

Period October - December

- The result after taxes amounted to MSEK 155 (-357), distributed as follows:
 - Active holdings, listed MSEK 107 (-251).
 - Active holdings, unlisted MSEK 9 (-13).
 - Financial investments MSEK 42 (-92).
- Earnings per share amounted to SEK 10.46 (-24.14).
- The net asset value per share amounted to SEK 6 (-12) percent adjusted for dividend paid.
- The return on listed active holdings amounted to approximately 11 percent.
- New major owner (14.2 percent) in the British AIM-listed company Driver Group Plc.

Period January - December

- The result after taxes amounted to MSEK 416 (-71), distributed as follows:
 - Active holdings, listed MSEK 209 (-52).
 - Active holdings, unlisted MSEK 10 (-20).
 - Financial investments MSEK 204 (7).
- Earnings per share amounted to SEK 28.12 (-4.83).
- The return on listed active holdings amounted to approximately 21 (-5) percent.
- The return on other listed shares was 42 percent.
- The net asset value per share amounted to SEK 203 (178)/share.
- The net asset value per share amounted to SEK 16 (-3) percent adjusted for dividend paid.

Events after the end of the period under review

- The change in value, including dividend income on listed holdings since 31 December, amounts to MSEK -14 as of 13 February 2020.
- The Board of Directors proposes a dividend of SEK 4.20 (3.60) per share.

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 shows Traction's net asset value per share as of 31 December 2019.

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	2,903	35.90	22%	22%	104	3%	7
Drillcon	24,000	6.14	54%	54%	147	5%	10
Duroc	3,335	30.80	9%	9%	103	3%	7
Hifab Group	32,744	2.42	54%	55%	79	3%	5
Nilörngruppen	2,700	68.90	24%	57%	186	6%	13
OEM International	886	250.00	4%	10%	222	7%	15
Softronic	11,589	16.62	22%	20%	193	6%	13
Driver Group Plc	7,395	8.92	14%	14%	66	2%	4
Total					1,100	37%	74
Unlisted active holdings							
Unlisted holdings					66	2%	4
Due from unlisted holdings					22	1%	1
Total					88	3%	6
Total active holdings					1,188	40%	80
Financial investments, cash and cash equivalents							
Other listed shares					571	19%	39
Interest-bearing investments ¹					1,071	36%	72
Cash and cash equivalents					171	6%	12
Total					1,813	60%	123
TOTAL					3,001	100%	203

¹ Including interest-bearing investments with a maturity of less than one year in the amount of MSEK 447 and other net asset/liabilities in the amount of MSEK -4.

KEY FINANCIAL INDICATORS	2019 Full year	2018 Full year
Change in value of net asset value per share, %	16	-3
Net asset value per share, SEK	203	178
Market price at end of period, SEK	195	165
Discount to net asset value, %	4	7

President's statement

Traction reports full-year earnings of SEK 416, which means a net asset value increase of 16 percent adjusted for dividend paid. This result constitutes a new record over 2016's MSEK 401. However, viewed as a return on Traction's total capital in a generally strong stock market, the result is modest as a significant portion of assets are in the form of

Interest-bearing investments, a large part of which consist also low-yield commercial paper. The return on the active listed holdings was approximately 21 percent and on the other listed holdings as much as 42 percent.

PERIOD OCTOBER- DECEMBER

Summary

The result after taxes amounted to MSEK 155 (-357), which includes changes in value in the amount of MSEK 143 (-369) and dividend income of MSEK 2 (2). Financial income amounted to MSEK 13 (12).

Active holdings - listed

Active listed holdings contributed to the total result by MSEK 107 (-251), equivalent to a return of approximately 11 (-20) percent. The change in value amounted to MSEK 107 (-251) and dividend income was MSEK 0 (0). Nilörngruppen contributed MSEK 35 and OEM International MSEK 33.

Traction acquired 7,395,000 shares in the British AIM-listed company Driver Group Plc, equivalent to an investment of about MSEK 52 and an ownership stake of 14.2 percent of capital and votes. Driver Group Plc is a British consultancy and one of the globally leading players in dispute management, primarily aimed at the construction, infrastructure and energy sectors under the Driver Trett and Diales trademarks. The company also offers services in traditional technical project management and advisory services under the trademark Driver Project Services.

Driver Group Plc has 26 offices in 14 countries and 2018/2019 turnover of just short of £60 M.

