



# SVOLDER

INTERIM REPORT 2 2019/2020

## Long-term positive stock market trend, often challenged by crises

The Managing Director's comments, page 2

### Current reporting period

**3 months:** 1st December 2019–29th February 2020

- The company posted a result for the period of SEK **-110** million (246 m), corresponding to SEK **-4.30** (9.60) per share
- The net worth decreased by **3.3%** to SEK **127.00** per share
- The listed price of the Class B share increased by **3.9%** to SEK **124.00** per share
- The Carnegie Small Cap Return Index fell by **2.1%**
- The closing discount on net worth was **2.3%**

#### Major contributors to net worth

- + Positive: Lime Technologies, Troax, Serneke Group
- Negative: Beijer Electronics Group, New Wave Group, XANO Industri

#### Major changes in the equities portfolio

- + Bought: Beijer Electronics Group, Elos Medtech, XANO Industri
- Sold: Platzer Fastigheter, Scandic Hotels Group

### Result for the interim period

**6 months:** 1st September 2019–29th February 2020

- The company posted a result for the period of SEK **255** million (-196 m), corresponding to SEK **9.90** (-7.60) per share
- The net worth increased by **8.3%**, including reinvested dividend, to SEK **127.00** per share
- The listed price of the Class B share increased by **15.2%**, including reinvested dividend, to SEK **124.00** per share
- The Carnegie Small Cap Return Index increased by **5.8%**

Events after the reporting period  
**11 MARCH 2020**

Share price  
**109.00**  
SEK

Net worth  
**112**  
SEK/share

# Dear Shareholder,

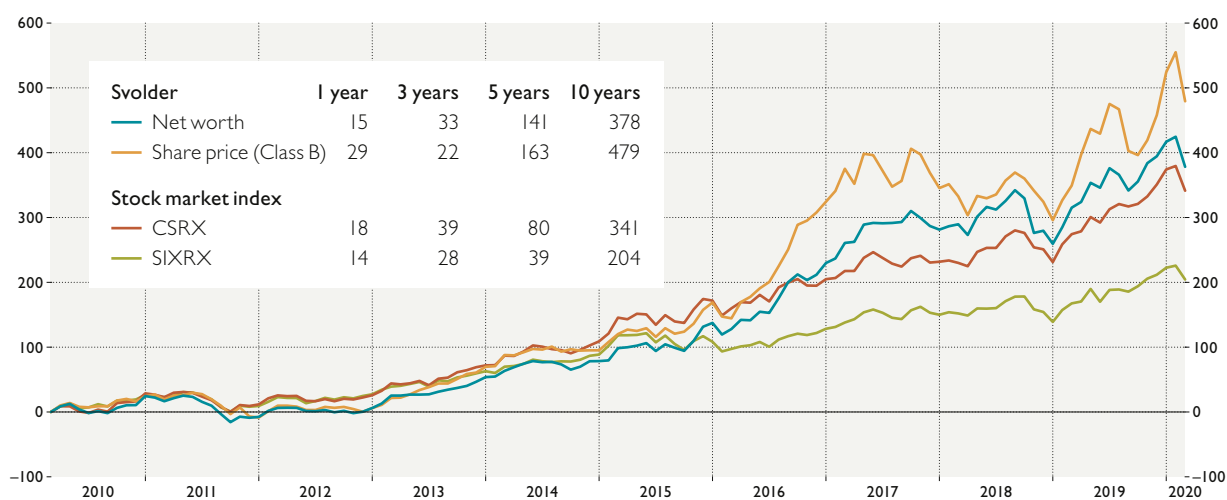
We are halfway through Svolder's financial year, our 27th year in business. During this time the stock markets, the Swedish and global economy and many portfolio companies have been through some dramatically varying circumstances. There has been a clear upward trend in the long term, but every now and then it has been challenged by a sudden crisis of some kind. These have included the IT crisis, the US sub-prime crisis which triggered the global financial crisis, and the recessions in the PIIGS economies with an emphasis on Greece and the knock-on risks for currency collaboration within the EMU. In all of these cases it has been important to take a long-term perspective, not to overreact but also not to disregard citizens' concerns, investors' uncertainty as well as various critical conditions in the economy. For a few weeks there have been mounting concerns on the capital markets about a highly contagious virus and the effects that it will have, not least on human health, countries' and

» *Svolder's equities portfolio has a strong focus on companies with established business models and resilience, both financial and operational.* »

sectors' economies, companies' profits and the whole state of the global economy. These concerns have had dramatic consequences, especially on the capital and commodity markets, such as sharp falls in interest rates for US government bonds, hasty cuts in key interest rates by the US Federal Reserve, sharp falls in oil prices, as well as fiscal incentives or promises for such incentives. In several cases the movements have been very large, also from a historical perspective.

