



SVOLDER

YEAR-END REPORT 2016/2017

» *The Class B share and net worth, including reinvested dividend, rose by more than 30 per cent* »

The Managing Director's comments, page 2

SHARE PRICE
214.00

NET WORTH
222

SEK/share on 15th September 2017

THE REPORT FOR Q4 2016/2017 BEGINS ON PAGE 9

Results for the financial year

12 months: 1st September 2016–31st August 2017

- The company posted a result for the period of SEK **664.7** million (SEK 739.5 m), corresponding to SEK **51.90** (SEK 57.80) per share
- The net worth increased by **30.9%**, including reinvested dividend, to SEK **219.70** per share
- The listed price of the Class B share increased by **30.2%**, including reinvested dividend, to SEK **206.50** per share
- The Carnegie Small Cap Return Index rose by **8.3%**
- The SIX Return Index rose by **12.1%**
- The closing discount on net worth for the Class B share was **6.0%**, while the Class A share was traded at a premium of **15.6%**
- Proposed dividend SEK **3.25** (SEK 2.75) per share

The Annual General Meeting will be held on **16 November 2017**

The 2016/2017 financial year (12 months)

MAJOR CONTRIBUTORS TO NET WORTH

+ Positive	Negative –
Troax	Magnolia
Scandic Hotels	
Boule Diagnostics	

MAJOR CHANGES IN THE EQUITIES PORTFOLIO

+ Bought	Sold –
Mekonomen	Saab
Serneke	SSAB
Platzer	Beijer Alma

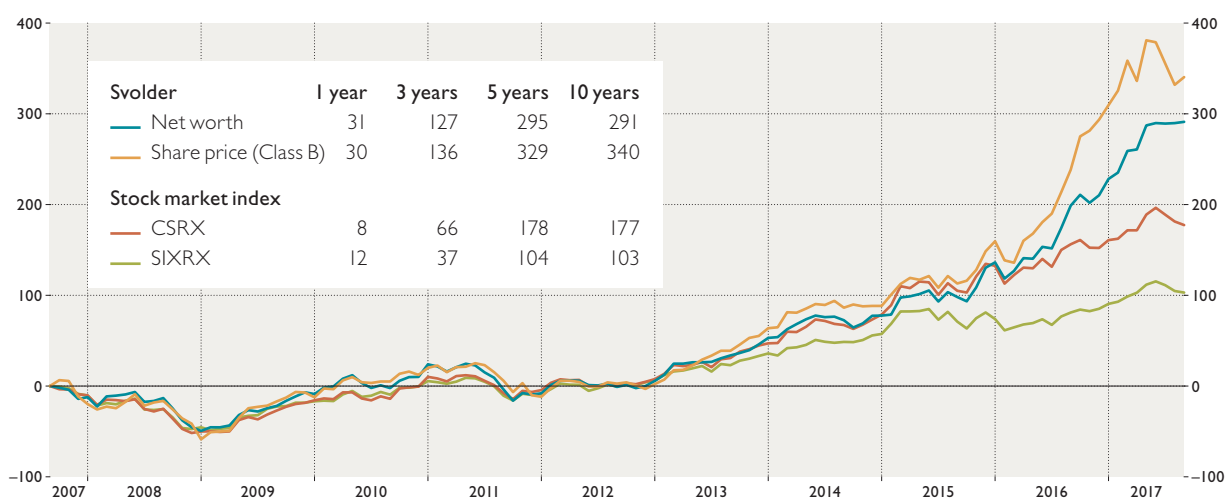
Dear Shareholder,

The 2016/2017 financial year has come to an end – Svolder’s twenty-fourth and one of the best to date. The Class B share and net worth, including reinvested dividend, rose by more than 30 per cent. Meanwhile the Swedish stock exchange (SIXRX) rose by 12 per cent and the index for small and medium-sized companies (CSRX) increased by just over 8 per cent. In terms of value, this means that net worth, including dividend paid, increased by just over SEK 665 million and exceeded SEK 2.8 billion on the closing day. A new record in itself! Svolder’s largest portfolio holding, in mesh panel company Troax, created the biggest growth in net worth during the financial year. However Scandic Hotels, Boule Diagnostics, Nolato and Saab also deserve a special mention.

» *The Class B share and net worth, including reinvested dividend, rose by more than 30 per cent. Meanwhile the Swedish stock exchange rose by 12 per cent and the index for small and medium-sized companies by just over 8 per cent.* »

The fourth quarter of the financial year also turned out well, particularly in relation to stock exchanges and other asset management companies. Svolder’s net worth increased marginally, while the majority of the Swedish stock exchange indices fell by approximately 6 per cent. Once again the Troax portfolio company stands out in a positive way, this time followed by Klöver and GARO. Svolder’s Class B share, however, lost a full 8 per cent during the quarter, and as a result it was traded at a discount of 6 per cent on the closing day. On average the Class B share was traded at a premium of approximately 2 per cent during the financial year.

