

Sveaskog is Sweden's leading forestry company and sells timber, pulpwood, biofuel, seedlings and forestry services. Sveaskog complements the supply from its own forest with purchases from other forest owners, trading and imports. In addition, Sveaskog deals in land and develops the forest as a place for fishing, hunting and other outdoor experiences. The forest and its assets are Sveaskog's core business and sustainable development permeates everything that is done. Sveaskog is affiliated to the FSC® and PEFC™.



Sustainable and profitable forestry relies on a dynamic forest industry and financially viable contractors. We have therefore produced a support package that will support our harvesting, forest management and transport contractors to survive the impact on their operations of the coronavirus epidemic.

Interim report January – March 2020

1 January – 31 March 2020

- Net sales decreased by six per cent to MSEK 1,801 (1,924). Prices of wood raw materials decreased by seven per cent on average, while total delivery volumes were largely flat. Revenue from wind power concessions has increased.
- Operating profit decreased by eight per cent to MSEK 466 (509). Lower prices were offset by higher delivery volumes from own forest while delivery volumes from externally purchased wood raw materials were slightly lower. Svenska Skogsplantor's earnings were down due to lower volumes and higher costs.
- The reported net change in value of standing timber was MSEK 153 (113). The change in value had no impact on cash flow.
- Profit for the quarter was MSEK 515 (521), equivalent to SEK 4.35 (4.40) per share.
- So far, Sveaskog's operations have been conducted without major disruptions due to the corona pandemic. The development is closely followed in order to be able to make the necessary adjustments.

| MSEK | 3 months, Jan – March | | | 12 months | | |
|---|-----------------------|-------|------|---------------------|-------|------|
| | 2020 | 2019 | % | Apr 2019 – Mar 2020 | 2019 | % |
| Net sales | 1,801 | 1,924 | -6% | 7,086 | 7,209 | -2% |
| Operating profit from continuing operations | 466 | 509 | -8% | 1,440 | 1,483 | -3% |
| Change in value of forest assets | 153 | 113 | 35% | 439 | 399 | 10% |
| Operating profit | 683 | 677 | 1% | 2,099 | 2,093 | 0% |
| Profit before tax | 652 | 651 | 0% | 1,964 | 1,963 | 0% |
| Profit for the period | 515 | 521 | -1% | 1,552 | 1,558 | 0% |
| Cash flow from operating activities | 35 | 319 | -89% | 824 | 1,108 | -26% |
| Earnings per share, SEK | 4.35 | 4.40 | -1% | 13.11 | 13.16 | 0% |

Performance measures¹, Group

| | 3 months, Jan – March | | 12 months | |
|---|-----------------------|-------|---------------------|----------------|
| | 2020 | 2019 | Apr 2019 – Mar 2020 | Full year 2019 |
| Dividend yield, % ¹ (target at least 4.5%) | 4.7 | 5.7 | 4.7 | 4.9 |
| Net debt/equity ratio, multiple (target 0.3–0.6) | 0.29 | 0.29 | 0.29 | 0.30 |
| Return on operating capital, % ² | 6.8 | 12.3 | 6.8 | 6.8 |
| Return on equity, % ² | 6.5 | 14.7 | 6.5 | 6.7 |
| Interest coverage ratio, multiple ² | 10.6 | 12.7 | 10.6 | 11.6 |
| Equity ratio, % | 57 | 57 | 57 | 57 |
| Net interest-bearing debt, MSEK | 7,077 | 6,859 | 7,077 | 7,149 |
| Average number of employees | 791 | 767 | 791 | 807 |
| Total delivery volume, thousand m ³ sub | 2,974 | 2,901 | 10,721 | 10,648 |

1) Sveaskog has chosen to present the company's alternative performance measures in accordance with the decision by the European Securities and Markets Authority (ESMA) in a separate annex. The annex is published on www.sveaskog.se.

2) Operating profit before change in value of forest assets excl. capital gains on property sales plus financial income divided by financial expenses.

CEO's comments

Earnings slightly down on 2019

Sveaskog reports an operating profit of MSEK 466 (509) for the first quarter of 2020, which is slightly lower than in the same period last year. A dip in earnings was expected, as prices of our products declined gradually in 2019 for market reasons, and the trend has continued into 2020. Despite the decline, we were able to sustain earnings through increased deliveries from own forest, which is satisfying. Total delivery volumes for the first quarter were 3.0 (2.9) million m³sub, of which 1.8 (1.5) million m³sub came from own forest. Net sales were MSEK 1,801 (1,924). The dividend yield was 4.7 (5.7) per cent and the net debt/equity ratio 0.29 (0.29).

Towards the end of the period, some of our sawmill customers announced production cutbacks, mainly in central and southern Sweden. These were largely due to the corona pandemic and the restrictions that have been imposed, which have had an impact on demand in the export-dependent woodworking industry. Demand from pulp mills has remained stable.

Sveaskog follows the corona pandemic and how it may affect us and our customers, but the effects of the pandemic are unclear.

Sveaskog has a strong balance sheet and good liquidity. The impact on the forest industry has so far not been extensive. However, we are working on a number of scenarios to minimise risks and are implementing proactive measures.

Support package for forest and transport contractors

Sustainable and profitable forestry relies on a dynamic forest industry and financially viable contractors. We have therefore produced a support package that will support our harvesting, forest management and transport contractors to survive the negative impact of the coronavirus pandemic. In the current situation, it is especially important to ensure that our contractors receive support to secure their finances and the supply of labour. Many of the contractors depend on seasonal workers from other countries and therefore face new challenges arising from the new restrictions on cross-border travel. Our intention is to implement our planting activities in 2020 as planned to ensure regrowth in our forests.