It would be presumptuous of me to claim to have the answers to the current situation when several experts, the WHO and health authorities cannot satisfactorily assess the developments and their effects. Our conclusion at Svolder is that society and companies will cope with this challenge too, albeit not without considerable costs and suffering. Data provided by the Chinese state should be treated with extreme caution, but reports from China of fewer new cases and of more and more people making a

Total return<sup>1)</sup> 10 years in % on 29th February 2020



Source: Morningstar Svolder and Infront

<sup>1)</sup> 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.

recovery are currently very encouraging. The corresponding information from South Korea is even more positive. It is hoped that a similar development will be noted in northern Italy over the next few weeks or month. Only then will it be possible to get an overview of the effects and alleviate the uncertainty both in society and on the capital markets.

### THE BENEFIT OF AN INVESTMENT COMPANY

Under the circumstances, it may seem inhumane to talk about financial strategies for the situation that has arisen, but well-functioning companies and economies must be able to withstand major stresses. As an investment company, Svolder continues to manage its own capital and is not directly affected by inflows and outflows, unlike various public funds for example. Higher volatility in our share price cannot be ruled out, but Svolder's investments continue and we are not forced to sell our holdings on a falling market. Our equities portfolio has a strong focus on companies with established business models and resilience, both financial and operational. Once again, here the long-term development demonstrates the value of investment companies as a long-term investment form, especially for private individuals.



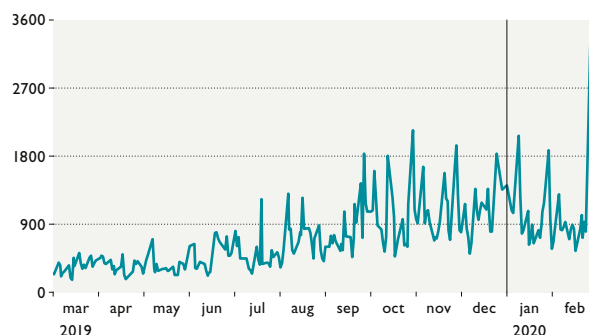
Even though the fall in net worth has been significant in February, its development over the past quarter has not been as dramatic. Svolder's net worth decreased by just over 3 per cent, just over one percentage point more than the comparison index (CSRX) and the Swedish stock exchange as a whole (SIXRX). Furthermore, looking at the first six months of the financial year, net worth rose 8.3 per cent, which outperformed the CSRX by 2.5 percentage points.

The Svolder share (Class B) developed very favourably over the past three months. The share is thus traded on a par with its net worth, which is both pleasing and justified based on the ability of us and other investment companies to create long-term added value in relation to comparable stock exchange indices. As usual, we have presented the development of Svolder's net worth, Class B share and two comparison indices in the diagram on the opposite page. Over long periods we see that the stock market outperforms bank savings and interest-bearing savings, that the small cap market develops better than the stock exchange as a whole, and that Svolder has outperformed the small cap market. There is good reason for this trend to continue, although it should always be noted that historical return and profitability are no guarantee of future performance.

### STRONG INCREASE IN TRADING VOLUME

The rate of turnover of the Svolder share increased dramatically last year, and has done so to date in 2020. A normal rate of turnover used to be around 20,000 shares. Over the six months of the current reporting period, the average rate has been just under 100,000 shares per trading day on Nasdaq Stockholm, and this figure almost doubled at the end of last month. As the Svolder share does not tend to be owned by institutional investors, trading almost exclusively comprises a large number of transactions that are small in monetary terms. This is clearly shown in the diagram below. A good rate of turnover in our share creates an efficient market for buyers and sellers, and results in lower transaction costs. Once again, it should be noted that we are referring to our Class B share here. The Class A share is listed, not least for historical reasons, but its rate of turnover is almost non-existent compared with that of the Class B share. Shareholders may apply to Svolder's Board of Directors to have their Class A shares converted into Class B shares. However, looking at individual share listings, the Class A share is usually traded at a premium in relation to both net worth and the Class B share, which in theory at least makes conversion an unattractive proposition.

