

Table of Contents

Annual and Sustainability Report 2022

	About Sveaskog
ě	Sweden's largest forest owner3
	Forestry in figures4
	CEO's comments
	Outside world and events
	Operations
	Sveaskog's business model
	The forest as a raw material
	Product range
	Wind power14
	Hunting and fishing15
	Customers
	Contractors
	Technology partnerships
	Employees

Strategic targets for sustainable value creation23	
Targets and outcomes24	
Sustainable forestry programme25	
Sveaskog's framework28	
New financial targets29	
Felling calculation30	
New conservation value assessment31	
Climate impact in the forest and value chain32	
Stakeholders34	
Reindeer herding35	
Materiality assessment36	
Risk analysis and corporate governance	
Risk and sustainability analysis38	
TCFD42	
Corporate governance report43	

Targets and sustainability

Management
Sustainability Report
EU taxonomy for sustainable finance52
Financial information
Financial performance57
Renumeration for senior executives59
Appropriation of profits60
Notes67
Assurance and signing
of the financial statements103
Auditor's report104
Notes on the Sustainability Report107
GRI index
Combined assurance
Contact

Board of Directors

The Annual Report with the directors' report covers pages 3, 11, 38–41, 51, 57–100, 103.

The scope of the Sustainability Report can be seen on pages 51 and 113.

Sweden's largest forest owner

Sveaskog, a state-owned company, is the largest forest owner in Sweden. The company owns 14 per cent of Sweden's forests and has approx. 800 employees across the country.

Sveaskog aims to conduct business activities on a commercial basis and generate a market return. The company must also be an independent player with a core business in forestry, with no major interests of its own as an end user of wood raw materials. Related activities may be conducted if this helps to increase the company's return.

The business at a glance

100% owned by the state



Sweden's largest forest owner



Seaskog's core business is to manage forest and land, and to provide timber, pulpwood, wood chips, biofuel, seedlings and forest services. Seaskog supplements the supply from its own forest with purchases from other forest owners, swaps with other forest owners and imports. Our customers are primarily found within the Swedish forest industry, with exports to the whole world. Seaskog also makes land deals, including for wind power and solar energy, and develops the forest as a place for fishing, hunting, nature tourism and other outdoor experiences.

Sveaskog wants to be a leader in the development of sustainable forestry. This includes deliveries of renewable raw materials to customers, as well as contributing to both the UN's 2030 Agenda and national environmental and climate targets. Sveaskog manages the forest in order to develop economic, ecological and social values. The forests are certified according to both FSC and PEFC standards, and Sveaskog requires all timber purchased from other forest owners to satisfy the FSC's requirements for controlled wood and chain of custody. This enables Sveaskog to ensure that all the company's timber deliveries are responsibly produced.

Sveaskog's long-term focus combines high-volume and reliable timber delivery with intense efforts to increase biodiversity. Sveaskog also climate-adapts the use of land and increases the forest's resistance to attack. Sveaskog wants to contribute in a meaningful way to achieving the Swedish environmental targets, the Paris Agreement and the EU's climate targets.

Until year-end 2022/2023, Sveaskog's business activities were organised in two geographical market areas, as well as Svenska Skogsplantor and other businesses. Market area North comprised Norrbotten, Västerbotten and the northern parts of Jämtland and Västernorrland. Market area South comprised the rest of the country.

From 1 January 2023, the business activities include an operational unit, which in turn consists of five regions, and is supplemented with a forestry unit and the business area Svenska Skogsplantor. The purpose is to implement a more uniform way of working throughout the company.

Svenska Skogsplantor produces and sells seedlings and works with protection against weevils and game, regrowth packages, soil preparation and planting. Svenska Skogsplantor has five nurseries in different parts of the country.

Other business activities include leases, concessions for wind power and solar energy, Hjälmaren Canal and Mörrums Kronolaxfiske salmon fishery. The company also has a number of support functions.

areas in the sustainable forestry programme



7,760MSEK net sales

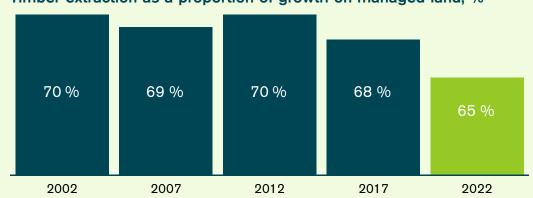
	2018	2019	2020	2021	2022
Total land area, million ha	3.95	3.90	3.90	3.90	3.89
Of which productive forest land, million ha	3.07	3.05	3.04	3.04	3.03
Carrying amount, in accordance with IFRS, MSEK ⁴	36,122	36,623	82,430	85,430	88,862
Taxable value, MSEK	58,309	58,294	66,344	66,344	66,471
All deliveries, thousand m³sub	10,995	10,648	10,629	10,682	10,360
Deliveries from own forest, thousand m ³ sub	6,177	6,127	6,248	6,290	5,866
Timber purchases, thousand m³sub	1,739	1,701	1,726	1,812	1,738
Central purchases and imports, thousand m³sub	3,079	2,819	2,675	2,394	2,756
Number of seedlings delivered, of which to own forest, million seedlings	120/45	137/46	133/50	149/62	138/53
Timber stocks, million cubic metres of forest ¹	239	239	277	278	281
Reforestation, hectares ²	26,068	24,307	28,26	32,208	28,235
Regeneration felling, area hectares	28,580	28,150	27,100	25,160	19,600
Soil preparation, area hectares, including selective burns	19,330	21,538	26,876	22,670	22,302
Planting, hectares, including auxiliary planting	23,511	23,631	25,607	30,626	27,024
Natural regeneration, area hectares	820	590	470	460	270
Sowing, area hectares	1,885	2,732	2,720	1,217	941
Cleaning, area hectares, incl. pre-thinning cleaning	53,463	56,635	52,733	49,280	49,149
Thinning, area hectares	26,100	25,120	28,790	30,180	27,250
Area managed using continuous cover forestry methods, hectares ³	2,150	2,150	2,150	11,710	11,710

- 1) The 2022, 2021 and 2020 values refer to productive land minus ecoparks minus experimental parks and minus nature reserves, while values from 2019 and earlier refer to managed land excluding high conservation value forests.
- 2) Planting, sowing, natural regeneration.
- 3) Continuous cover forestry on forest land with production targets means that the forest is managed so that the land is always wooded without any large deforested areas. (Swedish Forest Agency's definition).
- 4) In 2020, Sveaskog changed its accounting policy for valuing total forest assets.

Timber extraction

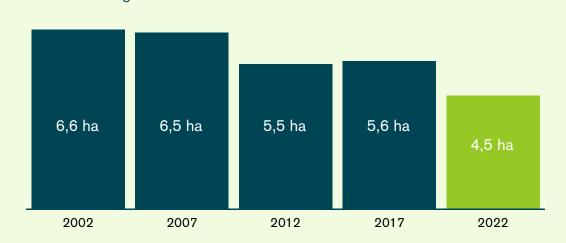
Sveaskog's timber extraction is based on a long-term calculation. In 2022, extraction corresponded to 65 per cent of growth on managed land. 70 per cent of timber extraction took the form of regeneration felling and 26 per cent thinning. Pine is the dominant tree species in timber extraction, followed by spruce and deciduous trees.

