



SVOLDER

YEAR-END REPORT 2021/2022

Good management performance in tough times

The Managing Director's comments, page 2

Results for the financial year

12 months: 1st September 2021–31st August 2022

- The company posted a result for the period of SEK **-1,186** million (3,485 m), corresponding to SEK **-11.60** (34.00) per share
- The net worth decreased by **16.9%**, including reinvested dividend, to SEK **57.30** per share
- The listed price of the Class B share decreased by **27.6%**, including reinvested dividend, to SEK **53.97** per share
- The Carnegie Small Cap Return Index fell by **28.3%**
- Proposed dividend SEK **0.90** (0.63) per share

Major contributors to net worth

- + Positive: New Wave Group, engcon, MilDef Group
- Negative: Troax Group, GARO, XANO Industri

Major changes in the equities portfolio

- + Bought: engcon, Viva Wine Group, Elanders
- Sold: Nordic Waterproofing, Nolato, Saab

Result for current reporting period

3 months: 1st June–31st August 2022

- The company posted a result for the period of SEK **-242** million (1,304 m), corresponding to SEK **-2.40** (12.70) per share
- Net worth decreased by **4.0%**
- The listed price of the Class B share fell by **14.3%**
- The Carnegie Small Cap Return Index fell by **11.5%**

Latest published figures

9TH SEPTEMBER 2022

Share price
54.88
SEK

Net worth
56
SEK/share

Dear Shareholder,

Svolder's 2021/2022 financial year has come to an end, barring a few formalities. For example, the Annual Report will be published at the end of October, and the AGM will be held on 17th November. As usual, in the Annual Report we look at the past year from Svolder's perspective, the main focus being on our portfolio companies. There will also be some comments on our view of economic and stock market developments moving forward. Even though the macroeconomic situation is complex and uncertain, this does not mean that there are no interesting investment opportunities for an investment company like Svolder, which primarily invests in listed Swedish companies that have a market capitalisation of up to approximately SEK 20 billion.

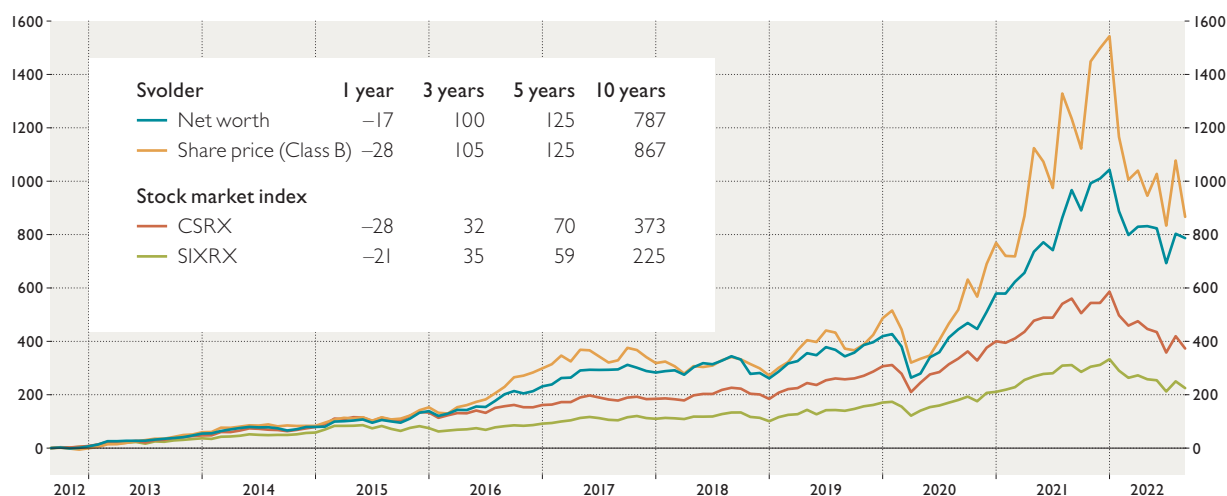
Even so, I must say that the 2021/2022 financial year has been one of the most turbulent years on the stock exchange in Svolder's almost 30-year history. For the people of Europe, it was probably the most dramatic and eventful year since the Second World War. The financial year began, however, much like the previous one ended, i.e. with rising stock exchanges and a high level of activity in most countries in the wake of the COVID-19 pandemic. Significant rises in interest rates and inflation made themselves increasingly felt around the new year, which led to rising return requirements from investors while there was mounting concern about an imminent economic

downturn. Stock exchanges fell generally. Russia's invasion of Ukraine in late February threatened peace in Europe, reduced access to energy and further complicated supply chains for various input goods. Higher interest rates worldwide, lower market values on stock exchanges, higher inflation and even higher energy costs have since been a reality. Many uncertainties remain, although companies and investors can generally adapt to a new global situation in some way.

GOOD MANAGEMENT PERFORMANCE IN TOUGH TIMES

In this context, Svolder has managed its equities portfolio based on its set strategy of virtually always being fully invested. By that, we mean that the share of liquid assets or borrowing should not normally amount to more than 10 per cent of net worth. This has been a winning concept through various market crises in Svolder's history. Relative to our primary comparison index, CSRX, our net worth trend was just over 11 percentage points higher during the financial year, and just over 4 percentage points higher than the Stockholm Stock Exchange (SIXRX), even though the outcome in absolute terms was negative. Svolder's share price was hit harder, however, and the net worth premium

Total return¹⁾ 10 years in % on 31st August 2022



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.

turned into a net worth discount over these 12 months. Our 'three-stage rocket' – our belief that equities are better than interest rate investments, small companies are better than listed ones, and Svolder is better than small companies – has consequently led to a slightly different outcome in this financial year, even though the long-term development remains.

