



SVOLDER

INTERIM REPORT 3 2019/2020

A dramatic, fateful quarter

The Managing Director's comments, page 2

Current reporting period

3 months: 1st March–31st May 2020

- The company posted a result for the period of SEK **-273** million (212 m), corresponding to SEK **-10.70** (8.30) per share
- The net worth decreased by **8.4%** to SEK **116.30** per share
- The listed price of the Class B share decreased by **17.9%** to SEK **101.80** per share
- The Carnegie Small Cap Return Index fell by **0.7%**.
- The closing discount on net worth was **12.5%**

Major contributors to net worth

- + Positive: Troax, Nolato, Lime Technologies
- Negative: New Wave Group, Scandic Hotels Group, Elanders

Major changes in the equities portfolio

- + Bought: Nolato
- Sold: Scandic Hotels Group, Lime Technologies

Result for the interim period

9 months: 1st September 2019–31st May 2020

- The company posted a result for the period of SEK **-18** million (17 m), corresponding to SEK **-0.70** (0.70) per share
- The net worth decreased by **0.8%**, including reinvested dividend
- The listed price of the Class B share decreased by **5.4%**, including reinvested dividend
- The Carnegie Small Cap Return Index increased by **5.1%**

Events after the reporting period

5TH JUNE 2020

Share price

113.00
SEK

Net worth

120
SEK/share

Dear Shareholder,

It has been a dramatic and fateful quarter. Just over three months ago, outbreaks of COVID-19 were regarded as relatively small and localised, and the impact on society and the economy was deemed to be limited. Today, it is devastatingly clear that a great many people worldwide have been affected by the pandemic, whether by COVID-19 itself or indirectly by company closures, job losses or isolation. In this context, any kind of financial report or discussion may appear meaningless and even disrespectful. Even so, it is important that we as representatives of enterprise and share ownership not only demonstrate faith in the future, but also a long-term ambition to create even better companies, which are the mainstay of social prosperity.

» *How will consumers' behaviour patterns change?* »

WORRYING GEOPOLITICAL CONFRONTATION

For several months the virus has been classified by the World Health Organization, WHO, as a pandemic, and in response barriers have been put up in an open world of free travel, human contact and global trade flows. This is a worrying development, since an ever-increasing standard of living among citizens in different countries is a prerequisite to harmony and progress around the world. Growth is created above all by trade and contacts between people, businesses and nations. Sharply rising protectionism, all manner of accusations between world leaders and isolation are not the long-term answer to this. The global geopolitical situation has deteriorated due to the pandemic.

SHORTCOMINGS IN SWEDISH CRISIS MANAGEMENT

From a more domestic, short-term perspective, it is the leaders of each country who are responsible to their citizens. It is of course too early to say which strategy for dealing with COVID-19 will have the least harmful impact on each country's citizens. What is clear at this point, however, is that Sweden's Nordic neighbours have succeeded far better at saving human lives than Swedish authorities, politicians and care homes for the elderly.

Many have attempted to mitigate the crisis with far-

reaching aid initiatives. Unfortunately, Swedish authorities and political leaders at different levels and of different parties have been reluctant to accept help when the necessary expertise has been lacking in their own sphere of interest. Other countries, meanwhile, have developed contact tracing apps, have successfully introduced high testing capacity and subsequent quarantine regulations, and have had greater access to personal protective equipment.

A Sweden very much in lockdown gradually needs to get back on its feet. For this to happen, there needs to be less fear around human contact. Past experience of crisis management suggests that fear is most effectively dealt with by ensuring that people feel a sense of trust, safety and transparency. Testing is particularly significant in this respect. In the case of Sweden, which has a high infection rate and low contact tracing, antibody testing is especially important. There is an urgent need for employees of Sweden's companies to return to a more normal everyday as quickly as possible. These citizens have largely been isolated at home, or have been furloughed and risk losing their jobs. It is almost an insult that government authorities and politicians have relegated the majority of citizens into a separate, lower priority class of people who are not deemed to need testing. Even back in mid-March, WHO Director-General Dr Tedros Adhanom Ghebreyesus urged "test, test and test".

SVOLDER'S PATH THROUGH THE CRISIS

So what are we doing at Svolder, apart from my using this platform to criticise the decision-makers?

To a great extent, we have been working like many other service-based companies. The main priority is of course human health. Our personnel have been split into groups, and never work all together in the same premises. Contact takes place daily, digitally and systematically. There has long been a duality surrounding different work tasks in order to reduce risks. In our contact with our portfolio companies from our base in Stockholm, we have consciously chosen not to request physical meetings.