Changes in value ¹ (MSEK)	2019 Q 4
BE Group	-18
Drillcon	13
Duroc	25
Hifab Group	-1
Nilörngruppen	35
OEM International	33
Softronic	5
Driver Group Plc	14
Listed active holdings	107

¹ Including dividend income.

Active holdings - unlisted

Active unlisted holdings affected the result by MSEK 9 (-13), of which changes in value amounted to MSEK 9 (-13) with MSEK 8 relating to shares.

Financial investments

Other listed holdings contributed MSEK 42 (-92), with MSEK 34 (-88) on shares and 8 (-4) on interest-bearing investments.

The change in value of other listed shares amounted to MSEK 32 (-89) and dividend income amounted to MSEK 2 (1).

The change in value of interest-bearing investments amounted to MSEK -4 (-14) and interest income was MSEK 13 (10).

Financial equity investments in excess of MSEK 30 consist of Volkswagen (MSEK 46), DNB ASA (MSEK 42), Nordic Waterproofing (MSEK 41), Stora Enso (MSEK 41), BW Offshore (MSEK 33) and Skanska (MSEK 32). Together, these holdings account for MSEK 235 of a total of MSEK 571.

Interest-bearing investments amounted to MSEK 1,075 as of 31 December (1 028), of which MSEK 447 (395) consist of investments in commercial paper and similar instruments with a tenor of less than one year and MSEK 628 (633) in corporate bonds and similar instruments.

PERIOD JANUARY - DECEMBER

Summary

The result after taxes amounted to MSEK 416 (-71), which includes changes in value of MSEK 307 (-160) and dividend income of MSEK 66 (55). Financial income amounted to MSEK 51 (41). The net asset value increased during the period by 16 percent (-3) adjusted for dividend paid in the amount of MSEK 53.

Active holdings - listed

Active listed holdings contributed MSEK 209 (-52), equivalent to a return of approximately 21 (-5) percent. The change in value was MSEK 164 (-90) and dividend income was MSEK 45 (38). OEM International contributed MSEK 59 and Softronic MSEK 37.

The holding in the British technology consultancy WYG was sold in July when all conditions for TetraTech's bid were declared fulfilled. Purchase money of MSEK 91 was received.

Changes in value ¹ (MSEK)	2019 Full year
BE Group	5
Drillcon	12
Duroc	31
Hifab Group	5
Nilörngruppen	15
OEM International	59
Softronic	37
WYG Plc	32
Driver Group Plc	14
Profit listed active holdings	209

¹Including dividends.

Active holdings - unlisted

Active unlisted holdings affected results by MSEK 10 (-20), which includes dividend income of MSEK 3, revaluation of shares MSEK -3 and loan receivables by MSEK +9 and interest income by MSEK 1.

Financial investments

Other listed holdings contributed MSEK 204 (7), divided on shares 163 (-17) and interest-bearing investments MSEK 41 (24).

Changes in the value of other listed shares amounted to MSEK 145 (-33) and dividend income amounted to MSEK 18 (16), which taken together is equivalent to a return of approximately 42 percent. Changes in value of interest-bearing investments amounted to MSEK -8 (-13) and interest income to MSEK 49 (37).

Liquidity

Traction's cash and cash equivalents amounted to 171 (128). Other interest-bearing investments amounted to MSEK 1,075 (1,028), of which investments in short-term interest-bearing investments amounted to MSEK 447 (395). Holdings of other listed shares amounted to MSEK 571 (419).

¹ Short-term interest-bearing investments are defined as investments in commercial paper and similar instruments with a maturity of less than one year, and investments that fall due for payment within 12 months.

Equity/Net asset value

Equity as of 31 December till amounted to MSEK 3,001 (2,638), equivalent to SEK 203 (178) per share. The number of shares outstanding as of 31 December was 16,000,000, of which 1,800,000 are 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.

Proposed dividend

The Board Directors proposes a dividend of SEK 4.20 (3.60) equivalent MSEK 62 (53). The dividend proposal is in line with the Company's dividend policy, according to which the dividend is to be adjusted so that there will be no tax expense in the Parent Company.

Parent Company

AB Traction's result for 2019 amounted to MSEK 317 (-82). Cash and cash equivalents amounted to MSEK 54 (99) not including investments in short-term interest-bearing investments ¹ in the amount of MSEK 403 (330). The Parent Company has no external loans. See Note 1 above.

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 is involved or 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 year-end 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.

IFRS 16 which deals with the accounting treatment of rental and leasing contracts for lessors as well as lessees, has not given rise to monetary changes in the Group's accounting since these amounts are insignificant.

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.

