

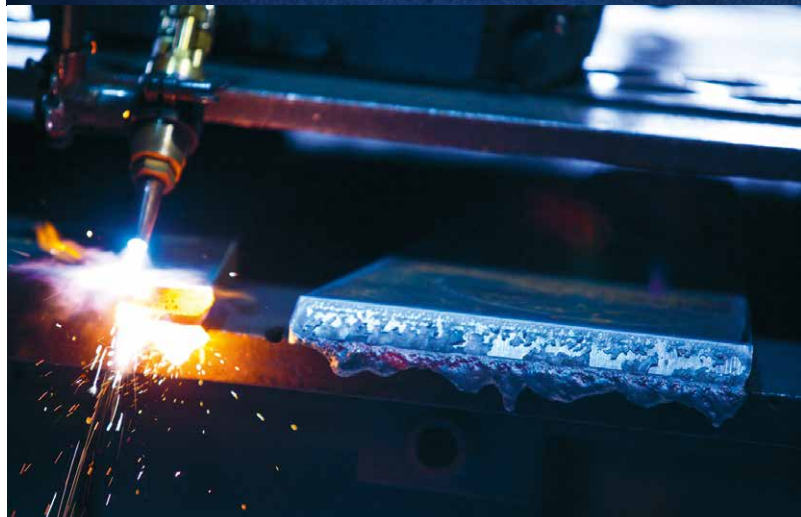
# TRACTION

ANNUAL REPORT  
2022

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## Shareholder Information

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|-----------------|----------------------------------|
| 8 May 2023      | Interim Report January-March     |
| 8 May 2023      | Regular AGM                      |
| 14 July 2023    | Interim Report January-June      |
| 23 October 2023 | Interim Report January-September |
| 9 February 2024 | Year-end Report 2023             |

Subscription to financial information via e-mail can be requested at [traction.se](https://traction.se), where also financial information is available, or by sending an e-mail to [post@traction.se](mailto:post@traction.se).

The following annual report is a translation of the Swedish version. In case of any discrepancy between the Swedish or English translation, the Swedish version shall prevail.

## Dear Shareholders,

In 2022, the world's stock markets performed weakly, as did the Stockholm Stock Exchange, which fell by 20 percent, after a particularly strong 2021 with an increase of 37 percent. Traction's development follows a similar pattern, but where the rise summed up to 47 percent and the subsequent decline to 9 percent. The comparison is partly misleading since Traction's net asset value consisted of over a third of interest-bearing investments and cash equivalents that show a different risk and return profile, but still relevant because the goal over time is for Traction to significantly generate a return in excess of the Stockholm Stock Exchange as a whole.

Traction's result for 2022 amounted to MSEK -378 (1,344), where the active listed holdings affected earnings by MSEK -357 (+820), unlisted holdings MSEK -27 (+208) and financial investments MSEK +21 (+323). Changes in the value of active holdings worth MSEK >100 consisted of BE Group MSEK -129 (300), OEM International MSEK -76 (234), Softronic MSEK -72 (125), Drillcon MSEK -69 (48) and Nilörngruppen MSEK +20 (132). Dividends from active holdings amounted to MSEK 77 (66).

Traction's financial equity investments developed marginally positively (+1 percent / MSEK 4) and, as last year (+47 percent / MSEK 257), significantly better than the market as a whole. Financial equity investments showed a mixed development where, for example, the holdings in Wallenius Wilhelmsen, RPS Group, Subsea 7 contributed MSEK 83, while the larger holdings in Duroc, PION Group and Portmeirion Group charged earnings with MSEK 70. The latter category, on the other hand, contributed MSEK 68 to earnings last year.

Traction's interest-bearing investments contributed MSEK 17 (67), of which interest income received amounted to MSEK 42 and changes in value to MSEK -25. Rising market interest rates contributed momentarily to net interest income, as only a limited proportion of interest-bearing investments carry fixed interest rates. Parts of the interest-bearing portfolio of just under MSEK 1,200 consist of relatively illiquid bonds where pricing is also affected by the prevailing financial climate. This means that a generally increasing financial uncertainty from time to time results in negative changes in value which, provided that the issuer's ability to meet its commitments at maturity has not changed, is reversed when the uncertainty decreases. More than half of the interest-bearing investments have maturities of less than one year.

Operationally, several of Traction's larger holdings continued to develop strongly, with Nilörngruppen and OEM International delivering record earnings and BE Group main-

taining a high profit level. Softronic also delivered stable earnings, which were unfortunately burdened by a larger one-off cost for a data breach at the end of the year. A new

CEO took over at Hifab Group, where a number of activities were initiated to reverse a long-mediocre development. The activities, which aim to fundamentally transform the company to sustainably deliver significant added value to its customers, have also meant in the short term that the company showed a positive result in the second half of 2022. Ankarsrum Kitchen reported sales of MSEK 210, which is a decrease compared to 2021 when sales amounted to MSEK 265, strongly driven by a strong baking trend as a consequence of the pandemic's travel restrictions and working from home. In 2023, they established sales companies in Germany and the US, which means exciting opportunities in a longer perspective, while there is uncertainty in the short term due to prevailing high cost inflation and rising interest rates that erode the customer's consumption space.

The uncertainties in the financial markets are currently greater than they have been for a very long time, and a readjustment of interest rates to more normal levels should inevitably result in several of the financial valuation bubbles that have built up in recent years bursting. So far in 2022, we have seen significant valuation declines for several privately owned high-valued companies that depend on ongoing owner contributions for their operation. Even listed companies with speculative valuations, weak profitability and/or high debt, often combined with hollow balance sheets with significant intangible asset values, have seen their valuations fall sharply. It would be highly reasonable if this revaluation trend continues in 2023 and also rubs off on today profitable, well-managed and well-established companies, but whose valuations pledge long-term profitable growth without room for negative deviations or increased competition, often P/E ratios exceeding 40. At the same time as this valuation adjustment is taking place, it can be hoped that other more moderately valued companies will not be dragged down in the share price falls, which to a large extent has happened in 2022. The logical outcome would be for the differences in valuations to narrow down, with the highest valued companies, which today enjoy star status on the stock market, falling, and for other more moderately valued companies that have performed weakly in recent years but still shown stability and profitability, to rather rise in value. Only time will tell.

Petter Stillström, CEO



## 2022 in Summary

- » The result after taxes amounted MSEK -378 (1,344).
- » Active listed and unlisted holdings accounted for MSEK -384 (1,028) and financial investments for MSEK 21 (323).
- » The net asset value per share decreased by 9 (+47) percent, adjusted for dividend paid.
- » Traction's net asset value amounted to MSEK 3,785 (4,235) equivalent to SEK 256 (286) per share.
- » The return on active listed holdings amounted to approximately -21 (+76) percent.
- » The return on other listed shares was approximately 1 (+47) percent.
- » Interest-bearing investments and cash amounted to approximately MSEK 1,400 equivalent to 37 percent of net asset value.

### Events in the beginning of 2023

- » The Board of Directors proposes a dividend of SEK 8.80 (4.85) per share, equivalent to MSEK 130 (72).
- » The change in value on listed holdings during 2023, up to and including 9 February, amounted to MSEK 162, of which active listed holdings amounts to MSEK 112.
- » Proposed dividends from active listed holdings for the financial year 2022 amount to MSEK 74.
- » Ownership in Driver Group increased to 28 percent of the capital after acquisition for MSEK 13.

### Key Financial Indicators

	2022	2021	2020	2019	2018
Profit for the year, MSEK	-378	1,344	-19	416	-71
Net asset value, MSEK	3,785	4,235	2,920	3,001	2,638
Net asset value per share, SEK	256	286	197	203	178
Earnings per share, SEK	-26	91	-1	28	-5
Market price at end of period, SEK	211	277	187	195	165
Change in net asset value per share, %	-9	47	-1	16	-3
Dividend per share, SEK <sup>1</sup>	8.80	4.85	2.00	4.20	3.60
Dividend yield, % <sup>1</sup>	4.2	1.8	1.1	2.2	2.2

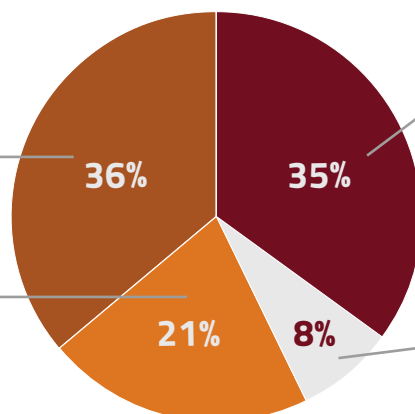
<sup>1</sup>Dividend 2022 as proposed by the Board of Directors

### Distribution of Traction's Net Asset Value

#### Financial Investments

Interest-bearing investments  
incl. cash MSEK 1,358

Other listed shares MSEK 794



Active listed holdings MSEK 1,329



Unlisted holdings MSEK 304



# Traction develops and improves companies

**Traction is a** listed investment company with active ownership interests in listed and unlisted smaller and medium-sized companies. Traction also conducts investment activities for the purpose of obtaining a good return on the Company's capital by making financial investments, mainly in other listed companies and interest-bearing assets.

Traction's role as owner is based on active and long-term engagement in close co-operation with other active owners, entrepreneurs and corporate managements. Traction has no particular focus on specific industries, but conducts development and transformation work that is applicable in all companies intending to give priority to professionalism, long-term thinking, and sound business principles.

## Business Concept

- » To conduct development and transformation work for the purpose of achieving a high return and appreciation through active ownership. In addition, the Company conducts investments operations for the purpose of a good return on the Company's capital.

## Business Philosophy

- » We have a long-term approach.
- » We are not seeking to build a corporate group. We work instead with a number of independent companies, the appreciation of which will be realised in the longer term.
- » Our sphere of activity lies within the transformation and development of companies in general. The requisite technical and industry expertise must be present in the company.

## Goals

- » To sustainably generate an increase in Traction's net asset value per share, including dividends that substantially exceeds the overall performance of the Stockholm Stock Exchange.
- » To create profitable growth in our wholly and partially owned companies.