Total return¹⁾ 10 years in % on 31st August 2017



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.

Discount (-)/Premium (+) on net worth,
% (12 months)



This year's success comes on the heels of recent years' performance. In five years net worth, including dividends paid, has increased by just over SEK 1.9 billion. A strong stock exchange has played a role in this, but more than half of the growth in value stems from the added value that our portfolio companies have jointly helped to create compared with the CSRX. Special mention should be given here to Troax, Saab, Nolato, Acando, GARO and Boule Diagnostics, each of which has contributed more than SEK 100 million in net worth. A further 50 or so portfolio companies have also contributed to this. Only the investments in Bong and Orexo have been truly poor. Svolder's strong analytical method of working to evaluate shares and portfolio companies has been successful, and I have every reason to believe that this will continue. At the same time, it should be noted that historical returns are no guarantee of future performance.

AN UNCERTAIN WORLD

The general performance of the Swedish stock exchange somewhat exceeded Svolder's original assessment at the beginning of the year, i.e. value growth of approximately 6–8 per cent including dividends, with the additional comment that an intelligent stock-picking strategy had the potential to continue to exceed the stock exchange. We will discuss our view of the future in more detail in the upcoming Annual Report. Nevertheless, let me note here that there are many indications that our general view of the stock exchange remains neutral, and that investors in Swedish shares should not expect an annual return that exceeds investors' long-term return requirement, which is currently in the region of 5–7 per cent a year. Current positives include increasing economic growth, particularly in continental Europe, continued low interest rates and many well-managed companies. On the other hand, there is uncertainty about how central banks will normalise their monetary policy, escalating political and military uncertainty, a higher number of more highly valued companies listed on the stock exchange, and possibly a poorer money flow into the stock markets.

Svolder will hold its Annual General Meeting on 16 November 2017, at the IVA Conference Centre in Stockholm. This year it will commence at 17:00 CET. In the hour prior to the AGM, there will be an opportunity to talk to representatives of some of Svolder's portfolio companies and Svolder's board members and employees. A separate notice to attend will be published in line with formal requirements, while the Annual Report will be sent to all shareholders who have not previously specifically declined such information. We look forward to seeing you at the Annual General Meeting!

Yours faithfully

ULF HEDLUNDH
Managing Director



THE EQUITIES PORTFOLIO

31ST AUGUST 2017

Share	Quantity	Share price (SEK) ¹⁾	Market value (SEK m)	% of net worth	% of the company's capital ²⁾	% of the company's votes ²⁾
Troax	1,387,000	265.50	368.2	13.1	7.0	7.0
Mekonomen	1,100,000	170.50	187.6	6.7	3.1	3.1
Scandic Hotels	1,602,500	109.25	175.1	6.2	1.6	1.6
GARO	700,000	246.50	172.6	6.1	7.0	7.0
Platzer Fastigheter	3,085,108	49.90	153.9	5.5	2.6	1.0
Semeke Group	1,150,000	126.75	145.8	5.2	5.0	1.6
Saab	400,000	362.00	144.8	5.1	0.4	0.3
Klövern Class B	13,000,000	10.95	142.4	5.1	1.4	0.8
Boule Diagnostics	515,000	276.00	142.1	5.1	10.9	10.9
Acando ³⁾	5,017,391	27.40	137.5	4.9	4.8	6.9
Nolato	378,290	340.50	128.8	4.6	1.4	0.7
New Wave Group ⁴⁾	2,057,997	55.75	114.7	4.1	3.1	0.8
Nordic Waterproofing	1,207,514	94.50	114.1	4.1	5.0	5.0
Magnolia Bostad	1,394,009	74.00	103.2	3.7	3.7	3.7
XANO Industri	653,000	141.25	92.2	3.3	4.6	1.4
FM Mattsson Mora	1,000,000	80.25	80.3	2.9	7.4	3.2
Beijer Electronics	1,600,000	37.50	60.0	2.1	8.4	8.4
Elos Medtech	667,000	86.25	57.5	2.0	11.0	4.2
AGES Industri	500,000	111.50	55.8	2.0	7.1	2.1
Verisec	229,095	157.50	36.1	1.3	5.2	5.2
Kambi	430,000	74.50	32.0	1.1	1.4	1.4
Nobina	507,429	39.80	20.2	0.7	0.6	0.6
Bong	16,600,000	1.01	16.8	0.6	7.9	7.9
Equities portfolio			2,681.5	95.4		
Net debt (-)/net receivable (+)			130.5	4.6		
Total/net worth			2,812.1	100.0		
			219.70	SEK per Svolder share		

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

¹⁾ In calculating the market value (fair value), the bid price 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 4,517,391 Acando Class B and 500,000 Acando Class A shares.