Number of transactions a day in Svolder's Class B share (12 months)



Source: Nasdaq Stockholm

We have attracted many new shareholders. Today we have more than 30,000 shareholders, which is almost twice as many as 18 months ago. All new shareholders should feel welcome, however long they have been with us. My colleagues and I would like to thank you for placing your confidence in us.

*Yours faithfully*

**ULF HEDLUNDH**  
Managing Director

# THE EQUITIES PORTFOLIO

29TH FEBRUARY 2020

Share	Number	Share price (SEK) <sup>1)</sup>	Market value (SEK m)	% of net worth	% of the company's capital <sup>2)</sup>	% of the company's votes <sup>2)</sup>
GARO	1,475,500	297.00	438	13.5	14.8	14.8
Troax	3,024,000	122.40	370	11.4	5.0	5.0
Nordic Waterproofing	3,100,479	100.60	312	9.6	12.9	12.9
New Wave Group	4,200,000	52.50	221	6.8	6.3	1.7
Beijer Electronics Group	4,312,000	46.30	200	6.1	15.0	15.0
FM Mattsson Mora	1,900,044	90.00	171	5.3	13.7	5.9
Scandic Hotels Group	1,789,000	89.70	160	4.9	1.7	1.7
Boule Diagnostics	2,410,000	63.90	154	4.7	12.4	12.4
Elanders	1,929,748	78.60	152	4.7	5.5	3.7
Saab	500,000	261.10	131	4.0	0.4	0.3
Lime Technologies	670,000	188.40	126	3.9	5.0	5.0
Elos Medtech <sup>3)</sup>	1,241,712	97.00	120	3.7	15.4	21.8
XANO Industri	1,389,708	86.00	120	3.7	4.9	1.5
Platzer Fastigheter	1,006,271	100.00	101	3.1	0.8	0.3
Serneke Group	1,327,609	67.50	90	2.8	5.8	1.9
Magnolia Bostad	2,038,368	41.60	85	2.6	5.4	5.4
ITAB Shop Concept	5,836,601	12.94	76	2.3	5.7	1.9
Other (4)			56	1.7		
<b>Equities portfolio</b>			<b>3,081</b>	<b>94.8</b>		
<b>Net debt (-)/net receivable (+)</b>			<b>170</b>	<b>5.2</b>		
<b>Total/net worth</b>			<b>3,251</b>	<b>100.0</b>		

127.00 SEK per Svolder share

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

<sup>1)</sup> In calculating the market value (fair value), the bid price for the securities on Nasdaq Stockholm on the closing day has been used.

<sup>2)</sup> Based on outstanding shares in the portfolio company.

<sup>3)</sup> 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 438 million, corresponding to 13.5 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 4 million, which equates to SEK 0.20 per Svolder share.

# INTERIM REPORT 2

## CURRENT REPORTING PERIOD: 1ST DECEMBER 2019 – 29TH FEBRUARY 2020

### MARKET COMMENTARY

The current reporting period of 1st December 2019 – 29th February 2020 was characterised by volatility on the stock markets. After strong growth in share prices up to mid-February, the positive stock exchange trend changed dramatically. There were reports that the highly contagious coronavirus, which has been known to the general public and capital markets since the end of last year, had begun to spread outside of China. This has continued to be the case at the beginning of March, i.e. after the end of the current reporting period. It is not just the stock markets that have been affected. There has been a major impact on global supply chains, people's travel has changed and the effect on the interest rate and commodity markets is considerable. Over the three-month period, the Swedish stock exchange (SIXRX) fell 2.4 per cent, marginally underperforming small and medium-sized companies (CSRX) which fell 2.1 per cent. All in all, large corporations (OMS30) declined by 3.5 per cent.

Stock exchanges in the wider world experienced similar volatility, with the most negative outcome for Europe. This is probably due to the large outbreak of coronavirus in northern Italy. The S&P Europe index was down almost 9 per cent, three percentage points more than the American S&P 500. The World Index fell by just over 6 per cent. The development for Sweden therefore has been slightly less poor. At the same time, exchange rate movements have not been dramatic. The strengthening of the Swedish krona, however, ceased during the current reporting period.

