



SVOLDER

YEAR-END REPORT 2017/2018

» *Swolder's net worth is now three billion kronor* »

The Managing Director's comments, page 2

SHARE PRICE
103.90

NET WORTH
118

SEK/share on 21st September 2018

INTERIM REPORT 4 2017/2018 BEGINS ON PAGE 9

Results for the financial year

12 months: 1st September 2017 – 31st August 2018

- The company posted a result for the period of SEK **344.9** million (664.7 m), corresponding to SEK **13.50** (26.00) per share
- The net worth increased by **12.5%**, including reinvested dividend, to SEK **121.70** per share
- The listed price of the Class B share increased by **2.8%**, including reinvested dividend, to SEK **104.60** per share
- The Carnegie Small Cap Return Index rose by **17.2%**
- The SIX Return Index (SIXRX) rose by **14.3%**
- The closing discount on net worth was **14.0%** for the Class B share and **3.9%** for the Class A share
- Proposed dividend SEK **2.00** (1.63) per share

The Annual General Meeting will be held on **15th November 2018**

The 2017/2018 financial year (12 months)

MAJOR CONTRIBUTORS TO NET WORTH

+ Positive	Negative -
Nolato	GARO
Boule Diagnostics	Mekonomen
Troax	Serneke

MAJOR CHANGES IN THE EQUITIES PORTFOLIO

+ Bought	Sold -
GARO	Nolato
ITAB	Mekonomen
FM Mattsson Mora	Troax



Dear Shareholder,

Yet another financial year has passed – Svolder’s 25th. Svolder has been operating on the Swedish stock market, with a focus on small public companies, for a quarter of a century. At times it has been turbulent and many crises have affected the stock markets. At the same time, however, the stock exchanges are used to recovering and creating value for the companies’ shareholders in the long term. For Svolder this means that its net worth, including reinvested dividends, has risen by an average of 15 per cent a year since the company was founded in 1993.

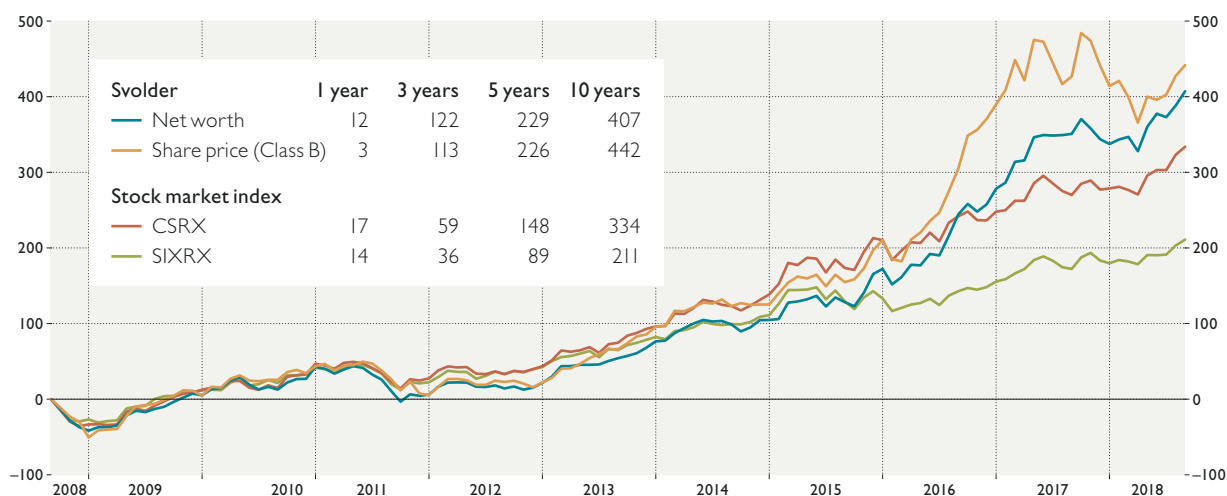
The year now concluded has been yet another positive one in absolute terms, i.e. Svolder’s net worth has increased

by 12.5 per cent. However, this is somewhat less than the increase on the small cap market, measured as CSRX, and also slightly less than the stock exchange as a whole (SIXRX). As you know, Svolder is not an index player, and the development of both its share and its net worth over longer periods is very strong and pleasing for us shareholders. Recently, however, the share price has not been particularly responsive to the net worth, which has resulted in a double-digit discount to net worth. Svolder is not alone in this. Investment companies as a

whole have found the going a bit more difficult in 2018, even though the companies usually outperform the broad Swedish share indices over longer periods.