Timber extraction as a proportion of growth on managed land, %



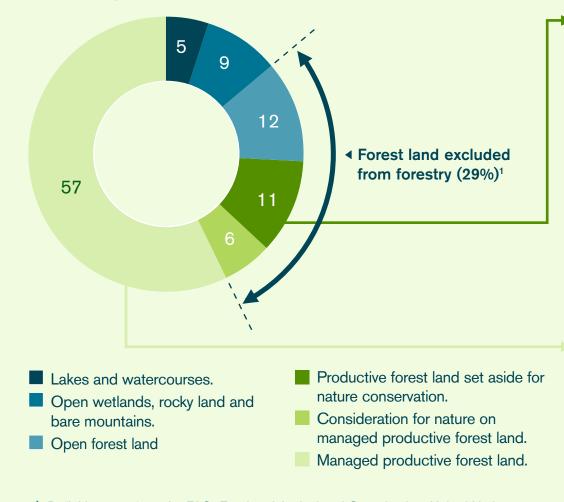
Average scope of regeneration felling

Sveaskog's regeneration felling varies in scope, from about 0.5 hectares up to about 20 hectares, depending on the conditions on site. In rare cases, this area may be larger. Below is the historical development of the average scope since Sveaskog was founded.



Sveaskog's land

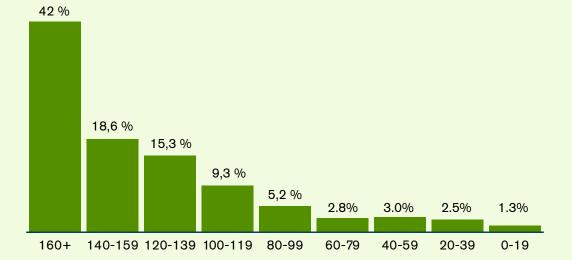
The following chart shows the proportion of different types of areas that are exempt from forestry on Sveaskog's entire holdings. In total, 29 per cent of all areas are currently exempt from forestry. The target of 20 per cent nature conservation that related to productive forest land below the montane forest, which Sveaskog has been working on since 2003 and has now achieved, is an important part of this. The chart aims to show the totality of our land holdings, divided into the parts that are now reported nationally in Statistics Sweden's regular statistics.



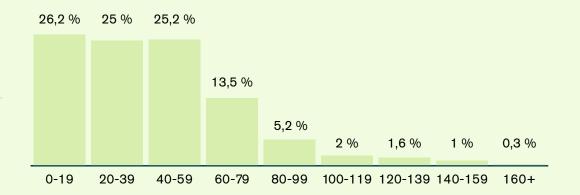
1) Definitions are from the FAO: Food and Agricultural Organisation, United Nations.

Breakdown by age of productive forest land

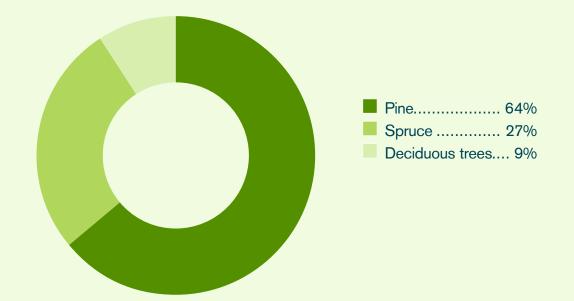
Productive forest land set aside for nature conservation, %



Managed productive forest land, %



Breakdown of tree species on Sveaskog's land



In total, 29 per cent of all areas are currently exempt from forestry

CEO's comments

A busy year for an industry in flux

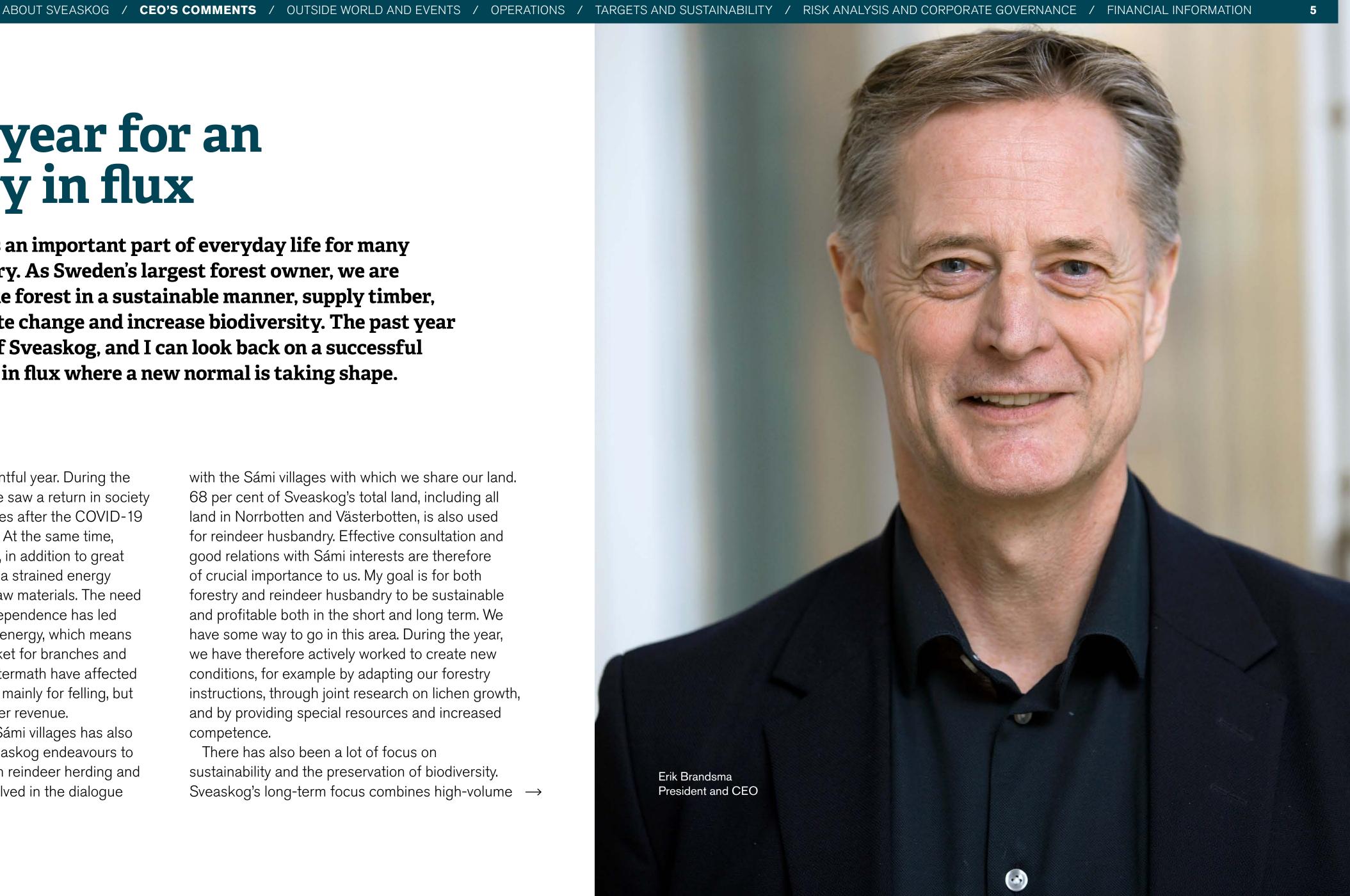
Swedish forestry is an important part of everyday life for many people in the country. As Sweden's largest forest owner, we are proud to manage the forest in a sustainable manner, supply timber, contribute to climate change and increase biodiversity. The past year is my first as CEO of Sveaskog, and I can look back on a successful year in an industry in flux where a new normal is taking shape.

2022 was an eventful year. During the first half, we saw a return in society to more normal circumstances after the COVID-19 pandemic began to subside. At the same time, Russia's invasion of Ukraine, in addition to great human suffering, also led to a strained energy situation and shortages of raw materials. The need to reduce Russian energy dependence has led to increased demand for bioenergy, which means a potential boom in the market for branches and tree tops. The war and its aftermath have affected Sveaskog with higher costs, mainly for felling, but also through increased timber revenue.