The higher interest rate situation and consequential rise in return requirements from investors has particularly hit shares in companies with perceived accelerated sales and profits far into the future. Equities in real estate companies have also been adversely affected by the development. The outcome has been particularly tough for heavily leveraged real estate companies, serial acquirers and promising companies without profitability where there is uncertainty regarding their business models' ability to achieve any significant, profit producing market position. Equities in small companies performed less well than those in large companies, which is common in a more turbulent stock market climate when a premium is placed on equities' rate of turnover.

ALTERED PRICE PATTERNS IN PORTFOLIO COMPANIES

Having said that, I can see that some of the largest contributors to Svolder's net worth in recent years, such as Troax, GARO and XANO, have had a tough time on the stock exchange during the financial year. Instead, the shares of other portfolio companies developed strongly. This is particularly true of New Wave, which is the largest holding in the portfolio. Active cost cutting during the pandemic has resulted in dramatically rising operating margins, and this is particularly evident as different markets recover. Despite this, we believe that several of the subsidiaries, such as the well-known Craft and Cutter & Buck brands, have not seen the same kind of increase in value as other companies in the sector. We have therefore continued to acquire shares in the publicly listed parent company.

ALTERED INVESTOR FOCUS

Another two phenomena particularly characterised the Swedish stock market during the financial year: a dramatically altered IPO market, and views on equities in companies in the defence industry.

Following 2021, when there seemed to be no limit on how many companies investment banks and marketplaces felt they could list, the IPO window essentially closed in 2022. Although for valuation reasons Svolder has been restrictive as regards the raft of IPOs in recent years, we do aim to selectively act as an anchor investor in IPOs. As well as a reasonable share valuation in the initial phase, we particularly value well-established, profitable business models, a good group

of owners, listing on the Nasdaq Stockholm main list, a solid foundation for growth and long-term dividend capacity. One quality company, engineering company engcon from northern Sweden, did however buck the listing trend and meet Svolder's investment criteria. Svolder was therefore one of the biggest investors in the IPO to an amount totalling SEK 250 million, a holding that had increased to SEK 436 million on the closing day.

Following Russia's invasion of Ukraine and aggressive agitation against the West, attitudes towards military defence among politicians and citizens have changed dramatically. The ever more important role played by defence companies in society becomes clear to investors as the need for actual defence increases. This has also affected investors' sustainability strategies, even though there are still some financial players who apparently don't understand the

importance of a defence industry in democratic nations.

Svolder's exposure to the defence industry comes in the shape of MilDef, a specialist provider of rugged IT communication systems, which has contributed a valuable SEK 63 million to net worth during the financial year.

DIVIDEND IN FOCUS

Election campaigns tend to question share dividends and stock investment generally. Criticism has been directed at the low tax rates for individual equity savings accounts when the stock market is performing well, while there is silence when the stock market is in decline. Share dividends are not handouts, but the most natural way of compensating shareholders for invested capital, and are fundamental to a company's long-term supply of capital. Also, these are profits that have already been taxed, and the way I see it they should not be taxed yet again.

Svolder's dividend policy is based on paying dividends received on to shareholders over time, with a deduction for ongoing management costs. Moreover, the ambition is to create long-term dividend growth. The Board of Directors proposes a dividend of SEK 0.90/share (SEK 92 m) for the ended financial year, an increase of 44 per cent. Since the dividend policy was revised in 2012, the average annual growth rate is approximately 15 per cent. In this context, it should also be noted that Svolder has paid out a dividend every year it has been a listed company. Even before this year's proposed dividend, almost SEK 1.3 billion (about SEK 12.50 per Svolder share) has been paid out to shareholders since the company's inception, whether the year has been good or bad for the stock market.

Yours faithfully

ULF HEDLUNDH
Managing Director



THE EQUITIES PORTFOLIO

31ST AUGUST 2022

Share	Number	Share price (SEK) ¹⁾	Market cap. (SEK m)	% of net worth	% of the company's capital ²⁾	% of the company's votes ²⁾
New Wave Group	5,139,800	171.90	884	15.1	7.8	2.1
Troax Group	2,733,600	173.20	473	8.1	4.6	4.6
GARO	4,036,751	116.10	469	8.0	8.1	8.1
Elanders	3,087,500	151.20	467	8.0	8.7	6.0
engcon	5,434,783	80.15	436	7.4	3.6	1.2
XANO Industri	3,413,148	119.00	406	6.9	5.8	1.8
FM Mattsson Group	6,189,507	63.70	394	6.7	3.6	1.2
Beijer Electronics Group	4,381,875	62.80	275	4.7	15.1	15.2
Viva Wine Group	4,188,370	50.00	209	3.6	4.7	4.7
MilDef Group	2,768,673	72.00	199	3.4	7.6	7.6
Profoto Holding	1,833,853	97.50	179	3.0	4.6	4.6
Wästbygg Gruppen	2,833,916	57.50	163	2.8	8.8	7.5
Lime Technologies	422,665	306.20	129	2.2	3.2	3.2
Arla Plast	2,639,527	41.85	110	1.9	13.2	13.2
ITAB Shop Concept	12,172,550	8.75	107	1.8	5.6	5.6
Serneke Group	2,077,608	40.40	84	1.4	7.2	2.8
Nivika Fastigheter	1,186,000	59.30	70	1.2	2.1	0.4
Boule Diagnostics	2,414,194	23.10	56	1.0	12.4	12.4
AGES Industri	584,000	60.60	35	0.6	8.3	2.5
Equities portfolio			5,146	87.7		
Net receivable (+)/net debt (-)			719	12.3		
Total/net worth			5,865	100.0		
						57.30 SEK per Svolder share

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

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

²⁾ Based on outstanding shares in the portfolio company.