» For Svolder this means that its net worth, including reinvested dividends, has risen by an average of 15 per cent a year since the company was founded in 1993. »

Total return¹⁾ 10 years in % on 31st August 2018



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.

LOWER MANAGEMENT COST RATIO

Svolder's net worth is now three billion kronor. This marks the passing of yet another milestone. It means that we can invest more capital in the companies that we think will create significant value for Svolder and, therefore, the company's shareholders in the long run. Another benefit is that the management cost ratio is falling because costs are not increasing in proportion with the company's growth in value. This figure is particularly striking this year because costs have actually decreased. Management costs came to just over 0.8 per cent of the opening net worth during the financial year. These costs also include a reserve for variable remuneration equating to just over 0.2 percentage points. This is paid to Svolder's employees if net worth over the latest three-year period grows by a certain amount more than the CSRX comparison index, and can be up to the cost of one year's pay. In the period 2015-2018, we outperformed the CSRX by 63 percentage points! In total the cost ratio, from an owner's perspective, is very favourable compared to active Swedish small cap funds. For that reason, our cost-consciousness will not diminish, in fact the concept of value for money continues to be a guiding principle for Svolder today. Barring any major change in circumstances, it will be possible to further reduce the cost ratio for the upcoming financial year, 2018/2019.



HIGHER DIVIDEND

Svolder considers dividends to be the most natural form of profit sharing and transferring capital to its shareholders. Good long-term growth in dividends usually takes priority over one-off dividends or a high level that is not sustainable. These principles also guide our active ownership of the portfolio companies. The Board of Directors' proposal means that the company has increased its dividend for the fifth consecutive year, this time by 23 per cent. Svolder's dividend policy was changed almost six years ago to make it cash-flow neutral, i.e. based on dividends received less ongoing management costs. As a result there is no requirement to sell shares to create liquidity for dividends and the management strategy can be left intact. This is especially important during weak periods on the stock exchanges, when the convertibility of shares in general decreases and particularly among small cap shares. In those periods it is essential to at least be able to retain the various portfolio holdings if valuations and liquidity suggest this is the correct course of action. As the value of the portfolio increases, so do the

dividends received, and probably faster than Svolder's management costs. Over the past five years we have therefore been able to double the dividend while keeping the fixed management costs virtually unchanged.

AN UNCERTAIN WORLD

Development on the Swedish stock exchange over the financial year generally exceeded Svolder's assessment at the beginning of the year, i.e. value growth of around 5-7 per cent with the accompanying comment that a wise stock-picking strategy had the potential to continue to outperform the stock exchange. Measured in central currencies such as the US dollar and euro, however, the upturn on the Swedish stock exchange was marginal or even negative for large listed companies. In the upcoming Annual Report we will discuss our future views in more detail. However, let me say now that there are many indications that our overall view of the stock exchange remains neutral, but with risks primarily on the downside. At present, investors in Swedish shares should not expect an annual return above investors' long-term return requirements, which Svolder deems should currently be in the region of 5-7 per cent. Positive factors include economic growth and, in the US in particular, low interest rates and many

well-managed companies. Countering that, there is uncertainty surrounding how central banks will normalise their monetary policy, fiscal imbalances, escalating political and military uncertainty, more and higher valued companies becoming listed, as well as poorer money flows into the stock markets.

Svolder will hold its Annual General Meeting at 17:00 CET on 15 November 2018 at the IVA Conference Centre in Stockholm. The hour prior to that there will be opportunities to talk with representatives of some of Svolder's portfolio companies, and with Svolder's Board members and personnel. A separate notice to attend will be published as per formal requirements, while this year the Annual Report will only be sent to shareholders who have communicated that they wish to receive such written information. The easiest way to subscribe to Svolder's written financial materials is via our website www.svolder.se, where reports are also available in digital format.

We hope to see you at our AGM!