⁴⁾ The above-mentioned holdings on the closing day 31st August 2017 included 70,000 New Wave Group loaned shares.

The following is an example of information that can be drawn from the table: Svolder's largest holding is Troax, which has a market value of SEK 368.2 million, corresponding to 13.1 per cent of net worth. A one per cent change in Troax's share price (bid price on the closing day) affects Svolder's net worth by SEK 3.7 million, which equates to SEK 0.30 per Svolder share.

YEAR-END REPORT

1ST SEPTEMBER 2016–31ST AUGUST 2017

MARKET COMMENTARY

Svolder's 2016/2017 financial year, i.e. 1st September 2016 to 31st August 2017, was a primarily positive one in terms of absolute return. The international stock exchanges generally showed double-digit value growth. The WDJ world index, however, rose by a moderate 6.5 per cent measured in SEK. This can be attributed to dramatic currency movements. The US dollar (–7.3% relative to the SEK), the British pound (–8.8%) and the Japanese yen (–13%) in particular weakened against the Swedish krona, while the euro weakened slightly against the krona.

Index performance (12 months)



Source: Infront

The Swedish stock exchange performed relatively strongly during the year and rose by 12 per cent (SIXRX). It therefore surpassed the growth of smaller companies by almost four percentage points (CSRX). This can mainly be attributed to the far better performance of shares in major Swedish banks compared with those in corresponding index-heavy real estate companies in the small cap index.

The performance of the Swedish economy has been at the upper end of many analysts' forecasts, and the result is better than in most other Western states. The changes are, however, more clear-cut in many Central European countries. Only the UK is showing increasingly weak economic statistics, probably a delayed reaction to the referendum on leaving the EU and the increasingly weak position of British prime minister Theresa May after the general election in June.

The political and military trouble spots in the wider world have not significantly affected investors' assessments of their effects on the real economy. The main changes can be seen in the above-mentioned currency developments. The weakening of the US dollar can probably be explained by its previous strength, weaker-than-expected interest rate development and the ongoing polarised political environment in America.

Commodity prices have increased across the board during the financial year. This is particularly true for various industrial metals and can chiefly be explained by improved economic conditions for global industry, and the weaker US dollar which is the most important trading currency for commodities. The price of gold was unchanged, although there was an upward trend at the end of the financial year.

SHARE PRICE TRENDS

The closing price for Svolder's Class B share was SEK 206.50, which corresponds to an increase during the financial year of 30.2 per cent, including reinvested dividend. The Class B share's value on the closing day represented a discount of 6.0 per cent on its net worth. The Class B share was traded on all trading days during the period, with an average of just under 11,000 shares traded each day of trading on Nasdaq Stockholm.

Trading in Svolder's Class A shares was limited and shares were traded on 95 per cent of trading days, with an average of just over 300 shares each day of trading on Nasdaq Stockholm.

The closing price for Svolder's Class A share was SEK 254.00, which means that the Class A share was valued at a premium of 15.6 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 amounted to 12,800,000, of which 622,836 were class A shares and 12,177,164 class B shares. The number of shareholders has increased by approximately 3,900, and amounted to 13,800 according to the most recently published share register on 30 June 2017.

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⁾ in %

	12 months 1/9 2016 – 31/8 2017	12 months 1/9 2015 – 31/8 2016
Svolder		
Share price (Class B)	30.2	58.9
Net worth	30.9	50.9
Stock market index		
Carnegie Small Cap Return Index	8.3	25.0
SIX Return Index	12.1	5.9

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.

CHANGE IN NET WORTH

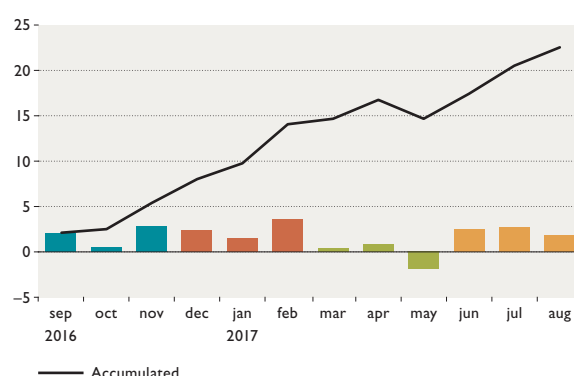
Svolder's closing net worth was SEK 219.70 per share, which represents an increase during the financial year of 30.9 per cent, including reinvested dividend. This figure is 22.6 percentage points above that of the CSRX comparison index, which rose by 8.3 per cent during the corresponding period. This can also be compared with the stock market as a whole (SIXRX), which has increased by 12.1 per cent.

The positive deviation from CSRX is company-specific, and is particularly attributable to the 10 largest contributors in Svolder's equities portfolio, which made a total contribution to net worth of over SEK 600 million.