Board meetings have taken place digitally. The portfolio strategy has been discussed by the board and management, and action plans have been drafted. As an unleveraged investment company, Svolder enjoys a good starting point. Unlike our colleagues in fund management, we do not need to buy and sell equities in line with inflows and outflows of capital. This means that our portfolio strategy can be consistent and long term in its approach.

During March, when small and medium-sized Swedish companies (CSRX) fell by just over 18 per cent in total, we purchased equities worth SEK 80 million. Since then, as prices have risen and stock markets have begun trading more enthusiastically again, we have instead chosen to build up our cash position, to a total of almost SEK 180 million (6 per cent of net worth) on the closing day. This enables Svolder, despite cancelled or postponed dividend payments, to continue being there for the portfolio companies that may need financial support in the current and future uncertain market. This applies both defensively to ensure a healthy capital structure, and also offensively through measures aimed at creating growth, both organically and through acquisitions. In the event that good investment opportunities do arise, Svolder also has an agreed overdraft facility of SEK 200 million in a Swedish commercial bank, although this is not likely to be utilised in the immediate future.

OTHERS' BEHAVIOUR AND BUSINESS MODELS

From an investor's perspective, it is vital to start considering the long-term effects of the pandemic. How high is the risk that COVID-19 cannot be eliminated in the foreseeable future, or that a second wave hits the northern hemisphere later on in 2020? Can new pandemics be managed? How will consumers' behaviour patterns change? Will the economy begin returning to normal in as early as autumn 2020? Will the authorities be able to allay citizens' fears? How will the expansive finance policy be funded, in Sweden and elsewhere? Can the central banks combat recession tendencies without creating dramatic inflation impulses? There are many questions, and there is great uncertainty.

On the stock market, a deep-felt pessimism during March has turned into optimism. It has become more important to monitor trends than fundamental share valuation, certainly in the shorter term at least. Nor is it so strange, perhaps, that an increasingly large proportion of daily equities trading is initiated by index funds, exchange traded funds (ETFs) or algorithmic trading. Moreover, to



date the stock market has tended to favour business models linked to the internet, technology, gaming and e-commerce. Underlying valuation assumptions in listed prices also often vary dramatically between companies and sectors. What is reasonable? In addition, companies' balance sheets and financing opportunities have come back into focus in many cases. Companies with weak cash flows in the pharma and technology sectors have largely managed to refinance, but this has not been the case among more consumer-facing businesses or companies with no access to the capital markets.

A WEAK RESULT FOR THE QUARTER

In terms of share price, the quarter has been a very volatile one. Svolder's net worth has fluctuated between SEK 87 and SEK 127 per share (SEK 2,230–3,250 m), and fell by just over 8 per cent during the three-month period. The concentration on equities in smaller companies, often with a low rate of turnover, has been a burden during the period. Seen over the nine months of the financial year, however, Svolder's net worth has fallen by less than 1 per cent, while the Class B share

has decreased by just over 5 per cent. Consequently, to date during the financial year Svolder has had weaker development than the CSRX comparison index. The discount on net worth has also been volatile and has increased slightly. Taken over the longer term, the results are considerably better.

I strongly believe that the private sector and public finances will be facing major challenges in the years to come. A highly expansive monetary and finance policy worldwide will likely mitigate the extremely negative effects of lower employment and far weaker growth. Equities are a form of venture capital and will be crucial to recovery, both in Sweden and internationally. I therefore believe that populist domestic finance policy characterised by stopping dividends, higher taxation on share ownership and dramatically increased state ownership would be counterproductive.

Dividends are pivotal to many holders, since they are required to pass them on. Profits are already taxed earnings, and are often taxed once more along the chain of ownership. And these days in particular, the importance of funds from foundations to medical research is apparent. So, dear politicians: please think about this the next time you talk about limiting dividends.