The relationship with the Sámi villages has also left its mark on the year. Sveaskog endeavours to ensure coexistence between reindeer herding and forestry. I am personally involved in the dialogue

with the Sámi villages with which we share our land. 68 per cent of Sveaskog's total land, including all land in Norrbotten and Västerbotten, is also used for reindeer husbandry. Effective consultation and good relations with Sámi interests are therefore of crucial importance to us. My goal is for both forestry and reindeer husbandry to be sustainable and profitable both in the short and long term. We have some way to go in this area. During the year, we have therefore actively worked to create new conditions, for example by adapting our forestry instructions, through joint research on lichen growth, and by providing special resources and increased competence.

There has also been a lot of focus on sustainability and the preservation of biodiversity. Sveaskog's long-term focus combines high-volume →



We want to be a long-term supplier of timber and other forest products to the industry. This requires us to have robust forests with high growth.

→ and reliable timber delivery with intense efforts to increase biodiversity. During the year, we decided to reduce felling levels for the next five years. This is a conscious investment in nature conservation and an investment in value-creating forestry that contributes to our ambition to be a leader in sustainable forestry by continuously balancing financial, ecological and social objectives. During the beginning of 2023, we have announced further reductions in Norrbotten since the co-planning processes with the reindeer husbandry did not turn out as planned. We are following up the exact consequences and also how to restart the joint planning.

We want to be a long-term supplier of timber and other forest products to the industry. This requires us to have robust forests with high growth, where we optimally balance different goals and interests. We continue to implement our long-term focus with our sustainable forestry programme, which includes the restoration of wetlands and watercourses, forestry in coexistence with reindeer husbandry and increased biodiversity in the forest. Our goals are ambitious and we are a bit away from reaching them, but we are striving to achieve them.

Stable finances

There is still strong demand in all of Sveaskog's areas of activity, despite a troubled market situation. Our financial situation is good, and during the year we laid the foundation on which we will now drive the company forward. With new financial targets, a new organisation and an increased focus on the outside world, we have a good starting point.

Sveaskog's operating profit increased by two per cent and amounted to MSEK 1,366 (1,341) in 2022 as a result of higher timber prices that were

met by lower volume from own forest and increased costs for felling and roads. The recognised change in value of biological assets amounted to MSEK 499 (-196), and the past year's profit amounted to MSEK 1,979 (1,494), corresponding to SEK 16.71 (12.62) per share.

The forest debate

Our forests and Sweden's forestry are engaging. The forest industry is one of the country's most important industries and has played a significant role in historical development. With over half of the country being covered by forests and forestry closely associated with hunting, fishing and outdoor life, the forest is part of the people's soul. In connection with the increasingly serious global climate situation, commitment to the forest's role in reducing climate change has also been increasingly debated. The forest is gaining more and more ground in public debate and in the political arena, both here in Sweden and within the European Union. With new regulations, new research and exciting innovations, it is clear that Swedish forestry is facing a change.

A new normal is taking shape

In the next five years, more will happen in the forest industry than has happened in the last fifty years. We need to welcome innovation. This may take place though an increased level of partnership and collaboration, not least in the field of technology and innovation, now that societal interests and the market are increasingly governing felling levels and timber flows. This means a higher degree of dynamism for all players in the industry, whether we like it or not. To be able to use the forest in the long term, the entire forest industry needs to work to

increase society's confidence in Swedish forestry, reduce polarisation and be sensitive to other interests and open to new approaches. Traditional even-aged forestry is being questioned, and I believe that we must develop more varied forestry with different degrees of intensity in terms of utilisation depending on the goals and interests of the particular stand to be felled. We cannot continue to make set-asides and reduce the total area of forest that we can manage. Instead, we must think beyond the black-and-white demarcation that has arisen between forestry and set-asides and consider the big picture.

We have long worked with continuous cover forestry methods and will use more continuous cover forestry methods in the future. Just like even-aged forestry, continuous cover forestry is a tool for achieving various targets such as efficient harvesting or increased biodiversity. The Swedish forest is a key in the green transition and is of great value for the entire European investment in growth, competitiveness and the ongoing climate and energy transition. Here, Sweden still has the opportunity to switch from being considered "a reluctant straggler" to being a driving force in a modern integrated forest policy within the EU.

In conclusion, I would like to extend a big thank you to all colleagues, partners, customers and suppliers for the past year. I look forward to another business year with my sights set on a successful and sustainable future! There is so much to experience in the Swedish forest – get out there and feel good. See you there!

Erik Brandsma President and CEO

Outside world



Russia's war of aggression against Ukraine

Russia's war of aggression against Ukraine has led to great human suffering, but also affected the world's economies, trade and labour market. Sveaskog and its customers have been affected in many ways. Customers who use hardwood pulpwood, where pre-war Russian volumes made up a larger share of the market, have been affected by the strained raw material situation that has arisen. In addition, rising fuel prices have affected Sveaskog, its contractors and its customers. Parts of the work in the forest, in the form of cleaning, planting and forest management, are done by seasonal workers. Historically, many of these have come from Ukraine, and there have therefore been labour-related challenges in forestry as a result of the war.

Swedish elections

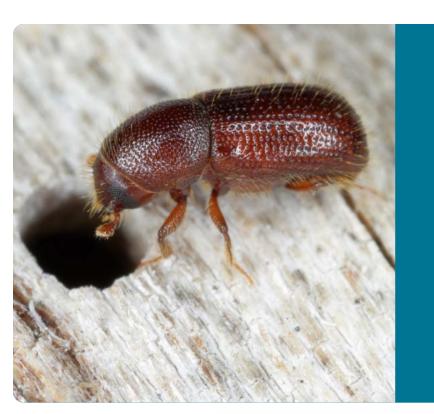
In September 2022, parliamentary elections were held in Sweden and this resulted in a transfer of power. The forest and forest policy are briefly mentioned in the Tidö Agreement, which was presented by the governing majority after the election.

Digitalisation

The whole of society, including forestry, is affected by digitalisation. Artificial intelligence (AI) is used in forestry in different ways. Through satellite images, large amounts of data are processed with the help of AI to interpret nature and develop thinning, final felling and nature conservation work, for example. Sveaskog collaborates with several different players, both companies and universities. An important part of digitalisation is creating easyto-use interfaces for machine operators. Sveaskog is also digitalising logistics in northern Sweden and developing our IT systems to satisfy the requirements for delivery precision in business with customers within the country, but also with Finland.

Sustainable products from sustainably managed forests

Sustainability is an important part of Sveaskog's business, and interest in sustainability issues is increasing, which is also noticeable in the timber market. More and more people want to build using wood, and there is an obvious place for recyclable packaging in the expanding field of e-commerce. It is not only politicians and companies that are driving this development, but also conscious consumers. Many of Sveaskog's customers – which include sawmills and pulp, board and paper mills - have sustainability high on their agenda. Sveaskog sharing quality-assured data from the harvests in the forest and collaborating on climate-smart transport activities strengthens its position in the market while, at the same time, the company contributes to sustainable social development.



Damage in the forest

Sweden's forests are majorly affected by various types of damage. At the start of the year, the Swedish Forest Agency, in collaboration with the Swedish University of Agricultural Sciences (SLU), presented the report "Damage in the forest 2021". The report states that the Swedish forest is severely affected by damage, mainly due to the spruce bark beetle and grazing damage caused by moose and other game. Fungal blight is also a major problem.



The challenges surrounding the climate transition continue to be major. During the year, a UN report was presented showing that the world is heading toward several climatic tipping points, including the melting of Greenland's large ice sheets and large-scale thawing of the permafrost. The European Council, the European Commission and the European Parliament agreed in November on a regulatory framework for the year 2030 to bind carbon dioxide in forests and on land under the LULUCF (Land Use, Land Use Change and Forestry) Regulation. In Sweden, the Swedish Forestry Agency came up with a new forestry impact analysis, SKA-22, which shows that the margins for increasing resource utilisation in the forest before 2035 are small. The high utilization of resources means that there are limited opportunities to increase harvesting and that increased nature conservation provisions have direct consequences. At the same time, the analyses show that the forest will continue to be a carbon sink for the foreseeable future, primarily until the year 2120.