Yours faithfully

ULF HEDLUNDH
Managing Director

THE EQUITIES PORTFOLIO

31ST AUGUST 2018

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⁾
Troax	1,100,000	310.00	341.0	10.9	5.5	5.5
GARO	1,495,070	167.80	250.9	8.1	15.0	15.0
Platzer Fastigheter	4,028,811	62.00	249.8	8.0	3.4	1.3
Boule Diagnostics	1,949,197	102.20	199.2	6.4	10.0	10.0
New Wave Group	2,761,859	69.00	190.6	6.1	4.1	1.1
Saab	430,000	422.50	181.7	5.8	0.4	0.3
Scandic Hotels	1,846,560	98.35	181.6	5.8	1.8	1.8
Nordic Waterproofing	1,587,914	84.80	134.7	4.3	6.6	6.6
XANO Industri	583,500	216.00	126.0	4.0	4.1	1.2
Klövern Class B	10,000,000	12.58	125.8	4.0	1.1	0.6
FM Mattsson Mora	1,683,990	74.00	124.6	4.0	12.5	5.3
Beijer Electronics	2,564,319	45.00	115.4	3.7	9.0	9.0
Serneke Group	1,203,941	87.00	104.7	3.4	5.2	1.7
Magnolia Bostad	1,556,115	66.40	103.3	3.3	4.1	4.1
ITAB Shop Concept	3,535,999	27.60	97.6	3.1	3.5	1.2
Acando ³⁾	2,500,000	35.85	89.6	2.9	2.4	5.1
Elos Medtech	924,259	70.00	64.7	2.1	11.5	5.1
AGES Industri	500,000	73.00	36.5	1.2	7.1	2.1
Verisec	250,095	126.00	31.5	1.0	5.2	5.2
Bong	16,277,419	1.17	19.0	0.6	7.7	7.7
Equities portfolio			2,768.3	88.9		
Net debt (-)/net receivable (+)			347.1	11.1		
Total/net worth			3,115.4	100.0		

121.70 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 2,000,000 Acando Class B and 500,000 Acando Class A shares.

The following information, for example, can be obtained from the table. Svolder's largest holding is Troax, which has a market value of SEK 341.0 million, corresponding to 10.9 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 3.4 million, which equates to SEK 0.10 per Svolder share.

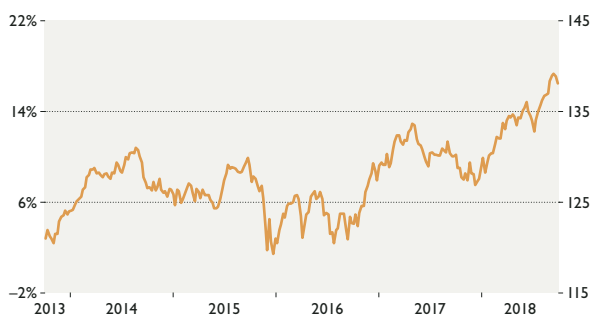
YEAR-END REPORT

1ST SEPTEMBER 2017 – 31ST AUGUST 2018

MARKET COMMENTARY

Svolder's 2017/2018 financial year, i.e. 1st September 2017 to 31st August 2018, was a positive one in terms of absolute return across much of the world. The American stock exchanges in particular were strong, which was reinforced by a rising US dollar. The world index (WDJ) increased by almost 26 per cent, measured in Swedish kronor. This can largely be traced back to the Swedish krona, which depreciated by just over 15 per cent against the US dollar and by just over 12 per cent against the euro. The monetary policy strategy of Sweden's central bank, Riksbanken, in particular has influenced this trend, for example through a negative key interest rate. Mounting concern over trade barriers in the world have probably had a negative impact because Sweden is a trade-dependent country with a small currency.

Development of the TCW
trade-weighted currency index (5 years)



The Swedish stock exchange performed strongly, not adjusted for currency translation. The overall stock exchange rose by just over 14 per cent, and shares in small companies outperformed those of larger companies. The CSRX rose by just over 17 per cent while the OMX30 rose by just under 12 per cent. The share prices of some relatively large 'small companies' developed strongly, while large companies such as H&M and the commercial banks burdened the large companies index.

Index performance (12 months)



Source: Infront

Macroeconomic development in the world has been consistently strong. However, this positive trend appears to be starting to level out. Inflation remains low in the world, although some indications of the opposite are beginning to be seen, perhaps primarily in the US. In the latter part of the financial year in particular, the weakened growth rate in China has given cause for concern. This can probably be attributed to the escalating tone on protectionism by the US administration moving from words to action. This has also affected the majority of industrial and precious metals; their market prices have fallen dramatically, particularly in 2018. This decrease has been smaller in Swedish kronor because commodity prices tend to be in US dollars. The price of oil, in contrast, has increased by as much as 70 per cent measured in Swedish kronor. At the current oil price (USD 78) alternative production methods, such as shale-oil, should start being used again and prospecting should increase, despite the concerns about its impact on the environment and climate.