The following information, for example, can be obtained from the table. Svolder's largest holding is New Wave Group, which has a market value of SEK 884 million, corresponding to 15.1 per cent of net worth. A one-per-cent change in New Wave's share price would affect Svolder's net worth by SEK 9 million, which equates to SEK 0.10 per Svolder share.

YEAR-END REPORT

1ST SEPTEMBER 2021 – 31ST AUGUST 2022

MARKET COMMENTARY

Svolder's 2021/2022 financial year, 1st September 2021 to 31st August 2022, was a very weak year for listed companies in most countries around the world. All in all, the European stock exchanges fell by just over 17 per cent, and the US exchange (S&P 500) by almost 13 per cent. The World Index (WDJ) declined by as much as 18 per cent. Currency fluctuations were dramatic overall across the year as a whole. The US dollar, for example, increased by 24 per cent against the Swedish krona, which also weakened by 5 per cent against the euro. Measured in SEK, therefore, the above-mentioned World and US indices increased in value. Measured in USD, the Swedish stock market weakened dramatically: the SIXRX fell by 21 per cent, while shares in small and medium-sized companies (CSRX) dropped a further seven percentage points.

Index performance (12 months)



Source: Infront

Several macroeconomic trends changed or were reinforced during the financial year. The strong recovery from the coronavirus pandemic evident at the start of the financial year led to significant price increases for most input goods. Energy, food and commodity prices in particular increased, while the labour market grew stronger and stronger in most industrialised nations. Around the beginning of the calendar year, investors began growing more concerned about how this would impact on future interest rates, return requirements and economic growth. A period of falling prices for equities, bonds and real estate began. Global concern in-

creased when Russia invaded Ukraine, while access to electronics components, raw materials, industrial products, transport and energy worsened. This concern remained during the latter part of the financial year, even though the bleakest prophecies have thankfully failed to materialise.

Interest rate increases were dramatic during the year, and pertained to most durations and interest rate-based products. American, German and Swedish five-year government bonds, for example, rose by over 200 basis points (two percentage points). The rhetoric from the central banks changed during the financial year to being far more restrictive, and active monetary policy measures were taken to combat the rising inflation. This was most obvious at the US FED, while the need to fight inflation is probably even greater outside of the US, based on the strengthening of the dollar and the shortage of domestic energy sources.

Commodity prices also rose dramatically early in the financial year, only to fall partially again during the latter part. For market players outside the US, however, the far more expensive US dollar has affected the final outcome either positively or negatively, depending on whether they are importers or exporters. For Swedish consumers the outcome is generally negative, which impacts on the future expectations of households. In addition, the rising price of electricity is a serious problem for households and businesses, both in Sweden and across Europe.

In addition to Ukraine and its neighbouring area, geopolitical trouble spots have grown in intensity during the financial year. This particularly applies to the great powers' interests and view of democracy, which risks creating conflict in and around Hong Kong and Taiwan, for example.

SHARE PRICE TRENDS

The closing price for Svolder's Class B share on the balance sheet date was SEK 53.97, which corresponds to a decrease during the financial year of 27.6 per cent, including reinvested dividend. The Class B share's value on the closing day represented a discount of 5.8 per cent on net worth. The Class B share was traded on all trading days during the period, with an average of just over 257,000 shares traded each day of trading on Nasdaq Stockholm.

Net worth discount (-)/premium(+) in % (Class B share, 12 months)

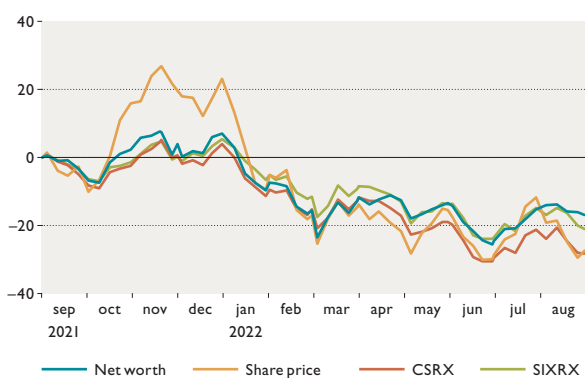


Svolder's Class A share is only traded through three auctions (known as Auction Only Market Segments) during the trading day: one on opening, one at about 13:30 and one when the market closes. The closing price for Svolder's Class A share was SEK 68.00, which means that the Class A share was valued at a premium of 18.7 per cent in relation to net worth on the closing day.

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

On the closing day, the total number of shares in Svolder equalled 102,400,000, of which 4,982,688 were Class A shares and 97,417,312 were Class B shares. The number of shareholders increased by approximately 11,000, and amounted to 59,000 according to the most recently published share register on 30 June 2022.

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 2021–31/8 2022	12 months 1/9 2020–31/8 2021
Svolder		
Share price (Class B)	-27.6	115.8
Net worth	-16.9	95.8
Stock market index		
Carnegie Small Cap Return Index	-28.3	51.6
SIX Return Index	-21.0	46.7

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

On the closing day, Svolder's net worth amounted to SEK 57.30 per share, equating to SEK 5,865 million. The decrease during the financial year was thus 16.9 per cent including reinvested dividend. This figure is 11.5 percentage points above that of the CSRX comparison index, which fell by 28.3 per cent during the corresponding period. This can be compared with the stock market as a whole (SIX-RX), which decreased by 21.0 per cent. The surplus return is attributable to stock picking.