The interest rates for US government bonds are declining very sharply and the Federal Reserve, the US central bank, also cut its key interest rates at an extraordinary policy meeting. Concerns about high-risk investments have led investors to flee to apparent safety in the current situation, i.e. long US government bonds with an annual return of less than 1 per cent. At the same time, German government bonds are seeing a negative interest rate.

Similarly, commodity prices and industrial metals have

experienced a very negative trend, even though this occurred earlier than on the interest rate and stock markets. The price falls have not intensified during the latter part of the reporting period either, with the exception of oil which fell by almost 18 per cent in total. The price of gold, however, rose by just over 8 per cent, which is a common development in uncertain times.

More people are continually being declared healthy and the rate of growth in new cases in China is slowing. The outbreak began in China and obviously other parts of the world may not see similar results. Furthermore, there is generally little trust in state-controlled data from China in the wider world. Although the World Health Organization, WHO, seems to confirm the figures and patterns, further positive signs may be needed before general concerns abate and confidence in the capital markets returns.

Political developments in many parts of the world remain uncertain, even though the fever pitch has decreased. Latent and actual armed conflicts in the Middle East are clear examples of this. The UK's negotiations with the EU regarding its exit continue to give cause for concern, as do American protectionism and the risk of protracted trade disputes.



Source: Infront



## SHARE PRICE TRENDS

The closing price for Svolder's Class B share was SEK 124.00. This corresponds to an increase during the current reporting period of 3.9 per cent. The Class B share's value on the closing day represented a discount of 2.3 per cent on net worth. The Class B share was traded on all trading days during the period, with an average of approximately 82,000 shares traded each day of trading on Nasdaq Stockholm.

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 136.00, which means that the Class A share was valued at a premium of 7.1 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.

### Total return<sup>1)</sup> %

	3 months 1/12 2019– 29/2 2020	6 months 1/9 2019– 29/2 2020	Rolling 12 months 1/3 2019– 29/2 2020
<b>Svolder</b>			
Share price (Class B)	3.9	15.2	28.9
Net worth	-3.3	8.3	15.2
<b>Stock market index</b>			
Carnegie Small Cap Return Index	-2.1	5.8	17.9
SIX Return Index	-2.4	6.5	13.8

<sup>1)</sup> 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 127.00 per share, which represents a decrease during the current reporting period of 3.3 per cent. This figure is 1.2 percentage points lower than that of the small cap index (CSRX), which decreased by 2.1 per cent during the corresponding period. This can be compared with the Swedish market as a whole (SIXRX), which decreased by 2.4 per cent.

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.

### Net worth trend (3 months) 1st December 2019–29th February 2020

	SEK m	SEK/share
<b>Net worth, 30th November 2019</b>	<b>3,361</b>	<b>131.30</b>
<b>Equities portfolio</b>		
<b>Opening value</b>	<b>3,229</b>	<b>126.10</b>
Purchase of shares	140	
Sale of shares	-183	
Change in value, equities portfolio	-105	-5.80
<b>Closing value</b>	<b>3,081</b>	<b>120.30</b>
<b>Net debt (-)/net receivable (+)</b>		
<b>Opening value</b>	<b>132</b>	<b>5.20</b>
Share dividends received	0	
Management costs	-5	
Net financial items	0	
Sale of shares, net	43	1.50
<b>Closing value</b>	<b>170</b>	<b>6.60</b>
<b>Net worth, 29th February 2020</b>	<b>3,251</b>	<b>127.00</b>

Source: Svolder, Infront and Morningstar

Lund-based software company **Lime Technologies** was the biggest contributor during the current reporting period. Lime's business encompasses the development, sale and implementation of customer relationship management (CRM) systems with a focus on small and medium-sized companies. It is one of the leading CRM players on the Nordic market. The year-end report shows that both growth and improvements in profit are continuing at a stable rate, while at the same time the board is proposing that the dividend be increased by 50 per cent. Growth is particularly strong in the Rest of Nordic Countries segment, and Lime has now chosen to expand its business outside of the Nordics for the first time by opening an office in the Netherlands. Svolder deems that the company's strong market position and growth potential, as well as its scalable business model with a high percentage of repeat income, ought to continue generating good cash flows and creating significant shareholder value over time.