SHARE PRICE TRENDS

The closing price for Svolder's Class B share was SEK 104.60, which corresponds to an increase during the financial year of 2.8 per cent, including reinvested dividend. The Class B share's value on the closing day represented a discount of 14.0 per cent on net worth. The Class B share was traded on all trading days during the period, with an average of approximately 23,000 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 117.00, which means that the Class A share was valued at a discount of 3.9 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.

In December 2017 Svolder conducted a share split, whereby each existing Class A share and Class B share was split into two new shares of the same class (known as a 2:1 share split). 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 2,400, and amounted to 16,200 according to the most recently published share register on 29 June 2018.

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 2017– 31/8 2018	12 months 1/9 2016– 31/8 2017
Svolder		
Share price (Class B)	2.8	30.2
Net worth	12.5	30.9
Stock market index		
Carnegie Small Cap Return Index	17.2	8.3
SIX Return Index	14.3	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.

CHANGE IN NET WORTH

Svolder's closing net worth was SEK 121.70 per share, which represents an increase during the financial year of 12.5 per cent, including reinvested dividend. This figure is 4.7 percentage points below that of the CSRX comparison index, which rose by 17.2 per cent during the corresponding period. This can be compared with the stock market as a whole (SIXRX), which has increased by 14.3 per cent.

Svolder has an incentive programme for members of the corporate management and employees working in stock management. The programme is based on the net worth return over rolling three-year periods in relation to the CSRX. Over the latest three-year period Svolder's net worth, including reinvested dividends, performed 63 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 2017/2018 financial year is a maximum of SEK 6.6 million (7.5 m). The reserve equates to 0.2 (0.3) per cent of the opening net worth. Total management costs for the financial year thus amounted to 0.8 (1.0) per cent of average net worth.

Net worth trend (12 months) 1st September 2017–31st August 2018

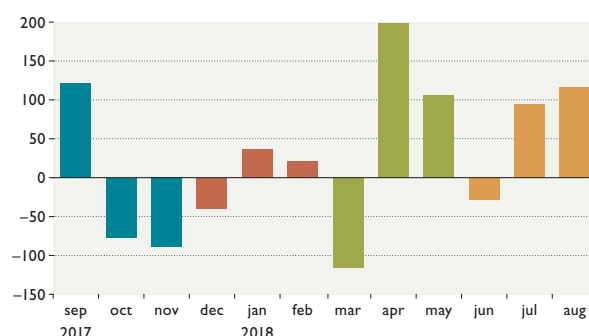
	SEK m	SEK/share
Net worth, 31st August 2017	2,812.1	109.80
Equities portfolio		
Opening value	2,681.5	104.70
Purchase of shares	687.6	
Sale of shares	-900.9	
Change in value, equities portfolio	299.9	3.40
Closing value	2,768.3	108.10
Net debt (-)/Net receivable (+)		
Opening value	130.5	5.10
Share dividends received	68.6	
Other operating income	0.3	
Dividend paid	-41.6	
Management costs	-23.8	
Net financial items	-0.2	
Purchase of shares, net	213.2	8.50
Closing value	347.1	13.60
Net worth, 31st August 2018	3,115.4	121.70

Biggest contributors to changes in net worth accumulated financial year 2017/2018

(Based on net worth of SEK 2,812.1 million or SEK 109.80/share on 31st August 2017)

Share	SEK m	SEK/share
Nolato	130.7	5.10
Boule Diagnostics	66.6	2.60
Troax	60.8	2.40
Nobina	48.0	1.90
Platzer Fastigheter	52.3	2.00
XANO Industri	51.6	2.00
New Wave Group	42.9	1.70
Total, seven positive	452.9	17.70
GARO	-63.6	-2.50
Mekonomen	-42.4	-1.70
Serneke Group	-42.2	-1.60
Total, three negative	-148.1	-5.80
Other shares	64.1	2.50
Shares, total	368.9	14.40
Other	-24.0	-0.90
Change in value before dividend	344.9	13.50

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

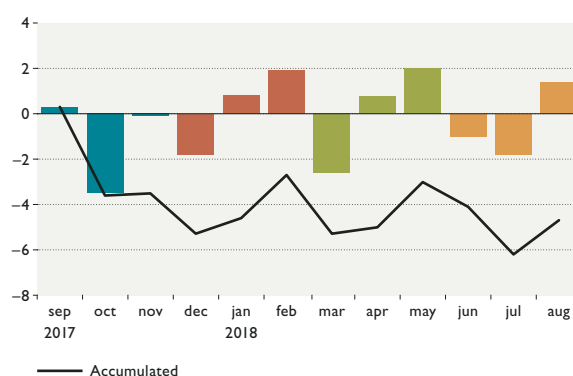


Excluding dividends of SEK 41.6 million (SEK 1.625/share) paid in November 2017.

