

Period January - March

- Profit after taxes amounted to MSEK 211 (-19), distributed as follows:
 - Active listed holdings MSEK 183 (26)
 - Unlisted holdings MSEK -5 (0)
 - Financial investments MSEK 36 (-43)
- Earnings per share amounted to SEK 14.27 (-1.30)
- Net asset value per share amounted to SEK 270 (256)
- Net asset value per share increased by 6 (0) percent
- The return on active listed holdings was approximately 14 percent
- The return on other listed shares was approximately 3 percent
- Stockholm Stock Exchange including dividends (SBX) increased by 9 percent
- The Board of Directors proposes a dividend of SEK 8.80 (4.85) per share

Events after the end of the period

- The change in value, including dividend income on listed holdings since 31 March amounts to MSEK 31 as of 5 May 2023, whereof active listed holdings amount to MSEK 20 and other listed shares MSEK 10.

Traction in brief

Traction is an investment company with active ownership interest in listed and unlisted small- and medium-sized companies. Traction is also engaged in investment activities for the purpose of obtaining a good yield on the Company's capital through financial investments, mainly in other listed companies and interest-bearing assets. Traction's role as owner is based on an active and long-term engagement in close co-operation with other active owners, entrepreneurs and corporate management groups. Traction does not focus on singular industries. Traction instead is engaged in development and transformation work applicable to all companies intending to prioritize business sense, a long-term approach and sound business principles. Traction's shares are traded on NASDAQ Stockholm (the Mid Cap list). More information is available at www.traction.se.

Traction's net asset value

The table below shows Traction's net asset value as of 31 March 2023.

Holdings	Number of shares thousands	Price per share	Percentage of capital	Percentage of votes	Market value MSEK	Percentage of total	SEK/share
Active listed holdings							
BE Group	3,260	121.80	25%	25%	397	10%	27
Drillcon	24,000	5.62	54%	54%	135	3%	9
Driver Group Plc	14,388	3.65	28%	28%	53	1%	4
Hifab Group	32,944	2.18	54%	55%	72	2%	5
Nilörngruppen	3,000	72.00	26%	58%	216	5%	15
OEM International	4,455	91.60	3%	10%	408	10%	28
Softronic	11,589	20.95	22%	20%	243	6%	16
Total					1,523	38%	103
Unlisted holdings							
Unlisted holdings					267	7%	18
Due from unlisted holdings					38	1%	3
Total					306	8%	21
Total active listed and unlisted holdings					1,829	46%	124
Financial investments, cash and cash equivalents							
Other listed shares ¹					824	21%	56
Interest-bearing investments ²					994	25%	67
Cash and cash equivalents					349	9%	24
Total					2,167	54%	147
TOTAL					3,996	100%	270

¹Other listed shares where Traction's ownership exceeds five percent of the shares outstanding:

Holding	Number of shares thousands	Percentage of capital	Market value MSEK
Duroc	2,925	8%	61
Poolia	2,700	6%	28
Portmeirion Plc	1,080	8%	52
TOTAL			141

²Including interest-bearing investments with a maturity of less than one year in the amount of MSEK 511 and other net asset/liabilities in the amount of MSEK -1.

President's Statement

Traction's profit for the first quarter of 2023 amounts to MSEK 211, which represents an increase in net asset value of 6 percent. The majority of the result is attributable to the active listed holdings, which show a value increase of MSEK 183, equivalent to a return of 14 percent. Significant contributors were the holdings in BE Group and OEM International, which collectively had an impact of MSEK 220, while the holding in Nilörngruppen negatively impacted the result by MSEK 36. Financial investments contributed MSEK 36, of which listed shares accounted for MSEK 22 and interest-bearing investments MSEK 14. The return on other listed shares was 3 percent. During the quarter, the ownership in Driver Group increased to 28 percent in conjunction with acquisition of shares of MSEK 13.

PERIOD JANUARY - MARCH

Summary

Profit after tax amounted to MSEK 211 (-19), which includes changes in value of MSEK 187 (-36) and dividend income of MSEK 13 (11). Financial income amounted to MSEK 14 (9).

