecutive quarters. This, coupled with organic growth, was probably the most important factor behind the rising share price, and the share thus became a major contributor to net worth for the period. Svolder is still of the opinion that the share is attractively valued based on assumed profit for a normal year.



Biggest contributors to changes in net worth 1st June–31st August 2020

(Based on net worth of SEK 2,978 million or SEK 116.30/share on 31st May 2020)

Share	SEK m	SEK/share
GARO	195	7.60
Troax	85	3.30
New Wave Group	78	3.00
FM Mattsson Mora	69	2.70
Nordic Waterproofing	69	2.70
Lime Technologies	59	2.30
Elanders	44	1.70
Elos Medtech	29	1.10
Magnolia Bostad	24	0.90
Nolato	21	0.80
Total, 10 positive	673	26.30
Other shares	42	1.60
Shares, total	715	27.90
Other	-6	-0.30
Change in value	708	27.70

The share price of Med-tech company **Boule Diagnostics** saw weak development during the reporting period, and was the largest negative contributor to net worth (SEK –20 million, SEK –0.80/Svolder share). As expected, the company’s sales of instruments and earnings for the second quarter were relatively severely affected by lockdowns and changed healthcare priorities in other countries as a result of the COVID-19 pandemic. The effects are, however, expected to be temporary and a clear improvement in the order intake was already noted in the latter part of the quarter. The management inspires strong confidence in a gradual recovery in the future. Boule is well placed to meet increased demand when the markets turn around again, as it has fully maintained its organisation and delivery capacity. After the end of the quarter Boule signed an extended long-term supply agreement for reagents with one of the company’s largest global OEM customers. The agreement underlines Boule’s strong market position and secures revenue from consumables for the next 10–20 years.

LIQUIDITY/BORROWING

The equities portfolio was unpledged on the closing day. The net receivable, which includes liquid assets and the share trading’s unliquidated transactions etc., was SEK 234 million on the closing day, corresponding to 6.3 per cent of the company’s net worth. This is to be compared with a net receivable of SEK 178 million at the beginning of the current reporting period.

EQUITIES PORTFOLIO

Shares were acquired for SEK 41 million (gross) and sold for SEK 99 million (gross) during the current reporting period, and net selling hence totalled SEK 58 million.

All shares in Scandic Hotels Group were sold during the three-month period. On the closing day, the portfolio thus comprised 20 holdings.

Major net purchases for the equities portfolio (3 months) 1st June–31st August 2020

Share	Number	SEK m	SEK/share ¹⁾
XANO Industri	273,844	26	95.30

¹⁾ The purchase price per share is arrived at on the basis of the aggregate purchase price for all shares of the same class acquired during the period.

The holding in the southern Swedish industrial group **XANO Industri** has been increased and is the largest purchase during the interim period. XANO develops, acquires and runs niche tech companies that offer production and development services for industrial products and automa-

tion equipment. XANO has a history of successfully acquiring and integrating small niche industrial companies, and there is a strong foundation to continue with this in the future. Svolder has been a shareholder in XANO for a long time and values the company’s decentralised business model, good cash flow generation and attractive industry exposure with an emphasis on med tech and the global packaging industry. The XANO share is illiquid and in connection with a so-called placing, Svolder was given an opportunity to acquire a large block of shares and thus further increase its involvement in the company.

Major net sales from the equities portfolio (3 months) 1st June–1st August 2020

Share	Number	SEK m	SEK/share ¹⁾
Nolato	62,112	46	746.00
Scandic Hotels Group (subscription right)	816,184	18	22.10
Scandic Hotels Group	398,372	18	44.90

¹⁾ The sales proceeds per share are arrived at on the basis of the aggregate market value for all shares of the same class sold during the period.

Polymer group **Nolato** was the largest sale during the current reporting period. Svolder purchased shares in Nolato during the very weak period in March. Afterwards Nolato presented healthy interim reports and announced a major acquisition in the USA. The share price increased sharply and Svolder decided to gradually decrease its shareholding.

THE PARENT COMPANY

The results for the Group and the Parent Company correspond in full. The Parent Company balance sheet is the same as for the Group with the exception of the Parent Company’s holdings in subsidiaries, worth SEK 0.1 million, and a current liability of SEK 0.1 million. The Parent Company and the Group have an overdraft facility totalling SEK 200 million.

STOCKHOLM, 18TH SEPTEMBER 2020
SVOLDER AB (PUBL)

THE BOARD OF DIRECTORS

For additional information, please contact:
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This Interim Report has not been subject to examination by the company’s auditors.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK m)	3 months 1/6 2020– 31/8 2020	3 months 1/6 2019– 31/8 2019	12 months 1/9 2019– 31/8 2020	12 months 1/9 2018– 31/8 2019
Management operations				
Dividend income	4.0	3.5	8.9	58.8
Management costs	–6.4	–6.0	–20.1	–24.4
Earnings from securities	710.8	–27.1	701.5	–47.2
Operating profit/loss	708.5	–29.7	690.3	–12.8
Profit on financial investments				
Financial income	0.0	0.0	0.0	0.0
Financial expenses	–0.1	–0.1	–0.2	–0.2
Profit/loss after financial items	708.4	–29.7	690.1	–13.1
Tax	-	-	-	-
Profit/loss for the period	708.4	–29.7	690.1	–13.1
Other comprehensive income	-	-	-	-
Comprehensive income for the period	708.4	–29.7	690.1	–13.1
Earnings per share, SEK	27.70	–1.20	27.00	–0.50

CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	3 months 1/6 2020– 31/8 2020	3 months 1/6 2019– 31/8 2019	12 months 1/9 2019– 31/8 2020	12 months 1/9 2018– 31/8 2019
Cash flow from operating activities before changes in working capital	–1.8	–4.6	–15.7	32.7
Changes in working capital				
Increase (+)/decrease (–) in current liabilities	0.0	–0.3	0.2	0.0
Cash flow from operating activities	–1.8	–4.9	–15.4	32.7
Investing activities				
Purchase of securities	–33.8	–209.9	–423.1	–510.6
Sale of securities	118.2	180.5	519.0	392.4
Investment in machinery and equipment	0.0	0.0	0.0	–0.1
Cash flow from investing activities	84.4	–29.4	95.9	–118.3
Financing activities				
Dividend paid	-	-	–55.0	–51.2
Cash flow from financing activities	0.0	0.0	–55.0	–51.2
Increase (+)/decrease (–) in liquid assets	82.6	–34.3	25.4	–136.7
Liquid assets at beginning of period	163.1	254.5	220.2	357.0
Liquid assets at end of period	245.6	220.2	245.6	220.2

CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	3 months 1/6 2020– 31/8 2020	3 months 1/6 2019– 31/8 2019	12 months 1/9 2019– 31/8 2020	12 months 1/9 2018– 31/8 2019
Change in net worth, SEK	27.70	–1.20	24.80	–2.50
Dividend paid during the period, SEK	-	-	2.15	2.00
Number of shares, million	25.6	25.6	25.6	25.6

Definitions as in the Annual Report for 2018/2019. Amounts per share have been rounded off to the nearest SEK 0.1 throughout the Interim Report, except for share prices and dividends. The company has no ongoing programmes of financial instruments that entail any dilution in the number of shares. The number of outstanding shares equals 25,600,000.

CONSOLIDATED BALANCE SHEET

Assets

(SEK m)	31/8 2020	31/5 2020	31/8 2019	31/5 2019	31/8 2018
Non-current assets					
<i>Property, plant and equipment</i>					
Equipment	0.1	0.1	0.2	0.2	0.2
<i>Financial assets</i>					
Securities holdings	3,452.1	2,799.4	2,876.8	2,838.0	2,768.3
Current assets					
Current receivables	2.3	21.8	20.5	4.5	0.5
Cash and bank balances	245.6	163.1	220.2	254.5	357.0
Total assets	3,700.2	2,984.3	3,117.7	3,097.3	3,125.9

Shareholders' equity and liabilities

(SEK m)	31/8 2020	31/5 2020	31/8 2019	31/5 2019	31/8 2018
Shareholders' equity	3,686.2	2,977.8	3,051.1	3,080.8	3,115.4
Liabilities					
Current liabilities	14.0	6.6	66.6	16.4	10.6
Total liabilities and shareholders' equity	3,700.2	2,984.3	3,117.7	3,097.3	3,125.9

CHANGES IN SHAREHOLDERS' EQUITY

(SEK m)	3 months 1/6 2020– 31/8 2020	3 months 1/6 2019– 31/8 2019	12 months 1/9 2019– 31/8 2020	12 months 1/9 2018– 31/8 2019
Opening balance	2,977.8	3,080.8	3,051.1	3,115.4
Dividend paid	-	-	-55.0	-51.2
Comprehensive income for the period	708.4	-29.7	690.1	-13.1
Closing balance	3,686.2	3,051.1	3,686.2	3,051.1

CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	31/8 2020	31/5 2020	31/8 2019	31/5 2019	31/8 2018
Net worth per share, SEK	144.00	116.30	119.20	120.30	121.70
Share price (Class B), SEK	140.80	101.80	109.60	115.40	104.60
Net worth, premium (+)/discount (-), %	-2	-12	-8	-4	-14
Liquidity (+)/Borrowing (-), %	6	6	6	8	11
Equity/assets ratio, %	100	100	100	100	100
Number of shares, million	25.6	25.6	25.6	25.6	25.6

Definitions as in the Annual Report for 2018/2019. Amounts per share have been rounded off to the nearest SEK 0.1 throughout the Interim Report, except for share prices and dividends. The company has no ongoing programmes of financial instruments that entail any dilution in the number of shares. The number of outstanding shares equals 25,600,000.

ACCOUNTING POLICIES

This Interim Report has been prepared in accordance with IAS 34, Interim Reporting. The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and in accordance with Sweden's Annual Accounts Act.

The Parent Company accounts follow Sweden's Annual Accounts Act and Swedish Financial Reporting Board recommendation RFR 2. As of 1st September 2019, Svolder calculates the market value (fair value) of the equities portfolio based on the last price paid, instead of the bid price as before, for the securities on Nasdaq Stockholm. This change in method has been made to be more consistent with the comparison indices, which are calculated in the same way. The change is expected to have a marginal effect on results. Otherwise the same accounting principles and bases for assessment have been used as in the most recent Annual Report.

IFRS 16, which concerns accounting for leases by lessors and lessees alike, has not prompted any changes in the Group's accounting in terms of amounts as these amounts are not material.



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SVOLDER IS AN INVESTMENT COMPANY THAT INVESTS PRIMARILY IN THE SHARES OF LISTED SMALL AND MEDIUM-SIZED SWEDISH COMPANIES. THE COMPANY'S SHARES ARE LISTED ON NASDAQ STOCKHOLM. SVOLDER'S NET WORTH IS PUBLISHED WEEKLY AND APPEARS ON THE COMPANY'S WEBSITE, WWW.SVOLDER.SE



COVER PHOTO: SÖLVESBORG BRIDGE IS A PEDESTRIAN AND CYCLE BRIDGE OVER SÖLVESBORGSVIKEN BAY IN BLEKINGE. IT COMPRISES AN ARCH BRIDGE WITH THREE ARCHES AND A GIRDER BRIDGE, JOINTLY SPANNING 760 METRES.



SVOLDER

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