Election Committee

It was decided at the Annual General Meeting that Traction shall not have an election committee, which is which is a deviation from the rules of the Swedish Code of Corporate Governance with respect to election committee. However, shareholders are always welcome to submit comments and/or suggestions on the composition of the Board of Directors to Bengt Stillström (telephone +46-8-506 289 03).

Annual General Meeting

The Annual General Meeting will be held at 5:00 p.m. on Tuesday, May 6, 2020 at T-House, the Christoffer Columbus room, Engelbrektsplan 1 in Stockholm.

The Annual Report will be available at the Company's website not later than three weeks before the meeting.

Schedule of future information

Publication dates for future financial information:

6 May 2020	Interim Report January-March 2020
6 May 2020	Annual General Meeting, 5:00 p.m. Stockholm
17 July 2020	Interim Report January-June 2020
23 Oct 2020	Interim Report January-September 2020
16 Feb 2021	Year-end Report 2020

This year-end report has not been subject to review by the Company's auditors.

The President hereby confirms that this interim report provides a fair overview of the operations of the Company's and the Group's operations, financial position and results, and describes significant risks and factors of uncertainty facing the Company and the companies in the Group.

Stockholm, 14 February 2020

Petter Stillström
President & CEO

The information herein is of the type Traction is under obligation to publish in accordance with the EU Market Abuse Regulation. The information herein was provided for publication at 1:30 p.m., 14 February 2020.

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Summary Consolidated Income Statement

MSEK	2019 Q 4	2018 Q 4	2019 Full year	2018 Full year
Dividend income	1.8	1.8	66.2	54.8
Changes in value	143.1	-369.1	307.4	-160.3
Financial income/expense	13.2	11.6	51.0	41.2
Other income	0.4	0.4	3.1	1.6
Operating expenses	-3.7	-1.9	-11.7	-8.8
Result before taxes¹	154.8	-357.2	415.9	-71.4
Taxes	-	-	-	-
Result for the period¹	154.8	-357.2	415.9	-71.4
Earnings per share before and after dilution ² (SEK)	10.46	-24.15	28.12	-4.83
Number of shares outstanding (thousands)	14,790	14,790	14,790	14,790
Average number of shares outstanding (thousands)	14,790	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	2019 31 Dec	2018 31 Dec
ASSETS		
Tangible non-current assets	-	-
Loan receivables	22.0	21.1
Equities	1,166.1	1,042.8
Total non-current assets	1,188.1	1,063.9
Other current assets	1.0	3.1
Financial investments	1,645.7	1,447.0
Loan receivables	-	-
Cash and cash equivalents	171.4	128.0
Total current assets	1,818.1	1,578.1
TOTAL ASSETS	3,006.2	2,642.0
EQUITY AND LIABILITIES		
Equity		
Attributable to the Parent Company's equity holders	3,001.1	2,638.4
Total equity	3,001.1	2,638.4
Current liabilities	5.1	3.6
Total liabilities	5.1	3.6
TOTAL LIABILITIES AND EQUITY	3,006.2	2,642.0

Summary Report of Changes in Consolidated Equity

MSEK	2019 30 Sep	2018 31 Dec
Amount attributable to the Parent Company's shareholders at the beginning of the year	2,638.4	2,750.5
Dividend to shareholders	-53.2	-40.7
Repurchase of own shares	-	-
Profit for the period	415.9	1.4
Closing balance	3,001.1	2,638.4

Summary Consolidated Cash Flow Statement

MSEK	2019 Q 4	2018 Q 4	2019 Full year	2018 Full year
Operating activities				
Consolidated profit before taxes	154.8	-357.2	415.9	-71.4
Adjustment for items not included in cash flow	-143.1	369.1	-307.4	163.9
Paid taxes	-	-	-	-
Cash flow from operating activities	11.7	11.9	108.5	92.4
Change in working capital	1.0	-0.3	3.6	2.8
Cash flow from operating activities	12.7	11.6	112.2	95.2
Cash flow from investment activities				
Purchase of shares in unlisted companies	-	-	-	-6.0
Sale of shares in unlisted companies	-	-	-	31.4
Purchase of shares in listed companies	-130.6	-129.5	-315.3	-386.0
Sale of shares in listed companies	72.5	61.8	346.3	264.8
Purchase/sale of tangible non-current assets	-	-	-	-
Change in other financial assets	60.0	-3.5	-46.5	-42.4
Cash flow from investment activities	2.0	-71.2	-15.6	-138.2
Financing activities				
Dividend paid	-	-	-53.2	-40.7
Repurchase of own shares	-	-	-	-
Cash flow from financing activities	-	-	-53.2	-40.7
Cash flow for the period	14.6	-59.6	43.4	-83.7
Cash and cash equivalents at beginning of period	156.8	187.7	128.0	211.7
Cash and cash equivalents at end of period	171.4	128.0	171.4	128.0