Swolder'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 unpledged on the closing day. The net receivable, which also includes the share trading's unliquidated transactions etc., was SEK 347.1 million on the closing day, corresponding to 11.1 per cent of the company's net worth. This can be compared with a net receivable of SEK 130.5 million at the beginning of the financial year.

THE EQUITIES PORTFOLIO

Shares were acquired for a gross amount of SEK 687.6 million during the financial year. Shares to the value of SEK 900.9 million (gross) were sold during the corresponding period, and net sales consequently amounted to SEK 213.2 million. A dividend of SEK 41.6 million was paid to shareholders in November 2017 for the 2016/2017 financial year. The number of holdings in the equities portfolio on the closing day totalled 20, which was three holdings fewer than on the closing day last year (31st August 2017).

Major net purchases for the equities portfolio (12 months) 1st September 2017–31st August 2018

Share	Number	SEK m	SEK/share ¹⁾
GARO	795,070	145.9	183.50
ITAB	3,535,999	122.3	34.60
FM Mattsson Mora	683,990	53.2	78.20
Platzer Fastigheter	943,703	49.3	52.30
New Wave Group	703,862	36.9	52.40

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 2017–31st August 2018

Share	Number	SEK m	SEK/share ¹⁾
Nolato	378,290	256.7	678.60
Mekonomen	1,100,000	138.5	126.00
Troax	287,000	82.9	288.90
Acando	2,517,391	80.6	31.90
Nobina	507,429	65.2	64.50

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.

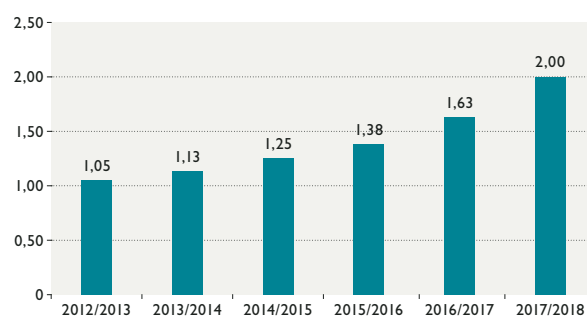
RISKS AND UNCERTAINTY FACTORS

The identified risks and uncertainties for the Group and the Parent Company are presented on page 59 and in note 17 on page 72 of the 2016/2017 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 2.00 (1.63) per share for the 2017/2018 financial year at the 2018 Annual General Meeting, which equates to SEK 51.2 million (41.6 m). The proposal equates to 1.6 (1.5) per cent of the closing net worth and a yield of 1.9 (1.6) per cent based on the share price on the closing day. The proposed dividend is based on Svolder's dividend policy, i.e. based on the portfolio companies' dividends less Svolder's ongoing management costs. The dividend level should, therefore, have the necessary conditions to rise in line with the portfolio companies' increased dividend capacity.

Dividend in SEK per share



2017/2018: dividend proposed by the Board of Directors

EVENTS AFTER THE REPORTING PERIOD

The net worth on 21st September was SEK 118 per share and the listed price (B) was SEK 103.90.

AGM AND FINANCIAL REPORTING

The Annual General Meeting will be held on Thursday 15th November 2018 in Stockholm. The notice to attend will be announced on around 15th 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 2018 will be published on 14th December 2018.