## Strategy

To achieve Traction's goals, the following is necessary:

- » The ability to identify interesting business projects and situations.
- » The ability to choose the right partners; especially executives/entrepreneurs, but also other active owners.
- » Project managers who can provide corporate executives the complementary expertise they need.
- » Co-operation partners who can act as project manager, director, CEO and/or part owner.
- » Sufficient financial resources to take on interesting projects and to support the development of existing holdings.

## Exit Strategy

- » It is important to Traction that our companies display long-term growth and earning power. Traction has no strategic holdings or other motives for its ownership than the strictly commercial ones. As a matter of principle, our holdings are always for sale at the right price and to a suitable owner. In companies where we have owner companions, the exit strategy varies depending on which development phase the companies are in, and specific prerequisites, especially the intentions of other owners.

# Traction's Universe

Traction works with several target groups.

## Entrepreneurs who:

- » Possess the right characteristics, i.e. people who are extremely industrious and resilient, who can get things done, who are simultaneously thrifty, and ensures that the customer pays, is satisfied, and buys again.
- » Are willing to abandon strategic plans in favour of what their external universe (the customer) is willing to pay for, and are always willing to review their business concept and adapt it on an ongoing basis.
- » Run companies with the right prerequisites for expansion.
- » Have a long-term objective for their engagement.

## Active partners who in co-operation with Traction:

- » Are able to work operatively as project managers, directors or as chief executive officer.
- » Function as active part owners.
- » Want to finance a buy-out, a new issue or participate in refinancing a business.

## Company managements, company presidents, owners who:

- » Lack an active joint owner.
- » Need help in conjunction with a management buy-out, spin-off, or sale, acquisition of a business or a change of generations.
- » Otherwise need a financially strong owner and engaged owner in conjunction with a major transaction.

## Financiers, owners, reconstruction specialists who:

- » Need support in specific situations when urgent operational measures are needed in critical phases of reconstruction of operations.
- » Are looking for a partner with the ability to provide a reconstruction loan to save a business from financial collapse.
- » Need a partner with the financial resources needed to enter into a major project.
- » Need a guarantor/underwriter in connection with raising capital.



## Business Organisation



**Petter Stillström**  
CEO, M.Sc. (Business Administration). Active in Traction since 1999, CEO since 2001. Previously active in corporate finance.



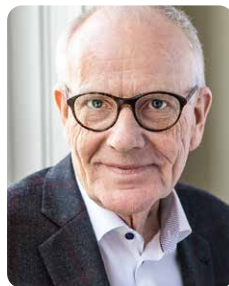
**Joakim Skoglund**  
Asset manager and analyst, B. Sc. (Business Administration). Active in Traction since 2015. Previously portfolio manager and equity strategist at fund company and bank.



**Johan Nilsson Wall**  
Analyst, B. Sc. Finance & M.Sc. Accounting. Active in Traction since 2019. Previously equity analyst at investment bank.

**Traction's central business** organisation also includes a network of co-operation partners who participate actively or have participated in the development of Traction's portfolio companies such as external directors, entrepreneurs, owners, members of senior management and financiers. Traction's book-keeping is handled by an external consultant.

## Board of Directors



**Bengt Stillström**



**Henrik Lange**



**Jonas Olavi**

**Bengt Stillström**, born 1943. M. Sc. (Eng.) and Master of Management. Chairman of the Board. Founded Traction in 1974. CEO during 1974-2001. Director of, among other, Profilgruppen and Ringvägen Venture. Director since 1974. Shareholding, including wife's holding: 330,000 class A shares, 5,451,450 class B shares.

**Henrik Lange**, born 1961. B. Sc. (Economics). Henrik is currently director of Alfa Laval, IPCO, Nilörngruppen, BDR Thermea Group, Velux A/S and the German-Swedish Chamber of Commerce. Director of Traction since 2020. Extensive experience of senior positions in industrial companies, including CEO of Gunnebo and Johnson Pump, as well as leading positions at SKF such as division manager and CFO. Shareholding: 0 shares.

**Jonas Olavi**, born 1967. M. Sc. (Economics). Head of Tactical Asset Allocation and Portfolio Manager at Alpcot Equities. Director of Nordic Asia Investment Group och Rydgruppen Sverige AB. Columnist

in the finance magazine Aktiespararen, and runs the finance and stock market focused podcast Börssnack. Director of Traction since 2020. Previously, head of allocation at Alfred Berg Kapitalförvaltning, head of Equity and Fixed Income Strategies at Nordea, as well as leading positions in the financial industry such as fund manager at Micheal Östlund & Company and CEO of Delphi Fonder. Shareholding: 0 shares.

**Petter Stillström**, born 1972. M. Sc. (Business Administration), CEO since 2001 and director since 1997. Chairman of Hifab Group, Nilörngruppen, OEM International and Softronic, and director of BE Group. Shareholding, via wholly owned company and closely related parties: 1,095,000 class A shares, 1,677,150 class B shares and part owner of Niveau Holding AB.

**Auditor:** Mazars AB, Chief Auditor Martin Kraft, Authorised Public Accountant. Traction's auditor since 2022.

# Ownership Policy for Listed Holdings

Below is a summary of Traction's ownership policy for listed holdings.

- » A company shall always be run on behalf of its owners and to afford the maximum possible return to those owners.
- » Major shareholders should be represented on the Board of Directors.
- » A principal owner has the ultimate responsibility to initiate changes to operations, the company's management, the composition of its Board of Directors, major transactions and acquisitions.
- » A principal owner should consult with other major owners and explain the owners' intentions to the Board of Directors and corporate management, and ensure that suggestions for new board members are presented.
- » The Board of Directors and management shall also gather and embrace the intentions of the owner and work in line with the specified orientation.
- » Takeover bids, mergers and major acquisitions should in the first instance be handled by the principal owner.
- » The Chairman of the Board of Directors, or the principal owner, must obtain support for major structural changes from the largest owners.
- » A principal owner may not grant favours to himself or herself at the expense of the company, but shall be entitled to reasonable compensation for his or her participation in the management of the company.
- » In the absence of a principal owner it shall be incumbent upon the major shareholders to compensate for such lack by conferring about and designing a corporate governance programme.
- » In the absence of a principal owner, the major shareholders should consult and formulate a form of corporate governance to compensate for the lack of a principal owner.
- » The Board of Directors should be composed of persons with personal shareholdings and other persons who can contribute to the development, and who have time to be actively involved.
- » The composition of the Board of Directors should be such that it includes numerous different skills, fields of experience and contact interfaces.
- » Traction wants to see a business-like and active Board of Directors that knows its company and its business environment well, and who can complement and support the CEO.
- » The Board of Directors shall make decisions regarding the company's strategies, orientation, major transactions and other significant changes.
- » The Board of Directors shall exercise effective control over the company's finances, risks and opportunities.
- » The Board of Directors works on behalf of the owners.
- » In its capacity of major owner, Traction always wants to participate in the work of the nomination committee.
- » The nomination committee should be composed of representatives of the owners. If ownership ceases, the representative in question should immediately resign from the nomination committee.
- » Traction wishes at all times to be granted the opportunity to appoint at least one director in companies in which Traction has a major shareholding.
- » Option programmes for employees should only be offered if the employee invests a market equity contribution.
- » Private placements with new, major owners may be suitable in the case of smaller companies, which thereby can avoid negative effects on the market price of the share and also get a better ownership structure.

# Active Listed Holdings

**Traction is a major** owner in a number of smaller and medium-sized listed companies. We invest in companies where we see a significant re-evaluation potential and where the risks are manageable. Other involvement in listed companies can be in the form of underwriting equity offerings in companies in need of new capital and where we see a potential for good returns. Traction has been an owner in some of the companies listed below before they became publicly listed and we participated actively in their respective processes of going public.

## BE Group

**Investment Year:** 2011  
**Traction's Share of Capital and Votes:** 25%  
**Revenue 2022:** MSEK 6,875  
**Operating Profit 2022:** MSEK 418 (MSEK 488 underlying)  
**Other Owners:** Svedulf Fastighets AB 25%,  
 Försäkringsaktiebolaget Avanza Pension 5%  
**CEO:** Peter Andersson



**BE Group** is a trading and service company in the steel and metal industry. The company's approximately 10,000 customers are primarily in the engineering and construction industries in Sweden, Finland and the Baltic countries, where BE Group is one of the market's leading suppliers.

With solid expertise and efficient processes in purchasing, logistics and simpler production, BE Group offers warehouse sales, production service and direct deliveries based on their specific needs for steel and metal products. The head office is located in Malmö, Sweden.

In 2022, BE Group delivered an

underlying operating margin of 7.1 percent (9.8 percent), which is the second highest margin since the IPO in 2006. Sharply rising steel prices and material shortages had a positive impact on the first half of the year, which at the end of the year was reversed with a lower gross margin as a result, but also significantly improved cash flow due to the release of working capital. In addition to the above-mentioned factors, the continued strong development for the full year is a consequence of previously implemented structural changes.

In total, sales increased by 28 percent in 2022 and amounted to MSEK 6,875

(5,388), most of which is explained by price and mix changes of 32 percent and organic tonnage growth which decreased by 9 percent. Operating profit, adjusted for inventory gains/losses of MSEK -70 (+92), amounted to MSEK 488 (529).

Traction has been involved in the company's Board of Directors since 2012. BE Group has been listed on Nasdaq Stockholm, Small Cap list since November 2006.

Further information:  
[begroup.com](http://begroup.com)

## Drillcon

**Investment Year:** 2008  
**Traction's Share of Capital and Votes:** 54%  
**Revenue 2022:** MSEK 415  
**Operating Profit 2022:** MSEK 3 (EBITDA MSEK 36)  
**Other Owners:** Mikael Berglund 5%  
**CEO:** Patrik Rylander



**Drillcon** is Europe's largest core drilling company and a major raise-drilling contractor. The company's market consists of customers in the mining and construction industry.

The main business is currently run through subsidiaries in Sweden, Portugal, Spain, Ireland, Norway and Chile. Through these subsidiaries, Drillcon provides services to customers in a number of countries. In Sweden, Drillcon delivers drilling services to, among others, the Swedish Drill Association. Boliden, LKAB and Lundin Mining. Core drilling is used to take material samples in rock and can also be used for concrete reinforcement,

while raise drilling is a method of drilling shafts in rock, including for ventilation and mine hoists. The services are offered in all geographic markets. Drillcon has been in the business since 1963 and is headquartered in Örebro. In recent years, Drillcon has invested heavily to meet increased demand in both core and raise drilling.