Svolder has an incentive programme for employees within corporate management and stock management. The programme is based on return on net worth over rolling three-year periods in relation to CSRX. The variable payment has an annual ceiling and the amount paid out must be invested in Class B Svolder shares that are held for at least three years. The reserve for the 2016/2017 financial year is a maximum of SEK 7.5 million, which has burdened the results in Q4. The reserve is 0.3 per cent in relation to the opening net worth. Total management costs during the financial year therefore amount to 1.0 per cent (1.3) of the total net worth.

Change in net worth relative to CSRX (12 months)

In percentage points per month and accumulated



Source: Svolder, Infront and Morningstar

Source: Svolder, Infront and Morningstar

Net worth trend (12 months) 1st September 2016 – 31st August 2017

	SEK m	SEK/share
Net worth 31st August 2016	2,182.5	170.50

Equities portfolio

Opening value	1,941.8	151.70
Purchase of shares	1,179.2	
Sale of shares	-1,072.7	
Change in value, equities portfolio	633.3	57.80
Closing value	2,681.5	209.50

Net debt (-)/Net receivable (+)

Opening value	240.8	18.80
Share dividends received	56.2	
Other operating income	0.1	
Dividend paid	-35.2	
Administrative costs	-24.6	
Net financial items	-0.2	
Purchase of shares, net	-106.5	-8.60
Closing value	130.5	10.20

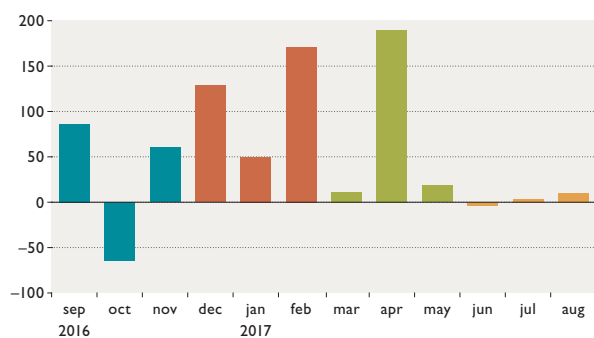
Net worth 31st August 2017	2,812.1	219.70
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Biggest contributors to changes in net worth accumulated financial year 2016/2017

(Based on net worth of SEK 2,182.5 million or SEK 170.50/share on 31st August 2016)

Share	SEK m	SEK/share
Troax	187.9	14.70
Scandic Hotels Group	71.8	5.60
Boule Diagnostics	70.9	5.50
Nolato	67.3	5.30
Saab	64.1	5.00
Acando	60.8	4.70
GARO	35.6	2.80
SSAB Class B	33.1	2.60
XANO Industri	26.5	2.10
Total, nine positive	618.0	48.30
Magnolia Bostad	-50.3	-3.90
Total, one negative	-50.3	-3.90
Other shares	121.9	9.50
Shares, total	689.6	53.90
Other	-24.8	-1.90
Change in value before dividend	664.7	51.90

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



Excluding dividends of SEK 35.2 million (SEK 2.75/share) paid in November 2016.

LIQUIDITY/BORROWING

The equities portfolio was unpledged on the closing day. The net receivable, which also includes the share trading's unliquidated transactions etc., was SEK 130.5 million on the closing day, corresponding to 4.6 per cent of the company's net worth. This can be compared with a net receivable of SEK 240.8 million at the beginning of the financial year.

THE EQUITIES PORTFOLIO

Shares were acquired for a gross amount of SEK 1,179.2 million during the financial year. Shares for a gross amount of SEK 1,072.7 million were sold during the corresponding period, and net purchases hence totalled SEK 106.5 million. A dividend of SEK 35.2 million was paid to shareholders in November 2016 for the 2015/2016 financial year. The number of holdings in the equities portfolio on the closing day totalled 23, which was two holdings more than on the closing day last year (31st August 2016).

Major net purchases for the equities portfolio (12 months) 1st September 2016 – 31st August 2017

Share	Quantity	SEK m	SEK/share ¹⁾
Mekonomen	1,100,000	180.3	163.90
Serneke Group	1,150,000	127.9	111.20
Platzer Fastigheter	1,683,108	75.7	45.00
FM Mattsson Mora	1,000,000	68.0	68.00
Beijer Electronics	1,600,000	62.4	39.00

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.

LENDING OF SHARES

During the financial year, Svolder has lent shares to a very limited extent with a Swedish bank as the counterparty. The share lending has taken place against securities mainly in large cap companies listed on Nasdaq Stockholm, equating to approximately 105 per cent of the loaned shares' market value.