Performance Specification

Group 2019 Q 3	Active holdings, listed	Active holdings, unlisted	Financial investments /other	Total
Dividend income	-	-	1.8	1.8
Changes in value	106.5	8.8	27.8	143.1
Financial income/expense	-	0.7	12.7	13.2
Other revenue	-	-	0.4	0.4
Operating expenses	-	-	-3.7	-3.7
Result before taxes	106.5	9.4	39.0	154.8

Group 2018 Q 4	Active holdings, listed	Active holdings, unlisted	Financial investments /other	Total
Dividend income	-	-	1.8	1.8
Changes in value	-251.5	-13.1	-104.9	-369.1
Financial income/expense	-	0.3	11.3	11.6
Other revenue	-	-	0.4	0.4
Operating expenses	-	-	-1.9	-1.9
Result before taxes	-251.5	-12.8	-93.3	-357.2

Group 2019 Full year	Active holdings, listed	Active holdings, unlisted	Financial investments /other	Total
Dividend income	45.1	2.7	18.4	66.2
Changes in value	164.2	6.0	137.3	307.4
Financial income/expense	-	1.2	49.8	51.0
Other revenue	-	-	3.1	3.1
Operating expenses	-	-	-11.7	-11.7
Result before taxes	209.3	9.9	196.8	415.9

Group 2018 Full year	Active holdings, listed	Active holdings, unlisted	Financial investments /other	Total
Dividend income	38.0	1.0	15.8	54.8
Changes in value	-90.2	-21.6	-48.5	-160.2
Financial income/expense	-	1.1	40.1	41.1
Other revenue	-	-	1.6	1.6
Operating expenses	-	-	-8.4	-8.7
Result before taxes	-52.2	-19.5	0.6	-71.4

Financial Assets

Group 31 December 2019 MSEK	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in unlisted holdings	-	-	66.5	66.5
Shares in listed active holdings	1,099.6	-	-	1,099.6
Financial investments	1,645.7	-	-	1,645.7
Total	2,745.3	-	66.5	2,811.8

Group 31 December 2018 MSEK	Level 1	Level 2	Level 3	Total
Financial assets				
Shares in unlisted holdings	-	-	70,0	70,0
Shares in listed active holdings	972.8	-	-	972.8
Financial investments	1,447.1	-	-	1,447.1
Total	2,419.9	0.0	70.0	2,489.9

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	2019
Opening carrying value	70.0
Purchases/shareholder contributions	0.0
Sales	0.0
Change in value ¹	-3.5
Total	66.5

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	2019 Q 4	2018 Q 4	2019 Full year	2018 Full year
Dividend income	1.8	1.8	41.9	32.8
Changes in value	98.1	-227.3	261.2	-129.4
Financial income/expense	-	-	0.5	-
Other external costs	-0.2	-0.2	-1.1	-1.1
Operating result	99.6	-225.8	302.4	-97.7
Other interest income/expense and similar items	3.8	3.9	15.0	15.7
Result after financial items	103.5	-221.9	317.4	-82.0
Taxes	-	-	-	-
Result for the period¹	103.5	-221.9	317.4	-82.0

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	2019 31 Dec	2018 31 Dec
ASSETS		
Equities	825.9	757.8
Total non-current assets	825.9	757.8
Due from Group companies	428.2	409.5
Other receivables	-	-
Financial investments	1,111.8	888.5
Cash and cash equivalents	53.7	99.2
Total current assets	1,593.8	1,397.2
TOTAL ASSETS	2,419.6	2,155.0
EQUITY AND LIABILITIES		
Equity	2,419.2	2,155.0
Current liabilities	0.5	-
Total current liabilities	0.5	-
TOTAL LIABILITIES AND EQUITY	2,419.6	2,155.0

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. $3,001 \times 1,000,000 / 14,789,847 = \text{SEK } 203$.

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. $((195 - 203) / 203) \times 100 \times -1 = 3.9\%$

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 3,001 as of 31 December 2019.

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: $28.12 / (178.4 - 3.60) \times 100 = 16.1\%$.

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. $415.9 \times 1,000,000 / 14,789,847 = \text{SEK } 28.12$. The number of shares outstanding during the period was unchanged.