Biodiversity

The importance of protecting biological diversity continues to increase, both in Sweden and internationally. In March 2022, the countries of the world met for initial negotiations in Geneva to reach an agreement on the Convention on Biological Diversity, with a first draft of the agreement being produced. In December, the UN Biodiversity Conference (COP15) took place in Montreal, where the countries of the world continued to work to achieve a new global agreement to ensure that the challenges are addressed by 2030. The negotiations were based on 22 targets, on which there is still great disagreement. In Sweden, the Swedish Forest Agency stated in the in-depth evaluation of the environmental quality target "Sustainable Forests" that the development of the environment in the Swedish forest is negative and that several habitats and red-listed species are considered to be showing a negative trend.

Events 2022



Winner in the Sustainable **Brand Index 2022**

In March, Sveaskog was named Sweden's most sustainable brand in the industry category "forest owners", according to Europe's largest independent brand study on sustainability, the Sustainable Brand Index. On the list of all sustainable brands in Sweden, regardless of category, Sveaskog climbed 33 places, from 120 to 87 compared to the previous year.

Sveaskog Finans' first deal

Sveaskog Finans, which assists contractors with financing solutions for forest machines, made its first deal in May. After intensive preparatory work, a financing agreement was signed with a contractor in southern Norrland. The financing services are a tool initiated by Sveaskog to help develop the contractual chain.

Violations in FSC audit

During the FSC audit in 2021, two major violations were cited linked to Sveaskog's conservation value assessment. According to the FSC's regulations, violations that are deemed to be major must be addressed twice as quickly compared to minor violations. The work to remedy the violations was carried out by a special group appointed by Group Management, which involved several staff groups at Sveaskog. This meant that the violations was remedied by the time the certification body FSC published its audit report at the end of 2022. One effect of the violations is that Sveaskog now has an updated conservation value assessment that will further increase the quality of the nature conservation work.

Adjusted hunting price for approx. 1,000 hunters

The prices for hunting in parts of Sveaskog's profit area Södra Norrland were changed in March from a total price per hectare to a price model based on trapping fees. In practice, this means reduced hunting prices for around 1,000 hunters on Sveaskog's land.



Winner of Sustainable **Project of the Year**

Sveaskog's Al tool KingPin was named "Sustainable Project of the Year" at the CIO Awards in December. Thanks to KingPin, which was developed in collaboration with ForestX and Tenfifty, the possibility of streamlining forest production has increased. Part of the grounds for the award reads: "An investment that gives great returns, both for the business and for the climate surrounding it. Today and for future generations."

Torne Valley aquatic environments improved in Europe's largest restoration project

Sveaskog is an important partner in a new EU-funded project where the aquatic environments in the Torne River's tributaries are to be improved on both sides of the border. This will be the most extensive restoration of aquatic environments in Europe to date. The project is being carried out together with Finland, and the financing amounts to a total of approx. MSEK 214, of which approx. MSEK 121 has been earmarked for Sweden. As part of the project, Sveaskog is taking measures in the Torne River drainage basin.

Sveaskog raised timber prices

Demand for timber, pulp, paper and cardboard remains high both in Sweden and in the rest of the world. Sawmills and the rest of the forestry industry have had a great need for raw materials during the year. As a result of the favourable market situation, a price increase was implemented in March for those who want to sell their wood to Sveaskog to increase Sveaskog's delivery capacity.

Customer visit

In December, Sveaskog conducted an excursion with one of Sveaskog's major pulpwood's customers, Smurfit Kappa. They are one of the leading providers of paperbased packaging solutions in the world. Also present on the visit was one of Smurfit Kappa's customers, 3M, along with their forest products sourcing policy implementation partner, Earthworm Foundation. The goal of the visit was to dive deeper into responsible and sustainable forest practices such as biodiversity protection, continuity forest, and collaboration with local communities. The learnings gathered from collaborative forest visits like this help to further develop corporate ESG responsibility and support customer expectations.

Great interest in Adventure Ecopark

Close to 300 applications were received for Adventure Ecopark. During the summer, adventures were had in all 17 ecoparks in Västerbotten and Norrbotten, where everyone from beginners to elite athletes and adventurers spent a several days making their way through each ecopark and documenting the experience at sveaskog.se.



New targets adopted at extraordinary general meeting

Sveaskog held an extraordinary general meeting on 31 August. The background for this was, among other things, new financial targets and adjusted Articles of Association due to the Forest Bill (Prop. 2021/22:58) and a new member being elected to the Board.



Aviary at Järvzoo opened

Sveaskog, the Swedish Society for Nature Conservation and Järvzoo have a long-term collaboration to preserve the endangered whitebacked woodpecker. In addition to extensive work in the ecoparks to create environments for the woodpecker, Sveaskog has helped finance a new public woodpecker facility at Järvzoo. In October, the woodpecker aviary was officially opened. The whitebacked woodpecker is a so-called umbrella species, which means that if it exists and thrives in a certain environment, this indicates that many other species are also thriving in that environment.

Nature conservation burning in the Ejheden ecopark

In August, Sveaskog carried out a conservation burning of approx. 122 hectares, of which approx. 90 hectares is productive forest land in Ejheden ecopark in northeastern Dalarna. In the past, forests burned more often due to natural causes, with up to a couple of hundred thousand hectares burning every summer. Nowadays, fires are put out more quickly, but fire is important for the ecology of the forest and creates variety in the landscape. That is why Sveaskog carried out a controlled burn in Ejheden ecopark for the second year in a row, because in northern Dalarna there are many forests that have historically been characterised by fire. In total, Sveaskog carried out conservation burns on 97 hectares of productive forest land in 2022.

Study visit on selective felling methods in Finland

In October, Sveaskog visited Metsähallitus to learn how Finland works with continuous cover forestry on state land. The background to this is that the Finnish government and the Swedish Parliament adopted a goal in 2020 for 25 per cent of Metsähallitus' annual felling to be done using various continuous cover forestry methods. Before this, they worked much like Sveaskog. They did not, for example, have a clear definition of continuous cover forestry, but one was worked out following the resolution. Metsähallitus' definition is quite close to the definition that Sveaskog uses, with shelterwood cutting, selection cutting and various types of selective methods.



New Chair of the Board

At the Annual General Meeting in April, Kerstin Lindberg Göransson was elected as the new Chair

> of the Board for Sveaskog. She has been a board member at Sveaskog since 2019 and former CEO of Akademiska hus, among other things.



Mongolian visit to Vibytorp's nursery

In the autumn of 2021, Mongolia initiated a national programme for planting one billion seedlings by 2030. On account of the programme, a Mongolian delegation of 30 people visited the nursery in Vibytorp in April to learn how plant production and reforestation are carried out in Sweden. The delegation also visited the Ministry of Enterprise and Innovation, SLU and the Nordic Genetic Resource Centre in Alnarp.



Sveaskog's business model

Sveaskog's core business is to manage the forest and supply timber, pulpwood, wood chips, biofuel, seedlings and forest services. In addition, Sveaskog makes land and wind power deals and develops the forest as a place for fishing, hunting and other nature experiences.

Assets

Forest and land

 Sveaskog's forest holdings of 3.9 million hectares correspond to 10 per cent of the surface area of Sweden. 3 million hectares are productive forest land. Sveaskog has a presence in approx. 170 of the country's 290 municipalities.