In 2022, Drillcon's sales increased to MSEK 415 (374), corresponding to growth of 11 percent and turned last year's negative operating profit into a positive MSEK 3 (-7). Drillcon's financial target is an operating margin in excess of 9 percent over a business cycle. After a tough 2021

with operational disruptions and delays as well as a turbulent environment in 2022, Drillcon showed clear improvements at the end of the year. EBITDA for the second half of the year amounted to MSEK 28 (10) compared to MSEK 8 (13) for the first half of the year.

Traction has been a shareholder in Drillcon since autumn 2008 and owns over 50 percent of the shares since 2013. Drillcon is listed on Nasdaq Stockholm First North.

Further information:  
[drillcon.se](http://drillcon.se)

## Hifab Group

**Investment Year:** 2004  
**Traction's Share of Capital and Votes:** 54% resp. 55%  
**Revenue 2022:** MSEK 296  
**Operating Profit 2022:** MSEK 5  
**Other Owners:** Niras AB 9% resp. 8%, Niveau Holding AB 6% resp. 12%, Zirkona AB 7% resp. 5%  
**CEO:** Nicke Rydgren



**Hifab Group** is one of Sweden's leading groups in project management, with over 65 years of experience in the real estate industry and all its disciplines.

Hifab provides project management and advice in building & industry, transport & infrastructure, environment & energy and process technology, and in the projects there is always a focus on sustainability. Through the operations of Hifab International and Hifab OY, they also have an international commitment and are involved in a number of development projects in several countries.

The full year 2022 was a turnaround in terms of profitability, with positive operating profit showing a challenging 2021. The improvement is attributed to adjusted costs, increased billing ratio and strengthened order book. The change process to increase business acumen and efficiency continues. CEO Nicke Rydgren will take office in the spring of 2022.

At the end of 2022, Hifab Advisory was started, which is a wholly-owned start-up in the Hifab Group. The company will offer strategic advice in the areas that are central to the industry's development,

such as business development, financing, sustainability, energy and digitalisation.

With Hifab Advisory, Hifab receives a comprehensive offer that strengthens its position as an independent advisor and project manager in real estate and urban planning.

The company is listed on Nasdaq Stockholm First North.

Further information:  
[hifab.se](https://www.hifab.se)

## Nilörngruppen

**Investment Year:** 2005  
**Traction's Share of Capital and Votes:** 26% resp. 58%  
**Revenue 2022:** MSEK 943  
**Operating Profit 2022:** MSEK 136  
**Other Owners:** Nordnet Pensionsförsäkring 7% resp. 4%, Caceis Bank 5% resp. 3%  
**CEO:** Krister Magnusson



**Nilörngruppen** is an international group, founded in 1977, that adds value to brands through branding and design in the form of labels, packaging and accessories to customers, primarily in the fashion and clothing industry. Customers can be simply categorised as brand owners and chain companies. Nilörngruppen strives to increase customers' competitiveness by offering services that cover all design resources including a logistics system that guarantees reliable and short delivery times. Nilörngruppen is one of Europe's leading players with a turnover of MSEK 943. Nilörngruppen delivers over 1.5 billion labels per year of various sizes and types.

Nilörngruppen is represented with subsidiaries in twelve countries; Sweden, Denmark, Germany, Belgium, Great

Britain, Portugal, Hong Kong, India, Turkey, Bangladesh, Pakistan and China, and approximately 90 percent of sales take place outside the Nordic region. In addition, Nilörngruppen operates in Switzerland, Austria, Italy and Spain. Nilörngruppen has established logistics centres in the important locations Hong Kong, Turkey, India, Bangladesh, China and Pakistan. The Group has its own production of printed labels in England, Turkey, India, Bangladesh and Hong Kong as well as production of woven and printed labels in Portugal. Since Traction bought out Nilörngruppen from the stock exchange in 2009, the company has developed strongly and currently has good profitability.

The full year 2022 was the best year in Nilörngruppen's history with sales

amounting to MSEK 943 (788) and an operating profit of MSEK 136 (120) corresponding to an operating margin of 14.5 (15.2) percent.

In June 2015, Nilorn was listed on Nasdaq First North in Stockholm and since April 2018 the company is listed on Nasdaq Stockholm, Small Cap list.

Further information:  
[nilorn.se](https://www.nilorn.se)

## OEM International

**Investment Year:** 2009  
**Traction's Share of Capital and Votes:** 3% resp. 10%  
**Revenue 2022:** MSEK 4,731  
**Operating Profit 2022:** MSEK 735 (EBITA MSEK 763)  
**Other Owners:** Orvaus AB 16% resp. 28%, Siv Franzén 11% resp. 21%, Nordea Fonder 9% resp. 3%, Agne Svenberg 5% resp. 18%  
**CEO:** Jörgen Zahlin



**OEM International** is one of Europe's leading technology trading groups in industrial components and systems. In total, the Group sells to over 30,000 customers in selected markets in Europe and the British Isles. OEM offers a broad and deep range that includes more than 60,000 products from more than 400 leading and specialised suppliers in electrical components, fluid technology, motors and transmissions, ball bearings and seals, appliance components and lighting.

By having a well-developed local marketing organisation and efficient logistics, OEM represents a better alternative for suppliers than its own sales companies. OEM contributes with a high level of knowledge and service and markets the products

based on the specific conditions of each market. In addition, the range is adapted to each individual market and the local organisation has the task of continuously searching for new products and companies to further increase the competitiveness of the customer offering.

In January 2022, Demesne Electrical in Ireland, a leading distributor of electrical control, energy saving and installation products, was acquired. The company performed well during the year and sales increased by 22 percent to the equivalent of MSEK 247. The acquisition means that OEM has been established in yet another interesting market.

OEM delivered a new record profit for the full year 2022 with 25 percent revenue growth and 29 percent earnings

growth (EBITA). Net sales amounted to MSEK 4,731 (3,774) and EBITA MSEK 763 (590). In connection with the year-end report, OEM presented new financial targets with an EBITA margin of at least 12 (10) percent over a business cycle and return on equity exceeding 25 (20) percent.

Traction has been a major shareholder in OEM since the end of 2009 and has been involved in the Board since spring 2010. OEM International is listed on Nasdaq Stockholm, Mid Cap list.

Further information:

[oem.se](http://oem.se)

## Softronic

**Investment Year:** 2001  
**Traction's Share of Capital and Votes:** 22% resp. 20%  
**Revenue 2022:** MSEK 797  
**Operating Profit 2022:** MSEK 88  
**Other Owners:** Andreas Eriksson 20% resp. 30%, Stig Martin 8% resp. 15%  
**CEO:** Charlotte Eriksson



**Softronic** Softronic is a consulting company within IT and management, whose services range from advice and new development to management and operations. Softronic has a holistic view of Change that means that the company can support customers in everything from strategy to structure, including organisation, processes, and IT.

Customers are mainly medium-sized and larger companies as well as organisations in Sweden. Customer relationships are characterised by a long-term approach and the company's collaborations often extend back 10-20 years.

One example of Softronic's offering is the CM1 anti-money laundering service, which helps customers monitor and identify transactions that may be associated with criminal activity and terrorism. The service is available 24/7/365 and processes more than 100 million customers per day. CM1 handles all information according to the money laundering regulations and GDPR.

In 2022, sales amounted to MSEK 791 (787) with an operating profit of MSEK 88 (94), corresponding to an operating margin of 11.0 (11.9) percent. The full-year result was impacted by non-recurring costs of MSEK 25 (0) related to extraordinary costs

for managing and analyzing an external security attack that occurred at the end of the year.

Most of Softronic's 420 employees are represented in Stockholm. The company also operates in Gothenburg, Malmö, Sundsvall and Arjeplog. Softronic is listed on Nasdaq Stockholm, Small Cap list.

Further information:

[softronic.se](http://softronic.se)

**Driver Group**

**Investment Year:** 2019  
**Traction's Share of Capital and Votes:** 21% (28% as of February 2023)  
**Revenue 2021/22:** MBP 47  
**Underlying Operating Profit 2021/22:** MBP -1.0  
**Other owners:** Gresham House 20%, Allianz Global Investors 8%, Adrian J Williams 8%  
**CEO:** Mark Wheeler



**Driver Group** is a British consulting company and one of the global leaders in dispute management, primarily focusing on the construction, infrastructure and energy sectors under the brands Driver Trett and Diales. The company also offers services in traditional technical project management and consulting under the brand Driver Project Services.

Driver Group has the expertise to offer tailor-made services in all different phases of the project cycle.

The geographical presence extends across five continents via 31 offices in 18 countries. The operating segments

consist of Europe & Americas (EuAm), Middle East and Asia Pasific, of which EuAM accounts for approximately 50 percent of the Group's sales.

During the 2021/22 financial year, the company had sales of just under 50 MBP. The company was founded in 1978 and is headquartered in London, UK.

Traction bought into Driver Group at the end of 2019 and increased its ownership to 28 percent in February 2023.

The company is listed on the AIM list, the London Stock Exchange.

Further information: [driver-group.com](http://driver-group.com)



Portmeirion Group's Nambé range



Ankarsrum

## Unlisted Holdings

**Traction's unlisted holdings** consist of wholly- and majority-owned companies as well as minority-owned companies. In the minority-owned companies we co-operate with entrepreneurs and other active part owners. The business concept is to develop successful companies as an active partner. The majority-owned companies are usually turn-around projects, reconstructions, management buy-outs or similar situations. Over the years Traction has participated in bringing several unlisted companies public.

### Ankarsrum Kitchen

**Investment Year:** 2009  
**Traction's Share of Capital and Votes:** 100%  
**Revenue 2022:** MSEK 210  
**CEO:** Marcus Grimerö



**Ankarsrum Kitchen** markets, develops and sells the household appliance Ankarsrum Assistent Original®. The company is a wholly owned subsidiary of Ankarsrum Industries, which is 100 percent owned by Traction. Ankarsrum Assistent Original® is a Swedish classic from 1940.