INTERIM REPORT 4

CURRENT REPORTING PERIOD:
1ST JUNE – 31ST AUGUST 2018

Result for current reporting period

- The company posted a result for the period of SEK **182.0** million (9.7 m), corresponding to SEK **7.10** (0.40) per share
- The net worth increased **6.2%** to SEK **121.70** per share
- The listed price of the Class B share increased by **9.3%** to SEK **104.60** per share
- The Carnegie Small Cap Return Index increased by **7.6%**
- The SIX Return Index (SIXRX) rose by **7.1%**

MAJOR CONTRIBUTORS TO NET WORTH

+ Positive	Negative -
Boule Diagnostics	XANO Industri
New Wave Group	
Troax	

MAJOR CHANGES IN THE EQUITIES PORTFOLIO

+ Bought	Sold -
GARO	Acando
ITAB	Nobina
	Nolato

MARKET COMMENTARY

The current reporting period, 1st June–31st August 2018, was a strong stock exchange period, especially towards the end. Listed companies around the world generally showed strong half-year figures, and economic conditions were good despite rising concerns about protectionism and political turbulence. Value development was weakest on European markets and strongest on American markets. The world index rose by 2.4 per cent measured in USD and just over 6 per cent measured in SEK. In Swedish kronor the result was comparable for the majority of domestic indices, i.e. around or just over 7 per cent.

The Swedish krona remained weak during the quarter with a decline of 3.7 per cent against the US dollar and 3.0 per cent against the euro. This puts the Swedish currency at its lowest level in relation to Sweden's trading partners since the financial crisis of 2008. Likely explanations are uncertainty ahead of Sweden's parliamentary elections, as well as the Riksbank's continued, highly expansive monetary policy.

Interest rate movements were minor with a slight upward tendency, albeit to very low levels. Interest rates for government bonds in European countries with good credit ratings generally remain negative. Short-term interest rates in the USA did rise during the summer, although to no great extent as yet.

Commodity prices fell dramatically during the three-month period, particularly for industrial metals like copper and zinc, which fell by 12 and 20 per cent respectively in US dollars. Gold also declined in value, while the price of oil has now stopped rising. Growing concerns about a trade war and thereby lower demand for commodities from China are the most likely explanations, but this could also be an indicator of weaker global economic development moving forward.

Total return¹⁾ %

	3 months 1/6 2018– 31/8 2018	12 months 1/9 2017– 31/8 2018
Svolder		
Share price (Class B)	9.3	2.8
Net worth	6.2	12.5
Stock market index		
Carnegie Small Cap Return Index	7.6	17.2
SIX Return Index	7.1	14.3

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 121.70 per share, which represents an increase during the current reporting period of 6.2 per cent. This figure is down 0.9 percentage points on that of the CSRX comparison index, which increased by 7.6 per cent during the corresponding period.

Net worth trend (3 months) 1st June–31st August 2018

	SEK m	SEK/share
Net worth, 31st May 2018	2,933.4	114.60
Equities portfolio		
Opening value	2,602.3	101.70
Purchase of shares	210.2	
Sale of shares	-227.5	
Change in value, equities portfolio	183.3	6.50
Closing value	2,768.3	108.10
Net debt (-)/Net receivable (+)		
Opening value	331.1	12.90
Share dividends received	4.1	
Other operating income	0.0	
Management costs	-5.3	
Net financial items	-0.1	
Sale of shares, net	17.3	0.60
Closing value	347.1	13.60
Net worth, 31st August 2018	3,115.4	121.70

Boule Diagnostics manufactures and markets instruments and consumable products for blood diagnostics. Main production is in Sweden while the sales channels are global. Consequently, the company has clearly benefited from the weak Swedish krona. The product portfolio has recently been renewed and extended, for instance in veterinary medicine. The company is making considerable investments in product development for future models, and has signed valuable business agreements related to its sales organisation. When Boule published its half-year report it announced that a major order for instruments has been received in India, and they will be delivered and impact the figures during the second half of 2018. The Boule share was the largest contributor to Svolder's net worth during the current reporting period.

Source: Svolder, Infront and Morningstar

Brand group **New Wave** was a major contributor to net worth during the current reporting period. The company's Q2 report was better than expected both in terms of sales and profits. Sales have increased for 16 consecutive quarters, and generally with profits to match. Meanwhile there have been large investments in product development, sales and marketing, which have raised the cost level. Even so, there is deemed to be great potential both in certain product areas and geographic markets. The holding has gradually been increased during the 2018 calendar year.