Yours faithfully

ULF HEDLUNDH
Managing Director

THE EQUITIES PORTFOLIO

31ST MAY 2020

Share	Number	Share price (SEK) ¹⁾	Market value (SEK m)	% of net worth	% of the company's capital ²⁾	% of the company's votes ²⁾
GARO	1,475,500	306.00	452	15.2	14.8	14.8
Troax	3,045,500	141.00	429	14.4	5.1	5.1
Nordic Waterproofing	3,119,000	96.00	299	10.1	13.0	13.0
Beijer Electronics Group	4,332,330	40.75	177	5.9	15.0	15.1
Boule Diagnostics	2,410,000	69.30	167	5.6	12.4	12.4
FM Mattsson Mora	1,904,998	84.20	160	5.4	13.7	5.9
Lime Technologies	600,000	225.50	135	4.5	4.5	4.5
XANO Industri	1,419,156	90.40	128	4.3	5.0	1.5
New Wave Group	4,295,000	28.60	123	4.1	6.5	1.8
Saab	500,000	227.30	114	3.8	0.4	0.3
Elanders	1,956,000	47.30	93	3.1	5.5	3.8
Nolato	132,428	636.00	84	2.8	0.5	0.3
Magnolia Bostad	2,038,368	40.70	83	2.8	5.4	5.4
Elos Medtech ³⁾	1,245,892	66.20	82	2.8	15.4	21.8
Platzer Fastigheter	899,200	76.00	68	2.3	0.8	0.3
ITAB Shop Concept	5,836,601	11.24	66	2.2	5.7	1.9
Serneke Group	1,327,609	44.90	60	2.0	5.8	1.9
Others (4)			79	2.7		
Equities portfolio			2,799	94.0		
Net debt (-)/net receivable (+)			178	6.0		
Total/net worth			2,978	100.0		

116.30 SEK per Svolder share

All securities holdings come under level I of the value hierarchy.

¹⁾ In calculating the market value (fair value), the last price paid for the securities on Nasdaq Stockholm on the closing day has been used.

²⁾ Based on outstanding shares in the portfolio company.

³⁾ Of which 297,946 Class A shares.

The following information, for example, can be obtained from the table. Svolder's largest holding is GARO, which has a market value of SEK 452 million, corresponding to 15.2 per cent of net worth. A one-per-cent change in GARO's share price (bid price on the closing day) would affect Svolder's net worth by SEK 5 million, which equates to SEK 0.20 per Svolder share.

INTERIM REPORT 3

CURRENT REPORTING PERIOD:
1ST MARCH – 31ST MAY 2020

MARKET COMMENTARY

The current reporting period (March–May 2020) included some dramatic results on the world's stock exchanges. As the spread of COVID-19 intensified, so too did investor concerns and uncertainty surrounding the effects on people, businesses and economies. Following a very weak March, the recovery has begun, albeit with great variations between different countries. The American stock exchange has endured the crisis relatively untouched (+3.0 per cent), while those in Europe have noted a significant price drop overall (–8.7%). The significance of the major American technology companies on the outcome has been clear, as the pandemic has had a lower impact on their business models linked to the internet, e-commerce and digitalisation in general. The shutdown of companies and public services in Europe has caused massive drops in national GNPs, and of course in listed companies' share prices. Strategies to manage the pandemic have varied, and improvements have been noticeable in many countries. The development, in South America and India, however, remains alarming, although nations such as the US, UK and Sweden continue to record high infection and death rates. The Swedish stock exchange reported a minor decline overall (–0.7 per cent), with medium-sized companies performing best. These are also included in the small cap index, CSRX, which performed in line with the Swedish stock exchange generally (–0.7 per cent). The World Index fell by 1 per cent measured in US dollars.

Growth in the global economy was extremely negative during the current reporting period. Different indicators at the end of the period do suggest some improvements, albeit from very low levels. Unemployment and budget deficits are spiralling.

During the three-month period the Swedish krona grew stronger against both the US dollar (+2.1 per cent) and the euro (+1.2 per cent). This is a break in trend compared to the financial year as a whole, when the krona has weakened by around 3 and 4 per cent respectively.

The world's central banks have intensified their expansive monetary policy. This has been most obvious in the US, which has reduced both long and short-term government bond interest rates. In Europe, government bond interest rates have been somewhat less negative. The whole world is currently characterised by highly expansive monetary policy. This relates to various kinds of business support, sick pay, furlough and unemployment benefits, and so on. National debts will increase dramatically during 2020.

The geopolitical climate has been volatile among the leaders of certain countries, with developments between the US and China particularly alarming. There is a considerable risk of increasing protectionism. In Europe too there are hints of greater trade barriers with the wider world. Brexit negotiations, which will enable the UK to fully exit the EU by the end of the year, appear to have come to a standstill.

The price of oil is the most volatile among commodity prices. Much of the trading in commodities takes place in financial instruments, with no intention of taking physical delivery. When American refineries were unable to store more crude oil, exports from several oil-producing nations were not reduced and petrol consumption more or less came to a halt, a situation arose whereby financial players risked receiving physical deliveries of oil. For a day or so, the US oil price was therefore negative. Quite simply, buyers of oil got paid to receive and store oil. Industrial metals have shown slightly negative development. Increased demand in China at the end of the three-month period has compensated for low demand in the rest of the world. The price of aluminium, which often correlates to oil prices, saw slightly more of a negative result.