Active listed holdings

Active listed holdings contributed MSEK 183 (26), equivalent to a return of approximately 14 percent. Changes in value amounted to MSEK 181 (25) and dividend income was MSEK 1 (1). The major contributors to the result were BE Group which contributed MSEK 134 and OEM International MSEK 86. The largest burden on the result was Nilörngruppen with MSEK -36. During the period, shares amounting to MSEK 13 have been acquired in Driver Group Plc .

Changes in value ¹ (MSEK)	2023 Q1
BE Group	134
Drillcon	8
Driver Group Plc	7
Hifab Group	-9
Nilörngruppen	-36
OEM International	86
Softronic	-7
Profit active listed holdings	183

¹Including dividends as amounted to MSEK 1.

Unlisted holdings

Unlisted holdings impacted profit by MSEK -5 (0), which includes revaluation of shares by MSEK -8 (0) and dividend income of MSEK 2 (0).

Financial investments

Other listed holdings contributed MSEK 36 (-43), divided into shares MSEK 22 (-42) and interest-bearing investments MSEK 14 (-1).

The change in value of other listed shares was MSEK 12 (-52) and dividend income amounted to MSEK 10 (10), of which Wallenius

Wilhelmsen had a negative impact of MSEK 21, SKF had a positive impact of MSEK 12 and Portmeirion Plc of MSEK 11.

Holdings in other listed shares amounted to MSEK 824 (794). The top five holdings as of March 31 in terms of market cap consist of Duroc (MSEK 61), Volkswagen (MSEK 57), Wallenius Wilhelmsen (MSEK 57), Swedbank (MSEK 55) and Portmeirion (MSEK 52). Shares amounting to approximately MSEK 22 have been acquired in Elekta and approximately MSEK 21 have been divested in Hennes & Maurtiz. In total, shares have been acquired for a net MSEK 17. Changes in value of interest-bearing investments amounted to MSEK 1 (-9) and interest income was MSEK 13 (9), of which changes in value of convertible bonds amounts to MSEK 0 (1).

Traction's cash position amounted to MSEK 349 (186). Interest-bearing investments as of 31 March amounted to MSEK 995 (1,175), of which MSEK 511 (606) are investments in commercial papers and similar instruments with a tenor of less than one year and MSEK 484 (569) in corporate bonds and similar instruments.

Proposed dividends from active listed holdings amounts to MSEK 72 (82). The dividend proposal to Traction's shareholders amounts to SEK 8.80 (4.85) per share equivalent to MSEK 130 (72).

Equity/Net asset value

Equity amounted to MSEK 3,996 (3,785) as of 31 March equivalent to SEK 270 (256) per share. The number of shares outstanding as of 31 March was 16,000,000, of which 1,800,000 of Class A. Not including repurchased shares (1,210,153 equivalent to 8 percent), the number of shares outstanding was 14,789,847, of which 1,800,000 were Class A shares.

Parent Company

AB Traction's result for the period amounted to MSEK 220 (31). The cash position amounted to MSEK 307 (138), not including investments in short-term interest-bearing investments with a maturity of less than one year of MSEK 469 (606). The Parent Company has no external loans.

Transactions with closely related parties

There have been no transactions between Traction and closely related parties that have significantly affected the Group's and the Parent Company's financial position during the period. There were the usual transactions between wholly and majority owned companies in the Traction Group, including loans, interest charges, repayments, dividends/Group contributions and some charges for services provided.

Risks and uncertainty factors

Traction's significant risk and uncertainty factors include business risks in the form of exposure to certain industries, or an individual holding, as well as dependency on individual key persons in the companies in which Traction has an ownership interest. In addition, there are financial risks, which primarily consist of price risks, i.e. the risk of a change in value of a financial instrument due to changes in share prices, derivatives, bonds, foreign exchange rates or interest rates. In addition to the risks described in Traction's Annual Report in general by reason of the Company's business orientation, specific reference can be made to the Report of the Board of Directors and accompanying notes for a more detailed discussion of the Group's and the Parent Company's risk exposure and risk management procedures. Beyond that, no additional significant risks are deemed to have been added.

Accounting policies

This interim report for the Group has been prepared in accordance with IAS 34 - Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act. Traction is an investment company in accordance with IFRS 10, which means that Traction applies the statutory exceptions to consolidation of subsidiaries.