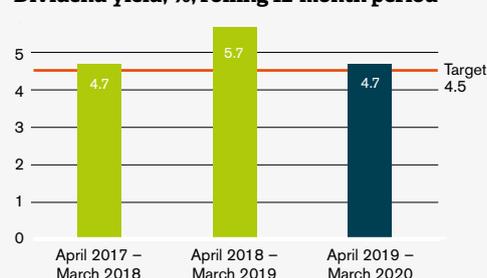
Three-month rent holiday for our tourism contractors

The coronavirus situation is having a severe impact on the tourism and hospitality industry. To ease the situation for tourism contractors on land owned by Sveaskog, we are offering a three-month rent holiday to those who lease buildings and land from us, including youth hostels, camp sites, holiday cottages, restaurants and retailers. Sveaskog supports Swedish nature tourism and want to give these important companies the opportunity to, not only survive financially, but contribute to a vibrant rural area.

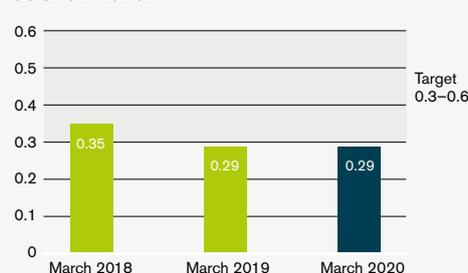
New work practices due to the pandemic

Sveaskog has offices and operations throughout the country. Like many other businesses and organisations, we have adapted our operations in order to manage the negative effects of the pandemic. We will continue to do our utmost to keep our business going in progress, with regard to our responsibility to reduce the spread of infection in accordance with the guidelines that the authorities draw up. For some time now we have replaced physical meetings with digitally meetings or phone meetings, we close our offices for visitors and we have in other ways adapted our business. I want to take this opportunity to thank all the employees for their dedication and good efforts in these very challenging times.

Dividend yield, %, rolling 12-month period



Net debt/equity ratio, multiple, as of 31 March



The most sustainable brand in the forest industry

Sveaskog was recently named the most sustainable brand in the forest industry. We came out top in the Sustainable Brand Index 2020 survey – Europe’s largest sustainability study, which each year ranks Sweden’s most sustainable brands.

I am immensely proud and delighted that our sustainability efforts are being highlighted and awarded. Being voted the most sustainable brand in the forest industry shows that our important efforts in forestry, nature conservation and concessions are being noticed and gaining a hearing. The forest really enables for the adjustment of society as a whole. This is a testimony to the important and far-reaching work that Sveaskog is doing. This award is dedicated to all our employees, customers, contractors and partners.

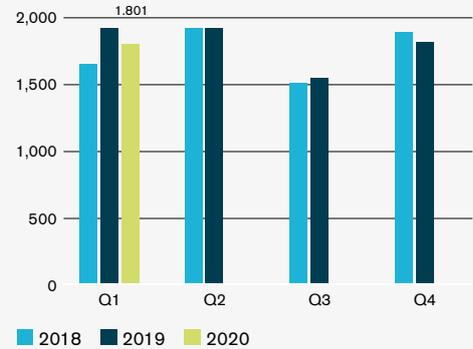
A key part of the value chain

I am proud that Sveaskog is an important part of the overall value chain that is generating climate-smart products and growth in the bio-economy and thus contributing to the effort to respond to climate change. An important task for us is to determine how to use and manage our forests in the best way.

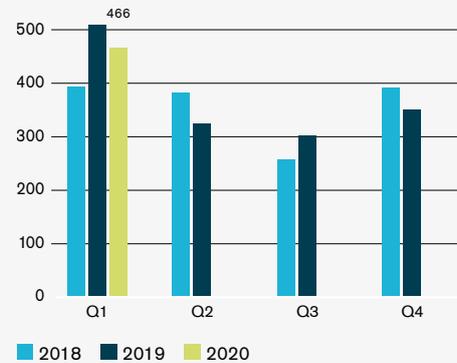


Hannele Arvonen
President and CEO

Net sales, MSEK



Operating profit from continuing operations, MSEK



Group performance

1 January – 31 March 2020

Net sales

Net sales decreased by six per cent to MSEK 1,801 (1,924). Prices decreased by seven per cent on average, while total delivery volumes were largely flat. Revenue from wind power concessions has increased. The sales of wood raw materials amounted to 3.0 (2.9) million cubic metres (m³sub).

Earnings

Operating profit decreased by eight per cent to MSEK 466 (509). Lower prices were offset by higher delivery volumes from own forest while delivery volumes from externally purchased wood raw materials were slightly lower. Svenska Skogsplanter's earnings were down due to lower volumes and higher costs.

Capital gains from property sales were MSEK 51 (12). Share of profits of associates was MSEK 13 (43). The net change in the reported value of standing timber was MSEK 153 (113). After change in value of forest assets, operating profit was MSEK 683 (677).

Financial items in the quarter were MSEK –31 (–26). Profit before tax was MSEK 652 (651). Tax was MSEK –137 (–130). Profit for the quarter decreased by one per cent to MSEK 515 (521).

Cash flow, investments and financial position

Cash flow from operating activities for the period was MSEK 35 (319). The decrease is primarily due to an increase in working capital, partly in the form of trade receivables. Investments in non-current assets, mainly forest properties and forest machines, totalled MSEK 52 (84) while investments in shares were MSEK 7 (0). Sales of non-current assets, mainly forest properties, were MSEK 103 (48).

Sveaskog's net interest-bearing debt amounted to MSEK 7,077 (6,859) at 31 March. At the end of the period, the loan portfolio consisted mainly of loans issued under Sveaskog's MTN programme and a Swedish commercial paper programme. The loan volume under the Swedish commercial paper programme was MSEK 2,235 (2,225), which is refinanced on an ongoing basis. The outstanding volume under the MTN programme at 31 March was MSEK 4,390 (4,390), of which MSEK 3,100 (2,000) refers to green bonds. The lowest average fixed interest period during the year was 33 months (35).