Net worth trend (12 months) 1st September 2021–31st August 2022

	SEK m	SEK/share
Net worth, 31st August 2021	7,115	69.50
Equities portfolio		
Opening value	6,676	65.20
Purchase of shares	1,122	
Sale of shares	-1,355	
Change in value, equities portfolio	-1,297	-59.80
Closing value	5,146	50.30
Net debt (-)/Net receivable (+)		
Opening value	439	4.30
Share dividends received	143	
Dividend paid	-64	
Management costs	-32	
Net financial items	0	
Sale of shares, net	234	2.70
Closing value	719	7.00
Net worth, 31st August 2022	5,865	57.30

Source: Svolder Infront and Morningstar

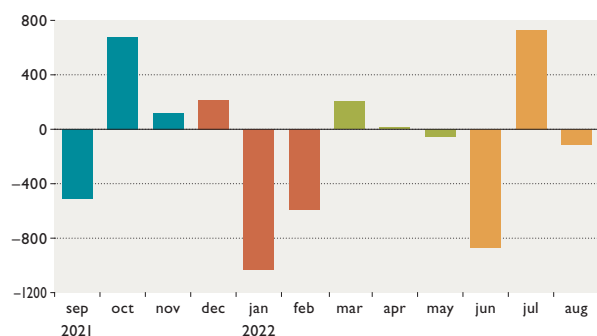
Source: Svolder, Infront and Morningstar

Biggest contributors to changes in net worth accumulated financial year 2021/2022 1st September 2021–31st August 2022

(Based on net worth of SEK 7,115 million or SEK 69.50/share on 31st August 2021)

Share	SEK m	SEK/share
New Wave Group	217	2.10
engcon	186	1.80
MilDef	63	0.60
Total, three positive	466	4.60
Troax	-439	-4.30
GARO	-400	-3.90
XANO Industri	-158	-1.50
FM Mattsson	-129	-1.30
Wästbygg Gruppen	-129	-1.30
ITAB Shop Concept	-96	-0.90
Boule Diagnostics	-77	-0.80
Total, seven negative	-1,428	-13.90
Other shares	56	0.60
Shares, total	-1,154	-11.30
Other	-32	-0.30
Change in value before dividend	-1,186	-11.60

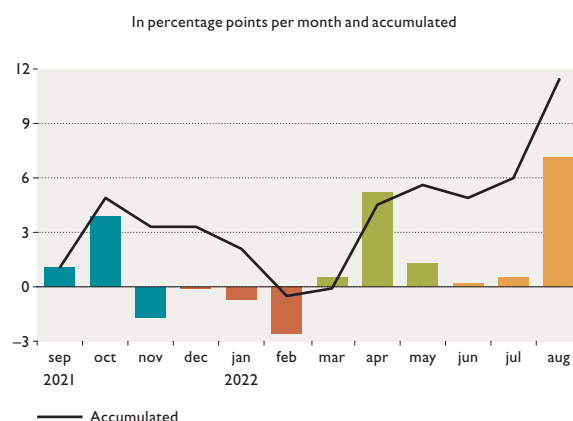
Change in net worth in SEK million per month (12 months)



Excluding dividends of SEK 64.0 million (SEK 0.63/share) paid in November 2021.

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

Change in net worth relative to CSRX (12 months)



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 719 million on the closing day, corresponding to 12.3 per cent of the company's net worth. This can be compared with a net receivable of SEK 439 million at the beginning of the financial year. A dividend of SEK 64 million was paid to shareholders in November 2021 for the 2020/2021 financial year.

During the financial year, Svolder signed an agreement for a credit facility with a Nordic business bank, totalling a maximum of SEK 500 million with collateral in pledged shares. The credit facility was unutilised on the closing day, 31st August 2022.

THE EQUITIES PORTFOLIO

Shares were acquired for a gross amount of SEK 1,122 million during the financial year. Shares to the value of SEK 1,355 million (gross) were sold during the corresponding period, and net sales consequently amounted to SEK 234 million. The number of holdings in the equities portfolio on the closing day totalled 19 (19).

Major net purchases for the equities portfolio (12 months) 1st September 2021–31st August 2022

Share	Number	SEK m	SEK/share ¹⁾
engcon	5,434,783	250	46.00
Viva Wine Group	4,188,370	206	49.20
Elanders	956,452	146	152.70
Nivika Fastigheter	1,186,000	101	85.50
New Wave Group	556,154	82	148.30

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

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 2021–31st August 2022

Share	Number	SEK m	SEK/share ¹⁾
Nordic Waterproofing	3,542,952	689	195.00
Nolato	2,485,760	237	95.20
Saab	430,000	100	232.80
GARO	523,554	90	171.90

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.

MANAGEMENT COSTS

Total management costs for the financial year amounted to SEK 32 million (28 m), which equated to 0.5 (0.5) per cent of average net worth.

Management costs include costs for an incentive programme for Svolder employees. Over the past three financial years Svolder's net worth, including reinvested dividends, performed roughly 68 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 2021/2022 financial year is SEK 9.8 million (8.6 m). The reserve equates to approximately 0.2 (0.2) per cent of the average net worth.

THE PARENT COMPANY

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

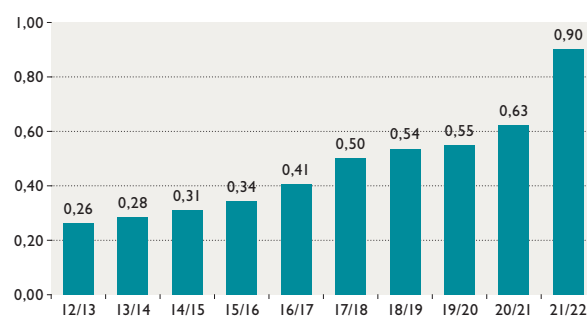
RISKS AND UNCERTAINTY FACTORS

The identified risks and uncertainties for the Group and the Parent Company are presented on page 69 and in note 17 on page 82 of the 2020/2021 Annual Report. The market risk (the equities portfolio's price risk) is adjudged to be the most significant of the risks listed. No significant changes are deemed to have occurred subsequently.