In all other respects the same accounting policies and calculation methods have been applied as in the most recent annual report. Comparative data refer to the corresponding year-ago period, except in the case of balance sheet items and liquidity metrics which refer to the prior year-end.

The information in this interim report was submitted for publication, through the agency of the CEO, at 3 pm., 8 May 2023.

Stockholm, 8 May 2023

Petter Stillström
CEO

This interim report has not been subject to review by the Company's auditors.

AB Traction
Box 3314
SE-103 66 Stockholm
Corporate ID number: 556029-8654
Telephone: +46-8-506 289 00
E-mail: post@traction.se
traction.se

Proposal by the Board of Directors and Annual General Meeting

A notice for the Annual General Meeting was published on April 3, 2023. Henrik Lange, Jonas Olavi, Bengt Stillström (CoB), and Petter Stillström are proposed for re-election to the board. Further information on traction.se.

The AGM will take place on Monday, May 8, 2023, 5 pm.

Publication dates for future financial information:

14 July 2023	Interim Report January-June 2023
23 Oct 2023	Interim Report January-September 2023
9 Feb 2024	Year-end Report 2023

This interim report is a translation of the Swedish version. In case of any discrepancy between the Swedish or English translation, the Swedish version shall prevail.

Summary Consolidated Income Statement

MSEK	2023 Q 1	2022 Q 1	2022 Full year
Dividend income	13.1	10.6	123.1
Changes in value	187.1	-36.1	-529.2
Financial income/expense	13.5	8.8	42.8
Other income	0.3	0.3	1.2
Operating expenses	-3.0	-2.8	-11.0
Result before taxes	211.0	-19.3	-373.1
Taxes	-	-	-4.7
Result for the period¹	211.0	-19.3	-377.8
Earnings per share before and after dilution ² (SEK)	14.27	-1.30	-25.54
Number of shares outstanding (thousands)	14,790	14,790	14,790
Average number of shares outstanding (thousands)	14,790	14,790	14,790

¹The information on the period's profit is in the case of Traction consistent with the comprehensive result. No separate report on comprehensive result is therefore presented.

²There are no instruments outstanding that may lead to dilutive effects.

Summary Consolidated Balance Sheet

MSEK	2023 31-Mar	2022 31-Mar	2022 31-Dec
ASSETS			
Loan receivables	38.3	28.8	28.3
Equities	1,790.7	2,101.5	1,604.1
Total non-current assets	1,829.0	2,130.3	1,632.5
Other current assets	4.5	0.8	4.1
Financial investments	1,818.5	1,800.3	1,969.4
Cash and cash equivalents	349.2	285.5	186.4
Total current assets	2,172.2	2,086.6	2,160.0
TOTAL ASSETS	4,001.2	4,217.0	3,792.5
EQUITY AND LIABILITIES			
Equity attributable to Parent Company's equity holders	3,996.0	4,215.3	3,785.0
Total equity	3,996.0	4,215.3	3,785.0
Current liabilities	5.2	1.7	7.5
Total liabilities	5.2	1.7	7.5
TOTAL EQUITY AND LIABILITIES	4,001.2	4,217.0	3,792.5

Summary Report of Changes in Consolidated Equity

MSEK	2023 31-Mar	2023 31-Mar	2022 31-Dec
Amount attributable to the Parent Company's shareholders at the beginning of the year	3,785.0	4,234.5	4,234.5
Dividend to shareholders	-	-	-71.7
Repurchase of own shares	-	-	-
Profit for the period	211.0	-19.3	-377.8
Closing balance	3,996.0	4,215.3	3,785.0