The Q4 report of perimeter protection company **Troax** showed sales in line with expectations, but a lower profit and a lower margin from a high level. The order intake continued to signal quieter development moving forward. The expansion of capacity in the Swedish operation is complete, while the investment in increased capacity in Italy is in its final stage. Once these two investments are in full operation, Troax will have significant unused capacity for continued profitable expansion. The balance sheet remains strong, which creates scope for acquisitions if the opportunity arises. The stock market seized on the positive elements in the report and the share price rose. The holding was thus a major contributor to Svolder's net worth during the current reporting period.

The general public and the stock market mainly associate the construction company Serneke with the epoch-making Karlatornet skyscraper at Lindholmen in Gothenburg, one of the city's most sought-after locations for commercial real estate. But the core of the business – a large, nationwide construction business – easily goes forgotten. During the quarter, it was announced that the skyscraper is expected to have a new ownership structure, with Serneke as a minority owner and Oaktree, a major US asset manager, as the principal owner. A final agreement also creates opportunities for the extensive development rights owned by Serneke around Karlatornet, an area usually referred to as Karlastaden. In addition, changes to the board and organisation have been announced, with more know-how specifically in the construction and contracting business. All in all, this has been received well by the stock market. The share is still considered to be valued low, even though it should be stressed that the company has a higher risk level than the major construction and contracting companies.

Southern Swedish electrical product company GARO is Svolder's largest holding. The company's interim report for the last quarter of 2019 largely came up to expectations. The lower profit compared with the corresponding quarter in 2018 was very much due to increased product and market investments in the area of E-mobility, which provides products for charging electric vehicles. E-mobility grew by 21 per cent during the quarter and accounted for 26 per cent of the quarter's sales. Two new innovations were presented in connection with the interim report. Firstly, a proprietary fast charger was launched to supplement the company's existing product offering. GARO therefore has its own products in everything from home charging to fast charging, which is a competitive advantage. Secondly, a framework agreement was announced with a global player in the automotive industry regarding delivery of charging infrastructure for the European market. This is GARO's first framework agreement with an automotive manufacturer and creates an additional sales channel. The rapid expansion of the charging infrastructure in many countries is considered by Svolder to be in its infancy, and GARO's strong position on this market is of great interest. To some extent, such development is already worked into the share price but as E-mobility's share of total sales increases, we think that the stock market will focus more and more on the company's environmental profile. As there is already a strong focus on E-mobility, it is easy for the company's conventional business to be overshadowed. This part of the business once again showed good growth, with increasing market shares and a series of new products.



## Biggest contributors to changes in net worth 1st December 2019–29th February 2020

(Based on net worth of SEK 3,361 million or SEK 131.30/share on 30th November 2019)

Share	SEK m	SEK/share
Lime Technologies	33	1.30
Troax	22	0.90
Serneke Group	19	0.70
<b>Total, three positive</b>	<b>74</b>	<b>2.90</b>
Beijer Electronics Group	-53	-2.10
New Wave Group	-36	-1.40
XANO Industri	-29	-1.10
Saab	-25	-1.00
ITAB Shop Concept	-21	-0.80
FM Mattsson Mora	-18	-0.70
Verisec	-16	-0.60
<b>Total, seven negative</b>	<b>-198</b>	<b>-7.70</b>
Other shares	19	0.70
<b>Shares, total</b>	<b>-105</b>	<b>-4.10</b>
Other	-5	-0.20
<b>Change in value</b>	<b>-110</b>	<b>-4.30</b>

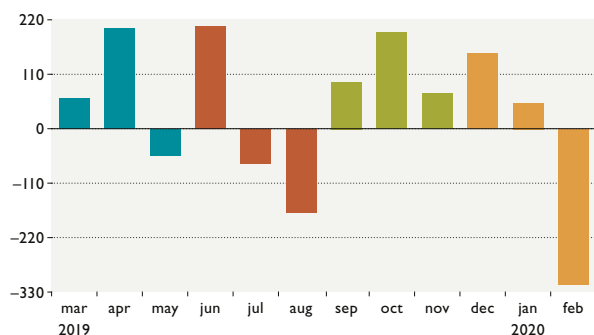
Beijer Electronics Group's share performed weakly during the reporting period and was the biggest negative contributor during the interim period. The company, whose business encompasses the development, production and sale of hardware and software for industrial automation and data communication, has an order intake that can fluctuate from quarter to quarter, with large movements in the share as a result. After reporting a strong third quarter, the year-end report indicated slightly weaker development, and this burdened the share, which had previously risen sharply in 2019. Once again the Westermo business area was the positive