Over the years, the machine has been improved with a more powerful motor, equipped with stepless speed control and overload protection, which has made it stronger and more reliable. The machine has a large number of accessories such

as a meat grinder, blender, vegetable cutter, pasta rollers and ice cream maker. The plan is to launch more accessories in the coming years that further expand the machine's areas of use.

The company markets Ankarsrum Assistent Original® through physical and digital channels globally. The company has strong established sales in the Nordic domestic market and export sales mainly through distributors. In addition to the Nordic countries, Ankarsrum Assistent Original® is mainly sold to the USA, Germany and other countries in Europe.

Own sales companies will be established in Germany and the US in 2023.

Further information:  
[ankarsrum.com](http://ankarsrum.com)



## Recco Holding

**Investment Year:** 1988  
**Traction's Share of Capital and Votes:** 49.9%  
**Revenue 2022:** MSEK 60  
**Financial Net Assets 2022:** Approximately MSEK 60  
**Other Owners:** Magnus Granhed 50.1%  
**CEO:** Fredrik Steinwall



**Recco Holding** owns RECCO, which is a rescue system used by more than 800 rescue organisations, mountain rescue services and helicopter companies worldwide to find avalanche victims and missing persons. The system is two-part and consists of RECCO detectors used by professional rescue teams and RECCO reflectors built into ski equipment such as clothing, helmets and boots. RECCO is based on a radar technology that enables a fast and precise location of a person wearing a RECCO reflector. The reflectors are completely passive and require neither battery nor knowledge to

use. The RECCO system is intended for organised rescue and is not an alternative but a complement to the use of search equipment that enables peer rescue.

By enabling a faster search effort, the RECCO system gives skiers and snowboarders who have ended up in an avalanche an additional chance to be rescued in time. The RECCO system is established at all ski resorts of dignity in the world.

In recent years, several successful tests of a new, helicopter-borne search system have been carried out, which, in addition to avalanche rescues, signi-

ficantly broadens the scope of use of RECCO to search for missing people in forests and fields, as well as at sea. The company has a presence in 28 countries.

Further information:

[recco.com](https://recco.com)

## Sigicom

**Investment Year:** 1997  
**Traction's Share of Capital and Votes:** 21.0%  
**Revenue 2022:** MSEK 187  
**Other Owners:** Rehnström/Svensson 41%  
**CEO:** Torbjörn Rehnström



**Sigicom** is the Nordic region's leading supplier of field measurement systems for unmanned monitoring of vibrations, noise and other environmental disturbances (such as particles in air). The field measurement systems wirelessly monitor construction work, mines, quarries and road and train traffic.

Sigicom sells its measurement systems and services on a global market. Exports account for the majority of turnover and continue to increase. Major markets for Sigicom are the US, UK, France, Canada and the Nordic region.

The company has developed the

market's most innovative and complete field measurement system from sensor to web presentation and reporting. For Sigicom's customers, this means simple installation, automated measurements and cost-effective monitoring. The sensors continuously measure what is happening and can be triggered by a certain disturbance and can then record detailed signal progress and give selected users alarms. The measuring instruments can withstand harsh environments and have very high accuracy and reliability.

In addition to web-based application programmes, Sigicom also offers

support, service and regular calibration. Sigicom has an ambitious growth agenda based on product leadership and internationalisation. Sigicom is in an intensive internationalisation phase with its own operations in the UK, France, USA and Canada, as well as a growing number of customers globally.

In 2022, sales increased by 12 percent to MSEK 187 (166) with double-digit operating margin.

Further information:

[sigicom.se](https://sigicom.se)

**Medino** is a fast growing online pharmacy based in the UK. Medino sees opportunities to digitise and streamline the pharmacy industry with the ambition of taking a leading position in the country. Co-founders are Christian Jakobsson (CEO), Lars Elfversson (CoB), Henrik Blomkvist and Viktor Holmberg. Traction's ownership amounts to approximately 6 percent. Investment year: 2020.

Further information:  
[medino.com](https://medino.com)



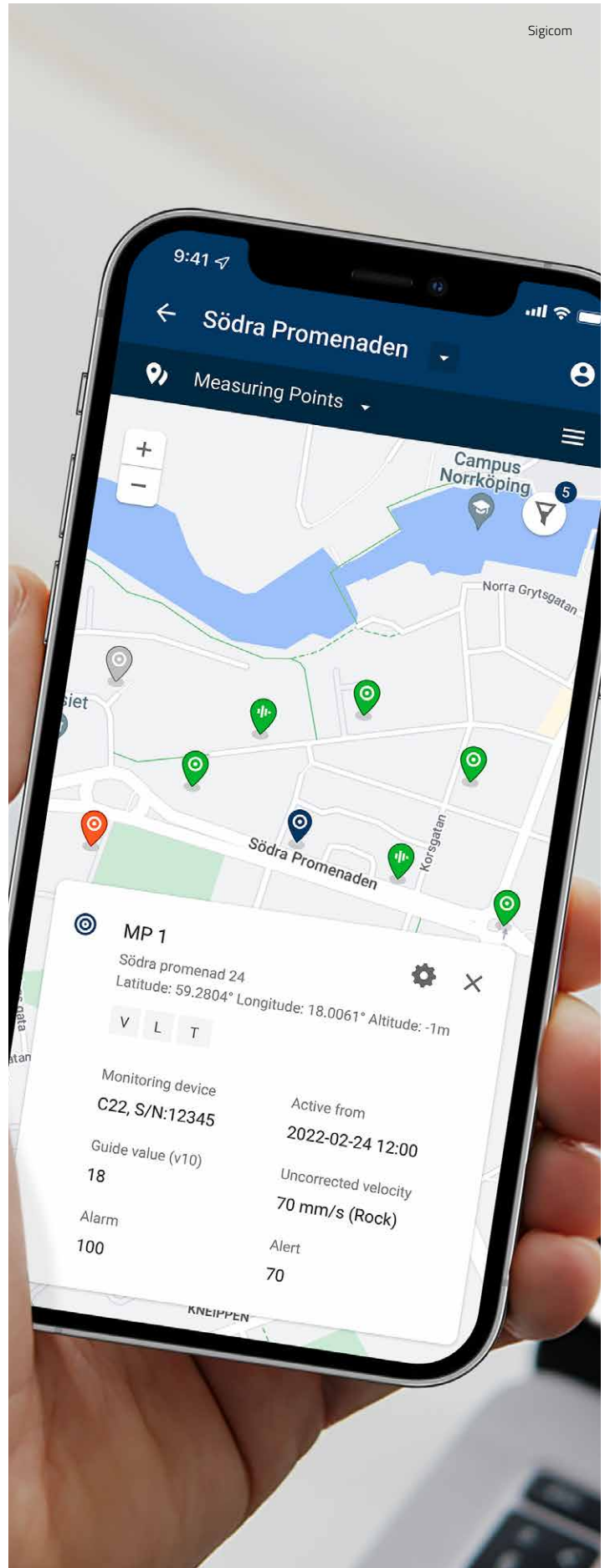
**Brilliance Sweden** has invented and patented the Transversor technology. A Transversor detects and prevents motion before it becomes dangerous and utilises unnecessary resources. RolloGuard Instant Fall Protection for wheeled walkers is the first Transversor powered solution where it prevents dangerous motion that causes falls, transforms the walker into a better walking aid that provides safer mobility. The Transversor technology can be used in many other solutions to provide much safer and sustainable rotational motion. Founder is Patrik Zander (CEO). Traction's ownership amounts to approximately 19 percent. Investment year: 2021.

Further information:  
[brilliance.com](https://brilliance.com)



**Tengai** is a newly established company specializing in AI technology in recruitment and personal assessment. The company offers automated interview software that ensures an unbiased and efficient recruitment process. The founder of Tengai is the recruitment and staffing group Key People/TNG Group that owns approximately 56 percent of the shares. Traction's ownership amounts to approximately 16 percent. Investment year: 2020.

Further information:  
[tengai-unbiased.com](https://tengai-unbiased.com)



# Financial Investments

**Traction's investments**, in addition to active holdings, are classified as financial investments. These consist mainly of shares, corporate bonds and commercial paper. The composition of different asset classes is largely governed by prevailing market conditions. At the end of 2022, financial investments, including cash and cash equivalents, amounted to just over MSEK 2,100, corresponding to 57 percent of Traction's net asset value. Of this, investments in listed shares accounted for approximately MSEK 794 and interest-bearing investments with a maturity shorter than 12 months incl. cash and cash equivalents for MSEK 792. The remaining part of MSEK 569 consisted of a mix of interest-bearing assets with varying returns, maturities and liquidity.

Unlike active holdings, the purpose of financial investments is not to create value through active ownership and company building. Rather, the goal is to create ongoing returns through more traditional management even on the part of the capital that is not employed in the active holdings. The size of the total financial investments thus depends partly on how much of the capital is not invested in active holdings at any given time, and partly on prevailing market conditions. The financial investments are evaluated on an ongoing basis and on average have a shorter investment horizon than active holdings. The size of individual financial investments may vary, where primarily larger equity investments may occur and during periods constitute a complement to the active holdings.

A large part of the financial investments consist of liquid holdings that can be quickly sold. This is important in order to maintain the flexibility

to be able to support existing active holdings at short notice, invest in new active holdings and participate in guarantee consortiums prior to new share issues.

An equity investment that is initially classified as a financial investment may over time develop into an actively listed holding. By following companies over time as a smaller owner, we are given better opportunities to evaluate both business models and company management.

Financial equity investments also consist of slightly larger holdings in small and medium-sized listed companies where Traction can also be involved in the nomination committee work. Companies where Traction's ownership exceeds five percent of the capital are shown in the table on page 20.

2022 was marked by several major shocks in the world economy, such as the continued aftermath of the corona pandemic and, not least, Russia's invasion of Ukraine. Together with ultra-loose monetary policy and large pandemic-related fiscal support packages, these shocks contributed to soaring inflation that reached the highest levels since the 1980s. In response, most central banks, led by the Federal Reserve, began a sharp rate raise cycle. Global asset prices came under sharp pressure during the year as most stock markets experienced sharp stock market declines, while rising market interest rates affected the valuations of many interest-bearing instruments. The value of Traction's financial investments remained largely unchanged during the year.