The net debt/equity ratio was 0.29 (0.29).

The interest coverage ratio was 10.6 (12.7) and the gross borrowing cost was 1.61 (1.30) per cent.

Parent company

Sveaskog AB (Publ.), 100% owned by the Swedish state, owns and manages forest properties and shares in subsidiaries and is responsible for Group-wide financing. Sveaskog AB (publ)'s operating income for the first quarter was MSEK 58 (4), of which MSEK 54 (0) refers to capital gains. The loss after financial items was MSEK –23 (–67). The parent company's costs consist mainly of interest expenses. The company has no employees.

Setra Group AB

Sveaskog owns 50 per cent of the shares in the wood products company Setra Group AB, which is classified as an associated company. The share of the associate company's profit and loss is recognised in profit or loss in the associate. Net sales for the first quarter were MSEK 1,094 (1,128). The operating profit was MSEK 12 (83). The decreased profit was mainly due to lower sales prices, which had a negative impact on the gross margin. Sveaskog's share of earnings in the company adjusted for intra-group profits decreased by 85 per cent to MSEK 5 (34). Sveaskog's share of Setra Group's other comprehensive income was MSEK –27 (–10).

SunPine AB

Sveaskog owns 25.1 per cent of the shares of the biorefinery SunPine AB. The share of the associate company's profit and loss is recognised in profit or loss in the associate. Net sales for the first quarter were MSEK 404 (417). The reduced

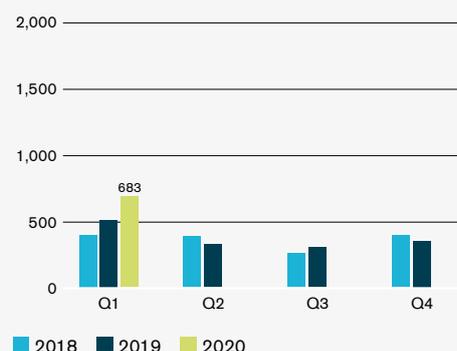
Change in net sales, MSEK

| | Jan-Mar |
|--|---------|
| 2019 | 1,924 |
| Price, wood raw materials | –139 |
| Delivery volume, wood raw materials | –7 |
| Concessions, seedlings and other sales | 23 |
| 2020 | 1,801 |

Change in operating profit from continuing operations, MSEK

| MSEK | Jan-Mar |
|--|---------|
| 2019 | 509 |
| Price, own wood raw materials | –78 |
| Volume and change in inventories, own wood raw materials | 114 |
| Unit cost harvesting | –10 |
| Svenska Skogsplanter | –26 |
| Earnings from externally procured wood raw materials | –23 |
| Other property transactions ¹ | 0 |
| Other | –20 |
| 2020 | 466 |
| 1) Other property transactions relate to a combination of: | |
| All future concessions | 2 |
| Sale of non-forest land | –2 |
| Other property transactions | 0 |

Operating profit, MSEK



profit is due to lower production coupled with a temporary decrease in demand. The operating profit was MSEK 33 (49). Sveaskog's share of the company's profit decreased by 22 per cent to MSEK 7 (9).

ShoreLink AB

Sveaskog owns 24.1 per cent of the shares of the logistics and transport firm ShoreLink AB. The share of the associate company's profit and loss is recognised in profit or loss in the associate. The earnings for this period includes Sveaskog's share of ShoreLink's last fourth-month period in 2019. Net sales for September–December 2019 were MSEK 102. The operating profit for the same period was MSEK 5. Sveaskog's share of the company's profit was MSEK 1 (0).

Market situation and wood deliveries

Sveaskog conducts forestry operations and wood raw material trading in Sweden. More than half of the wood raw material sold comes from its own forest, the remaining quantity is purchased from private and institutional forest owners. The main products are sawlogs, pulpwood, biofuel and wood chips. The majority of Sveaskog's customers come from the forest industry and the Swedish energy sector.

The Swedish forest industry is export-oriented and exports to markets across the world, although the European market is the most important. As paper and pulp and wood products are traded in the global market, changes in supply, demand and flows in world markets therefore have a significant impact on the Swedish forest industry. Following the weakening of the market which led to declining prices of forest products last year, the first quarter of the new year has seen an improvement in inventories, demand and prices for several forest products. This is most notable for market pulp, where the previously announced price increases of USD 40 per tonne in Europe from 1 February have been partly realised. Prices of sawn timber have strengthened slightly and export prices for wood products increased by around two per cent over the period, although prices were still around ten per cent below their level at the same time last year.

With significant exports and trade in currencies such as USD, EUR and GBP, exchange rates have a significant impact on the profitability of the Swedish forest industry. The Swedish krona weakened against the USD and EUR during the period, boosting the competitiveness of the Swedish forest industry.

Sawmills

The market for sawn timber is heavily dependent on construction activity, in Sweden and internationally. While over 70 per cent of Sweden's wood products are exported, the domestic market is the single largest market for the country's sawmills. The European construction market saw a high level of activity during the period, higher than in the previous year, but in Sweden construction activity moderated. Exports from Swedish sawmills to the major non-European markets, such as North Africa, the Middle East, China, Japan and the US, have increased. Brisk sales led to a decrease in finished goods inventories at Sweden's sawmills and pushed prices of wood products modestly higher.