driver for the group, with a new record for order intake, sales and profit for 2019 as a whole, despite a continued high level of market and product development. Westermo is now by far the group's largest unit in terms of profit, and it should increase further in 2020 when the two recent acquisitions are added to the business area. The Beijer Electronics unit showed slightly weaker development during the quarter, but it signed an important agreement with American company Otis worth over SEK 150 million and is expected to perform better in 2020 once the phasing-out effects of an old product platform gradually diminish. Svolder thinks that Beijer Electronics Group's underlying business is still developing in the right direction and it has therefore increased its portfolio holding.

The **New Wave** brand group reported continued sales growth over the past quarter, which means an unbroken period of sales growth across 22 quarters. The investment within Craft Teamwear developed particularly well. In this quarter too, the profit and operating margin both increased. The MD says in the interim report that the main focus for 2020 is to increase the operating margin while further strengthening the balance sheet by focusing on a good cash flow. Furthermore, continued sales growth is expected. Svolder still believes that the company's long-term valuation is attractive. The share fell sharply during the recent stock exchange turbulence and it was a significant negative contributor to Svolder's net worth.

Industrial group **XANO** experienced a weaker close to 2019 compared with the previous financial year. The main cause was lower profitability in parts of the company's project operation. The management claim that development gradually improved during the reporting period. The XANO share, which has generated substantial profit and contributions to net worth for a long time, has however been pushed down during the current reporting period and clearly burdened Svolder's net worth. The valuation has become increasingly attractive, which led Svolder to gradually increase its portfolio holding.

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



Excluding dividends of SEK 55 million (SEK 2.15/share) paid in November 2019.

## 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 170 million on the closing day, corresponding to 5.2 per cent of the company's net worth. This is to be compared with a net receivable of SEK 132 million at the beginning of the current reporting period.

## THE EQUITIES PORTFOLIO

Shares were acquired for a total of SEK 140 million (gross) during the current reporting period. Shares to the value of SEK 183 million (gross) were sold during the corresponding period, and net sales consequently amounted to SEK 43 million.

On the closing day, the equities portfolio comprised 21 holdings.

### Major net purchases for the equities portfolio (3 months) 1st December 2019–29th February 2020

Share	Number	SEK m	SEK/share <sup>1)</sup>
Beijer Electronics Group	835,285	48	57.20
Elos Medtech	280,712	29	103.00
XANO	192,472	20	106.00

<sup>1)</sup> 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.

As previously announced, Svolder increased its holding in **Elos Medtech** by acquiring Class A shares during the interim period. Elos Medtech specialises in medical technology and focuses on development and design, along with contract production of medical devices. The company chiefly focuses on dental and orthopaedic implants and instruments, and its customers comprise medtech companies that operate internationally. Growth as a contract manufacturer in medical technology should be relatively stable and Elos has developed well in this respect in recent years, after a period of significant investments to expand the operation. Profit development has also been positive with clear improvements towards the target margin of 13 per cent. Svolder values the company's cyclically resistant growth profile and deems that the partial change in management and the board's work to focus better on the various production and sales units, should lead to continued growth and an improved profit margin in the future.

### Major net sales from the equities portfolio (3 months) 1st December 2019–29th February 2020

Share	Number	SEK m	SEK/share <sup>1)</sup>
Platzer Fastigheter	1,031,462	118	114.10
Scandic Hotels	231,000	25	104.00

<sup>1)</sup> 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.



Svolder's investments in real estate shares have been concentrated on Gothenburg-based **Platzer** during this financial year. Like many other real estate companies its net worth has grown rapidly, which was demonstrated once again in the company's year-end report. The share price has grown in line with the successes, and also at an even faster pace. The valuation of real estate shares has gradually been perceived as increasingly strained, which led to a continuation in their sales.

Svolder has reduced its holding in the hotel chain **Scandic Hotels** somewhat after the strong price development following the company's year-end report, and as a result of the mounting uncertainty surrounding the global finance and travel industry. Scandic remains an important holding in Svolder's portfolio, whose stable business model and good direct return is still deemed to have good conditions to deliver shareholder value over time.

## 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.

## EVENTS AFTER THE REPORTING PERIOD

The net worth on 11th March was SEK 112 per share and the listed price was SEK 109.00.