DIVIDEND

At the 2022 Annual General Meeting the Board will propose a share dividend of SEK 0.90 (0.63) per share for the 2021/2022 financial year, which equates to SEK 92 million (64 m). The proposal equates to 1.6 (0.9) per cent of the closing net worth and a yield of 1.7 (0.8) per cent based on the share price on the closing day. The proposed dividend is in line with Svolder's dividend policy and its ambition for long-term dividend growth.

Dividend in SEK per share



2021/2022: dividend proposed by the Board of Directors.

CHANGE OF SENIOR EXECUTIVE

In a press release dated 5th July 2022, Svolder announced that Ulf Hedlundh is planning to resign as the company's Managing Director. He will step down once a successor has been recruited, although no later than in spring 2023. An agreement has been reached with Mr. Hedlundh, whereby he will remain available to the Board and the new MD until the AGM in November 2023, in order to ensure a natural, smooth transition.

EVENTS AFTER THE REPORTING PERIOD

The net worth on 9th September was SEK 56 per share and the listed price (Class B share) was SEK 54.88.

AGM AND FINANCIAL REPORTING

The Annual General Meeting will be held on Thursday 17th November 2022 in Stockholm. Further information will be provided in the notice to attend, which will be announced on around 14th October with a press release, a presentation on Svolder's website, an advertisement in *Dagens Industri* and information in the upcoming Annual Report.

The Annual Report will be available on Svolder's website at the end of October and distributed in printed form in early November to shareholders who registered with the company to receive printed information. The interim report for the period 1st September – 30th November 2022 will be published on 13th December 2022.



INTERIM REPORT 4

CURRENT REPORTING PERIOD:
1ST JUNE – 31ST AUGUST 2022

Result for current reporting period

3 months: 1st June–31st August 2022

- The company posted a result for the period of SEK **-242** million (1,304 m), corresponding to SEK **-2.40** (12.70) per share
- The net worth decreased by **4.0%** to SEK **57.30** per share
- The listed price of the Class B share decreased by **14.3%** to SEK **53.97** per share
- The Carnegie Small Cap Return Index fell by **11.5%**

Major contributors to net worth

- + Positive: engcon, Nordic Waterproofing, New Wave Group
- Negative: Troax, XANO Industri, GARO

Major changes in the equities portfolio

- + Bought: engcon
- Sold: Nordic Waterproofing

MARKET COMMENTARY

The current reporting period of 1st June – 31st August 2022 was characterised by volatile yet overall negative stock market developments around the world. Palpably higher interest rates, dramatically raised inflation forecasts and increasing concern regarding future growth were the main reasons for the weaker development. The half-year reports of listed companies did otherwise mostly tally with analysts' estimates, but worried investors continued to cause large movements in share prices around the publication dates for interim reports. General rises in prices for input goods together with companies' ability to pass these on and streamline their operations, were key to assessments of the financial reports. The companies' full order books did serve to counter the increasing headwind from a weaker macroeconomy. Component supply continued to pose a problem for many industrial companies, as did access to qualified labour.

The Swedish stock exchange (SIXRX) fell by 8.3 per cent and performed better than the index for small and medium-sized companies (CSRX), which dropped a full 11.5 per cent. Almost without exception, the world's stock exchanges declined in their local currencies. The Europe Index for instance fell 7.8 per cent, S&P 500 (USA) 4.3 per cent and the DJ World Index 7.1 per cent, the latter two given in USD. Meanwhile the US dollar increased by as much as 9.5 per cent against the Swedish krona, which also weakened by 2.4 per cent against the euro. Measured in SEK, the World Index and the US stock market therefore increased in value.

Interest rates rose dramatically during the quarter, but were also volatile. Far higher inflation, primarily driven by energy and food costs, has forced the central banks to pursue an increasingly restrictive monetary policy. They also say that further rises in key interest rates are to be expected, and that purchases of fixed-income instruments are no longer necessary. The American central bank, FED, has been most active in its communication, which is also likely to have made an impression on the currency markets.

The upward trend in commodity prices was bucked during the quarter, and two-figure declines were noted for most industrial metals. This also applied to the price of oil. The hugely strengthened US dollar reduced the price falls, but distinct declines were also noted in SEK. Expectations of considerably weaker economic growth globally, as well as China's strict pandemic policy, are likely to be the main explanations behind the change. In the longer run, this could also cause less volatility in inflation expectations, starting in North America. The Russian war in Ukraine, along with the uncertainty surrounding energy supplies in Europe, remain areas of great concern for citizens, investors and decision-makers in various areas.

Total return¹⁾%

Svolder	3 months 1/6 2022–31/8 2022	12 months 1/9 2021–31/8 2022
Share price (Class B)	-14.3	-27.6
Net worth	-4.0	-16.9
Stock market index		
Carnegie Small Cap Return Index	-11.5	-28.3
SIX Return Index	-8.3	-21.0

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

On the closing day, Svolder's net worth amounted to SEK 57.30 per share, equating to SEK 5,865 million, corresponding to a decrease in value during the current reporting period of 4.0 per cent. This figure is 7.5 percentage points above that of the CSRX comparison index, which fell by 11.5 per cent during the corresponding period. This can be compared with the stock market as a whole (SIXRX), which decreased by 8.3 per cent. The surplus return is attributable to stock picking.