Financial stability

 Sveaskog is a financially stable company that is resistant to fluctuations in the market.

Employees

 Sveaskog's employees possess extensive knowledge of forestry and specialist knowledge in their respective areas of expertise.

Partnerships and collaborations

- Sveaskog has close collaborations and partnerships with customers, suppliers and contractors.
- Sveaskog collaborates and contributes to research projects, universities and trade associations that are promoting innovation and making forestry better.

Deliveries

- Total delivery volume 10,360 (10,682) thousand m³sub.
- From own forest 5,866 (6,290) thousand m³sub.
- External timber purchases from private landowners 1,738 (1,812) thousand m³sub.

Operations

- External timber purchases from other companies 2,304 (2,394) thousand m³sub.
- External timber purchases via import and other 452 (186) thousand m³sub.
- During the year, the Svenska Skogsplantor business area delivered 136 million seedlings to both own forest and external buyers.

Concessions

 Sveaskog grants land concessions to hunters, fishermen, nature tourism, wind turbines, power lines, etc.



Customers

- Sawmills:
- Supplies sawlogs to around 70 sawmill customers in Sweden.
- The sawlogs are processed and used primarily for buildings and furniture.
- Saw logs 4,373 (4,702) thousand m³sub, 44% of the total sold volume.
- Pulp and paper mills:
- Supplies pulpwood to around 20 paper and pulp mill customers that manufacture packaging paper and other paper products.

Earnings

- Pulpwood 5,539 (5,486) thousand m³sub, 51% of the total volume sold.

- Supplies around 50 biofuel customers in Sweden, primarily heating plants.
- Biofuel 448 (494) thousand m³sub.
- Other forest owners:
- Approx. 3,500 forest owners buy seedlings and forest management services from
- Land concessions for wind turbines, solar parks, power lines, and hunting rights and fishing.

Forest

- The standing forest has grown approx. 12.2 million m³fo during the year.
- In 2022, three watercourses and 22 wetlands were restored on our land.

Society

- The forest creates climate benefits, partly by sequestering carbon, and partly by the fact that what is felled can largely replace climate-impacting materials. Read more about the forest's climate benefits on pages 32-33.
- The forest creates jobs in rural areas while also being available for outdoor activities and recreation. As Sveaskog also buys timber from many individual players, Sveaskog contributes to the local economy.
- Sveaskog has contractors who perform work equivalent to 1,600 full-time equivalents
- In 2022, Sveaskog paid MSEK 202 in tax.

Employees

 Sveaskog has around 800 employees. Most are employed in forestry and at Svenska Skogsplantor. Most work in rural areas and smaller towns.

Owner

 During 2022, the total dividend to the owner, the state, was SEK 1.3 billion, which contributes to the country's welfare.

Grants

The UN's Sustainable Development Goals in the 2030 Agenda and Sweden's environmental targets

2030 Agenda















Sweden's environmental quality targets





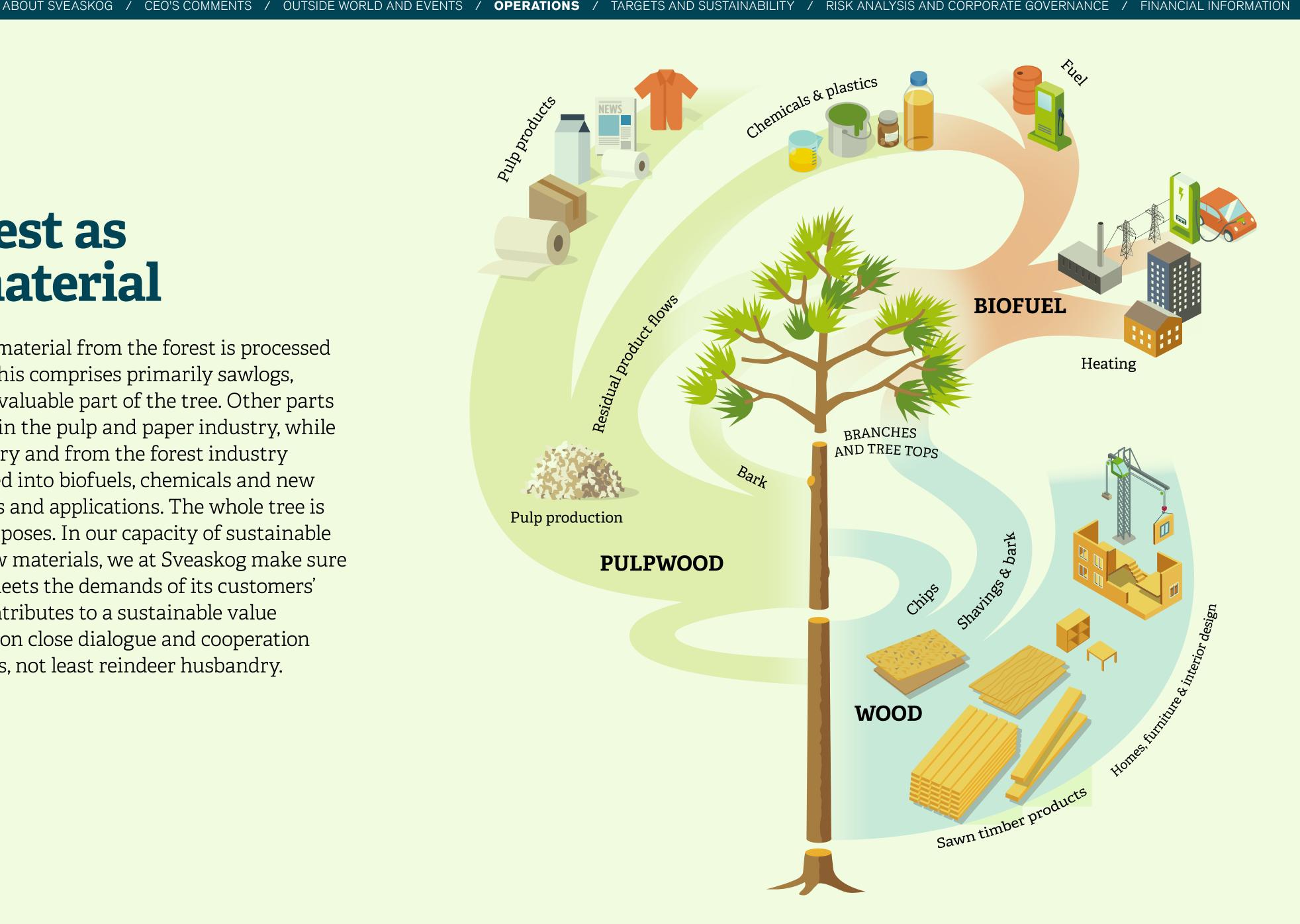






The forest as a raw material

The renewable raw material from the forest is processed by our customers. This comprises primarily sawlogs, which are the most valuable part of the tree. Other parts of the tree are used in the pulp and paper industry, while residues from forestry and from the forest industry are further processed into biofuels, chemicals and new innovative materials and applications. The whole tree is used for various purposes. In our capacity of sustainable supplier of wood raw materials, we at Sveaskog make sure that the company meets the demands of its customers' customers – and contributes to a sustainable value chain. This is based on close dialogue and cooperation with all stakeholders, not least reindeer husbandry.



Product range

All parts of the tree are utilised, and Sveaskog delivers a sustainable raw material to its customers. The company's forests are certified according to both FSC and PEFC standards, and Sveaskog requires all timber that we buy from other forest owners to be FSC Controlled Wood.