SHARE PRICE TRENDS

The closing price for Svolder's Class B share was SEK 101.80, corresponding to a fall during the current reporting period of 17.9 per cent. The Class B share's value on the closing day represented a discount of 12.5 per cent on net worth. The Class B share was traded on all trading days during the period, with an average of just under 100,000 shares traded each day of trading on Nasdaq Stockholm.

Svolder's Class A share is only traded through three auctions (known as Auction Only Market Segments) during the trading day: one on opening, one at about 13.30 and one when the market closes. The closing price for Svolder's Class A share was SEK 120.00, which means that the Class A share was valued at a premium of 3.2 per cent in relation to net worth.

Under the terms of Svolder's Articles of Association, Class A shareholders wishing to convert Class A shares into Class B shares may do so by application to Svolder's Board of Directors.

Total return¹⁾%

	3 months 1/3 2020– 31/5 2020	9 months 1/9 2019– 31/5 2020	Rolling 12 months 1/6 2019– 31/5 2020
Svolder			
Share price (Class B)	-17.9	-5.4	-10.1
Net worth	-8.4	-0.8	-1.8
Stock market index			
Carnegie Small Cap Return Index	-0.7	5.1	11.8
SIX Return Index	-0.7	5.8	11.9

¹⁾ Total return is calculated using comparable methods to reinvestment indices and funds, i.e. assuming that the dividend paid is reinvested at the time of the dividend in underlying types of assets.

CHANGE IN NET WORTH

Svolder's closing net worth was SEK 116.30 per share, which represents a decrease during the current reporting period of 8.4 per cent. This figure is 7.7 percentage points lower than the development of the small cap index (CSRX). The deviation is attributable to a range of factors, but primarily to the results of individual equities. Svolder's holdings in Elanders, Scandic Hotels and New Wave have particularly burdened the company's net worth trend. At the sectoral level, Svolder's low proportion of equities in healthcare and property companies has had both a negative and a positive impact. Equities with market values over SEK 20 billion, and which fall outside of Svolder's investment focus, have performed better than those of lower value. It should also be mentioned that the CSRX is rebalanced only twice a year. This means that equities operating around the maximum market value of about SEK 55 billion influence the index greatly. Above all gaming company Evolution Gaming, as well as healthcare company SOBI, whose market values have increased dramatically and have thus raised the CSRX, will not exit the index until the latter part of June.

Svolder's equities portfolio is not an index portfolio: investment decisions are, instead, based on valuation of the individual shares. The portfolio's results in relation to comparison indices may, therefore, differ substantially from one accounting period to another. Share evaluation is complemented by a certain strategic focus on individual sectors based on macroeconomic factors.

Net worth trend (3 months) 1st March–31st May 2020

	SEK m	SEK/share
Net worth, 29th February 2020	3,251	127.00
Equities portfolio		
Opening value	3,081	120.30
Purchase of shares	83	
Sale of shares	-93	
Change in value, equities portfolio	-272	-281
Closing value	2,799	109.40
Net debt (-)/net receivable (+)		
Opening value	170	6.60
Share dividends received	1	
Management costs	-2	
Net financial items	0	
Sale of shares, net	10	8
Closing value	178	7.00
Net worth, 31st May 2020	2,978	116.30

Source: Svolder, Infront and Morningstar

The Q1 report of perimeter protection company Troax showed slightly better sales than expected. The results and the margin were, however, lower than expected, yet still up on the previous year. The operating margin remained high. The order intake, unchanged in the second half of 2019, rose by 12 per cent during the quarter, mainly driven by a number of major project orders for customers in automated warehousing and e-commerce. Since Troax is late in the business cycle, the impact of COVID-19 was limited during the quarter. The units in the US and UK were closed at the end of March and will adversely affect the company's second quarter.

Capacity expansion in the Swedish and Italian operations is virtually complete. Following these two investments, Troax now has significant unused capacity for continued profitable expansion. The balance sheet remains strong, which creates scope for acquisitions if the opportunity arises. The stock market seized on the positive elements in the report and the share price rose. The holding was therefore the largest contributor to Svolder's net worth during the current reporting period.

Software company Lime Technologies was a major contributor during the reporting period. Lime, which has operations in the development, sale and implementation of Customer Relationship Management (CRM) systems, reported strong Q1 results with a continued high growth rate and a marked improvement in operating margin. To date the company has noticed only a limited impact from COVID-19, and is currently well equipped to tackle any crisis thanks to a high proportion of repeat income, low indebtedness and good industry coverage. The equity performed very strongly during the reporting period, and Svolder therefore chose to reduce its holding marginally.