Net worth trend (3 months) 1st June–31st August 2022

	SEK m	SEK/share
Net worth, 31st May 2022	6,108	59.60
Equities portfolio		
Opening value	5,840	57.00
Purchase of shares	317	
Sale of shares	-776	
Change in value, equities portfolio	-235	-6.80
Closing value	5,146	50.30
Net debt (-)/Net receivable (+)		
Opening value	268	2.60
Management costs	-8	
Net financial items	0	
Sale of shares, net	459	4.40
Closing value	719	7.00
Net worth, 31st August 2022	5,865	57.30

Engcon manufactures tiltrotators, quick hitches and accessories which enhance the efficiency, flexibility, profitability, safety and sustainability of excavators. A unique tiltrotator system can enable an excavator to replace other machines. Engcon is a global market leader with a high market penetration in the Nordics. Growth takes place primarily in the rest of Europe and North America, and also in Asia where market penetration currently remains low. The company is well invested, is growing fast and is very profitable. There are assembly factories in Strömsund, northern Sweden, and in north-west Poland. Moreover, a new third model generation will be commercialised during autumn 2022. Engcon was listed on the Nasdaq's main list in June, with Svolder as one of the largest anchor investors. The holding created the largest contribution to net worth during the current reporting period.

In a direct transaction outside of the stock exchange, the entire holding in Nordic Waterproofing Holding (NWH) was sold to global building material giant Kingspan, based in Ireland. NWH's board and management team have successfully developed the company from one focusing heavily on oil-based roof waterproofing, to a group operating in more and more waterproofing solutions in a broad sense. Svolder has gradually increased its holding since the IPO in 2016, and at the time of the sale owned just over 16 per cent of the company. The sale was motivated by two main reasons: the judgement that an industrial company of Kingspan's type is a better main owner for the company and its stakeholders than Svolder in the long term, and also the conditions were favourable relative to the company's valuation and the prevailing stock market climate. The sale made one of the largest contributions to Svolder's net worth during the three-month period.

Biggest contributors to changes in net worth 1st June–31st August 2022

(Based on net worth of SEK 6,108 million or SEK 59.60/share on 31st May 2022)

Share	SEK m	SEK/share
engcon	186	1.80
Nordic Waterproofing	101	1.00
New Wave Group	67	0.70
Total, three positive	353	3.40
XANO Industri	-150	-1.50
Troax	-150	-1.50
GARO	-119	-1.20
FM Mattsson	-50	-0.50
Boule Diagnostics	-31	-0.30
Wästbygg Gruppen	-29	-0.30
ITAB Shop Concept	-26	-0.30
Total, seven negative	-556	-5.40
Other shares	-32	-0.30
Shares, total	-235	-2.30
Other	-7	-0.10
Change in value	-242	-2.40

XANO Industri, a major positive contributor for Svolder in the previous quarter, did not perform quite as well during the reporting period and was therefore a detractor from net worth. XANO develops, acquires and runs niche tech companies that offer production and development services for industrial products and automation equipment. As mentioned previously, the XANO share is illiquid and may therefore experience quite volatile development during individual quarters. This decrease in demand, which the company noted already during Q1, worsened during Q2, with slightly lower profits as a result. The lower demand is primarily evident in major automation projects, where customers are postponing deliveries of ongoing projects and delaying new ones. Having said that, demand is good in certain segments, although far-reaching shortages of materials and components are still having an impact on efficiency and profitability. The XANO Group as a whole is stable thanks to its decentralised business model, with operations that can adapt relatively

quickly in fair winds and foul. The company is now mustering its efforts in sales and innovation, and has a solid financial position. With a long history of successfully acquiring small, niche industrial companies that complement the group well, it is deemed that the company has good opportunities for further acquisitions moving forward.



Perimeter protection company Troax showed a weakening trend in its Q2 report, in what has long been a strong and positive order book. Automated warehouses, a fast-growing segment in 2021, is where the decrease has mainly been noticed, as many customers over-invested during 2021. Other parts of the group are developing well, although the goal of passing on increases in prices of input goods to various customers calls for flexibility, and risks leading to an uneven performance between individual months and quarters. The group's results and operating margin remain high, but did not quite meet the market's expectations. This, along with the more cautious announcement from the company regarding its near-term prospects, had a negative impact on the share price. The drop in price has been used to increase the holding slightly.

Electrical product company GARO announced in its Q1 report that Q2 would be adversely affected by material and component shortages, primarily in its E-mobility business area (EV chargers). It predicted that Q2 sales for the business area would be on a par with the same quarter of 2021. The outcome was, however, even lower than forecast and profitability fell considerably. On the other hand GARO's largest business area, Garo Electrification, saw continued strong development, with higher sales and profits. The stock market did not pick up on this altered mix in the interim report, and following an impressive share price development in July, the share price plummeted. This made GARO a major detractor from net worth during the current reporting period.

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 719 million on the closing day, corresponding to 12.3 per cent of the company's net worth. This is to be compared with a net receivable of SEK 268 million at the beginning of the current reporting period.

Svolder signed an agreement for a credit facility with a Nordic business bank, totalling a maximum of SEK 500 million with collateral in pledged shares. The credit facility was unutilised on the closing day, 31st August 2022.

EQUITIES PORTFOLIO

Shares were acquired for a total of SEK 317 million (gross) during the current reporting period. Shares for a gross amount of SEK 776 million were sold during the corresponding period, and net sales hence totalled SEK 459 million.

During the three-month period engcon was added as a new holding and all shares in Nordic Waterproofing were sold. On the closing day, the equities portfolio thus still comprised 19 holdings.

Major net purchases for the equities portfolio (3 months) 1st June–31st August 2022

Share	Number	SEK m	SEK/share ¹⁾
engcon	5,434,783	250	46.00

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.