Major net sales from the equities portfolio (12 months) 1st September 2016 – 31st August 2017

Share	Quantity	SEK m	SEK/share ¹⁾
Saab	386,125	145.4	376.20
SSAB Class B	3,165,000	98.3	29.00
Beijer Alma	400,000	86.8	217.10
Troax	358,340	71.5	199.80
Nolato	193,390	67.1	299.90

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.

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 57 and in note 17 on page 70 of the 2015/2016 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

The Board will propose a share dividend of SEK 3.25 (2.75) per share for the 2016/2017 financial year at the 2017 Annual General Meeting, which equates to SEK 41.6 million (SEK 35.2 m). The proposal equates to 1.5 per cent of the closing net worth and a yield of 1.6 per cent based on the share price on the closing day. The proposal is based on Svolder's dividend policy. The following considerations have been made for the proposal:

Dividend received	SEK 56.2 m
Adjustment for liquidity	SEK 1.6 m
Extra dividends	SEK -0.3 m
Ongoing management costs ¹⁾	SEK -17.2 m
Total	SEK 40.2 m
	(SEK 3.15/share)
Board of Directors' proposal	SEK 3.25/share

¹⁾ Excluding variable remuneration relating to Svolder's long-term incentive programme.

The aim is to achieve a dividend level based on normalised dividends from a fully invested equities portfolio, with deductions for management costs excluding possible variable remuneration. The dividend level should, therefore, have the necessary conditions to rise in line with the portfolio companies' increased dividend capacity.

EVENTS AFTER THE REPORTING PERIOD

The net worth on 16th September was SEK 222 per share and the share price (Class B) was SEK 214.

An extraordinary general meeting of shareholders at Beijer Electronics Group AB decided on 1 September 2017 to approve its board of director's proposal for a new share issue of SEK 225 million. In conjunction with this, Svolder undertook to subscribe for shares in the issue equivalent to its ownership, SEK 18.9 million in total. In addition, Svolder and the company's largest shareholders issued an underwriting guarantee so that the new share issue is guaranteed in its entirety. This guarantee is a maximum of SEK 27.6 million for Svolder, for which a 1 per cent guarantee commission, equating to SEK 276,000, will be received. The issue is being carried out in September.

AGM AND FINANCIAL REPORTING

The Annual General Meeting will be held on Thursday 16th November 2017 in Stockholm. The notice to attend will be announced on around 16th 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 distributed at the beginning of November to all shareholders, except for any who have requested not to receive corporate stock market information, whether to the company or via their depository bank. The interim report for the period 1st September–30th November 2017 will be published on 13th December 2017.

INTERIM REPORT 4

CURRENT REPORTING PERIOD:
1ST JUNE – 31ST AUGUST 2017

Results for current reporting period

- The company posted a result for the period of SEK **9.7** million (SEK 331.9 m), corresponding to SEK **0.80** (SEK 25.90) per share
- The net worth increased by **0.3%** to SEK **219.70** per share
- The listed price of the Class B share decreased by **8.0%** to SEK **206.50** per share
- The Carnegie Small Cap Return Index fell by **6.4%**
- The Carnegie Small Cap Return Index fell by **5.7%**

MAJOR CONTRIBUTORS TO NET WORTH

+ Positive	Negative –
Troax	Saab
Klövern	Acando
GARO	Beijer Electronics

MAJOR CHANGES IN THE EQUITIES PORTFOLIO

+ Bought	Sold –
Platzer	Nordic Waterproofing
Mekonomen	Klövern
Nobina	Nolato

MARKET COMMENTARY

The current reporting period, 1st June – 31st August 2017, was a weak stock exchange period, with increased volatility at times. The Swedish stock exchange index fell by around 6 per cent in general. The same applied to Europe, the USA (S&P500) and the world index, measured in SEK. The summer was characterised by mounting military unrest in Southeast Asia as a result of North Korea's increasingly aggressive rearmament and the risk of backlashes. At the same time, the majority of economic indicators in the world have remained positive and in Central Europe in particular are even increasing. Some investors and financial analysts wonder, however, if much further improvement will be possible in the short term. They are also seeing increasingly high valuations of various asset classes, such as shares and real estate.

The US dollar fell by 8.7 per cent against the Swedish krona during the quarter. The euro also weakened against the krona, but by a more modest 3.3 per cent. The Swedish krona has therefore strengthened considerably in relation to the currencies used by Sweden's trading partners over the three-month period. Furthermore no inflation impulses were imported – in fact quite the opposite is happening, which is not in line with the Riksbank's aims.