Biggest contributors to changes in net worth 1st March–31st May 2020

(Based on net worth of SEK 3,251 million or SEK 127.00/share on 29th February 2020)

Share	SEK m	SEK/share
Troax	57	2.20
Nolato	24	0.90
Lime Technologies	23	0.90
Total, three positive	103	4.00
New Wave Group	-102	-4.00
Scandic Hotels Group	-70	-2.70
Elanders	-61	-2.40
Elos Medtech	-38	-1.50
Serneke Group	-30	-1.20
Beijer Electronics Group	-24	-0.90
Platzer Fastigheter	-23	-0.90
Total, seven negative	-348	-13.60
Other shares	-26	-1.00
Shares, total	-271	-10.60
Other	-2	-0.10
Change in value	-273	-10.70

Brand group **New Wave** broke its long-running positive sales trend during the first quarter. Profits did increase during January and February, but the full impact of the coronavirus pandemic then hit. In addition to mass gatherings being banned in many countries, the company also had to close some of its warehouses. The new restrictions have hit the group hard. Its products are sold at major sporting events such as football matches, major golf tournaments and various running and cycling events, such as the Vätternrundan bike ride. Its products are also used by companies at product launches, trade fairs and personnel events. The hotel and restaurant activities in Kosta are of course also negatively affected by a fall in travel.

New Wave quickly took measures to reduce its costs and safeguard its cash flow. The listed price developed very weakly from mid-February, and the holding became the largest negative contributor to Svolder's net worth. The valuation is still considered attractive, and as society's restrictions are lifted we can expect to see more stable development.

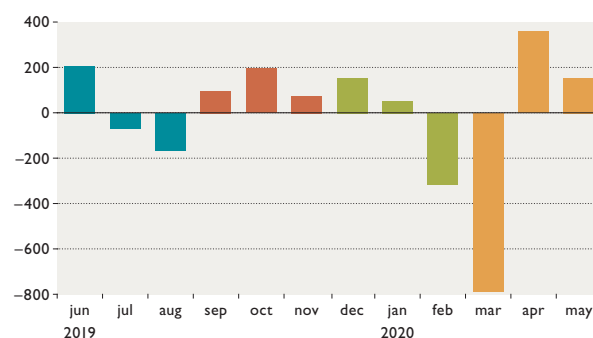
Nordic hotel chain **Scandic Hotels** was the second biggest negative contributor during the current reporting period. The impact of the global COVID-19 outbreak and the resulting government decisions to reduce the spread of the virus have been dramatic, resulting in a sharp fall in demand and altered customer behaviours. Increasing travel restrictions, event cancellations and social isolation resulted in a record-low occupancy rate of 6 per cent in April, and a free cash flow totalling SEK -740 million for Q1 2020. A raft of powerful measures was quickly initiated, and early

in the company's second quarter Scandic managed to reduce its cost base excluding rents by just over 70 per cent. Since then a new financing solution has been secured, including a higher credit facility and a guaranteed new share issue, which together will secure the company's future cash requirements and long-term survival. The Scandic equity saw highly volatile development during the quarter, and a dramatic initial fall was followed by a relatively powerful recovery as a consequence of the secured financing solution and marginally better bookings. Scandic is, however, likely to remain very much negatively impacted by the altered external conditions and customer behaviours following the pandemic, while the company's previously good dividend capacity has now been severely reduced for the foreseeable future. Svolder therefore chose to capitalise on the share's rapid recovery to reduce its holding in the company.

Logistics group **Elanders**' share performed weakly during the reporting period and was a negative contributor to net worth. The company had a challenging first quarter in which the COVID-19 outbreak and subsequent restrictions affected all of the group's activities, to varying extents. The group's largest customer group, Electronics, initially noted a negative impact in Asia, although it recovered relatively quickly once the spread of the virus in the region could be limited and supply chains could restart. Moving forward, stable demand in Electronics is expected in both Europe and Asia, partly driven by higher demand for server capacity, computers and accessories as teachers and pupils work from home. The Automotive customer group was affected by the fact that most customers were forced to close their production sites temporarily, and these were then reopened shortly after the end of the quarter. The Fashion & Lifestyle customer group saw mixed development, with logistics and product supply for physical retail falling while e-commerce increased.

Elanders has taken several measures to boost its preparedness, and along with a flexible cost structure and a good liquidity position, this lays a good foundation to handle the challenging short-term market situation and swiftly return to full capacity once demand returns.

Change in net worth in SEK million per month (12 months)



Excluding dividends of SEK 55 million (SEK 2.15/share) paid in November 2019.