Summary Consolidated Cash Flow Statement

MSEK	2023 Q 1	2022 Q 1	2022 Full year
Operating activities			
Consolidated profit before taxes	211.0	-19.3	-373.1
Adjustment for items not included in cash flow	-187.1	36.1	529.2
Paid taxes	-3.5	-	-1.2
Cash flow from operating activities	20.4	16.8	154.9
Change in working capital	-2.7	2.0	1.0
Cash flow from operating activities	17.7	18.8	155.9
Cash flow from investment activities			
Purchase of shares in unlisted companies	-	-4.0	-4.0
Sale of shares in unlisted companies	-	-	-
Purchase of shares in listed companies	-105.0	-132.2	-229.5
Sale of shares in listed companies	74.9	84.4	192.3
Change in other financial assets	175.1	-148.4	-323.5
Cash flow from investment activities	145.1	-200.1	-346.6
Financing activities			
Dividend paid	-	-	-71.7
Repurchase of own shares	-	-	-
Cash flow from financing activities	-	-	-71.7
Cash flow for the period	162.8	-181.4	-280.5
Cash and cash equivalents at beginning of period	186.4	466.9	466.9
Cash and cash equivalents at end of period	349.2	285.5	186.4

Performance Specification

Group 2023, MSEK	Active listed holdings	Unlisted holdings	Financial investments / other	Total
Q 1				
Dividend income	1.4	2.0	9.7	13.1
Changes in value	181.3	-7.8	13.7	187.1
Financial income/expense	-	0.5	13.0	13.5
Other revenue	-	-	0.3	0.3
Operating expenses	-	-	-3.0	-3.0
Profit before taxes	182.6	-5.3	33.7	211.0

Group 2022, MSEK	Active listed holdings	Unlisted holdings	Financial investments / other	Total
Q 1				
Dividend income	1.0	-	9.6	10.6
Changes in value	24.7	0.1	-61.0	-36.1
Financial income/expense	-	0.2	8.7	8.8
Other revenue	-	-	0.3	0.3
Operating expenses	-	-	-2.8	-2.8
Profit before taxes	25.7	0.4	-45.3	-19.3

Group 2022, MSEK	Active listed holdings	Unlisted holdings	Financial investments / other	Total
Full year				
Dividend income	76.9	12.4	33.8	123.1
Changes in value	-434.0	-40.9	-54.3	-529.2
Financial income/expense	-	1.3	41.6	42.8
Other revenue	-	-	1.2	1.2
Operating expenses	-	-	-11.0	-11.0
Profit before taxes	-357.0	-27.2	11.2	-373.1

Financial Assets

Group 31 March 2023, MSEK	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in unlisted holdings	-	-	267.5	267.5
Shares in active listed holdings	1,523.2	-	-	1,523.2
Financial investments	1,818.5	-	-	1,818.5
Total	3,341.7	-	267.5	3,609.2

Group 31 December 2022, MSEK	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in unlisted holdings	-	-	275.3	275.3
Shares in active listed holdings	1,328.9	-	-	1,328.9
Financial investments	1,969.4	-	-	1,969.4
Total	3,298.3	-	275.3	3,573.6

Key Financial Indicators

	2023 Q 1	2022 Q 1	2022 Full year
Change in value of net asset value per share, %	6	0	-9
Net asset value per share, SEK	270	285	256
Market price at end of period, SEK	245	257	211
Discount to net asset value, %	9	10	18

Changes in Level 3 Financial Assets

Group, MSEK	2023 Q1
Opening carrying value	275.3
Purchases/shareholder contributions	-
Sales	-
Change in value	-7.8
Total	267.5

Fair value valuation of financial instruments

Level 1: According to prices quoted in active markets for the same instrument

Level 2: Based on directly or indirectly observable market data not included in level 1

Level 3: Based on input data not observable in the market.

Valuation of Level 3 Financial Instruments

Valuation of unlisted holdings is made based on International Private Equity and Venture Capital Valuation Guidelines as developed and published jointly by risk capital organisations EVCA, BVCA and AFIC. For directly owned investments, an overall assessment is made to determine which valuation method is appropriate for each individual holding. Taken into account will be whether any financing or transaction "at armslength distance" has been made and an evaluation is also made by applying relevant multiples to the company's key financial indicators from a selected group of similar companies, less an adjustment for, for instance, difference in size between the company in question and the group of comparable companies. In cases where there are other methods that better reflect the fair value of an individual holding, such methods are used which means that individual holdings may be value by

other than the methods described above. All level 3 assets consist of shares in unlisted companies and are valued in accordance with the following valuation methods and non-observable data used for determining the carrying value. The data in the table below represent a selection and is therefore not all input data used in the valuation.

