

Period January - March

- Profit after taxes amounted to MSEK 501 (-662), distributed as follows:
 - Active listed holdings 305 (-318)
 - Unlisted holdings 50 (-12)
 - Financial investments 148 (-330)
- Earnings per share amounted to SEK 33.86 (-44.78)
- The net asset value per share amounted to SEK 231 (197)
- The net asset value per share increased by 17 (-22) percent
- The return on active listed holdings was 28 percent

Events after the end of the period under review

- The change in value, including dividend income on listed holdings since 31 March amounted to MSEK 129 as of 22 April 2021, of which from active listed holdings MSEK 110.
- The return on active listed holdings in 2021 was 38 percent as of 22 April.

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 2021.

Holding	Number of shares, thousands	Price per share	Percentage of capital	Percentage of votes	Market value MSEK	Percentage of total	SEK/ share
Listed active holdings							
BE Group	3,136	54.80	24%	24%	172	5%	12
Drillcon	24,000	9.56	54%	54%	229	7%	16
Driver Group Plc	9,038	6.02	17%	17%	54	2%	4
Hifab Group	32,944	2.84	54%	55%	94	3%	6
Nilörngruppen	3,000	58.40	26%	58%	175	5%	12
OEM International	886	340.00	4%	10%	301	9%	20
Softronic	11,589	31.00	22%	20%	359	11%	24
Total					1,385	40%	94
Unlisted holdings							
Unlisted holdings					169	5%	11
Due from unlisted holdings					12	0%	1
Total					181	5%	12
Total active and unlisted holdings					1,566	46%	106
Financial investments							
Other listed shares ¹					667	19%	45
Interest-bearing investments ²					910	27%	62
Cash and cash equivalents					279	8%	19
Total					1,855	54%	125
TOTAL					3,421	100%	231

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

Holding	Number of shares, thousands	Percentage of capital	Market value MSEK	Value change Q 1 MSEK
Alternus Energy	1,150	6%	34	11
Duroc	3,138	8%	88	-4
Poolia	3,743	8%	39	16
Portmeirion Plc	610	4%	41	7
TOTAL			201	29

²Including interest-bearing investments with a maturity of less than one year in the amount of MSEK 360 and other net asset/liabilities in the amount of MSEK -0.7.

Statement of the CEO

Traction's listed holdings, and in particular the active ones, showed significant increases for the first quarter, which means that the result for the first quarter totals MSEK 501. The return on the active listed holdings was 28 percent and for Traction as a whole 17 percent as a significant proportion of the assets consist of interest-bearing assets and cash with low or non-existent returns. Several of the other listed shares, which developed weakly in 2020, performed well during the period in the prevailing positive climate for equities in general.

PERIOD JANUARY – MARCH

Summary

The result after taxes amounted to MSEK 501 (-662), which includes changes in value of MSEK 488 (-672) and dividend income of MSEK 6 (2). Financial income amounted to MSEK 8 (11).

Active listed holdings

Active listed holdings contributed by 305 (-318), equivalent to a return of 28 percent. Changes in value amounted to MSEK 305 (-318) and dividend income was MSEK 1 (0). Softronic contributed to the result by MSEK 112 and Drillcon by MSEK 64.

Changes in value ¹ (MSEK)	2021 Q 1
BE Group	54
Drillcon	64
Driver Group Plc	2
Hifab Group	-9
Nilörngruppen	54
OEM International	28
Softronic	112
Result, listed active holdings	305

¹Including dividends as amounted to MSEK 0.8

Unlisted holdings

Unlisted holdings contributed to the result by MSEK 50 (-12), of which changes in value amounted to MSEK 50 (-12). During the quarter, the holding in Ankarsrum Industries was revalued by MSEK 40 due to continued strong increase in volumes and order intake for the wholly owned household appliance Ankarsrum Assistent Original™.

Financial investments and liquidity

Other listed holdings contributed by MSEK 148 (-330), divided into shares MSEK 114 (-245) and interest-bearing investment MSEK 34 (-85).

Changes in value of other listed shares amounted to MSEK 108 (-246) and dividend income amounted to MSEK 5 (1), of which Volkswagen contributed by MSEK 18 and Poolia by MSEK 16. Changes in value of interest-bearing investments amounted to MSEK 26 (-96) and interest income to 8 (11), of which changes in value of convertible bonds amounts to MSEK 12 (-7).