LIQUIDITY/BORROWING

The equities portfolio was unpledged on the closing day. The net receivable, which includes liquid assets and the share trading's unliquidated transactions etc., was SEK 178 million on the closing day, corresponding to 6.0 per cent of the company's net worth. This is to be compared with a net receivable of SEK 170 million at the beginning of the current reporting period.

THE EQUITIES PORTFOLIO

Shares were acquired for a total of SEK 83 million (gross) during the current reporting period. Shares for a gross amount of SEK 93 million were sold during the corresponding period, and net purchases hence totalled SEK 10 million.

On the closing day, the equities portfolio comprised 21 holdings.

Major net purchases for the equities portfolio (3 months) 1st March–31st May 2020

Share	Number	SEK m	SEK/share ¹⁾
Nolato	124,828	56.8	464.60

¹⁾ The purchase price per share is arrived at on the basis of the aggregate purchase price for all shares of the same class acquired during the period.

Polymer group **Nolato** was the largest purchase during the current reporting period, and the second largest contributor to Svolder's net worth. Long-term shareholders will remember that Nolato was a significant holding in Svolder's equities portfolio for a good many years. The holding was sold in its entirety during the 2017/2018 financial year, primarily for valuation reasons. Since then Svolder has been monitoring the company and its share price closely, to ensure it is ready to buy the share again when appropriate. Unease on the stock market during March was deemed to be a good purchase opportunity. Nolato then reported a strong first quarter, which further bolstered the share's growth. Svolder believes that the established business model, the experienced company management and the strong balance sheet provide good scope both for expansion and dividend payments.

Major net sales from the equities portfolio (3 months) 1st March–31st May 2020

Share	Number	SEK m	SEK/share ¹⁾
Scandic Hotels	1,390,628	59.1	44.70
Lime Technologies	70,000	13.5	192.30

¹⁾ The sales proceeds per share are arrived at on the basis of the aggregate market value for all shares of the same class sold during the period. SEK/share in Scandic Hotels relates to sales both before and after separation of warrants.

THE PARENT COMPANY

The results for the Group and the Parent Company correspond in full. The Parent Company balance sheet is the same as for the Group with the exception of the Parent Company's holdings in subsidiaries, worth SEK 0.1 mil-

lion, and a current liability of SEK 0.1 million. The Parent Company and the Group have an overdraft facility totalling SEK 200 million.

RISKS AND UNCERTAINTY FACTORS

The identified risks and uncertainties for the Group and the Parent Company are presented on page 63 and in note 17 on page 76 of the 2018/2019 Annual Report. The market risk (the equities portfolio's price risk) is adjudged to be the most significant of the risks listed. No significant changes are deemed to have occurred subsequently.

NOMINATIONS COMMITTEE

As reported in a press release on 15th May 2020, a Nominations Committee has been formed in accordance with a decision at the 2019 Annual General Meeting. The Nominations Committee has appointed Christoffer Lundström (StrategiQ Capital AB/Rolf Lundström) as its Chairman. Other members are Jörgen Wärmlöv (Spiltan Fonder AB), Johan Hilding (the Hilding family) and Fredrik Carlsson (Chairman of the Board and convener).

Shareholders wishing to submit proposals to the Nominations Committee may do so by e-mail to info@svolder.se or by post to: Nominations Committee, Svolder AB, Box 704 31, SE-107 25 Stockholm, Sweden.

EVENTS AFTER THE REPORTING PERIOD

The net worth on 5th June was SEK 120 per share and the listed price was SEK 113.00.

YEAR-END REPORT

A Year-End Report for the financial year 1st September 2019–31st August 2020, encompassing the three-month report for 1st June–31st August 2020, will be published on 18th September 2020.

ANNUAL GENERAL MEETING 2020

The AGM will take place in Stockholm on Monday 16th November 2020.

Shareholders wishing to have an issue discussed at Svolder's 2020 AGM must make a written request to the Board of Directors by 1st October 2020 at the latest to: Svolder AB (publ), Board of Directors, Box 70431, SE-107 25 Stockholm, Sweden.

STOCKHOLM 10TH JUNE 2020
SVOLDER AB (PUBL)

THE BOARD OF DIRECTORS

For additional information, please contact:
Ulf Hedlundh, Managing Director +46 (0)8-440 37 73
Pontus Ejderhamn, CFO +46 (0)8-440 37 72