EBIT multiples: 5 - 15

Revenue multiples: 0.5 - 3.0

Net asset valuation: Established net asset value

Most recent transaction: In the case of recently floated new issue/share offering, the price thereon is taken into account. Higher multiples may also be applied in cases of expected rapid growth.

Summary Parent Company Income Statement

MSEK	2023 Q 1	2022 Q 1	2022 Full year
Dividend income	11.1	10.6	95.1
Changes in value	201.4	19.7	-369.0
Other external costs	-0.5	-0.6	-1.6
Operating result	212.0	29.7	-275.5
Other interest income/expense and similar items	7.5	1.7	14.8
Result after financial items	219.6	31.4	-260.7
Taxes	-	-	-
Result for the period¹	219.6	31.4	-260.7

¹The information on the period's result is in the case of Traction is consistent with the comprehensive result. No separate report on comprehensive result is therefore presented.

Summary Parent Company Balance Sheet

MSEK	2023 31-Mar	2022 31-Mar	2022 31-Dec
ASSETS			
Equities	1,440.6	1,648.5	1,239.3
Total non-current assets	1,440.6	1,648.5	1,239.3
Due from Group companies	-	187.1	-
Financial investments	1,522.2	1,137.2	1,673.3
Cash and cash equivalents	307.1	410.0	137.8
Total current assets	1,829.3	1,734.2	1,811.1
TOTAL ASSETS	3,269.9	3,382.8	3,050.4
EQUITY AND LIABILITIES			
Equity	3,269.4	3,382.3	3,049.9
Current liabilities	0.5	0.4	0.5
Total current liabilities	0.5	0.4	0.5
TOTAL EQUITY AND LIABILITIES	3,269.9	3,382.8	3,050.4

Definitions and alternative key financial indicators

The definitions and alternative key financial indicators below are significant for the understanding of Traction's operations. Only earnings per share below is defined in accordance with IFRS. All alternative key financial indicators refer to the Group. Calculations are based on exact figures, which means that differences may occur due to rounding.

The Traction Group

Aside from the AB Traction parent company, the Traction Group includes wholly owned subsidiaries managing securities, providing lending, underwriting and consultancy services, mainly to Traction's project companies.

Financial investments

Refers to investments in shares and interest-bearing financial instruments where Traction's ownership is less than 10 percent of the votes, or where Traction does not have an active role by being represented on the Board of Directors. Financial investments are shown in the listing of Traction's net asset value, and in the consolidated and Parent Company balance sheets in this report. A previously active listed holding is recognized as a financial investment on the day when ownership falls below 10 percent of the votes, or from the day when Traction's representative leaves the Board of Director.

Active listed holdings

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

Unlisted holdings

Wholly and partially owned unlisted companies where any remaining shares typically are held by one or more entrepreneurs or other active owners. Unlisted holdings are companies whose shares typically are owned by one or more entrepreneurs or other active part owners. Unlisted holdings are companies whose shares are not subject to organized daily trading, but not necessarily on a regulated market. Upon listing of an unlisted holding, or upon delisting of a listed company, the holding switches category on the day when the change occurs.

Equity per share/net asset value per share

Equity at the end of the period, divided by the number of shares outstanding on the same day, i.e. $3,996 \times 1,000,000 / 14,789,847 = \text{SEK } 270$.

Net asset value discount

Traction's market value, where unlisted class A shares are given the same value as the listed class B shares at the end of the period, less the net asset value divided by the net asset value at the end of the period in percent multiplied by -1, i.e. $((245 - 270) / 270 \times 100) \times -1 = 9\%$

Net asset value/equity

The net of assets and liabilities at market value, which in Traction's case is equivalent to the Traction Group's equity, i.e. MSEK 3,996 as of 31 March 2023.

Change of net asset value per share, adjusted for dividend paid in percent / Return on equity 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, i.e. for the period: $14.27 / (256) \times 100 = 6\%$.

Earnings per share before and after dilution

Result for the period after dilution, divided by the average number of shares outstanding during the period, i.e. $211 \times 1,000,000 / 14,789,847 = 14.27 \text{ SEK}$. The number of shares outstanding during the period was unchanged.