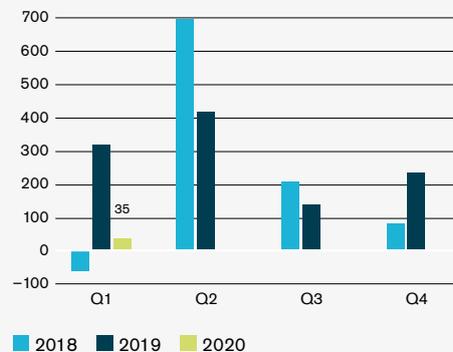
Higher prices for wood products during the period have not yet been translated into increased prices for timber.

Restrictions due to the corona pandemic has curbed demand from certain markets. For Swedish sawmills that deliver to the UK this reduction in demand has been significant, leading to announcements of cutbacks in production.

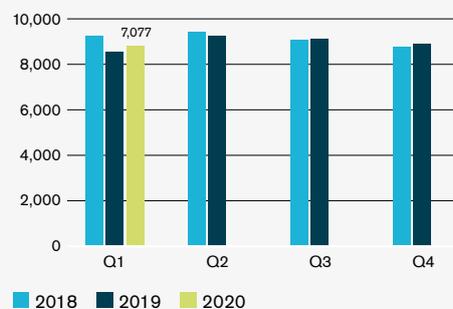
Sveaskog's deliveries

In the first quarter, Sveaskog delivered 1,325 thousand m³sub (1,316) of sawlogs, which is largely in line with the figure for the year-before period. For the period April 2019 to March 2020, deliveries totalled 4,752 thousand m³sub (4,832).

Cash flow from operating activities per quarter, MSEK



Net interest-bearing debt, MSEK



The pulp and paper industry

Global demand and deliveries of paper pulp are increasing. Of the volumes not used directly in Sweden for paper production, most is exported to Europe. The next largest market is Asia, whose share has increased sharply and where China is becoming an increasingly important market. During the period, the price of market pulp (NBSK) increase from around USD 820 per tonne (PIX) at year-end to around USD 840 per tonne at the end of the period following the announcement of price increases of USD 40 per tonne from February. For paper and cardboard, the downward movement in prices during the year came to an end as prices stabilised towards the end of the period. For packaging paper, such as kraftliner, the fall in prices has been around three percent since the turn of the year, while graphical paper has dropped four to seven percent from the turn of the year, depending on quality.

Sveaskog's deliveries

In the first quarter, Sveaskog delivered 1,441 (1,399) thousand m³sub of pulpwood and woodchips, which is an increase of three per cent on the same period last year. For the period April 2019 to March 2020, deliveries totalled 5,375 thousand m³sub (5,649).

The biofuel market

The forest biofuel market is regional and local, as transport costs are high. The customers are power and heating plants as well as energy-producing forest industry. Due to a relatively mild winter, Sweden's combined heat and power plants did not use the planned volume of biofuels. A continued ample supply of bark beetle-damaged wood, especially in southern and central Sweden, has led to a build-up of stocks of biofuel. The combination of a high supply of bark beetle-damaged wood and high stock levels has had a price-dampening effect, especially in those areas where the supply of damaged wood is greatest.

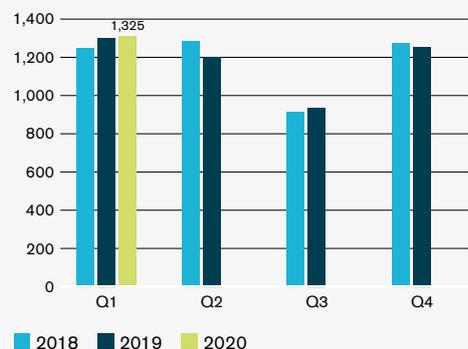
Sveaskog's deliveries

In the first quarter, Sveaskog delivered 208 (186) thousand m³sub of biofuel, which is an increase of 12 per cent on the same period last year. For the period April 2019 to March 2020, deliveries totalled 594 thousand m³sub (520).

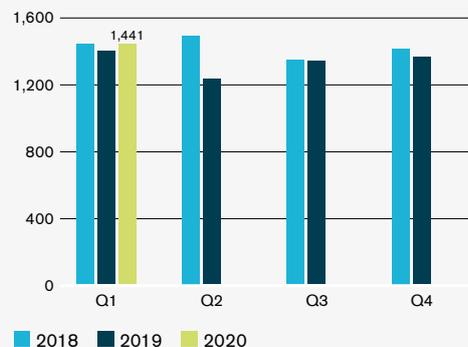
The effects of the corona pandemic

While the effects of the coronavirus pandemic on Sveaskog have so far been limited, the restrictions imposed nationally and internationally could have an impact on demand for wood raw materials. To date, Sveaskog's forestry operations have continued without any major disruptions. Sveaskog adheres to the guidelines issued by the authorities and has changed the way it operates by avoiding travel, enabling employees to work from home and increasing the use of virtual meetings. Sveaskog contributes to society in several ways, notably by supporting its contractors and refraining from charging rent to tourism businesses. Sveaskog has a strong balance sheet and good access to liquidity and financing. Sveaskog is analysing the effects of various scenarios and has an action plan for each scenario

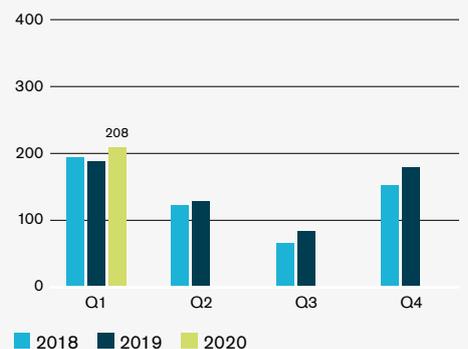
Delivery volume sawlogs, thousand m³sub



Delivery volume pulpwood and woodchips, thousand m³sub



Delivery volume biofuel, thousand m³sub



Sveaskog's sustainable business activities during the quarter

The first choice for employees and contractors

Sveaskog's employees help people with foreign backgrounds to gain a foothold in the labour market

Sveaskog has continued its partnership with the social enterprise Mitt Liv, which works for an inclusive society and a gender-equal, diverse and inclusive labour market, in the company itself and in society at large. In the Mitt Livs Chans (My Life's Chance) mentoring programme, Sveaskog's employees have since year-end been acting as mentors for five people with a foreign background, helping them to establish themselves in the labour market. The goal is for the adept to find a job that corresponds to his or her education.