Traction's cash and cash equivalents amounted to MSEK 279 (250). Interest-bearing investments as of 31 March amounted to MSEK 911 (914), of which MSEK 360 (387) consist of investments in commercial paper and similar instruments with a tenor of less than one year, and MSEK 551 (527) in corporate bonds and similar instruments. Holdings in other listed shares amounted to MSEK 667 (553).

Proposed dividends from active listed holdings including redemption of shares in OEM International amounts to MSEK 82 (0) in the second quarter. The dividend proposal to Traction's shareholders amounts to SEK 2.00 (4.20) per share equivalent to MSEK 30 (62).

Equity/Net asset value

Equity amounted to MSEK 3,421 (2,920) as of March 31, equivalent to SEK 231 (197) 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 of Class A.

Parent Company

AB Traction's result for the period amounted to MSEK 321 (-411). Cash and cash equivalents amounted to MSEK 162 (119) not including investments in certificates and other short-term interest-bearing investments in the amount of MSEK 360 (376). 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 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 year-end 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, which is published on the same day as this interim 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.

Proposal by the Board of Directors and Annual General Meeting

A notice for Annual General Meeting was published on 19 March 2021. 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, April 26, 2021. Postal voting and hence no physical presence.

Schedule of future information

Publication dates for future financial information:

26 April 2021	Regularly scheduled Annual General Meeting, postal voting
16 July 2021	Interim Report January-June 2021
22 Oct 2021	Interim Report January-September 2021
21 Feb 2022	Year-end Report 2021

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

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.

Stockholm, 26 April 2021

Petter Stillström
CEO

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Summary Consolidated Income Statement

MSEK	2021 Q 1	2020 Q 1	2020 Full year
Dividend income	5.9	1.7	5.5
Changes in value	488.4	-672.3	-48.1
Financial income/expense	8.4	11.0	33.1
Other income	0.5	0.3	1.9
Operating expenses	-2.4	-3.0	-11.0
Result before taxes¹	500.8	-662.3	-18.5
Taxes	-	-	-
Result for the period¹	500.8	-662.3	-18.5
Earnings per share before and after dilution ² (SEK)	33.86	-44.78	-1.25
Average number of shares outstanding (thousands)	14,790	14,790	14,790
Average number of shares outstanding (thousands)	14,790	14,790	14,790

¹ The 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.

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

Summary Consolidated Balance Sheet

MSEK	2021 31 March	2020 31 March	2020 31 Dec
ASSETS			
Tangible non-current assets	-	-	-
Loan receivables	11.8	22.2	11.9
Equities	1,554.1	848.5	1,192.2
Total non-current assets	1,565.8	870.7	1,204.1
Other current assets	0.7	1.0	1.0
Financial investments	1,577.4	840.8	1,467.1
Cash and cash equivalents	278.6	629.8	249.6
Total current assets	1,856.8	1,471.6	1,717.7
TOTAL ASSETS	3,422.6	2,342.3	2,921.8
EQUITY AND LIABILITIES			
Equity			
Attributable to the Parent Company's equity holders	3,421.2	2,338.8	2,920.4
Total equity	3,421.2	2,338.8	2,920.4
Current liabilities	1.4	3.6	1.4
Total liabilities	1.4	3.6	1.4
TOTAL LIABILITIES AND EQUITY	3,422.6	2,342.3	2,921.8

Summary Report of Changes in Consolidated Equity

MSEK	2021 31 March	2020 31 March	2020 31 Dec
Amount attributable to the Parent Company's shareholders at the beginning of the year	2,920.4	3,001.1	3,000.1
Dividend to shareholders	-	-	-62.1
Repurchase of own shares	-	-	-
Profit for the period	500.8	-662.3	-18.5
Closing balance	3,421.2	2,338.8	2,920.4

Summary Consolidated Cash Flow Statement

MSEK	2021 Q 1	2020 Q 1	2020 Full year
Operating activities			
Consolidated profit before taxes	500.8	-662.3	-18.5
Adjustment for items not included in cash flow	-488.4	672.3	49.4
Paid taxes	-	-	-
Cash flow from operating activities	12.4	10.0	30.8
Change in working capital	0.3	-1.6	-3.6
Cash flow from operating activities	12.6	8.5	27.2
Cash flow from investment activities			
Purchase of shares in unlisted companies	-5.0	-	-15.6
Sale of shares in unlisted companies	-	-	-
Purchase of shares in listed companies	-92.2	-68.3	-234.0
Sale of shares in listed companies	84.4	132.4	215.3
Change in other financial assets	29.2	385.9	147.3
Cash flow from investment activities	16.4	450.0	113.1
Financing activities			
Dividend paid	-	-	-62.1
Repurchase of own shares	-	-	-
Cash flow from financing activities	0.0	0.0	-62.1
Cash flow for the period	29.1	458.4	78.2
Cash and cash equivalents at beginning of period	249.6	171.4	171.4
Cash and cash equivalents at end of period	278.6	629.8	249.6