## Underwriting

Traction has a long history as an underwriter of public issues. This has occurred in a number of different situations, such as In connection with widening ownership through private placements, initial public offerings, financing acquisitions and expansion, refinancing maturing debt, saving the company from insolvency, or simply strengthening the balance sheet in general.

- » Traction has issued guarantees for companies where we are already part owners, or merely to safeguard the Issue itself. On occasion we have been the sole underwriter and sometimes we are part of an underwriting consortium.
- » Traction has also been engaged in ancillary services, such as being a lender until the company has completed the issue.
- » Related services include subscribing for securities in private placements, without pre-emptive rights, and to purchase a major shareholder's lot of shares.
- » Traction sees this as a financial service but is also prepared to become a long-term owner.

Over the years Traction has participated in more than 30 underwriting consortia.

## Financial Equity Investments

Other listed shares where Traction's holding exceeds five percent.

**Duroc** is an industrial group which owns industrial and industrial trading businesses in a wide range of industries. The business is divided into seven companies with a common guiding principle to create a competitive industry, a good work environment and a sustainable society. Duroc's value creation takes place through opportunistic acquisitions and long-term sustainable development of the portfolio companies. The largest company in the group, International Fibres Group (IFG), is one of Europe's leading independent producers of polypropylene-based staple fibres with customers mainly in the construction, furniture, filter and automotive industries. To address the overuse of fossil



fuel-based plastics, IFG has implemented a core strategy to develop an industry-leading range of more sustainable plant-based staple fibre solutions.

Two other large companies within the group are Drake Extrusion, which is

North America's leading manufacturer of polypropylene-based dyed filament yarn and staple fiber, and the company Duroc Machine Tools (DMT), which is one of the Nordic and Baltic countries' largest suppliers of machine tools, tools, machine service and support to engineering companies, and Duroc Rail, which is active in maintenance and service of railroad wheels. Duroc's sales amount to approximately MSEK 3,700.

Duroc is listed on Nasdaq Stockholm, Small Cap list. Traction's holding amounts to 8 percent.

Further information:

[duroc.se](https://duroc.se)

Portmeirion Group's Spode Blue Italian



**Portmeirion Group Plc** is a British porcelain and household goods company. The company owns and markets a number of well-established brands such

as Portmeirion, Spode, Royal Worcester and Pimpernel. In total, Portmeirion owns six global brands with sales in over 70 countries.

The brands have an accumulated history of over 750 years. For example, Spode's Blue Italian collection, launched in 1816, is an iconic British design classic for tableware and plates.

The company has two factories in the UK and delivery is mainly made through the company's distribution centres in the UK, USA and Canada. Clear focus is on growth in own e-commerce, D2C for retail customers and building partnerships with

retailers who are strong in e-commerce. Portmeirion's sales in 2022 amounted to 111 MBP and operating profit to 9 MBP.

The company is listed on AIM in London. Traction bought into Portmeirion in 2020 and currently owns 8 percent of the company.

Further information:

[portmeiriongroup.com](https://portmeiriongroup.com)

**PION Groups** operations are divided into segments QRIOS, Poolia and Uniflex. In 2022, a new growth strategy was initiated for the company, which includes combining consulting and strategy services with tech solutions.

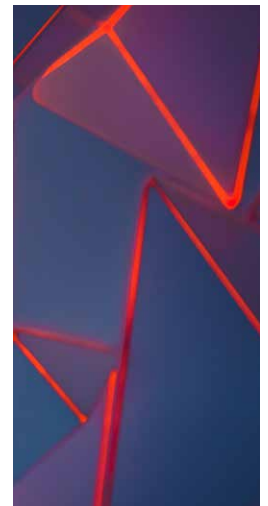
In addition to segmentation, PION is divided into three capabilities consisting of People, Strategy and Tech. People refers to the expertise that PION brings to customers in the form of consultants in areas such as IT, tech, finance, industry, logistics and recruitment. This capability is present in all of PION's segments. Strategy is within QRIOS and refers to the consulting services in

business development that PION helps its customers with. Tech is the platform support that PION sells and licences to customers and is included in the QRIOS segment.

The largest segment, Uniflex, accounted for 56 percent of PION's revenue in 2022 and is active in staffing and recruiting personnel for the industrial, logistics and customer service sectors.

PION Group's sales in 2022 amounted to MSEK 2,086 and operating profit to MSEK 74. PION Group is listed on Nasdaq Stockholm, the Small Cap list and Traction's holding amounts to 6 percent of the company.

Further information:  
[piongroup.se](https://piongroup.se)





**ANKARSRUM®**

[ankarsrum.com](http://ankarsrum.com)



# Traction From an Investor Perspective

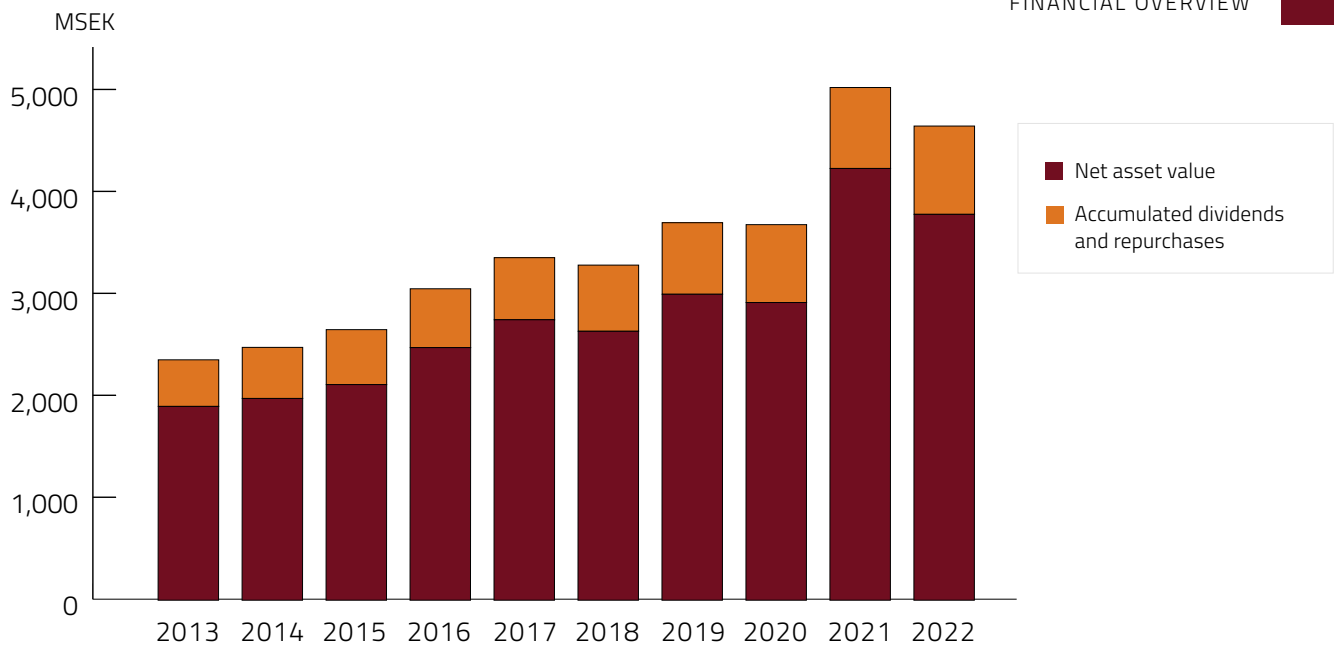
The table below shows Traction's net asset value divided into active listed holdings, active unlisted holdings, financial investments, cash and cash equivalents, and other assets as of 31 December 2022.

Holdings	Number of shares thousands	Price per share	Proportion of total		Market value MSEK	Proportion of total	SEK/ share
			capital	votes			
<b>Active listed holdings</b>							
BE Group	3,260	80.80	25%	25%	263	7%	18
Drillcon	24,000	5.30	54%	54%	127	3%	9
Driver Group Plc	11,023	3.03	21%	21%	33	1%	2
Hifab Group	32,944	2.46	54%	55%	81	2%	5
Nilörngruppen	3,000	84.00	26%	58%	252	7%	17
OEM International	4,455	72.30	3%	10%	322	9%	22
Softronic	11,589	21.55	22%	20%	250	7%	17
<b>Total</b>					<b>1,329</b>	<b>35%</b>	<b>90</b>
<b>Unlisted holdings</b>							
Unlisted holdings					275	7%	19
Due from unlisted holdings					28	1%	2
<b>Total</b>					<b>304</b>	<b>8%</b>	<b>21</b>
<b>Total active and unlisted holdings</b>					<b>1,632</b>	<b>43%</b>	<b>110</b>
<b>Financial investments, cash and cash equivalents</b>							
Other listed shares <sup>2</sup>					794	21%	54
Interest-bearing investments <sup>1</sup>					1,172	31%	79
Cash and cash equivalents					186	5%	13
<b>Summa</b>					<b>2,153</b>	<b>57%</b>	<b>146</b>
<b>TOTAL</b>					<b>3,785</b>	<b>100%</b>	<b>256</b>

<sup>1</sup>Including interest-bearing investments with a tenor of less than 1 year in the amount of MSEK 606, and other net assets/debts, amounting to MSEK -3.

## <sup>2</sup>Financial investments where Traction's ownership exceeds five percent of the shares:

Holding	Portion of total capital	Market value MSEK
Duroc	8%	63
PION Group	6%	32
Portmeirion Group Plc	8%	40
<b>TOTAL</b>		<b>135</b>



**Starting in 2014** Traction applies Investment Entity Accounting (IFRS 10), which means that all holdings are valued at fair value rather than being consolidated in the Traction Group. On the other hand, Central Traction companies are consolidated. Market valuations are based on assumptions of future cash flow, comparable key financial indicators, etc. For more detailed explanations

reference is made to Traction's formal Annual Report. Before switching to IFRS 10, listed and unlisted minority-owned holdings were valued at fair value, while subsidiaries with >50 percent ownership were valued at equity. Accumulated dividends and repurchases refer to the time before the listing in 1997.