Contractor strategy

Sveaskog has launched a new digital contractor portal that is aimed at strengthening the relationship between Sveaskog, Svenska Skogsplantor and all key contractors in order to develop business relations that benefit all parties. The portal will serve as an access point to Sveaskog's production systems, information and good purchasing agreements and as a channel for communication of news and operational information.

Support for coronavirus-hit businesses

Many tourism contractors operate on Sveaskog's land and several of them lease buildings from the company. These include youth hostels, camp sites, holiday cottages, restaurants and retailers. To ensure that those who are now struggling to ensure that they will be able to resume operations once the situation improves, Sveaskog will not be charging any rent for the coming three-month period.

A leader in innovation and efficiency

Sveaskog wants to actively contribute to the transition towards a greater share of renewable energy in Sweden's energy mix. An expansion of wind energy in collaboration with developers and energy companies is therefore a priority area of activity. There are currently over 400 wind turbines on Sveaskog-owned land and another 400 are under construction.

A leader in sustainable forestry

Environmental consideration index

During the first quarter, Sveaskog presented the results of the 2019 reference inventory, which was carried out by the Swedish Forest Agency. Sveaskog's goal when the inventories began six years ago, was that 99% of forestry should be conducted without major impact. For 2019, the outcome was 98 per cent, the same high level as in 2018. The survey takes into consideration is the extent to which areas with ecological qualities are not harvested, the same also applies to edge zones alongside lakes and watercourses.

The survey also takes into consideration cultural remains such as charcoal pits and clearance cairns as well as the avoidance of vehicle damage and the correct crossing of watercourses.

Activities

Reduced use of protective chemical treatment

At the Stakheden nursery a machine line for protecting seedlings against pine weevil attacks using the non-chemical agent Conniflex has been commissioned. This is Sveaskog's fourth processing line and raises capacity to a level where it is possible to treat all seedlings at the nursery.

Overall objectives and strategies



Sveaskog's vision is to "Lead the way to a sustainable society." This vision is embodied in five overarching objectives and should be achieved by balancing and unifying economically, socially and environmentally sustainable development. We have therefore fully integrated sustainable business into our business strategy and business planning. While the five targets have remained the same for the past five years, the strategic priorities have been developed over time. Targets are measured with indicators that are monitored regularly.

The Sveaskog Group

Condensed income statement

| MSEK | 3 months, Jan – March | | 12 months | |
|---|-----------------------|------------|---------------------|--------------|
| | 2020 | 2019 | Apr 2019 – Mar 2020 | 2019 |
| Net sales (Note 1) | 1,801 | 1,924 | 7,086 | 7,209 |
| Other operating income (Note 1) | 43 | 46 | 106 | 109 |
| Raw materials and consumables | -545 | -723 | -2,136 | -2,314 |
| Change in inventories | 63 | 34 | 60 | 31 |
| Other external costs | -707 | -600 | -2,945 | -2,838 |
| Personnel costs | -150 | -141 | -578 | -569 |
| Depreciation | -39 | -31 | -153 | -145 |
| Operating profit from continuing operations | 466 | 509 | 1,440 | 1,483 |
| Capital gains/losses | 51 | 12 | 224 | 185 |
| Share of profit/loss of associates | 13 | 43 | -4 | 26 |
| Operating profit before change in value of forest assets | 530 | 564 | 1,660 | 1,694 |
| Change in value of forest assets (Note 2, 3) | 153 | 113 | 439 | 399 |
| Operating profit | 683 | 677 | 2,099 | 2,093 |
| Financial items | -31 | -26 | -135 | -130 |
| Profit before tax | 652 | 651 | 1,964 | 1,963 |
| Tax | -137 | -130 | -412 | -405 |
| Profit/loss for the period/year | 515 | 521 | 1,552 | 1,558 |
| Earnings per share in SEK before and after dilution | 4.35 | 4.40 | 13.11 | 13.16 |
| - Calculated on average number of shares, million | 118.4 | 118.4 | 118.4 | 118.4 |

Report on comprehensive income

| MSEK | 3 months, Jan – March | | 12 months | |
|--|-----------------------|------------|---------------------|--------------|
| | 2020 | 2019 | Apr 2019 – Mar 2020 | 2019 |
| Profit/loss for the period/year | 515 | 521 | 1,552 | 1,558 |
| Other comprehensive income | | | | |
| <i>Components that will not be reversed in profit or loss</i> | | | | |
| Actuarial gains/losses concerning pensions | - | - | -25 | -25 |
| Tax on actuarial gains/losses | - | - | 5 | 5 |
| <i>Components that may be reversed in profit or loss</i> | | | | |
| Exchange differences | 2 | 0 | 3 | 1 |
| Other comprehensive income from associates | -35 | -13 | -30 | -8 |
| Tax on other comprehensive income from associates | 8 | 3 | 7 | 2 |
| Cash flow hedges | -9 | -10 | -4 | -5 |
| Tax attributable to cash flow hedges | 2 | 2 | 1 | 1 |
| Total other comprehensive income for the period/year, net after tax | -32 | -18 | -43 | -29 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR | 483 | 503 | 1,509 | 1,529 |