Sawlogs

Sveaskog is an independent player in the timber market and offers a wide range of timber to meet customers' wishes. These involve different volumes, tree species, qualities and dimensions. Sveaskog supplies more than half of all major sawmills in Sweden. To meet the demand, Sveaskog supplements the timber from its own forest with externally purchased volumes if necessary. The trend is moving towards increased specialisation in the sawmills, which requires Sveaskog to constantly improve delivery precision. This includes using new digital technology for carrying out forest inventories in order to ensure that the right product from the tree is received by the right customer. This requires a good dialogue and cooperation, not only with customers and the company's own internal working groups, but also with contractors and transport companies.

Pulpwood

Pulpwood is a product from the parts of the tree that are not used by the sawmills. Pulpwood falls out during both thinning and final felling. Sveaskog also makes purchases from other forest owners and imports, as well as buying cellulose chips from its own sawmill customers. Sveaskog has around twenty pulpwood customers who also buy wood chips from Sveaskog. The company's customers manufacture pulp for the production of various types of paper, paper that is mainly used in packaging and hygiene products. Sveaskog has extensive experience of collaborating with pulpwood and wood chip customers, and in recent years the focus has been on developing logistics together with them. Sveaskog offers a wide range of fresh pulpwood and cellulose chips.





Biofuel

Sveaskog's biofuel is a by-product from felling and consists of branches and tree tops that would otherwise be left in the forest after felling. The natural decomposition process releases the same amount of CO₂ that is emitted during controlled combustion with heat extraction in a heating plant. The biofuel also consists of fuel wood, which constitutes a relatively large volume. Biofuel harvesting is a natural part of sustainable forestry and takes place with major consideration of environmental and cultural factors, partly on the basis of FSC certification. Due to the high-volume nature of the material, the biofuels market is both regional and local. Sveaskog has around fifty customers, mainly heating plants.

Svenska Skogsplantor

The Svenska Skogsplantor business area grows approx. 140 million forest plants every year and is Sweden's leading producer of seedlings. In addition to seedlings, the business area also produces seeds and offers regeneration services such as soil preparation, planting, protective treatments and growth controls. A well-executed regeneration with high-quality planting material creates the conditions for healthy, productive forests. During the past year, Svenska Skogsplantor has been a driving force in the planning and establishment of the fourth round of seed cultivations and the development of improved seed materials.



Wind power

As a state-owned company, Sveaskog will contribute to Sweden meeting the climate and environmental targets set by the government. In line with this, the company grants land concessions for wind power development in a large number of locations spread across its land holdings.

In addition to meeting the government's environmental targets, this contributes to increased revenue from the company's land holdings.

There are currently 700 wind turbines in operation on Sveaskog's land. The owners include everything from investment funds and large energy companies to smaller companies, municipalities and wind power cooperatives. Sveaskog does not build or own its own wind turbines.

The wind turbines on Sveaskog's land have a total installed output of approx. 2,500 MW and a production of approx. 7.5 TWh of electricity per year. Approx. 15 per cent of Sweden's total installed wind power output is on Sveaskog's land and produces

15 per cent of the electricity that comes from wind power in Sweden. Interest in running wind power projects and leasing land for wind power expansion remains high all over the country.

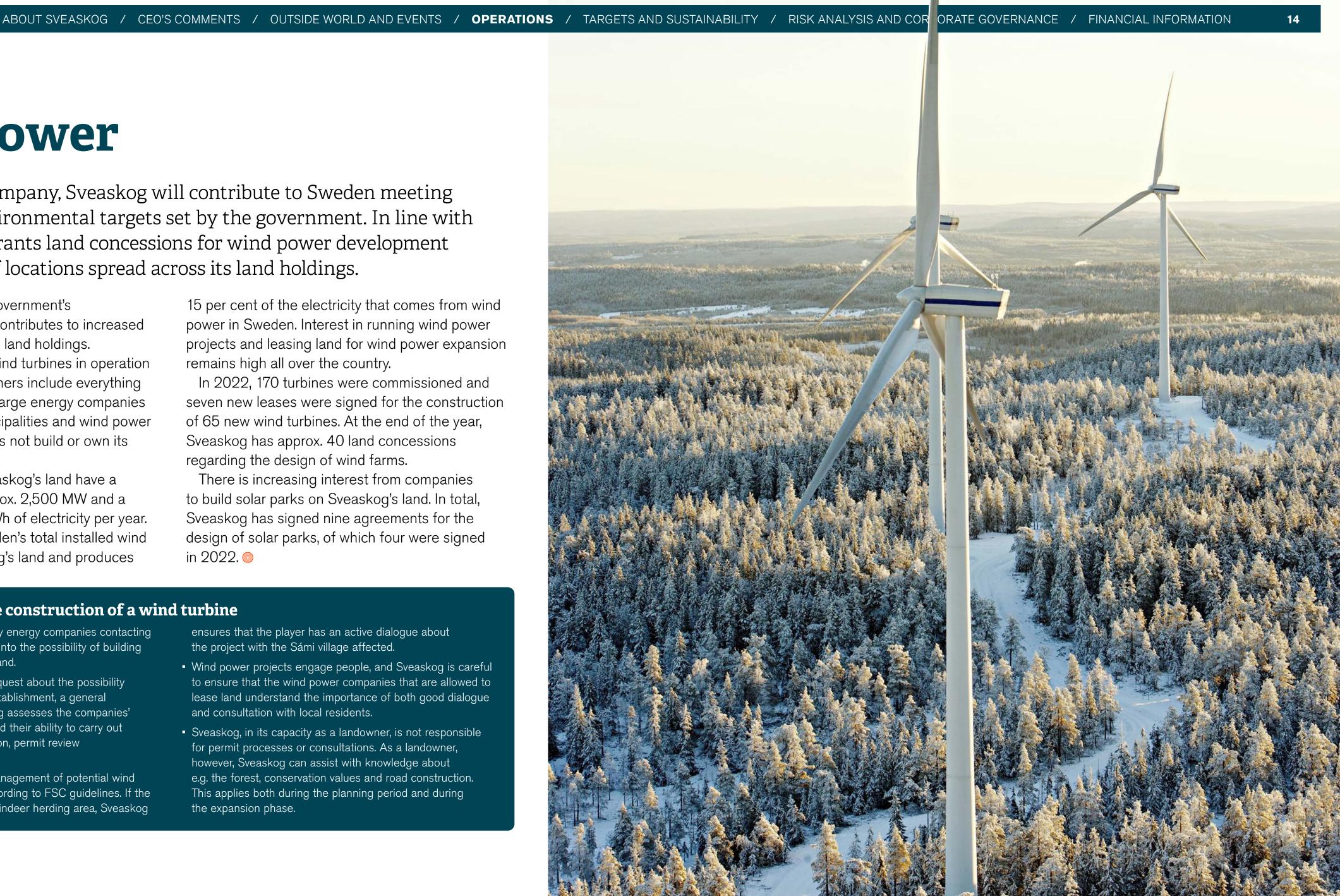
In 2022, 170 turbines were commissioned and seven new leases were signed for the construction of 65 new wind turbines. At the end of the year, Sveaskog has approx. 40 land concessions regarding the design of wind farms.

There is increasing interest from companies to build solar parks on Sveaskog's land. In total, Sveaskog has signed nine agreements for the design of solar parks, of which four were signed in 2022. 🍥

Sveaskog's role in the construction of a wind turbine

- Projects are usually initiated by energy companies contacting us because they want to look into the possibility of building wind turbines on Sveaskog's land.
- When Sveaskog receives a request about the possibility of using land for wind farm establishment, a general assessment is made. Sveaskog assesses the companies' expertise in energy matters and their ability to carry out a longer process of consultation, permit review and establishment.
- Sveaskog ensures that the management of potential wind power projects is handled according to FSC guidelines. If the project is located within the reindeer herding area, Sveaskog

- ensures that the player has an active dialogue about the project with the Sámi village affected.
- Wind power projects engage people, and Sveaskog is careful to ensure that the wind power companies that are allowed to lease land understand the importance of both good dialogue and consultation with local residents.
- Sveaskog, in its capacity as a landowner, is not responsible for permit processes or consultations. As a landowner, however, Sveaskog can assist with knowledge about e.g. the forest, conservation values and road construction. This applies both during the planning period and during the expansion phase.