## Ten-Year Survey

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Profit for the year, MSEK	277	122	174	401	304	-71	416	-19	1,344	-378
Net asset value, MSEK	1,901	1,979	2,115	2,478	2,751	2,638	3,001	2,920	4,235	3,785
Net asset value per share, SEK	127	133	143	168	186	178	203	197	286	256
Increase in net asset value per share, including dividend, %	17	7	9	19	12	-3	16	-1	47	-9
Earnings per share, SEK	18	8	12	27	21	-5	28	-1	91	-25
Dividend per share, SEK <sup>2</sup>	2.45	2.00	2.55	2.15	2.75	3.60	4.20	2.00	4.85	8.80
Dividend yield, % <sup>2</sup>	2.7	2.0	2.2	1.5	1.6	2.2	2.2	1.1	1.8	4.2
Market price at year-end, SEK	90	99	115	146	175	165	195	187	277	211
Net asset value discount, %	29	25	20	13	6	7	4	5	3	18
Number of shares outstanding at year-end (not incl. repurchased shares), thousands	14,940	14,865	14,790	14,790	14,790	14,790	14,790	14,790	14,790	14,790

<sup>2</sup>Dividend for 2022 refers to the proposal of the Board of Directors.

# Traction's Return

Return on net asset value per share, including dividends 2018-2022.

	Annual return	Year
2022	-9.1%	2022
Best year	46.6%	2021
Worst year	-9.1%	2022
Five-year average	8.4%	2018-2022

## Definitions and alternative key financial indicators

The definitions below and alternative key financial indicators are significant for the understanding and assessment of Traction's business. Only earnings per share before and after dilution below are defined in accordance with IFRS. All alternative key financial indicators refer to the Group.

### The Traction Group

Aside from the Parent Company, the Traction Group consists of wholly owned subsidiaries that manage securities, conducts lending activities, engages in underwriting and provides consulting, primarily to Traction's project companies.

### Financial investments

Refers to shares and interest-bearing investments where Traction's ownership is less than 10 percent of votes, or where Traction does not have active role by being represented on the board of directors. Financial investments are shown in the listing of Traction's net asset value. A previously active listed holding is recognised as a financial investment from the day when ownership is less than 10 percent of votes, or if ownership is less than 10 percent of votes, from the day when Traction's representative is no longer a member of the board of directors.

### Listed active holdings

Holdings in listed companies where Traction's ownership exceeds 10 percent of votes, or where Traction has active role by being represented on the board of directors. Active holdings are shown in the listing of Traction's net asset value. A holding is shown as active from the day when Traction's ownership exceeds 10 percent of votes, or the day when Traction is represented on the Board of Directors.

### Unlisted active holdings

Wholly or partially owned unlisted companies where any remaining shares are usually owned by one or more entrepreneurs or other active owners. Unlisted holdings are companies the shares of which are not subject to organised daily trading, although not necessarily on a regulated market. Upon listing or delisting of a listed company the holding changes category on the day when the change takes place.

### Dividend yield

Dividend in percent of market price at year-end.

### Equity per share and net asset value per share

Equity at the end of the period, divided by the number of shares outstanding on the same day.

### Nav discount

Traction's market value, with the unlisted class A shares valued at the same price as the listed class B shares at the end of the period, less the net asset value divided the net asset value at the end of the period, in percent.

### Equity per share as well as net asset value per share

Equity at the end of the period, divided by the number of shares outstanding on the same day.

### Change in net asset value per share adjusted for dividend paid, in percent/return on net asset value per share

Earnings per share divided by opening equity per share after deduction of dividend paid per share during the period in percent.

### Earnings per share before and after dilution

Result for the period after dilution, divided by the average number of shares outstanding during the period. The number of shares outstanding has not changed during 2022.

# Sustainability

**Traction is an** investment company with ownership interest in several companies in different industries, in varying phases of development and geographic focus. Traction's ability to influence the development of the holdings varies depending on ownership stake and the willingness of other shareholders to adhere to Traction's approach. However, Traction's employees, as well as the boards of directors of the project companies, are always expected to ensure that project company management groups attach great importance to the ongoing sustainability efforts that must be adapted to each respective company's situation and local conditions.

Traction's development model is based on the assumption that each respective management group and board of directors follow prevailing laws and regulations and always act ethically and in a commercially sound manner. This means that Traction expects zero tolerance of human rights violations, extortion, corruption, child labour, forced labour, discrimination, etc.

Traction also expects risks to be analysed and goals to be formulated

and that each company has appropriate processes in place to manage and monitor sustainability-related risks.

Virtually every human activity and enterprise has some sort of impact on the environment. According to Traction, sustainable operations ensure that the environmental impact is minimised and that the environmental impact is offset by the utility provided.

Traction avoids getting engaged in companies that are not deemed to add value for its customers or society at large, instead contributing to tragedies occurring in the form of dependence, poverty, deaths and other unnecessary suffering.

Examples hereof are companies involved with drugs, tobacco, armaments, casino operations and gaming companies, whose purpose is to entice their customer to become addicted to gambling, thereby squandering their savings. Nor do certain credit-granting companies, whose existence depends on their customers' desperate need for liquidity, fit in with Traction's investment criteria.



## The Traction Share

**Traction's class B share** is listed on NASDAQ Stockholm since 24 May 2000, Ticker: TRAC-B. Previously, since July 1997, the share was traded on NGM's share list. In 2022, Traction's share price decreased by 24 (+48) percent without taking

into account the dividend received of SEK 4.85/share. At the end of 2022, the price amounted to SEK 211 per share. During the year, the share was quoted at a high of SEK 303 and a low of SEK 193.50. There are no convertible debentures,

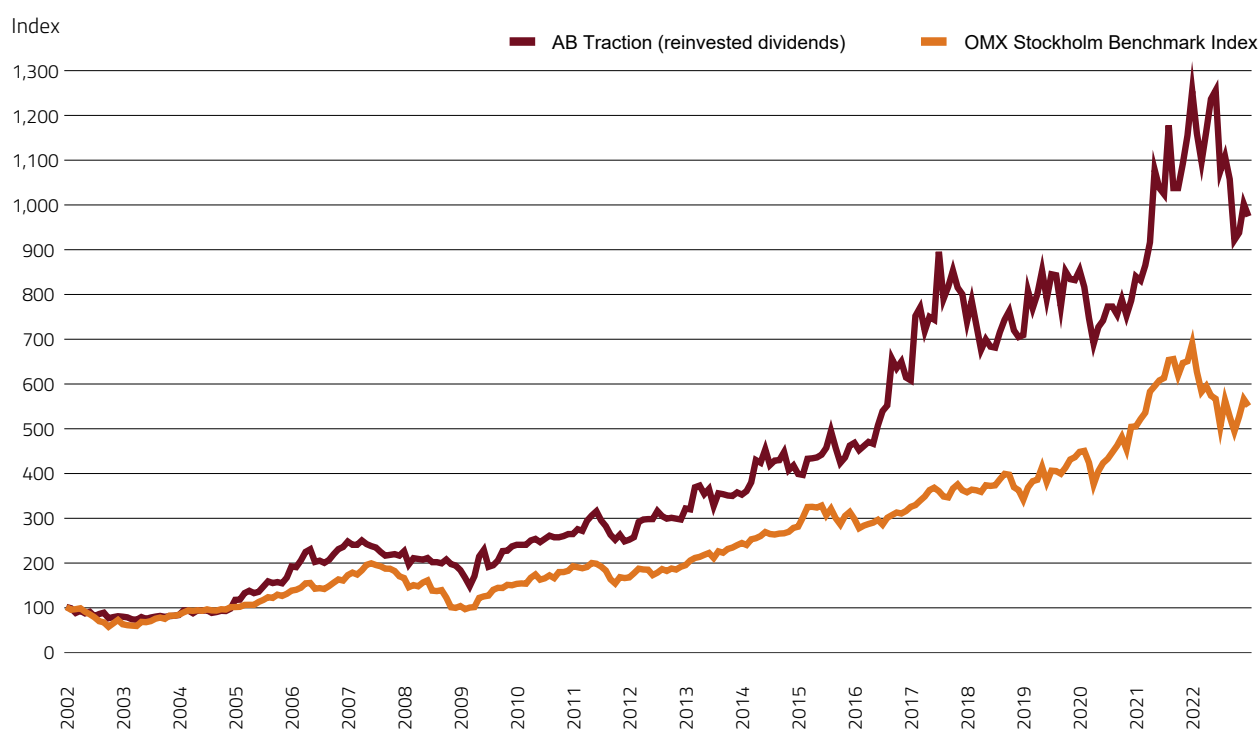
options or other instruments that may cause a rise in the number of shares outstanding. The number of shareholders in Traction amounted to 4,752 (4,717) as of 31 December 2022.

Shareholders <sup>1</sup> as of 31 December 2022	Class A shares	Class B shares	Total	Proportion of capital	Proportion of votes
Ann Stillström	165,000	2,727,000	2,892,000	19.6%	14.1%
Bengt Stillström	165,000	2,724,450	2,889,450	19.5%	14.1%
Petter Stillström incl. company	1,095,000	1,677,150	2,772,150	18.7%	40.7%
Niveau Holding AB incl. subsidiary <sup>2</sup>	375,000	1,225,000	1,600,000	10.8%	16.1%
Hanna Kusterer		1,583,100	1,583,100	10.7%	5.1%
David Stillström		1,556,700	1,556,700	10.5%	5.0%
N.G.L Förvaltnings AB		102,900	102,900	0.7%	0.3%
Esilentio AB		90,000	90,000	0.6%	0.3%
Försäkringsaktiebolaget Avanza Pension		78,058	78,058	0.5%	0.3%
SEB Fonder		73,533	73,533	0.5%	0.2%
Handelsbanken Fonder AB		72,479	72,479	0.5%	0.2%
Other		1,079,477	1,079,477	7.3%	3.5%
<b>Total</b>	<b>1,800,000</b>	<b>12,989,847</b>	<b>14,789,847</b>	<b>100.0%</b>	<b>100.0%</b>

<sup>1</sup> Shareholders as of 31 December 2022, not including repurchased shares.

<sup>2</sup> Owned by members of the Stillström family.