The Sveaskog Group

Condensed balance sheet

| MSEK | 31 Mar 2020 | 31 Mar 2019 | 31 Dec 2019 |
|---|---------------|---------------|---------------|
| ASSETS (Note 4) | | | |
| Non-current assets | | | |
| Intangible assets | 140 | 128 | 136 |
| Right-of-use assets | 131 | 138 | 129 |
| Property, plant and equipment | | | |
| - Forest land (Notes 2, 3) | 2,722 | 2,554 | 2,723 |
| - Other property, plant and equipment | 557 | 477 | 537 |
| Biological assets – standing timber (Note 3) | 34,019 | 33,718 | 33,900 |
| Non-current financial assets | 735 | 808 | 739 |
| Long-term interest-bearing receivables | 4 | 3 | 4 |
| Total non-current assets | 38,308 | 37,826 | 38,168 |
| Current assets | | | |
| Inventories | 664 | 647 | 576 |
| Contract assets | 19 | 14 | 14 |
| Current receivables, etc., non-interest bearing | 2,056 | 1,847 | 1,677 |
| Cash and cash equivalents | 1,092 | 1,119 | 1,114 |
| Total current assets | 3,831 | 3,627 | 3,381 |
| TOTAL ASSETS | 42,139 | 41,453 | 41,549 |
| EQUITY AND LIABILITIES | | | |
| Equity | 24,057 | 23,648 | 23,574 |
| Non-current liabilities (Note 4) | | | |
| Interest-bearing liabilities and provisions | 5,634 | 4,553 | 5,642 |
| Other liabilities and provisions | 8,558 | 8,424 | 8,513 |
| Total non-current liabilities | 14,192 | 12,977 | 14,155 |
| Current liabilities (Note 4) | | | |
| Interest-bearing liabilities and provisions | 2,539 | 3,428 | 2,625 |
| Contract liabilities | 5 | 1 | 2 |
| Other liabilities and provisions | 1,346 | 1,399 | 1,193 |
| Total current liabilities | 3,890 | 4,828 | 3,820 |
| Total liabilities | 18,082 | 17,805 | 17,975 |
| TOTAL EQUITY AND LIABILITIES | 42,139 | 41,453 | 41,549 |

Condensed statement of changes in equity

| MSEK | Jan–Mar 2020 | Jan–Mar 2019 | Full year 2019 |
|--|---------------|---------------|----------------|
| Opening equity, 1 January | 23,574 | 23,145 | 23,145 |
| Total comprehensive income | 483 | 503 | 1,529 |
| Dividend paid according to Annual General Meeting resolution | – | 0 | –1,100 |
| CLOSING EQUITY AT END OF PERIOD/YEAR | 24,057 | 23,648 | 23,574 |

The Sveaskog Group

Condensed cash flow statement

| MSEK | Jan–Mar 2020 | Jan–Mar 2019 | Full year 2019 |
|--|--------------|--------------|----------------|
| Operating activities | | | |
| Operating profit | 683 | 677 | 2,093 |
| Non-cash items, etc. | –208 | –171 | –574 |
| Interest received, etc. | 0 | 0 | 0 |
| Interest paid | –31 | –26 | –138 |
| Tax paid | –141 | –170 | –396 |
| Cash flow from operating activities before changes in working capital | 303 | 310 | 985 |
| Changes in working capital | –268 | 9 | 123 |
| Cash flow from operating activities | 35 | 319 | 1,108 |
| Investing activities | | | |
| Investment in non-current assets | –52 | –84 | –445 |
| Investment in shares | –7 | 0 | –5 |
| Dividends from associates | 0 | 0 | 60 |
| Sale of non-current assets | 103 | 48 | 407 |
| Sale of shares | 0 | 0 | –1 |
| Cash flow from investing activities | 44 | –36 | 16 |
| Financing activities | | | |
| Dividend paid | 0 | 0 | –1,100 |
| Borrowings | 3,035 | 2,225 | 8,450 |
| Repayment of loans | –3,136 | –2,236 | –8,207 |
| Cash flow from financing activities | –101 | –11 | –857 |
| CASH FLOW FOR THE PERIOD/YEAR | –22 | 272 | 267 |
| Cash and cash equivalents at the beginning of the year | 1,114 | 847 | 847 |
| Cash and cash equivalents at the end of the period/year | 1,092 | 1,119 | 1,114 |

Parent company

Condensed income statement

| MSEK | 3 months, Jan – March | | 12 months | |
|--|-----------------------|------|---------------------|------|
| | 2020 | 2019 | Apr 2019 – Mar 2020 | 2019 |
| Operating income | 58 | 4 | 97 | 43 |
| Operating expenses | -1 | -1 | -2 | -2 |
| Operating profit | 57 | 3 | 95 | 41 |
| Financial items | -80 | -70 | -310 | -300 |
| Profit before tax | -23 | -67 | -215 | -259 |
| Appropriations | - | - | 306 | 306 |
| Tax | 5 | 14 | -54 | -45 |
| PROFIT/LOSS FOR THE PERIOD/YEAR | -18 | -53 | 37 | 2 |