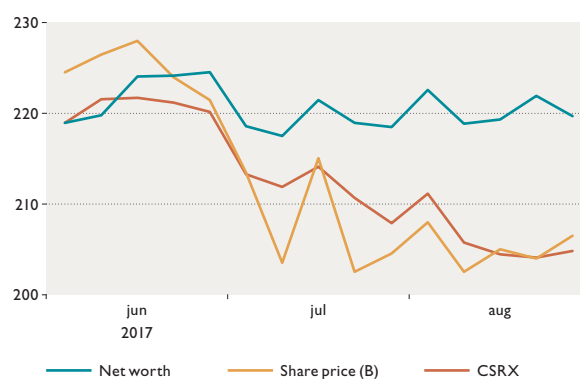
Development of the Swedish TCW index (total competitive weights, 12 months)



Commodity prices rose considerably during the three-month period, also when adjusted for a falling US dollar. This trend is especially evident among industrial metals, such as copper and zinc, which both rose by approximately 20 per cent (in US dollars). This can probably be attributed primarily to a stronger global economy with clear elements of production increases and investments in industry. The Swedish National Institute of Economic Research's Economic Tendency Indicator shows continued strength for the Swedish economy. This is particularly true for the manufacturing and construction industries, while the majority of retailers and households are showing a more normal attitude to future expectations.

Government bond interest rates have remained low during the current reporting period. In early summer the interest rates for US government bonds, for example, rose but then quickly fell again. The interest rates for Swedish government bonds have increased somewhat, but are still negative for several terms.

Svolder (SEK per share) and CSRX (3 months)



Source: Svolder and Infront

Total return¹⁾ in %

	3 months 1/6 2017 – 31/8 2017	12 months 1/9 2016 – 31/8 2017
Svolder		
Share price (Class B)	-8.0	30.2
Net worth	0.3	30.9
Stock market index		
Carnegie Small Cap Return Index	-6.4	8.3
SIX Return Index	-5.7	12.1

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 219.70 per share, which represents an increase during the current reporting period of 0.3 per cent. This figure is 6.7 percentage points higher than the development of the CSRX comparison index, which decreased by 6.4 per cent during the corresponding period.

Net worth trend (3 months) 1st June – 31st August 2017

	SEK m	SEK/share
Net worth, 31st May 2017	2,802.3	218.90
Equities portfolio		
Opening value	2,705.1	211.30
Purchase of shares	141.0	
Sale of shares	-184.1	
Change in value, equities portfolio	19.6	-1.80
Closing value	2,681.5	209.50
Net debt (-)/Net receivable (+)		
Opening value	97.2	7.60
Share dividends received	1.7	
Other operating income	0.0	
Administrative costs	-11.5	
Net financial items	-0.1	
Sale of shares, net	43.1	2.60
Closing value	130.5	10.20
Net worth 31st August 2017	2,812.1	219.70

Perimeter protection company **Troax's** Q2 report exceeded the stock market's expectations regarding both turnover and profit, and this boosted its share price considerably. The order intake was very strong, which indicates continued positive development in turnover and profit in the near future. The share was by far the largest contributor to net worth during the current reporting period.

Svolder has long considered Klöver's shares to be among the lowest valued out of the established listed real estate companies. Svolder has therefore progressively increased its shareholding over the financial year. However, the normalisation of the share price in the summer, coupled with the acquisitions of shares in Platzer, caused Svolder to slightly reduce its holding of Klöver shares. The share was one of the largest contributors to net worth during the current reporting period.

The share price of electrical product company **GARO** rose during Svolder's fourth quarter, and the holding was a major contributor to net worth. The increase in share price marked a recovery following a weaker period in late April and May. The interim report for the company's second quarter was strong as expected. The business in Sweden developed particularly well, with increases in turnover and profit. Positive statements from the corporate management indicate continued good development. Svolder still deems the company's growth opportunities to be strong and its product portfolio interesting.

Polymer group **Nolato's** Q2 report for 2017 was far better than expected. All of the business areas reported an increase in turnover and profit. The major pleasant surprise was Integrated Solutions (previously Telecom), thanks to a broadened customer and product base. Svolder's holding was reduced slightly due to a lower valuation basis.

Biggest contributors to changes in net worth 1st June – 31st August 2017

(Based on net worth of SEK 2,802.3 million or SEK 218.90 SEK/share on 31st May 2017)

Share	SEK m	SEK/share
Troax	54.1	4.20
Klöver Class B	23.4	1.80
GARO	17.5	1.40
Nolato	13.6	1.10
Serneke Group	12.4	1.00
Verisec	8.0	0.60
Total, six positive	129.0	10.10
Saab	-28.7	-2.20
Acando	-17.0	-1.30
Beijer Electronics	-16.3	-1.30
Boule Diagnostics	-12.4	-1.00
Total, four negative	-74.4	-5.80
Other shares	-33.3	-2.60
Shares, total	21.3	1.70
Other	-11.6	-0.90
Change in value	9.7	0.80

Defence and security group **Saab** was the biggest negative contributor to net worth during the current reporting period. Its share price fell mainly because its Q2 report failed to meet expectations regarding profit, profit margin and cash flow. The share price reacted more than Svolder expected, bearing in mind that all of the business areas increased their turnover and profit and company representatives continued to speak positively about future prospects. The downturn can also be explained by the share's strong performance in the first half of 2017.