Hunting and fishing

Hunting has strong traditions and means a lot to many people in the country. Sveaskog has an important role to play in balancing the different aims and interests of hunting. Just over 25,000 hunters go hunting on Sveaskog's land every year. Sveaskog's fishing licence gives people access to fishing waters all over the country.

Sveaskog is the holder of hunting rights on its land and grants parts of this right to hunting teams, hunting clubs and game management areas. In total, Sveaskog draws up around 2,500 hunting agreements every year.

Hunting is the most important tool for keeping game populations in balance. Sveaskog's game management aims to strike a balance between benefits and costs in the co-management of forest and game. The number of cloven-hoofed game must be adjusted so that the long-term targets for forest management and nature conservation are achieved.

In 2022, Sveaskog continued its work on the introduction of personal hunting licences instead of the previous hunting concessions. At the turn of the year, 4,500 hunters had taken out personal hunting licences, which corresponds to 18 per cent of the country's hunters. Personal hunting licences are a tool to ensure more direct contact with the hunters, and they also streamline administrative work.

Sveaskog wants more young hunters on its land. This is achieved in various ways, such as by offering a discount on the hunting licence, educational

hunting and through cooperation with schools and hunting organisations.

Sveaskog's fishing licence gives people access to over 1,500 fishing waters all over the country. Sveaskog also wants to get more young people to start fishing, and young people under the age of 20 fish for free in natural waters in Sveaskog's fishing licence areas. Sveaskog promotes the sustainable development of fisheries and protecting the habitat of fish so that biodiversity is preserved. At Mörrums Kronolaxfiske, fisheries management and groundbreaking research are carried out to preserve and develop the Mörrumsån river's ecological biodiversity. Mörrums Kronolaxfiske is also a very popular tourist attraction.

During the year, Sveaskog developed the cooperation with hunting organisations through more in-depth cooperation and respectful dialogue both locally and nationally. Sveaskog has strengthened and trained the workforce in hunting and fishing in order to take on additional responsibility as an attentive landowner.



Customers

Sveaskog's core business is to manage the forest and supply timber, pulpwood, cellulose chips, biofuel, seedlings and forest services to its customers. More than half of the forest raw material that we sell to our customers comes from our own forest; the remaining amount is bought by other forest owners, including private individuals.

The main products are sawlogs, pulpwood, biofuel and cellulose 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, with the European market being the most important one. Paper, pulp and wood products are traded on the global market. This means that changes in supply, demand and flows in the world markets affect the Swedish forest industry. Through Svenska Skogsplantor, Sveaskog is also a significant seller of seedlings, not least to smaller forest owners.

The year was majorly affected by Russia's war of aggression against Ukraine and the consequences of this, in terms of inflation, recession and increased fuel prices. Russia's export of forest products to the Nordic market has come to a standstill. This mainly applies to pulpwood, which has also led to increased pulpwood prices, with price levels well above previous price peaks.

As a result of the general economic slowdown, paper and paperboard prices are now falling, albeit from high levels. However, pulp prices remain at record high levels. The prices of sawn timber are falling rapidly as a result of lower activity in the construction industry and generally high stock levels of sawn timber. In 2022, activity in Swedish forestry, measured in felling area, was lower than in 2021, despite generally higher timber prices. The declining supply of pulpwood and demand from both fibre and energy customers have led to sharp price increases.

Sawmills

Prices for Swedish wood products fell at the end of the year. However, orders received by the wood mechanical industry recovered at the end of the last quarter. European households under pressure from increased costs of living are limiting their spending in the DIY market, and higher interest rates are putting a damper on new construction. A light in the dark for wood products is export business to

the United States, which took off in parallel with Europe slowing down. In the longer term, the forecast for sawn timber remains positive, mainly driven by increased use of wood in climate-smart construction. Sveaskog's customers in the sawmill segment therefore anticipate increased volumes due to increased demand from their customers.

Pulp and paper industry

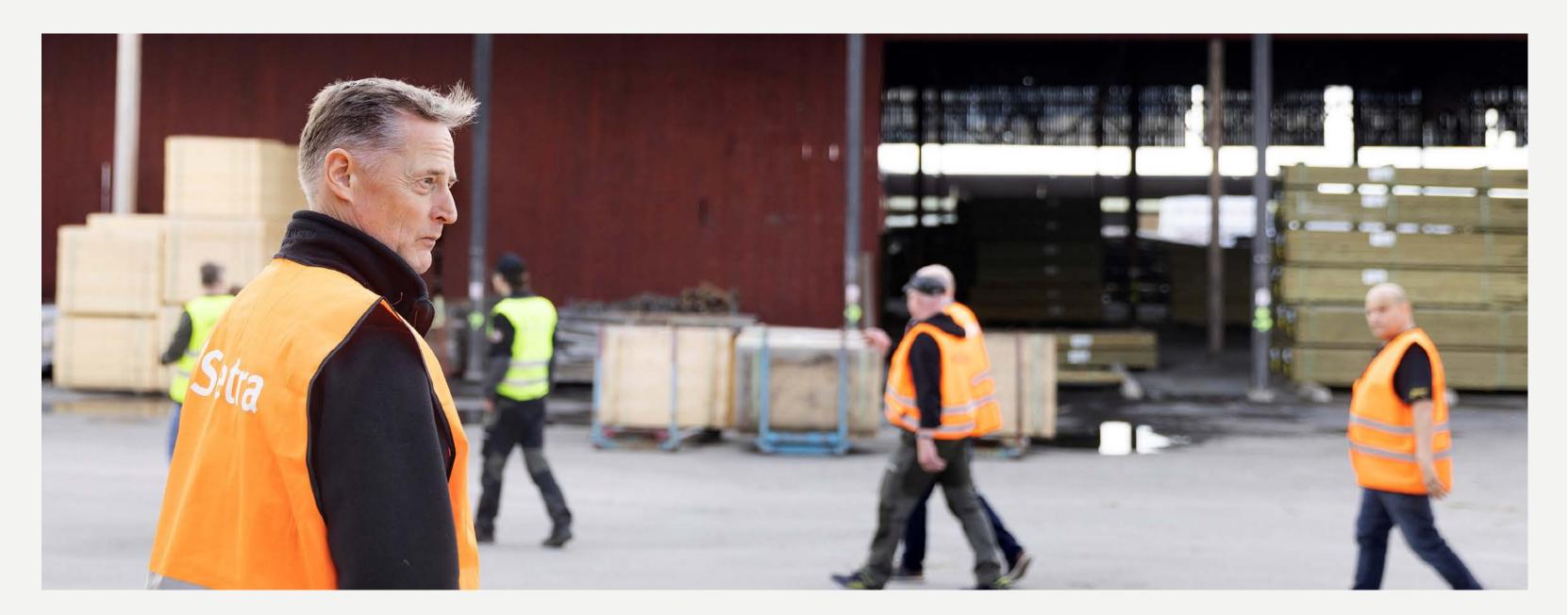
The record high pulp prices continued through to the end of the year. For paper and paperboard, prices and demand were curbed as a result of the economic slowdown. The supply of wood raw materials continued to be scarce in much of Sweden, which led to Sveaskog receiving several requests for increased pulpwood deliveries. The strong demand and limited supply of pulpwood also led to sharp increases in pulpwood prices.