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(SEK m)	3 months	3 months	9 months	9 months	Rolling	12 months
	1/3 2020– 31/5 2020	1/3 2019– 31/5 2019	1/9 2019– 31/5 2020	1/9 2018– 31/5 2019	12 months 1/6 2019– 31/5 2020	12 months 1/9 2018– 31/8 2019
Management operations						
Dividend income	0.9	49.7	4.8	55.3	8.3	58.8
Management costs	–2.0	–6.1	–13.8	–18.4	–19.8	–24.4
Earnings from securities	–271.7	168.7	–9.2	–20.1	–36.3	–47.2
Operating profit/loss	–272.8	212.4	–18.2	16.8	–47.8	–12.8
Profit on financial investments						
Financial income	0.0	0.0	0.0	0.0	0.0	0.0
Financial expenses	–0.1	–0.1	–0.1	–0.1	–0.2	–0.2
Profit/loss after financial items	–272.8	212.3	–18.3	16.7	–48.0	–13.1
Tax	-	-	-	-	-	-
Profit/loss for the period	–272.8	212.3	–18.3	16.7	–48.0	–13.1
Other comprehensive income						
Comprehensive income for the period	–272.8	212.3	–18.3	16.7	–48.0	–13.1
Earnings per share, SEK	–10.70	8.30	–0.70	0.70	–1.90	–0.50

CONSOLIDATED CASH FLOW STATEMENT

(SEK m)	3 months	3 months	9 months	9 months	Rolling	12 months
	1/3 2020– 31/5 2020	1/3 2019– 31/5 2019	1/9 2019– 31/5 2020	1/9 2018– 31/5 2019	12 months 1/6 2019– 31/5 2020	12 months 1/9 2018– 31/8 2019
Cash flow from operating activities						
before changes in working capital	–1.8	45.9	–13.9	37.3	–18.5	32.7
Changes in working capital						
Increase (+)/decrease (–) in current liabilities	0.0	–0.1	0.2	0.3	–0.1	0.0
Cash flow from operating activities	–1.9	45.8	–13.6	37.6	–18.5	32.7
Investing activities						
Purchase of securities	–95.6	–102.4	–389.3	–300.7	–599.2	–510.6
Sale of securities	73.1	134.1	400.9	211.9	581.3	392.4
Investment in machinery and equipment	0.0	0.0	0.0	–0.1	0.0	–0.1
Cash flow from investing activities	–22.5	31.7	11.5	–88.9	–17.9	–118.3
Financing activities						
Dividend paid	-	-	–55.0	–51.2	–55.0	–51.2
Cash flow from financing activities	0.0	0.0	–55.0	–51.2	–55.0	–51.2
Increase (+)/decrease (–) in liquid assets	–24.3	77.6	–57.2	–102.5	–91.4	–136.7
Liquid assets at beginning of period	187.4	176.9	220.2	357.0	254.5	357.0
Liquid assets at end of period	163.1	254.5	163.1	254.5	163.1	220.2

CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	3 months	3 months	9 months	9 months	Rolling	12 months
	1/3 2020– 31/5 2020	1/3 2019– 31/5 2019	1/9 2019– 31/5 2020	1/9 2018– 31/5 2019	12 months 1/6 2019– 31/5 2020	12 months 1/9 2018– 31/8 2019
Change in net worth, SEK	–10.70	8.30	–2.90	–1.30	–4.00	–2.50
Dividend paid during the period, SEK	-	-	2.15	2.00	2.15	2.00
Number of shares, million	25.6	25.6	25.6	25.6	25.6	25.6

Definitions as in the Annual Report for 2018/2019. Amounts per share have been rounded off to the nearest SEK 0.1 throughout the Interim Report, except for share prices and dividends. The company has no ongoing programmes of financial instruments that entail any dilution in the number of shares. The number of outstanding shares equals 25,600,000.

CONSOLIDATED BALANCE SHEET

Assets

(SEK m)	31/5 2020	29/2 2020	31/8 2019	31/5 2019	28/2 2019	31/8 2018
Non-current assets						
<i>Property, plant and equipment</i>						
Equipment	0.1	0.1	0.2	0.2	0.2	0.2
<i>Financial assets</i>						
Securities holdings	2,799.4	3,080.6	2,876.8	2,838.0	2,699.1	2,768.3
Current assets						
Current receivables	21.8	3.1	20.5	4.5	1.3	0.5
Cash and bank balances	163.1	187.4	220.2	254.5	176.9	357.0
Total assets	2,984.3	3,271.3	3,117.7	3,097.3	2,877.5	3,125.9

Shareholders' equity and liabilities

(SEK m)	31/5 2020	29/2 2020	31/8 2019	31/5 2019	28/2 2019	31/8 2018
Shareholders' equity	2,977.8	3,250.6	3,051.1	3,080.8	2,868.5	3,115.4
Liabilities						
Current liabilities	6.6	20.7	66.6	16.4	9.0	10.6
Total liabilities and shareholders' equity	2,984.3	3,271.3	3,117.7	3,097.3	2,877.5	3,125.9