Biggest contributors to changes in net worth 1st June–31st August 2018

(Based on net worth of SEK 2,933.4 million or SEK 114.60/share on 31st May 2018)

Share	SEK m	SEK/share
Boule Diagnostics	51.0	2.00
New Wave Group	45.5	1.80
Troax	28.8	1.10
Saab	26.0	1.00
Scandic Hotels Group	24.0	0.90
Klövern Class B	18.3	0.70
Magnolia Bostad	18.2	0.70
Nobina	12.8	0.50
Total, eight positive	224.4	8.80
XANO Industri	-35.3	-1.40
ITAB Shop Concept	-16.7	-0.70
Total, two negative	-52.0	-2.00
Other shares	14.9	0.60
Shares, total	187.3	7.30
Other	-5.4	-0.20
Change in value	182.0	7.10

The share of industrial group **XANO** has been developing very strongly for a long time, but with a low trading turnover. The reason can be found in very strong growth in sales and profits, created by both existing and acquired companies. The half-year report showed a somewhat lower operating margin than in recent quarters, although earnings per share continue to rise. Svolder can see no reason to alter its positive view of XANO's business model focusing on niche industrial companies. For instance, the recent acquisition of special plastic producer Blowtech is currently boosting growth and is gradually being integrated into the group. The share price development should instead be viewed from a longer perspective than a quarter, and it is also worth considering the fact that the low share-trading turnover could easily lead to minor changes in shareholders' future expectations having a major impact on the share price.

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 347.1 million on the closing day, corresponding to 11.1 per cent of the company's net worth. This can be compared with a net debt of SEK 331.1 million at the beginning of the current reporting period.

THE EQUITIES PORTFOLIO

Shares were acquired for a total of SEK 210.2 million (gross) during the current reporting period. Shares to the value of SEK 227.5 million (gross) were sold during the corresponding period, and net sales consequently amounted to SEK 17.3 million.

All shares in **Nobina** and **Nolato** 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 2018

Share	Number	SEK m	SEK/share ¹⁾
GARO	490,000	82.9	169.30
ITAB	901,121	25.9	28.80

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 predominant acquisition during the current reporting period was in the southern Swedish electrical product company **GARO**. Svolder decided to buy a large block of shares that were for sale. In the shorter term, an increased share of the electrical product market in Sweden and higher capacity and efficiency in the extended Polish factory should contribute to improved sales and profits. In the longer term, the potential primarily for charging products for electric cars is particularly interesting.

Svolder has gradually acquired shares in **ITAB Shop Concept** during the financial year. This is a market-leading group in Europe primarily in checkouts, store interiors and lighting systems. Uncertainty surrounding the major restructuring in the retail sector, along with the fact that ITAB's sales and profit growth has now stopped, has significantly affected investors' faith in the company and its share. As mentioned in the previous interim report, Svolder believes the market's reaction is exaggerated and it has therefore continued to increase its holding.

Major net sales from the equities portfolio (3 months) 1st June–31st August 2018

Share	Number	SEK m	SEK/share ¹⁾
Acando	2,480,000	79.3	32.00
Nobina	896,094	62.8	70.00
Nolato	58,205	44.8	770.30
Troax	82,191	24.7	300.00

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 holding in IT consultancy **Acando** has been decreased following a period of strong price development. Trends in the field related to digitalisation remain positive. It is a challenge for the industry, however, to recruit and retain personnel, and to create repeat business and a healthy capital structure.

The sale of shares in public transport company **Nobina**, as announced and described in Svolder's previous interim report, continued, and the holding was sold in its entirety at the beginning of the latest three-month period. The contribution to net worth over the financial year was SEK 52 million, which equates to SEK 2.00 per Svolder share.

The remaining holding in polymer group **Nolato** was sold during the current reporting period. As communicated in previous interim reports, this was done primarily for valuation reasons. The holding in Nolato has developed very well over the long time Svolder has held shares in the company, and in the 2017/2018 financial year alone it has contributed SEK 128 million to net worth, which is equivalent to SEK 5.00 per Svolder share.

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, 27TH SEPTEMBER 2018
SVOLDER AB (PUBL)

THE BOARD OF DIRECTORS

For additional information, please contact:
Ulf Hedlundh, Managing Director +46 (0)8-440 37 73
Pontus Ejderhamn, CFO +46 (0)8-440 37 72.