Performance Specification

Group 2021 Q 1	Active listed holdings	Unlisted holdings	Financial investments /other	Total
Dividend income	0.8	-	5.1	5.9
Changes in value	304.5	49.9	134.2	488.4
Financial income/expense	-	0.1	8.3	8.4
Other revenue	-	-	0.5	0.5
Operating expenses	-	-	-2.4	-2.4
Result before taxes	305.3	49.9	145.7	500.8

Group 2020 Q 1	Active listed holdings	Unlisted holdings	Financial investments /other	Total
Dividend income	0.7	-	1.1	1.7
Changes in value	-318.2	-12.0	-342.2	-672.4
Financial income/expense	-	0.2	10.8	11.0
Other revenue	-	-	0.3	0.3
Operating expenses	-	-	-3.0	-3.0
Result before taxes	-317.5	-11.8	-332.7	-662.3

Group 2020 Full year	Active listed holdings	Unlisted holdings	Financial investments /other	Total
Dividend income	0.7	-	4.8	5.5
Changes in value	31.5	29.5	-109.0	-48.1
Financial income/expense	-	0.6	32.6	33.1
Other revenue	-	-	1.9	1.9
Operating expenses	-	-	-11.0	-11.0
Result before taxes	32.2	30.1	-80.8	-18.5

Key Financial Indicators

	2021 Q 1	2020 Q 1	2020 Full year
Change in value of net asset value per share, %	17	-22	-1
Net asset value per share, SEK	231	158	197
Market price at end of period, SEK	204	158	187
Discount to net asset value, %	12	0	5

Financial assets

Group 31 March 2021 MSEK	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in unlisted holdings	-	-	169.1	169.1
Shares in listed active holdings	1,384.9	-	-	1,384.9
Financial investments	1,577.4	-	-	1,577.4
Total	2,962.4	-	169.1	3,131.5

Group 31 December 2020 MSEK	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in unlisted holdings	-	-	114.3	114.3
Shares in listed active holdings	1,078.1	-	-	1,078.1
Financial investments	1,467.1	-	-	1,467.1
Total	2,545.3	-	114.3	2,659.4

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.

Changes in Level 3 Financial Assets

Group MSEK	2021 Q 1
Opening book value	114.3
Purchases/shareholder contributions	5.0
Sales	0.0
Change in value	49.9
Total	169.1

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 arms-length 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 - 9

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	2021 Q 1	2020 Q 1	2020 Full year
Dividend income	5.9	1.7	5.5
Changes in value	313.5	-416.9	10.7
Other operating income	-	-	-
Other external costs	-0.4	-0.6	-1.4
Operating result	319.0	-415.7	14.9
Other interest income/costs and similar items	2.2	4.3	12.9
Result after financial items	321.2	-411.4	27.8
Taxes	-	-	-
Result for the period ¹	321.2	-411.4	27.8

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

Summary Parent Company Balance Sheet

MSEK	2021 31 March	2020 31 March	2020 31 Dec
ASSETS			
Equities	1,175.9	663.3	980.9
Total non-current assets	1,175.9	663.3	980.9
Due from Group companies	253.9	370.8	252.6
Other receivables	-	-	-
Financial investments	1,114.8	417.5	1,032.5
Cash and cash equivalents	161.8	556.2	119.1
Total non-current assets	1,530.5	1,344.5	1,404.4
TOTAL ASSETS	2,706.5	2,007.8	2,385.2
EQUITY AND LIABILITIES			
Equity	2,706.0	2,007.7	2,384.8
Current liabilities	0.4	0.1	0.4
Total current liabilities	0.4	0.1	0.4
TOTL LIABILITIES AND EQUITY	2,706.5	2,007.8	2,385.2

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 Directors.

Listed active 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 active 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. $3,421 \times 1,000,000 / 14,789,847 = \text{SEK } 231$.

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. $((204 - 231) / 231 \times 100) \times -1 = 12\%$

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 3,421 as of 31 March 2021.

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: $33.86 / (197) \times 100 = 17\%$.

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. $500.8 \times 1,000,000 / 14,789,847 = \text{SEK } 33.86$. The number of shares outstanding during the period was unchanged.