## FINANCIAL CALENDAR

The reports for the period 1st September 2019–31st May 2020 (9 months) and for the now current reporting period 1st March–31st May 2020 will be published on 10th June 2020.

The Board and the Managing Director warrant that the half-year report provides a true and fair overview of the business, financial position and results of the Parent Company and the Group and describes the significant risks and uncertainties with which the Parent Company and the companies forming the Group are faced.

STOCKHOLM, 12TH MARCH 2020

FREDRIK CARLSSON  
*Chairperson*

EVA CEDERBALK  
*Board member*

VIVEKA EKBERG  
*Board member*

ANNA-MARIA  
LUNDSTRÖM TÖRNBLOM  
*Board member*

JOHAN QVIBERG  
*Board member*

ULF HEDLUNDH  
*Managing Director*

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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	3 months	6 months	6 months	Rolling	12 months
	1/12 2019– 29/2 2020	1/12 2018– 28/2 2019	1/9 2019– 29/2 2020	1/9 2018– 28/2 2019	12 months 1/3 2019– 29/2 2020	12 months 1/9 2018– 31/8 2019
<b>Management operations</b>						
Dividend income	-	1.1	3.9	5.6	57.1	58.8
Management costs	-5.1	-6.5	-11.7	-12.3	-23.8	-24.4
Earnings from securities	-105.0	251.2	262.4	-188.8	404.1	-47.2
Other operating income	-	-	-	-	-	-
<b>Operating profit/loss</b>	<b>-110.1</b>	<b>245.8</b>	<b>254.6</b>	<b>-195.5</b>	<b>437.4</b>	<b>-12.8</b>
<b>Profit on financial investments</b>						
Financial income	-	-	-	-	-	-
Financial expenses	0.0	0.0	-0.1	-0.1	-0.2	-0.2
<b>Profit/loss after financial items</b>	<b>-110.1</b>	<b>245.8</b>	<b>254.5</b>	<b>-195.6</b>	<b>437.1</b>	<b>-13.1</b>
Tax	-	-	-	-	-	-
<b>Profit/loss for the period</b>	<b>-110.1</b>	<b>245.8</b>	<b>254.5</b>	<b>-195.6</b>	<b>437.1</b>	<b>-13.1</b>
Other comprehensive income	-	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>-110.1</b>	<b>245.8</b>	<b>254.5</b>	<b>-195.6</b>	<b>437.1</b>	<b>-13.1</b>
Earnings per share, SEK	-4.30	9.60	9.90	-7.60	17.10	-0.50

## CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	3 months	3 months	6 months	6 months	Rolling	12 months
	1/12 2019– 29/2 2020	1/12 2018– 28/2 2019	1/9 2019– 29/2 2020	1/9 2018– 28/2 2019	12 months 1/3 2019– 29/2 2020	12 months 1/9 2018– 31/8 2019
<b>Cash flow from operating activities</b>						
before changes in working capital	-10.7	-3.2	-12.0	-8.6	29.3	32.7
<b>Changes in working capital</b>						
Increase (+)/decrease (-) in current liabilities	-0.2	0.0	0.2	0.3	-0.1	0.0
<b>Cash flow from operating activities</b>	<b>-10.9</b>	<b>-3.1</b>	<b>-11.8</b>	<b>-8.2</b>	<b>29.1</b>	<b>32.7</b>
<b>Investing activities</b>						
Purchase of securities	-149.9	-70.6	-293.7	-198.3	-606.0	-510.6
Sale of securities	184.7	71.9	327.7	77.7	642.3	392.4
Investment in machinery and equipment	0.0	-0.1	-	-0.1	0.0	-0.1
<b>Cash flow from investing activities</b>	<b>34.8</b>	<b>1.3</b>	<b>34.0</b>	<b>-120.6</b>	<b>36.3</b>	<b>-118.3</b>
<b>Financing activities</b>						
Dividend paid	-	-	-55.0	-51.2	-55.0	-51.2
<b>Cash flow from financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>-55.0</b>	<b>-51.2</b>	<b>-55.0</b>	<b>-51.2</b>
Increase (+)/decrease (-) in liquid assets	23.9	-1.8	-32.8	-180.0	10.5	-136.7
Liquid assets at beginning of period	163.5	178.8	220.2	357.0	176.9	357.0
<b>Liquid assets at end of period</b>	<b>187.4</b>	<b>176.9</b>	<b>187.4</b>	<b>176.9</b>	<b>187.4</b>	<b>220.2</b>

## CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	3 months	3 months	6 months	6 months	Rolling	12 months
	1/12 2019– 29/2 2020	1/12 2018– 28/2 2019	1/9 2019– 29/2 2020	1/9 2018– 28/2 2019	12 months 1/3 2019– 29/2 2020	12 months 1/9 2018– 31/8 2019
Change in net worth, SEK	-4.30	9.60	7.80	-9.60	14.90	-2.50
Dividend paid during the period, SEK	-	-	2.15	2.00	2.15	2.00
Number of shares, million	25.6	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.

## CONSOLIDATED BALANCE SHEET

### Assets

(SEK m)	29/2 2020	30/11 2019	31/8 2019	28/2 2019	30/11 2018	31/8 2018
<b>Non-current assets</b>						
<i>Property, plant and equipment</i>						
Equipment	0.1	0.2	0.2	0.2	0.2	0.2
<i>Financial assets</i>						
Securities holdings	3,080.6	3,228.6	2,876.8	2,699.1	2,450.1	2,768.3
<b>Current assets</b>						
Current receivables	3.1	4.4	20.5	1.3	0.4	0.5
Cash and bank balances	187.4	163.5	220.2	176.9	178.7	357.0
<b>Total assets</b>	<b>3,271.3</b>	<b>3,396.6</b>	<b>3,117.7</b>	<b>2,877.5</b>	<b>2,629.4</b>	<b>3,125.9</b>

### Shareholders' equity and liabilities

(SEK m)	29/2 2020	30/11 2019	31/8 2019	28/2 2019	30/11 2018	31/8 2018
<b>Shareholders' equity</b>	<b>3,250.6</b>	<b>3,360.7</b>	<b>3,051.1</b>	<b>2,868.5</b>	<b>2,622.7</b>	<b>3,115.4</b>
<b>Liabilities</b>						
Current liabilities	20.7	35.9	66.6	9.0	6.7	10.6
<b>Total liabilities and shareholders' equity</b>	<b>3,271.3</b>	<b>3,396.6</b>	<b>3,117.7</b>	<b>2,877.5</b>	<b>2,629.4</b>	<b>3,125.9</b>

## CHANGES IN SHAREHOLDERS' EQUITY

(SEK m)	3 months 1/12 2019– 29/2 2020	3 months 1/12 2018– 28/2 2019	6 months 1/9 2019– 29/2 2020	6 months 1/9 2018– 28/2 2019	12 months 1/9 2018– 31/8 2019
<b>Opening balance</b>	<b>3,360.7</b>	<b>2,622.7</b>	<b>3,051.1</b>	<b>3,115.4</b>	<b>3,115.4</b>
Dividend paid	-	-	-55.0	-51.2	-51.2
Comprehensive income for the period	-110.1	245.8	254.5	-195.6	-13.1
<b>Closing balance</b>	<b>3,250.6</b>	<b>2,868.5</b>	<b>3,250.6</b>	<b>2,868.5</b>	<b>3,051.1</b>

## CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	29/2 2020	30/11 2019	31/8 2019	28/2 2019	30/11 2018	31/8 2018
Net worth per share, SEK	127.00	131.30	119.20	112.10	102.50	121.70
Share price (Class B), SEK	124.00	119.40	109.60	97.95	92.50	104.60
Net worth, premium (+)/discount (-), %	-2	-9	-8	-13	-10	-14
Liquidity (+)/Borrowing (-), %	5	4	6	6	7	11
Equity/assets ratio, %	100	100	100	100	100	100
Number of shares, million	25.6	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 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. 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.

Prioritaire **A**

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SVOLDER IS AN INVESTMENT TRUST 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](http://WWW.SVOLDER.SE)



COVER PHOTO: THE ÄLVSBERG BRIDGE IS A SUSPENSION BRIDGE OVER THE HARBOUR ENTRANCE IN GOTHENBURG, AT THE MOUTH OF THE RIVER GÖTA. THE BRIDGE HAS A SPAN OF 417.6 METRES, WHICH WAS THE LARGEST IN SWEDEN AT ITS OFFICIAL OPENING IN 1966.



**SVOLDER**

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