Major net sales from the equities portfolio (3 months) 1st June–31st August 2022

Share	Number	SEK m	SEK/share ¹⁾
Nordic Waterproofing	3,880,000	757	195.00

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 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.

STOCKHOLM, 16TH SEPTEMBER 2022
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 I/6 2022–31/8 2022	3 months I/6 2021–31/8 2021	12 months I/9 2021–31/8 2022	12 months I/9 2020–31/8 2021
Management operations				
Dividend income	0.0	4.3	142.6	93.2
Management costs	–7.7	–6.7	–32.0	–27.9
Earnings from securities	–234.9	1,306.5	–1,296.5	3,418.0
Other operating income	-	-	-	1.9
Operating profit/loss	–242.6	1,304.1	–1,186.0	3,485.2
Profit on financial investments				
Financial income	0.3	-	0.3	0.2
Financial expenses	0.0	-	–0.3	0.0
Profit/loss after financial items	–242.3	1,304.1	–1,186.0	3,485.4
Tax	-	-	-	-
Profit/loss for the period	–242.3	1,304.1	–1,186.0	3,485.4
Other comprehensive income	-	-	-	-
Comprehensive income for the period	–242.3	1,304.1	–1,186.0	3,485.4
Earnings per share, SEK	–2.40	12.70	–11.60	34.00

CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	3 months I/6 2022–31/8 2022	3 months I/6 2021–31/8 2021	12 months I/9 2021–31/8 2022	12 months I/9 2020–31/8 2021
Cash flow from operating activities before changes in working capital				
	–5.5	–0.5	113.2	73.8
Changes in working capital				
Increase (+)/decrease (–) in current liabilities	0.1	0.0	0.0	–0.4
Cash flow from operating activities	–5.4	–0.5	113.2	73.4
Investing activities				
Purchase of securities	–315.2	–311.9	–1,119.5	–931.4
Sale of securities	781.5	497.8	1,374.7	1,098.7
Investment in machinery and equipment	-	-	–0.1	-
Cash flow from investing activities	466.3	185.9	255.0	167.2
Financing activities				
Dividend paid	-	-	–64.0	–56.3
Cash flow from financing activities	0.0	0.0	–64.0	–56.3
Increase (+)/decrease (–) in liquid assets	460.9	185.3	304.2	184.3
Liquid assets at beginning of period	273.2	244.6	429.9	245.6
Liquid assets at end of period	734.1	429.9	734.1	429.9

CONSOLIDATED KEY RATIOS PER SHARE

	3 months I/6 2022–31/8 2022	3 months I/6 2021–31/8 2021	12 months I/9 2021–31/8 2022	12 months I/9 2020–31/8 2021
Change in net worth, SEK	–2.40	12.70	–12.20	33.50
Dividend paid during the period, SEK	-	-	0.63	0.55
Earnings per share, SEK	–2.40	12.70	–11.60	34.00
Number of shares, million	102.4	102.4	102.4	102.4

Definitions as in the Annual Report for 2020/2021. 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 102,400,000. The historical number of shares and key ratios per share have been adjusted for the 4:1 share split of January 2022.

CONSOLIDATED BALANCE SHEET

Assets

(SEK m)	31/8 2022	31/5 2022	31/8 2021	31/5 2021	31/8 2020
Non-current assets					
<i>Property, plant and equipment</i>					
Equipment	0.1	0.2	0.1	0.1	0.1
<i>Financial assets</i>					
Securities holdings	5,146.0	5,840.0	6,676.1	5,575.1	3,452.1
Current assets					
Current receivables	0.4	5.5	20.1	0.2	2.3
Cash and bank balances	734.1	273.2	429.9	244.6	245.6
Total assets	5,880.7	6,118.9	7,126.2	5,820.0	3,700.2

Shareholders' equity and liabilities

(SEK m)	31/8 2022	31/5 2022	31/8 2021	31/5 2021	31/8 2020
Shareholders' equity	5,865.3	6,107.6	7,115.3	5,811.2	3,686.2
Liabilities					
Current liabilities	15.4	11.3	10.9	8.8	14.0
Total liabilities and shareholders' equity	5,880.7	6,118.9	7,126.2	5,820.0	3,700.2

CHANGES IN SHAREHOLDERS' EQUITY

(SEK m)	3 months 1/6 2022–31/8 2022	3 months 1/6 2021–31/8 2021	12 months 1/9 2021–31/8 2022	12 months 1/9 2020– 31/8 2021
Opening balance	6,107.6	5,811.2	7,115.3	3,686.2
Dividend paid	-	-	-64.0	-56.3
Comprehensive income for the period	-242.3	1,304.1	-1,186.0	3,485.4
Closing balance	5,865.3	7,115.3	5,865.3	7,115.3

CONSOLIDATED KEY RATIOS PER SHARE

	31/8 2022	31/5 2022	31/8 2021	31/5 2021	31/8 2020
Net worth per share, SEK	57.30	59.60	69.50	56.70	36.00
Share price (Class B), SEK	53.97	62.96	75.00	65.95	35.20
Net worth, premium (+)/discount (-), %	-6	6	8	16	-2
Liquidity (+)/Borrowing (-), %	12	5	6	4	6
Equity/assets ratio, %	100	100	100	100	100
Number of shares, million	102.4	102.4	102.4	102.4	102.4