Condensed balance sheet

| MSEK | 31 Mar 2020 | 31 Mar 2019 | 31 Dec 2019 |
|--|-------------|-------------|-------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 45 | 43 | 46 |
| Total property, plant and equipment | 45 | 43 | 46 |
| Non-current financial assets | | | |
| Shares in Group companies | 24,934 | 24,934 | 24,934 |
| Receivables from Group companies, interest-bearing | 1,200 | 1,200 | 1,200 |
| Total non-current financial assets | 26,134 | 26,134 | 26,134 |
| Total non-current assets | 26,179 | 26,177 | 26,180 |
| Current assets | | | |
| Current receivables, etc., non-interest bearing | 166 | 81 | 462 |
| Receivables from Group companies, interest-bearing | - | 500 | 500 |
| Cash and cash equivalents | 0 | 0 | 0 |
| Total current assets | 166 | 581 | 962 |
| TOTAL ASSETS | 26,345 | 26,758 | 27,142 |
| EQUITY AND LIABILITIES | | | |
| Equity | 6,449 | 7,512 | 6,467 |
| Untaxed reserves | 70 | - | 70 |
| Non-current liabilities | | | |
| Interest-bearing non-current liabilities | 5,183 | 4,087 | 5,183 |
| Total non-current liabilities | 5,183 | 4,087 | 5,183 |
| Current liabilities | | | |
| Interest-bearing liabilities and provisions | 14,568 | 15,131 | 15,336 |
| Other liabilities and provisions | 75 | 28 | 86 |
| Total current liabilities | 14,643 | 15,159 | 15,422 |
| TOTAL EQUITY AND LIABILITIES | 26,345 | 26,758 | 27,142 |

Parent company

Condensed statement of changes in equity

| MSEK | Jan–Mar 2020 | Jan–Mar 2019 | Full year 2019 |
|--|--------------|--------------|----------------|
| Opening equity, 1 January | 6,467 | 7,565 | 7,565 |
| Dividend paid according to Annual General Meeting resolution | – | 0 | –1,100 |
| Profit/loss for the period/year | –18 | –53 | 2 |
| CLOSING EQUITY AT END OF PERIOD/YEAR | 6,449 | 7,512 | 6,467 |

Condensed cash flow statement

| MSEK | Jan–Mar 2020 | Jan–Mar 2019 | Full year 2019 |
|--|--------------|--------------|----------------|
| Cash flow from operating activities | –163 | –43 | –270 |
| Cash flow from investing activities | 555 | 0 | 25 |
| Cash flow from financing activities | –392 | 43 | 245 |
| CASH FLOW FOR THE PERIOD/YEAR | 0 | 0 | 0 |
| Cash and cash equivalents at the beginning of the year | 0 | 0 | 0 |
| Cash and cash equivalents at the end of the period/year | 0 | 0 | 0 |

Accounting principles

The interim report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Disclosures according to IAS 34 Interim Financial Reporting are provided both in notes and elsewhere in the interim report. For the parent company the interim report is prepared in accordance with the Annual Accounts Act, which is in accordance with the regulations in RFR 2 Accounting for Legal Entities. The parent company's

and the Group's accounting principles and calculation principles for the report are unchanged from the most recent annual report. New or revised IFRSs and interpretations from IFRIC have not had any effect on the earnings or financial position of the Group or the parent company.

Amounts are stated in MSEK unless otherwise indicated. Figures in parentheses refer to the corresponding period in the previous year.

Note

NOTE 1 REVENUES FROM CONTRACTS WITH CUSTOMERS

| MSEK | Jan–Mar 2020 | Jan–Mar 2019 | Apr 2019 –Mar 2020 | Full year 2019 |
|--|--------------|--------------|-----------------------|----------------|
| Sawlogs | 872 | 932 | 3,237 | 3,297 |
| Pulpwood and woodchips | 763 | 781 | 2,951 | 2,969 |
| Biofuel | 52 | 55 | 150 | 153 |
| Seedlings | 11 | 14 | 302 | 305 |
| Other | 48 | 108 | 245 | 305 |
| Total revenue from contracts with customers | 1,746 | 1,890 | 6,885 | 7,029 |
| Of which IFRS 15 in net sales | 1,745 | 1,888 | 6,882 | 7,025 |
| Lease income | 56 | 36 | 204 | 184 |
| Total net sales | 1,801 | 1,924 | 7,086 | 7,209 |
| Of which IFRS 15 in other operating income | 1 | 2 | 3 | 4 |
| Capital gains, etc. | 42 | 44 | 103 | 105 |
| Total other operating income | 43 | 46 | 106 | 109 |
| Date of revenue recognition | | | | |
| Goods and services transferred to customers on a specific date | 1,734 | 1,887 | 6,791 | 6,944 |
| Goods and services transferred to customers over time | 12 | 3 | 94 | 85 |

Sveaskog has unfulfilled performance obligations that will not be fulfilled within one year of MSEK 4,167 (4,395). The commitments consist of contracted deliveries forward in time, where Sveaskog has undertaken to deliver a certain volume per year. The value of these obligations has some uncertainty since the contracts consist of sev-

eral delivery contracts where the price is renegotiated each year. Of the unsatisfied performance obligations of MSEK 4,638 reported for last year, MSEK 284 referred to the first quarter of 2020. In the reporting period, MSEK 284 was recognised as revenue.

NOTE 2 CHANGE IN VALUE OF FOREST ASSETS

The book value of Sveaskog's forest assets as per 31 March 2020 has been calculated at MSEK 36,741 (36,272), of which MSEK 34,019 (33,718) is the fair value of the standing timber and MSEK 2,722 (2,554) is the acquisition value of the land. The change in the balance sheet since the end of the year amounts to MSEK 118 (150) and is shown in Note 3. The parameters included in the model for calculating the fair value of standing timber are updated annually. There have been no significant changes in the assessments linked to the valuation of biological assets since the 2019 annual report.

Summary of model assumptions

| MSEK | 31 March 2020 | 31 March 2019 |
|------------------------|---------------------------|---------------------------|
| Discount rate | 5.75% | 5.75% |
| Revenues | 10 year average | 10 year average |
| Nominal price increase | 1.75% per year | 1.70% per year |
| Costs | Normal cost ¹⁾ | Normal cost ¹⁾ |
| Nominal cost increase | 2.00% per year | 2.00% per year |

1) Normal cost = outcome for the current year and the previous year as well as budget for the coming year.