CHANGES IN SHAREHOLDERS' EQUITY

(SEK m)	3 months 1/3 2020– 31/5 2020	3 months 1/3 2019– 31/5 2019	9 months 1/9 2019– 31/5 2020	9 months 1/9 2018– 31/5 2019	12 months 1/9 2018– 31/8 2019
Opening balance	3,250.6	2,868.5	3,051.1	3,115.4	3,115.4
Dividend paid	-	-	-55.0	-51.2	-51.2
Comprehensive income for the period	-272.8	212.3	-18.3	16.7	-13.1
Closing balance	2,977.8	3,080.8	2,977.8	3,080.8	3,051.1

CONSOLIDATED KEY RATIOS PER SHARE

(SEK m)	31/5 2020	29/2 2020	31/8 2019	31/5 2019	28/2 2019	31/8 2018
Net worth per share, SEK	116.30	127.00	119.20	120.30	112.10	121.70
Share price (Class B), SEK	101.80	124.00	109.60	115.40	97.95	104.60
Net worth, premium (+)/discount (-), %	-12	-2	-8	-4	-13	-14
Liquidity (+)/Borrowing (-), %	6	5	6	8	6	11
Equity/assets ratio, %	100	100	100	100	100	100
Number of shares, million	25.6	25.6	25.6	25.6	25.6	25.6

Definitions as in the Annual Report for 2018/2019. Amounts per share have been rounded off to the nearest SEK 0.1 throughout the Interim Report, except for share prices and dividends. The company has no ongoing programmes of financial instruments that entail any dilution in the number of shares. The number of outstanding shares equals 25,600,000.

ACCOUNTING PRINCIPLES

This Interim Report has been prepared in accordance with IAS 34, Interim Reporting. The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and in accordance with Sweden's Annual Accounts Act.

The Parent Company accounts follow Sweden's Annual Accounts Act and Swedish Financial Reporting Board recommendation RFR 2. As of 1st September 2019, Svolder calculates the market value (fair value) of the equities portfolio based on the last price paid, instead of the bid price as before, for the securities on Nasdaq Stockholm. This change in method has been made to be more consistent with the comparison indices, which are calculated in the same way. The change is expected to have a marginal effect on results. Otherwise the same accounting principles and bases for assessment have been used as in the most recent Annual Report.

IFRS 16, which concerns accounting for leases by lessors and lessees alike, has not prompted any changes in the Group's accounting in terms of amounts as these amounts are not material.



REVIEW REPORT

Auditor's report on the review of the financial information in the interim report in summary (interim report), drawn up in accordance with IAS 34 and Chapter 9 of the Annual Accounts Act.

Introduction

We have reviewed the summarised interim financial information (Interim Report) for Svolder AB (publ), corporate ID no. 556469-2019 as of 31st May 2020 and for the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this Interim Report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this Interim Report based on our review.

Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus to and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The expressed conclusion based on a review does not, therefore, have the same certainty as an expressed conclusion based on an audit.

Conclusions

Based on our review, nothing has come to our attention that causes us to believe that the Interim Report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act, regarding the Group, and with the Annual Accounts Act, regarding the Parent Company.

STOCKHOLM 10TH JUNE 2020
ÖHRLINGS PRICEWATERHOUSECOOPERS AB

PETER NILSSON
Authorised Public Accountant

Prioritaire **A**

POSTAGE
PAID

SVOLDER IS AN INVESTMENT COMPANY THAT INVESTS PRIMARILY IN THE SHARES OF LISTED SMALL AND MEDIUM-SIZED SWEDISH COMPANIES. THE COMPANY'S SHARES ARE LISTED ON NASDAQ STOCKHOLM. SVOLDER'S NET WORTH IS PUBLISHED WEEKLY AND APPEARS ON THE COMPANY'S WEBSITE, WWW.SVOLDER.SE



COVER PHOTO: FOLKE BERNADOTTE BRIDGE IS A PEDESTRIAN AND CYCLE BRIDGE OVER DJURGÅRDSBRUNNSVIKEN BAY IN STOCKHOLM. IT JOINS NORTH AND SOUTH DJURGÅRDEN BETWEEN THE NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY AND ROSENDAL PALACE.
(PHOTO: RAPHAEL STECKSÉN/KAFFEGRUPPEN, 2020)



SVOLDER

SVOLDER AB (publ) Corporate ID no. 556469-2019
Birger Jarlsgatan 13, Box 70431, SE-107 25 Stockholm, Sweden. Tel +46 (0)8-440 37 70; fax +46 (0)8-440 37 78
www.svolder.se