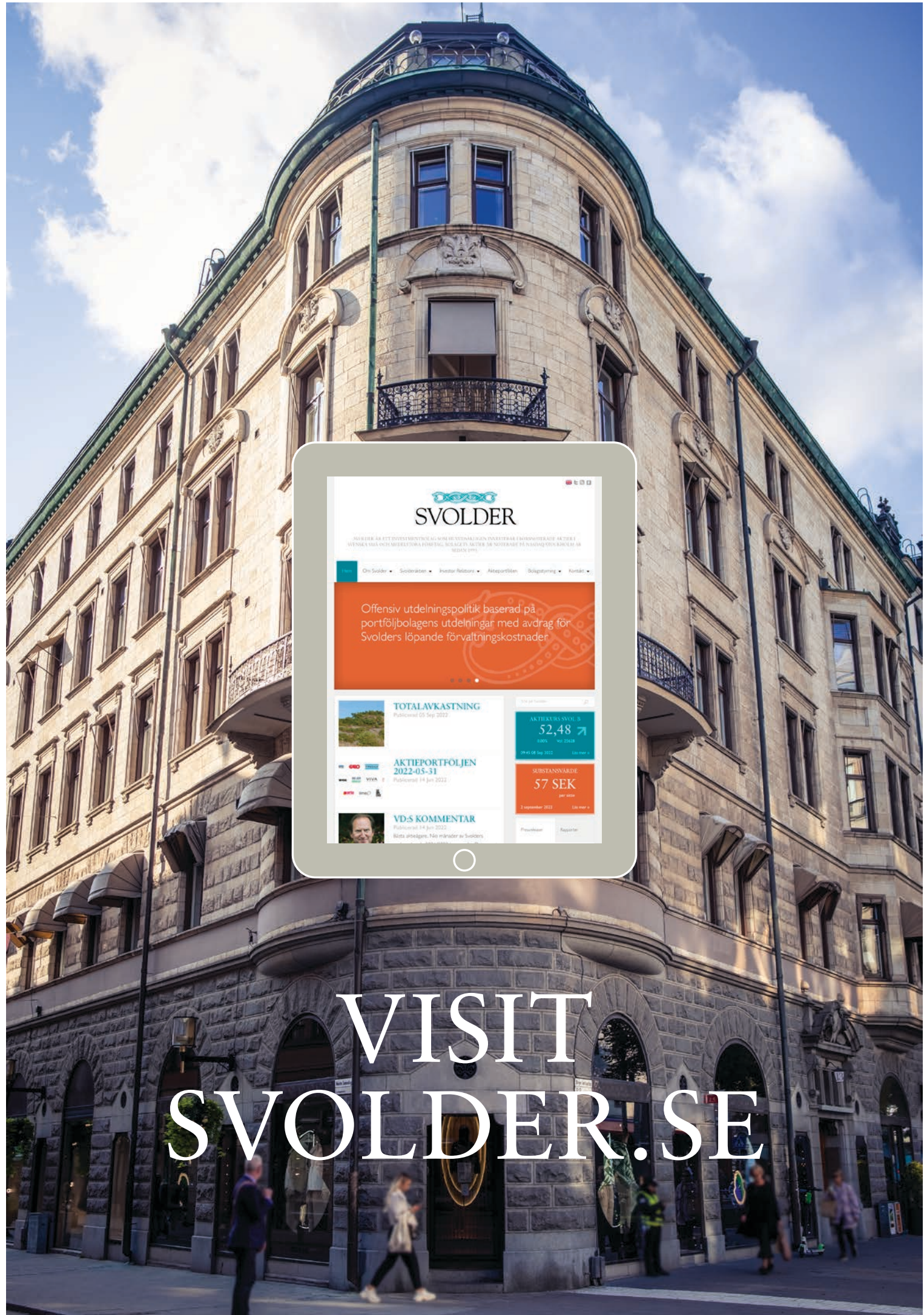
Definitions as in the Annual Report for 2020/2021. Amounts per share have been rounded off to the nearest SEK 0.1 throughout the Interim Report, except for share prices and dividends. The company has no ongoing programmes of financial instruments that entail any dilution in the number of shares. The number of outstanding shares equals 102,400,000. The historical number of shares and key ratios per share have been adjusted for the 4:1 share split of January 2022.

ACCOUNTING POLICIES

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

The Parent Company accounts follow Sweden's Annual Accounts Act and Swedish Financial Reporting Board recommendation RFR 2.

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



SVOLDER

SVOLDER ÄR ETT SVEDSKT FOND- OCH PORTFÖLJFÖRVALTNINGSFÖRETAG. SVOLDER ÄR ETT SVEDSKT FOND- OCH PORTFÖLJFÖRVALTNINGSFÖRETAG. SVOLDER ÄR ETT SVEDSKT FOND- OCH PORTFÖLJFÖRVALTNINGSFÖRETAG.

Om Svolder • Sveriges Riksdag • Investera i Svolder • Aktieportföljen • Böljämnare • Kontakt

Offensiv utdelningspolitik baserad på portföljbolagens utdelningar med avdrag för Svolders löpande förvaltningskostnader

TOTALAVKASTNING
Publicerad 05 Sep 2022

AKTIEKURS SVOL B
52,48
100% vol. 22418
09 Sep 2022

AKTIEPORTFÖLJEN 2022-05-31
Publicerad 14 Jun 2022

SUBSTANSVÄRDE
57 SEK
1 september 2022

VD: S KOMMENTAR
Publicerad 14 Jun 2022
Blixta utdelingen. Nära vändningar av Svolders

Prestituter Rapport

VISIT
SVOLDER.SE

Prioritaire **A**

POSTAGE
PAID

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



COVER PHOTO: TORSÖ BRIDGE SPANS ÖSTERSUNDET SOUND IN LAKE VÄNERN, AND LINKS THE MAINLAND WITH TORSÖ ISLAND. THE BRIDGE OPENED IN 1994 AND REPLACED THE REGULAR FERRY SERVICE.

(PHOTO: DANIEL STRANDROTH/STRANDROTHS FOTOGRAFI, 2018)



SVOLDER

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