### Total Return on Traction's Class B share



**Dividend and distribution policy**

Traction's basic policy is that dividends and other transfers of assets to the shareholders shall be effected in a tax-efficient manner. For the purposes of Swedish tax legislation, Traction is an investment company, which means, inter alia, that dividends are deductible

against interest income and the standard income, which comprises 1.5 percent of the Company's net asset value as of the beginning of the year. Under current tax regulations, the dividend is adapted to the Parent Company's revenue in such a way that no tax expense arises in the Parent Company.

Under current regulations, there is no standard income on unlisted holdings and listed holdings where the percentage of votes exceeded 10 percent at the end of the financial year. Buyback of the Company's own shares occurs when it is deemed attractive for the shareholders.

**Repurchase of own shares**

Year	Number	Amount, SEK
2000	163,050	6,471,150
2001	80,400	2,921,200
2002	221,550	6,616,500
2007	177,600	11,810,400
2009	537,400	28,462,000
2010	141,000	10,081,500
2011	80,000	5,420,000
2012	245,000	18,500,000
2013	424,305	38,188,000
2014	74,695	7,731,000
2015	75,153	8,342,000
Total	2,220,153	144,543,750

Cancellation 2010 -610,000

Cancellation 2014 -400,000

**Repurchased shares 1,210,153**

**Quota 7.6%**

**Size class B shares**

Holding	No. of owners	No. of B shares	Stake, %
1-500	4,394	252,732	1.6
501-1,000	166	121,001	0.8
1,001-5,000	151	287,561	1.8
5,001-10,000	11	79,281	0.5
10,001-15,000	4	49,016	0.3
15,001-20,000	6	100,021	0.6
20,001-	20	13,310,388	94.4
<b>Total</b>	<b>4,752</b>	<b>14,200,000</b>	<b>100.0</b>

**Evolution of share capital**

Year	Transaction	Increase in no. of shares	Increase in share capital, SEK	Total share capital, SEK	No. of shares	Quotient value of share, SEK
1994	Bonus issue	20	10,000	460,000	920	500
1994	Split	459,080	0	460,000	460,000	1
1995	Bonus issue	0	4,140,000	4,600,000	460,000	10
1997	Split	4,140,000	0	4,600,000	4,600,000	1
1997	New issue	700,000	700,000	5,300,000	5,300,000	1
1997	New issue	370,000	370,000	5,670,000	5,670,000	1
2006	Split	11,340,000	0	5,670,000	17,010,000	0.33
2010	Cancellation	-610,000	-203,333	5,466,667	16,400,000	0.33
2014	Cancellation	-400,000	-133,333	5,333,334	16,000,000	0.33

**The share capital** in Traction amounts to SEK 5,333,334, distributed on 16,000,000 shares, of which 1,800,000 shares of class A 14,200,000 shares of class B. All

shares entitle their holder to equal rights to the Company's assets and profit. Class A shares entitle their holder to 10 votes and class B shares entitle their holder to one vote at

annual and extra general meetings. Every person is entitled to vote at annual and extra general meetings for the full number of shares owned and represented, without limitation.

## A Small Selection of Transactions Over the Past Ten Years

**2022** Traction showed a decrease in net asset value of 9 percent, while the Stockholm Stock Exchange as a whole performed weaker with a return (including dividend) of minus 20 percent. Traction's active listed holdings, which in 2021 contributed MSEK 870 to earnings, charged earnings with MSEK 357, corresponding to a return of -21 percent. Traction's financial investments developed marginally positively (+1 percent) during the year, with major positive contributors being the holdings in Wallenius Wilhelmsen and the British technology consulting company RPS Group Plc, where two industry players submitted competing bids for the company. At the same time, the holdings in Duroc, PION Group (formerly Poolia) and Portmeiron performed weakly. Traction's interest-bearing investments developed positively in an environment where many fixed income funds showed a negative trend despite rising market interest rates during the year. New CEOs joined Hifab Group and Softronic. OEM International and Nilörngruppen reported record results and BE Group delivered another strong year in terms of earnings.

**2021** developed in terms of earnings into Traction's best year to date with a profit of MSEK 1,344, corresponding to a net asset value increase of 47 percent. The return on the active listed holdings amounted to approximately 76 percent, where changes in the value of the holdings in BE Group and OEM International, among others, were major contributors. BE Group showed a record profit after tax of just below MSEK 500 and the company's share price increased by approximately 270 percent. Nilörngruppen, OEM International and Softronic also showed record results in a world characterised by Covid-19, travel restrictions, component shortages and sharply rising raw material prices. Traction's financial investments, which developed weakly in 2020, recovered significantly during the year and contributed MSEK 257, corresponding to a return of approximately 47 percent. Traction's unlisted holdings also developed strongly, with revaluations contributing just over MSEK 200 to the result. It is primarily Ankarsrum Industries and Sigicom that showed continued profitable growth with sales increases of 110 and 40 percent, respectively. Weak earnings development in Drillcon and Hifab. The majority of the smaller holding in Alternus Energy was sold at the end of the year with good profits. Minor new investment in Brilliance Sweden, an unlisted company. Increased ownership in Driver Group to 21 percent. Divested a small share of the holding in OEM International and marginally increased the ownership in BE Group.

**2020** was a year marked by Covid-19 and its impact on health and the world economy in largely closed national borders, meeting restrictions and teleworking. In addition, extremely large monetary policy and fiscal support packages that contributed to continued asset inflation on equities and real estate. The Stockholm Stock Exchange plummeted in March followed by a gradual recovery during the year, which summed up to an increase of 13 percent. Traction showed a loss of MSEK 19 for the full year, derived from a weak development for other listed shares, which largely consisted of investments in the energy sector and capital-intensive sectors such as banks and basic industry. Traction's active listed holdings contributed positively, as did the unlisted holdings. Overall, the development was stable for the active holdings despite the ongoing pandemic. Krister Magnusson was appointed as the CEO of Nilörngruppen. Strong volume increase for the wholly owned household appliance Ankarsrum Assistant Original™. The holding in Ankarsrum Motors was discontinued. The holding in Duroc was reclassified as a financial investment as Traction is no longer involved in the board and the ownership since 2017 is less than ten percent of the votes. Traction's view of Duroc is not affected by this reclassification, which is only a consequence of the accounting principles that Traction applies. Minor new investments were conducted in the unlisted companies Tengai and Medino. Increased ownership in Driver Group and Nilörngruppen to 17 percent and 26 percent of capital, respectively. Acquired just above four percent of the capital in the British AIM-listed company Portmeiron in connection with a private placement and approximately five percent in the Irish solar park company Alternus Energy prior to an unofficial listing of the company's shares.

**2019** In terms of profit a record year where Traction showed a profit of MSEK 416, equivalent to a net asset value increase adjusted for dividend paid of 16 percent. The return on the active listed holdings amounted to approximately 21 percent and for other listed shares 42 percent, in a generally strong stock market where the Stockholm Stock Exchange rose by about 35 percent. Yet another year with negative interest rates in Sweden and several other countries. This contributed to a continued asset inflation and generally challenging conditions for Traction to find new, attractive investment objects to get involved in as active owner. The holding in WYG Plc was brief and was sold with a good profit in connection with a bid (bid premium of 244 percent) from the American consultancy TetraTech. Proceeds amounted to MSEK 91. The holding in

Mönsterås Metall was discontinued but this did not have negative effect on Traction. Record results in several of the active holdings, such as Drillcon, OEM International and Softronic. Weak development on Hifab, where costs such as recruitment costs burdened the result. Softronics' founder, principal owner and CEO handed over CEO role to Per Adolfsson in January. Peter Andersson was appointed new CEO i BE Group in September. Acquired a major lot of shares (14.2 percent) in the British AIM listed company Driver Group Plc for approximately MSEK 52. Marginal increase in ownership of Nilörgruppen and a small reduction in Duroc.

**2018** The holding in Eitech Holding was formally sold in January after approval by the Swedish competition authority. Proceeds, including repayment of receivables, approximately MSEK 50 in all, was received during 2018. The transaction was negotiated at the end of 2017 and contributed to Traction's result for that year. In February, Traction became a major owner of Mönsterås Metall (49 percent), which simultaneously acquired Ankarsrum Diecasting from Traction. The British technology consultancy became a new active holding when Traction, in several transactions, acquired 15 percent of the shares outstanding for a total of approximately MSEK 48. The development of Traction's active holdings (-5 percent) as well as overall for the Stockholm stock market. The earnings and operational development for several of the active holdings, among them BE Group, Nilörgruppen, OEM International, Sigicom and Softronic, with the latter four recording record results. BE Group came in with its best result since 2008. Ownership in BE Group increased slightly to 22 percent of capital through purchases in the amount of MSEK 15. Ownership in Nilörgruppen decreased slightly in connection with a sale of shares in the amount of MSEK 25. The financial position is strong with just shy of MSEK 1.2 billion in the form cash, cash equivalents and interest-bearing investments. Ankarsrum Industries, with operating companies Ankarsrum Motors and Ankarsrum Kitchen were revalued by MSEK -29 against a background of low capacity utilisation in the group's production lines for electric motors. However, the proprietary kitchen appliance Ankarsrum Assistent Original® showed a stable development.

**2017** In the beginning of 2017 Duroc acquired International Fibres Group with payment in newly issued shares in Duroc. The holding in Waterman Group was sold after a public bid, which for Traction meant a total bid value of just short of MSEK 85 and a profit effect during 2017 of MSEK 40. Shares in Nilörgruppen were sold for MSEK 67, which reduced ownership to 24 percent of capital and 57 percent of votes. The holding in Banking Automation Ltd was sold towards the end of 2017. Traction has been a part owner of Banking Automation Ltd since 1986. Strong stock price



Ankarsrum

performance in Drillcon (82 percent) and Softronic (71 percent) made a positive contribution to earnings. A weak development in the Ankarsrum companies burdened results with a total of MSEK 60 during 2017. The financial position remains strong with almost MSEK 1.2 billion in the form of cash, cash equivalents and interest-bearing investments. The return on listed active holdings was 29 percent and the return on other listed shares was 13 percent.