The share price of IT consultancy **Acando** fell during the current reporting period and its contribution to net worth was negative for Svolder. There is no clear explanation for this fall. One reason, however, could be excessively high expectations on the stock market following the share's very strong performance in late 2016 and early 2017. The company's Q2 report was adversely affected by a lower number of chargeable hours due to Easter, but it was still better than expected. Market conditions are still deemed to be favourable, which bodes well for good financial development moving forward.

Beijer Electronics' business can be summed up as controlling, presenting and connecting digital information flows in different kinds of automation and communication solutions. In recent years the group has combined corporate acquisitions with major investments in research and development, while at the same time major agency sales of Mitsubishi Electric operator terminals have ceased. The structural and organisational change has therefore been significant and Svolder, which terminated its ownership in 2012-2013, has once again acquired a major share position in the company. In order to be able to continue the devel-

opment projects at the same level, stimulate further sales initiatives and facilitate smaller, supplementary corporate acquisitions, the company has decided to carry out a new share issue worth SEK 225 million. The largest owners have indicated their willingness to participate in various ways. Svolder, together with the largest owner Stena Sessan, has also chosen to issue an underwriting guarantee (see page 8).

LIQUIDITY/BORROWING

The equities portfolio was unpledged on the closing day. The net receivable, which also includes the share trading's unliquidated transactions etc., was SEK 130.5 million on the closing day, corresponding to 4.6 per cent of the company's net worth. This can be compared with a net receivable of SEK 97.2 million at the beginning of the current reporting period.

THE EQUITIES PORTFOLIO

Shares to the value of SEK 141.0 million (gross) were acquired during the current reporting period. Shares to the value of SEK 184.1 million (gross) were sold during the corresponding period, and net sales consequently amounted to SEK 43.1 million.

During the three-month period **Nobina** was added as a new holding and all shares in **Mips** were sold. On the closing day, the portfolio thus comprised 23 holdings.

Major net purchases for the equities portfolio (3 months) 1st June – 31st August 2017

Share	Quantity	SEK m	SEK/share ¹⁾
Platzer Fastigheter	1,041,704	52.5	50.40
Mekonomen	130,000	22.1	170.30
Nobina	507,429	20.5	40.50

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.

Real estate company **Platzer** was the biggest acquisition during the quarter. Platzer's operation is concentrated in the Gothenburg region, which continued to show very good economic growth combined with a shortage of attractive commercial premises, as well as increasing net operating income. Platzer is active both as a project developer and a real estate manager of commercial premises. Furthermore, during the summer the sale of a major housing development project in southern Gothenburg (Södra Änggården) to four housing developers was announced. The region is increasingly becoming an object for institutional investors, which is noted in the gradually reduced return requirements. The share has performed relatively weakly during the summer, which led Svolder to increase its ownership in the company.

During the current reporting period Svolder acquired further shares in **Mekonomen**. The ongoing savings programme and a focus on the core business are deemed to lay the foundation for the company to show profit growth again. The share is judged to be attractively valued, not least due to the high yield.

Major net sales from the equities portfolio (3 months) 1st June – 31st August 2017

Share	Quantity	SEK m	SEK/share ¹⁾
Nordic Waterproofing	551,486	55.1	99.90
Klövern	4,000,000	42.6	10.70
Nolato	121,710	41.6	341.70

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.

Waterproofing company **Nordic Waterproofing** (NWG) was the largest sale during the current reporting period. The share price performed well in early summer, even though the company reported that increases in commodity prices could have a negative impact on margins in the near future. The Q2 report showed good turnover, while the profits and margin were lower than expected and the share price fell. The price increases introduced on the company's products are expected to reach full effect during the autumn.

LENDING OF SHARES

During the current reporting period, Svolder has lent shares to a very limited extent with a Swedish bank as the counterparty. The share lending has taken place against securities mainly in large cap companies listed on Nasdaq Stockholm, equating to approximately 105 per cent of the loaned shares' market value.