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 2018– 31/8 2018	3 months 1/6 2017– 31/8 2017	12 months 1/9 2017– 31/8 2018	12 months 1/9 2016– 31/8 2017
Management operations				
Dividend income	4.1	1.7	68.6	56.2
Management costs	–5.3	–11.5	–23.8	–24.6
Earnings from securities	183.3	19.6	299.9	633.3
Other operating income	0.0	0.0	0.3	0.1
Operating profit	182.1	9.8	345.1	664.9
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	182.0	9.7	344.9	664.7
Tax	-	-	-	-
Profit for the period	182.0	9.7	344.9	664.7
Other comprehensive income	-	-	-	-
Comprehensive income for the period	182.0	9.7	344.9	664.7
Earnings per share, SEK	7.10	0.40	13.50	26.00

CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	3 months 1/6 2018– 31/8 2018	3 months 1/6 2017– 31/8 2017	12 months 1/9 2017– 31/8 2018	12 months 1/9 2016– 31/8 2017
Cash flow from operating activities before changes in working capital				
	–1.1	–3.4	44.7	32.8
Changes in working capital				
Increase (+)/decrease (–) in current liabilities	–0.2	–0.2	0.0	0.0
Cash flow from operating activities	–1.3	–3.7	44.7	32.8
Investing activities				
Purchase of securities	–215.6	–142.9	–687.6	–1,179.2
Sale of securities	294.7	186.5	900.9	1,072.7
Investment in machinery and equipment	0.0	-	–0.1	–0.1
Cash flow from investing activities	79.1	43.6	213.1	–106.6
Financing activities				
Dividend paid	-	-	–41.6	–35.2
Cash flow from financing activities	0.0	0.0	–41.6	–35.2
Increase (+)/decrease (–) in liquid assets	77.8	40.2	216.2	–109.0
Liquid assets at beginning of period	279.2	100.6	140.8	249.7
Liquid assets at end of period	357.0	140.8	357.0	140.8

CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	3 months 1/6 2018– 31/8 2018	3 months 1/6 2017– 31/8 2017	12 months 1/9 2017– 31/8 2018	12 months 1/9 2016– 31/8 2017
Change in net worth, SEK	7.10	0.40	11.90	24.60
Dividend paid during the period, SEK	-	-	1.63	1.38
Number of shares, million	25.6	25.6	25.6	25.6

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. The historical number of shares and key ratios per share have been adjusted for the 2:1 share split of December 2017.

CONSOLIDATED BALANCE SHEET

	Assets				
(SEK m)	31/8 2018	31/5 2018	31/8 2017	31/5 2017	31/8 2016
Non-current assets					
<i>Property, plant and equipment</i>					
Equipment	0.2	0.2	0.1	0.2	0.1
<i>Financial assets</i>					
Securities holdings	2,768.3	2,602.3	2,681.5	2,705.1	1,941.8
Current assets					
Current receivables	0.5	67.7	0.3	2.8	0.3
Cash and bank balances	357.0	279.2	140.8	100.6	249.7
Total assets	3,125.9	2,949.3	2,822.7	2,808.7	2,191.9

Shareholders' equity and liabilities

(SEK m)	31/8 2018	31/5 2018	31/8 2017	31/5 2017	31/8 2016
Shareholders' equity	3,115.4	2,933.4	2,812.1	2,802.3	2,182.5
Liabilities					
Current liabilities	10.6	15.9	10.6	6.3	9.4
Total liabilities and shareholders' equity	3,125.9	2,949.3	2,822.7	2,808.7	2,191.9

CHANGES IN SHAREHOLDERS' EQUITY

(SEK m)	3 months 1/6 2018– 31/8 2018	3 months 1/6 2017– 31/8 2017	12 months 1/9 2017– 31/8 2018	12 months 1/9 2016– 31/8 2017
Opening balance	2,933.4	2,802.3	2,812.1	2,182.5
Dividend paid	-	-	-41.6	-35.2
Comprehensive income for the period	182.0	9.7	344.9	664.7
Closing balance	3,115.4	2,812.1	3,115.4	2,812.1

CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	31/8 2018	31/5 2018	31/8 2017	31/5 2017	31/8 2016
Net worth per share, SEK	121.70	114.60	109.80	109.50	85.30
Share price (Class B), SEK	104.60	95.74	103.25	112.25	80.50
Net worth, premium (+)/discount (-), %	-14	-16	-6	3	-6
Liquidity (+)/Borrowing (-), %	11	12	5	4	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 2017/2018. 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. The historical number of shares and key ratios per share have been adjusted for the 2:1 share split of December 2017.

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.

STAY UP TO DATE AT SVOLDER.SE

We publish an updated net worth figure on our website every week. The website also contains the latest news in the form of press releases and financial reports helping you to monitor Svolder's investments and financial development.

Subscribe to reports in digital or printed form. Please go to www.svolder.se/prenumerera-via-e-post choose your options and enter your e-mail address. (Pressmeddelande = Press releases, Kvartalsrapporter = Interim reports, Årsredovisningar = Annual reports)