**2016** Traction reported its best result ever in the amount of MSEK 401, equivalent to a return of 19 percent. MSEK 30 was invested in Eitech Holding AB in the form of shares and loans, equivalent to 10 percent of the capital and 4 percent of the votes. New chief executives were appointed in Duroc and in Drillcon. All shares in Nordic Camping & Resort were sold after a tender offer from Norwegian venture capital firm Norvestor Equity AS. Gradually increased ownership in Waterman Group during the year bringing our stake from 11 percent to about 16 percent. Shares in Nilörgruppen were sold for MSEK 79, reducing ownership to 31 percent of capital and 61 percent of the votes. Acquired 8 percent of the capital 4 percent of the votes in Poolia and became the company's second largest owner, also gaining representation on the company's election committee. Strong share price performance in Nilörgruppen (99 percent), BE Group (40 percent) and Hifab Group (36 percent) contributed positively to results. Nilörgruppen and OEM International recorded record results. Ankarsrum Motors was revalued by MSEK -25 due to weaker performance. The return on other shareholdings amounted to 45 percent. Negative deposit interest rates prompted us to invest most of Traction's liquid funds in short-term interest-bearing investments with a marginally positive return.

**2015** The holding in PartnerTech was sold for just over MSEK 100 in connection with a bid from industry colleague Scanfil. Nordic Camping & Resort, which continued its positive development, floated a new issue to strengthen



the balance sheet and broaden the shareholder base. BE Group floated a rights issue, which to a considerable extent was underwritten by Traction. A new President was appointed in the BE Group and Traction assumed the role of Chairman of the Board. Nilörngruppen was listed in June on First North at the same time as Traction sold shares for just over MSEK 180, equivalent to half of the holding, which significantly contributed to the year's result. In late autumn Traction acquired all outstanding class A shares in Nilörngruppen, whereby Traction's ownership increased to 66 percent of the votes. Nilörngruppen's share price showed a weak development, whereas the company's operations again delivered record earnings. Hifab Group suffered an unexpected legal loss which compelled the company to float a new issue, which also was underwritten by Traction. New CEOs were recruited for Drillcon and Hifab Group. Both take office in 2016. Banking Automation had a record year. Shares in OEM International, Softronic and Waterman showed a strong development, while BE Group and Hifab Group were a drag on earnings. A major holding in staffing company Proffice was revalued following a public offer from an international player. The holding in Modular Streams was sold. Significant sales of active holdings and a sceptical view of the stock market's valuation levels had the effect that Traction's cash and cash equivalents rose to more than MSEK 900.

**2014** Traction turned 40. Traction switched to Investment Entity Accounting, which means that the subsidiaries in Ankarsrum and Nilörngruppen are valued at market rather than being consolidated in the Traction Group. Sold 50 percent of the holding in OEM International after a rising price trend for a long period. As a company, OEM has shown a very positive development since Traction became a part owner in 2009, as has its share price. BE Group floated a new issue, largely underwritten by Traction. The issue was oversubscribed and Traction sold parts of the holding, whereby ownership was reduced to just over 17 percent. BE Group's development was very weak which had a major impact on the result. The holding in Catella was sold. Participated in the underwriting of real estate com-

pany Amasten in connection with a preferred share issue. A new chief executive was appointed in Duroc. An action programme was initiated immediately. Ownership in Drillcon and Hifab passed the 50 percent mark for capital and votes. Ownership in PartnerTech increased to just over 23 percent. Nordic Camping & Resort grew and the share price advanced by 59 percent. Nilörngruppen recorded a revenue increase of 20 percent and delivered all time high earnings. In addition to net sales of active holdings and other listed shares, dividends from unlisted holdings contributed an increase in Traction's cash and cash equivalents, and interest-bearing investments to approximately MSEK 600.

**2013** Increased ownership in BE Group to 21.7 percent and in Catella to 11.6 percent by acquiring major lots of shares in the beginning of the year. Fastpartner acquired Bricad's holding in Vallentuna Centrum after several years of active development of the property holdings. We became represented on the Board of Directors of Catella, which also appointed a new chief executive who took office in January 2014. Made a mandatory offer for Drillcon, thereby increasing our stake to just short of 50 percent. The real estate project in Djursholms Ösby was virtually completed and all units were sold during the year. The share price of PA Resources fell. This burdened our earnings performance when the company made another rights issue without Traction's participation. Generally strong market performance, where the holdings in OEM, Hifab, SCA and Swedbank made the greatest contributions to our earnings, at the same time as the holding in BE Group weighed on our result. The holdings in G5 Entertainment and Alphahelix were sold with good results. Ankarsrum Motors posted all-time high earnings thanks to greater capacity utilisation on its universal motor line. Nilörngruppen also recorded continued stable earnings, with particularly positive results in England and Germany. Zitiz and internet news site Sourze were phased out after several years of development without achieving commercial success. The holdings in Signtrace and Saguru were wound up. Acquired a just over 10 percent stake in the English consultancy Waterman Group plc. JRS Securities agreed to sell the business to Remium, who took possession in January 2014.



Portmeirion Group's Portmeirion Botanic Garden range

## Traction's History

**Traction was started** in 1974 by entrepreneur Bengt Stillström as a one-man consultancy with a capital of a few thousand Swedish kronor. Today Traction is a stock exchange-listed investment company with equity of almost MSEK 3,800, while MSEK 900 has been distributed to the shareholders in the form of dividends and repurchase of shares since the listing in 1997.

Traction's service has always been to participate in the development of companies. We have worked with the companies' unusual events. By that we mean everything but the day-to-day work in the companies, where the initiative and the competence of the entrepreneur or other part owners already exists. It has often been a matter of how to exploit new ideas and how to give new direction to operations that are not functioning well. In support of such action we have devised a business philosophy which experience tells us really works. That philosophy is our instrument and serves as our guide. One could also say that the philosophy has become Traction's product. In addition to adaptation, new sales, development and startup of new products, these unusual events have often been a matter of purchases and sales of businesses, reconstructions, reorganisations, recruitment, financing, co-operation efforts and international expansion. We have assisted entrepreneurs and chief executive officers and complemented them in such a way as to make us strong together. At Traction we have had personnel with varying backgrounds: in sales, technology, law, finance, etc. to manage this broad approach. In many cases we have been forced to step in as temporary chief executive and negotiator. During the first ten years Traction was a one-man company. Then in the beginning of the 1980s a central organisation was created and it grew to about ten persons. We also work with independent individuals in specific projects together with us and it is not

unusual that the managers in our project companies are engaged as directors in other companies where Traction is a major owner. Bengt Stillström was CEO from the start in 1974 until 2001, and today serves as Chairman of the Board of Directors of Traction. Petter Stillström became a director in 1997 and is Traction's CEO since 2001.

From the outset our customer base was business owners and entrepreneurs. Later, major companies and banks came into the picture, primarily in connection with projects to save businesses that had faltered. As a positive effect of profitable business ventures, our capital has grown allowing investment in larger and more mature companies and since the beginning of the 1990s Traction has functioned as an active owner in several listed companies, where we work based on an active board-of-directors/owner role. In parallel with active corporate development, portions of the capital have also been invested in other listed shares, which over time has contributed to Traction's capital growth. The business model began as a consultancy, based on compensation for time spent, and developed into becoming a partnership with the entrepreneurs – becoming part owner, getting performance-related compensation for work done and eventually also investing equity, granting loans and issuing guarantees. In recent years the main thrust of our business has become active and long-term ownership of small and medium sized companies at the same time as capital has been invested in other listed equities and bonds in the interest of creating a return on the capital. Traction's capital has been built over a long period of time, without debt in the parent company, and with low or no leverage in the project companies. We have a business model that is of a long term nature and which we believe is sustainable. Traction is helpful in creating sound companies.

**A selection of historic projects that have been large, profitable, long-lasting and/or significant:**

- » **Ankarsrum Motors**, highly automated electric motor production, production of welding feed motors and controls, contract manufacturing.
- » **Ankarsrum Die Casting**, aluminum die casting.
- » **Duroc**, an industrial group that during Traction's active ownership period operated in areas such as laser surface treatment, train wheel maintenance, saw blades and machine trade. Traction has been a major owner since the acquisition of International Fiber Group 2017, but has not been active in board work since 2020.
- » **AcadeMedia**, interactive education with later focus on charter schools.
- » **Allgon**, antennae and system components for mobile telephones and base stations.
- » **Arvako**, staffing and recruitment.
- » **Banking Automation Ltd**, deposit machines, payment machines and exchange machines (ATMs).
- » **Bricad**, real estate development and management.
- » **Centrum Invest**, consultancy and development company for shopping centres.
- » **CMA Computer Marketing**, rental of mainframe computers and computer sales.
- » **Eitech respektive EIAB**, electrical installations and contracting/assembly.
- » **EasyT**, internet travel agency and software.
- » **Eska Komponenter**, an attempt to structure the Swedish foundry and casting industry.
- » **Gnosjö Plast**, injection-moulding of plastic articles.
- » **Haldex**, automotive components.
- » **Inter Innovation**, development and promotion of a mechanism for dispensing banknotes from automatic teller machines.
- » **Jarl 20**, development, construction and sale of tenant-owned housing cooperatives.
- » **JC**, clothing chain.
- » **JP Bank**, brokerage, banking.
- » **Kjessler & Mannerståle**, engineering consultancy.
- » **Know IT**, IT consultancy.
- » **Maxitech**, thick-film hybrids.
- » **Mutter Media/Metronome**, TV production company.
- » **Nordic Camping & Resort**, chain of camping and cabin operations.
- » **PartnerTech**, contract manufacturing.
- » **Standard Radio**, communication radio equipment.
- » **Svecia**, screen-printing machines.
- » **Svenska Järnvägsverkstäderna, ASJ**, specialised foundry for casting brake shoes for railway vehicles.
- » **Sweden Table Tennis**, Stiga table tennis equipment.
- » **Swedish Tool**, supplier of machine tools, machine service and support. Acquired by Duroc in 2007. Established by Bricad.
- » **Thalamus Networks**, control technology, broadband.
- » **Tolerans**, rotational stapling machines for tabloid newspapers.
- » **Waterman**, technology consultancy based in London.
- » **WYG**, technology consultancy based in Leeds.

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