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, 21ST SEPTEMBER 2017
SVOLDER AB (PUBL)

THE BOARD OF DIRECTORS

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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 2017 – 31/8 2017	3 months 1/6 2016 – 31/8 2016	12 months 1/9 2016 – 31/8 2017	12 months 1/9 2015 – 31/8 2016
Management operations				
Dividend income	1.7	3.4	56.2	43.1
Administrative costs	-11.5	-11.0	-24.6	-23.0
Earnings from securities	19.6	339.3	633.3	718.1
Other operating income	0.0	0.2	0.1	1.5
Operating profit	9.8	332.0	664.9	739.7
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 after financial items	9.7	331.9	664.7	739.5
Tax	-	-	-	-
Profit for the period	9.7	331.9	664.7	739.5
Other comprehensive income	-	-	-	-
Comprehensive income for the period	9.7	331.9	664.7	739.5
Earnings per share, SEK	0.80	25.90	51.90	57.80

CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	3 months 1/6 2017 – 31/8 2017	3 months 1/6 2016 – 31/8 2016	12 months 1/9 2016 – 31/8 2017	12 months 1/9 2015 – 31/8 2016
Cash flow from operating activities before changes in working capital				
	-3.4	-0.8	32.8	28.8
Changes in working capital				
Increase (+)/decrease (-) in current liabilities	-0.2	-0.1	0.0	0.0
Cash flow from operating activities	-3.7	-0.9	32.8	28.8
Investing activities				
Purchase of securities	-142.9	-166.1	-1,179.2	-687.3
Sales of securities	186.5	202.1	1,072.7	871.6
Investment in machinery and equipment	-	-	-0.1	-0.1
Cash flow from investing activities	43.6	36.0	-106.6	184.2
Financing activities				
Dividend paid	-	-	-35.2	-32.0
Cash flow from financing activities	0.0	0.0	-35.2	-32.0
Increase (+)/decrease (-) in liquid assets	40.2	35.1	-109.0	181.0
Liquid assets at beginning of period	100.6	214.6	249.7	68.7
Liquid assets at end of period	140.8	249.7	140.8	249.7

CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	3 months 1/6 2017 – 31/8 2017	3 months 1/6 2016 – 31/8 2016	12 months 1/9 2016 – 31/8 2017	12 months 1/9 2015 – 31/8 2016
Change in net worth, SEK	0.80	25.90	49.20	55.30
Dividend paid during the period, SEK	-	-	2.75	2.50
Number of shares, million	12.8	12.8	12.8	12.8

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 12,800,000.

CONSOLIDATED BALANCE SHEET

Assets

(SEK m)	31/8 2017	31/5 2017	31/8 2016	31/5 2016	31/8 2015
Non-current assets					
<i>Property, plant and equipment</i>					
Equipment	0.1	0.2	0.1	0.2	0.1
<i>Financial assets</i>					
Securities holdings	2,681.5	2,705.1	1,941.8	1,644.1	1,408.5
Current assets					
Current receivables	0.3	2.8	0.3	0.5	0.8
Cash and bank balances	140.8	100.6	249.7	214.6	68.7
Total assets	2,822.7	2,808.7	2,191.9	1,859.4	1,478.2

Shareholders' equity and liabilities

(SEK m)	31/8 2017	31/5 2017	31/8 2016	31/5 2016	31/8 2015
Shareholders' equity	2,812.1	2,802.4	2,182.5	1,850.6	1,475.0
Liabilities					
Current liabilities	10.6	6.3	9.4	8.8	3.1
Total liabilities and shareholders' equity	2,822.7	2,808.7	2,191.9	1,859.4	1,478.2

CHANGES IN SHAREHOLDERS' EQUITY

(SEK m)	3 months 1/6 2017 – 31/8 2017	3 months 1/6 2016 – 31/8 2016	12 months 1/9 2016 – 31/8 2017	12 months 1/9 2015 – 31/8 2016
Opening balance	2,802.3	1,850.6	2,182.5	1,475.0
Dividend paid	-	-	-35.2	-32.0
Comprehensive income for the period	9.7	331.9	664.7	739.5
Closing balance	2,812.1	2,182.5	2,812.1	2,182.5

CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	31/8 2017	31/5 2017	31/8 2016	31/5 2016	31/8 2015
Net worth per share, SEK	219.70	218.90	170.50	144.60	115.20
Share price (Class B), SEK	206.50	224.50	161.00	133.50	103.50
Net worth, premium (+)/discount (-), %	-6	3	-6	-8	-10
Liquidity (+)/Borrowing (-), %	5	4	11	11	5
Equity/assets ratio, %	100	100	100	100	100
Number of shares, million	12.8	12.8	12.8	12.8	12.8

Definitions as in the Annual Report for 2015/2016. 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 12,800,000.

ACCOUNTING PRINCIPLES

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.

Otherwise the same accounting principles and bases for assessment have been used as in the most recent Annual Report.

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You can also find the latest news in the form of press releases and financial reports,
to help you follow Svolder's investments and the company's development.

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Prioritaire **A**

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



COVER PHOTO: THE LIGHTHOUSE AT SUBBEBERGET GUIDES VESSELS FROM THE KATTEGAT IN TOWARDS VARBERG. THE LIGHTHOUSE WAS BUILT IN 1934 TO REPLACE AN EARLIER LIGHTHOUSE LOCATED AT SKRIVAREKLIPPAN.



SVOLDER

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