In connection with year-end 2019 the annual price increase was raised by 0.05 percentage points to 1.75%, which has had a positive impact on the fair value of the standing timber.

Note

NOTE 3 BIOLOGICAL ASSETS, STANDING TIMBER AND FOREST LAND

Standing timber

| MSEK | |
|--------------------------------------|--------|
| Fair values | |
| Opening value, 1 January 2019 | 33,607 |
| Acquisition of standing timber | 7 |
| Sales of standing timber | -9 |
| Changes due to harvesting | -327 |
| Changes in fair value | 440 |
| Closing value, 31 March 2019 | 33,718 |
| Opening value, 1 January 2020 | 33,900 |
| Acquisition of standing timber | - |
| Sales of standing timber | -34 |
| Changes due to harvesting | -321 |
| Changes in fair value | 474 |
| Closing value, 31 March 2020 | 34,019 |

Forest land

| MSEK | |
|--------------------------------------|-------|
| Cost | |
| Opening value, 1 January 2019 | 2,515 |
| Acquisition of forest land | 40 |
| Sale of forest land | -1 |
| Closing value, 31 March 2019 | 2,554 |
| Opening value, 1 January 2020 | 2,723 |
| Acquisition of forest land | - |
| Sale of forest land | -1 |
| Closing value, 31 March 2020 | 2,722 |

NOTE 4 FAIR VALUE VALUATION

| MSEK | Level 1 | | Level 2 | | Level 3 | |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 31 Mar 2020 | 31 Dec 2019 | 31 Mar 2020 | 31 Dec 2019 | 31 Mar 2020 | 31 Dec 2019 |
| ASSETS | | | | | | |
| Standing timber | | | | | 34,019 | 33,900 |
| Total assets | 0 | 0 | 0 | 0 | 34,019 | 33,900 |
| LIABILITIES | | | | | | |
| Non-current liabilities | 0 | 0 | 3,435 | 5,334 | 0 | 0 |
| Current liabilities | 0 | 0 | 4,190 | 2,528 | 0 | 0 |
| Derivative instruments | 0 | 0 | 60 | 75 | 0 | 0 |
| Total liabilities | 0 | 0 | 7,685 | 7,937 | 0 | 0 |

Valuation techniques used to calculate fair values in Level 2

Current liabilities (classification at acquisition date) are measured at book value including accrued interest which is assessed to provide a good approximation of the fair value. The fair value of non-current liabilities (classification at acquisition date) is established using valuation models such as discounting future cash flows at listed market interest rates for the respective term. Derivatives in level 2 consist of interest rate swaps and are recognised at market value or as hedge accounting. The measurement of the fair value of interest rate swaps is based on swap rates obtained from a financial information system and converted to a zero coupon curve for the measurement. Compared with 2019, no transfers have been made between the different levels in the hierarchy and no significant changes have been made to the measurement method, data used or assumptions.

Valuation techniques used to measure fair values in Level 3

The valuation technique is shown in Note 15 on page 86 of the 2019 annual report.

Issues

In the first quarter of 2020, Sveaskog issued MSEK 2,835 (2,225) under the commercial paper programme and MSEK 0 (0) under the MTN programme.

Other information

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Sveaskog's 2019 annual report, pages 44–47.

The ongoing corona pandemic has a major impact on the global economy. Sveaskog has a strong balance sheet and good payment preparedness. Sveaskog continuously monitors the development and evaluates the effects of alternative scenarios, read more on page 6.

No other significant changes, in addition to those mentioned in this year-end report, have occurred since the publication of the annual report.

Significant events after the closing date

No significant events have occurred after the closing date.

Related-party transactions

No significant changes have occurred in relationships or transactions with related parties since what was described in the 2019 annual report.

The CEO hereby confirms that this year-end report provides a true and fair overview of the operations of the parent company and the Group, their financial position and performance, as well as a description of the material risks and uncertainties facing the parent company and the Group.

Stockholm, 24 April 2020
Sveaskog AB (publ.) (corp. ID no. 556558–0031)

Hannele Arvonen
President and CEO

The report has been signed by the CEO on the authorisation of the Board of Directors.
The report has not been audited.

Definitions¹

Capital turnover rate

Net sales divided by average operating capital.

Dividend yield

Operating profit before change in value of forest assets, excl. capital gains on property sales, divided by average operating capital, excl. deferred tax.

Equity ratio

Equity divided by total assets, all calculated at the end of the period/year.

Gross margin

Operating profit before depreciation and share of profits of associate companies expressed as a percentage of net sales.

Interest cover ratio

Operating profit before change in value of forest assets excl. capital gains on property sales plus financial income divided by financial expenses.

Net debt/equity ratio

Net interest-bearing debt divided by equity.

Net earnings per share

Profit for the period/year after tax divided by average number of shares during the period/year.

Net interest-bearing debt

Interest-bearing liabilities minus interest-bearing assets, all calculated at the end of the period/year.

Operating capital

Total assets excluding interest-bearing assets, tax assets and assets held for sale minus non-interest bearing liabilities and deferred tax liabilities, all calculated at the end of the period/year.

Operating margin

Operating profit expressed as a percentage of net sales.

Operating profit from continuing operations

Operating profit before change in value of forest assets, profit/loss of associate companies and capital gains from property sales.

Return on equity

Reported profit after tax expressed as a percentage of average equity.

Return on operating capital

Operating profit divided by average operating capital, excluding deferred tax.

¹ Sveaskog has chosen to present the company's alternative performance measures in accordance with the decision by the European Securities and Markets Authority (ESMA) in a separate annex. The annex is published on www.sveaskog.se

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