The biofuel market

The market for forest biofuel, such as branches and tree tops, is both regional and local since the transport costs are high and the production costs are relatively low for biofuel. The forest biofuel market is significant in southern and central Sweden but is more limited in northern Sweden. The customers for Sveaskog's biofuels are power and heating plants as well as the energy-producing forest industry. The energy situation in Europe ahead of 2023 affected the biofuel market with rising prices and new trading patterns. At the end of the fourth quarter, Sveaskog felt that the consumption of biofuel generally increased as a result of several co-generation plants having increased electricity production compared to previous years.

Digitalisation is streamlining the forest industry

For example, Sveaskog can now continuously share quality-assured data directly from the harvests out in the forest. Among other things, customers are given access to information about what the timber looks like and how large a volume is being felled. Getting this type of data makes it easier for the sawmills' planners, because they know what type of timber will be delivered and can in turn inform their customers. Sveaskog also has access to better base data for decisions, which enables the company to develop as a supplier. In recent years, interest in sustainability issues has increased further, and this is also noticeable among Sveaskog's customers. Many people want to build using wood, and in the expanding field of e-commerce, recyclable boxes are a must. This development is not least driven by conscious consumers.



Customer dialogue and collaboration in Malå Municipality

n June, Sveaskog and Setra Malå together with Mala Municipality participated in a seminar on the new investment in the sawmill in Malå. About 40 guests from authorities, neighbouring municipalities, Region Västerbotten and the County Administrative Board participated in the conversation with Sveaskog and Setra about how society as a whole can influence and contribute to the sustainable value chain. The discussion covered everything from how a good nursery school and good roads create a basis for societal development to how an entire tree can be utilised.

Setra's site manager, Marlene Bergström, said that in the spring of 2025, Setra's new facility, which doubles the sawmill's capacity, will be put into operation.

"We are building long-term competitiveness but also the sawmill of the future," said Marlene Bergström.

She also highlighted the crucial collaboration with Sveaskog and touched on how the IT technology of the future means greater opportunities to deliver with precision and quality.

The county governor of Västerbotten, Helene Hellmark-Knutsson, who is also chair of the association WoodCity Sweden, talked about how the proportion of wooden houses is increasing across the country and how every fifth apartment building is now being built with a wooden frame. But, above all, she highlighted the great challenge of the extreme growth in northern Norrland and the labour shortage.

"We need 100,000 more people in Norrbotten and Västerbotten. We need to get more people to move to Norrland and inland Norrland," said the county governor.

Chairman of the Regional Development Board for Region Västerbotten, Ricard Carstedt, highlighted the historical and future significance of the forest and wood industry in Västerbotten.

"This development in Malå is the continuation of what built Västerbotten, and no region in the world is better equipped for climate change than Västerbotten".

A major topic of conversation was also sustainable transport with more heavy-duty vehicles and with new fuels.

Contractors

Sveaskog hires machinery, plant, forest management and transport contractors for everything from felling and thinning to building roads and forest management as well as transporting the raw material. Collaboration with skilled contractors is a prerequisite for Sveaskog to able to manage the forest sustainably and complete its deliveries to customers.

Most of the company's work relating to felling, forest management and transport is performed by about 300 contractors spread across the country.

Before a company is hired, extensive checks are made to ensure that it has the conditions to carry out the assignment and that it satisfies the requirements. Hired contractors must always follow the labour market rules in Sweden and at the very least comply with the current collective agreement. The requirements apply regardless

of the employee's home country or background. In 2018, Sveaskog received clear signals from contractors about an increasing concern for their future profitability and risk distribution. Sveaskog took these concerns very seriously and drew up a specific and long-term action plan. The plan includes measures in areas where the relationship between Sveaskog as a large company and small contractors has been unequal. Since 2018, Sveaskog has tried to improve the everyday life of contractors through the introduction of financial security in the event of

time lost due to fire risk and assumed responsibility for damage resulting from any fire, introduced recruitment support for training new drivers and created the contractor portal Entrén for support and advice. Sveaskog has also founded the finance company Sveaskog Finans AB to offer contractors commercial financing that takes into account the contractor's situation and conditions in connection with expensive investments or starting a new business.

The year was particularly challenging for many contractors after Russia's war of aggression against Ukraine due to goods shortages and long delivery times, major cost increases and labour challenges.

For many years now, Sveaskog has also assumed the contractors' business risk linked to price increases for diesel so that the contractors are not affected by increases. The current diesel price and current tax legislation are reflected in a fuel clause in the contractor agreement.

An important issue for Sveaskog is that the people



who work for the contractors, both permanent employees and Swedish and foreign seasonal workers, have good and safe working conditions. Sveaskog's buyers are continuously trained to learn how they can best control such things. Sveaskog's buyers do not always hire the contractor who offers the lowest price. Before an agreement is entered into, a so-called service declaration is also sent

to the contractor, which they must read and sign before any work can be carried out. The service declaration is also shared with the trade union GS (Swedish Forest and Wood Trade Union) bargaining agent with subsequent dialogue. Sveaskog and GS have the same goal: to ensure fair employment conditions in the forest.

CSI measurement

During the year, a comprehensive survey (Contractor Satisfaction Index, CSI) was conducted in which Sveaskog's contractors answered a number of questions regarding their view of Sveaskog as a company and as a client and regarding the cooperation, closest contact persons, agreements and remuneration. According to the survey, Sveaskog's contractors are generally satisfied with Sveaskog. There are consistently high results among construction and transport contractors, but slightly lower results from felling and forest management contractors, although a majority of these are also satisfied. The contractors are particularly satisfied with the relationship with their closest contact persons. There are geographical variations, especially in felling, where uncertainty about new felling calculations, assignment volumes and the future both concerned them and negatively affected the outcome.

Technology partnerships

Sveaskog is involved in several important collaborative projects with research institutes, higher education institutions, startups and other players in the forest industry. The aim is to jointly develop gentler technology and modern AI tools, evaluate working methods and reduce the climate impact of forestry.

KingPin: AI tool for more precise deliveries

KingPin is an Al tool developed by Sveaskog in collaboration with ForestX and Tenfifty. The forest industry's need for custom raw materials is increasing, and at the same time it is becoming increasingly important that the forest is cultivated and used in manner that is sustainable in the long term. With this and the potential of digitalisation and AI in mind, the idea that later evolved into the tool KingPin was born. The tool means that a large number of methods for satisfying customer requirements in terms of lengths and diameters can be tested in a digital forest. The tool itself evaluates the sub-results and iterates different variants further on in the process in order to best deliver the sawlogs required by the customer. With KingPin, safer production forecasts are created because it is easier to simulate and optimise the outcome down to each specific tree and match it to the customers' specific needs. This leads to a smoother delivery, stabler forecasts and more efficient logistics. In December 2022, KingPin won "Sustainable Project of the Year" at the CIO Awards.

Ponsse: Forwarder

During the year, Ponsse and Epec presented their prototype for a new forwarder that reduces CO₂ emissions. The machine has an all-electric powertrain as well as Epec's power distribution unit and hybrid control unit. The machine's powertrain is powered entirely by battery power. It is estimated to only have to run about fifty per cent of the time to charge the batteries. Sveaskog has worked closely with Ponsse for many years and will be able to test the first forwarder when the machine is launched.



Collaborations with higher education institutions

Sveaskog collaborates with several colleges and universities. One of these collaborations is Effekt 20, which was started in 2003. It is a collaboration between Sveaskog and the Swedish University of Agricultural Sciences (SLU) in Umeå that measures the development of biodiversity in the long term. Recently, results were presented from a comparison between ordinary forest landscapes and ecoparks where measurements of insect populations and birds were made over time. Sveaskog also collaborates with SLU within continuous cover forestry. Sveaskog also collaborates with SLU Uppsala, Skogforsk, Swetree Technologies, Södra, Stora Enso and Holmen on resistance breeding and root rot in spruce as well as on pine's resistance to resin-top disease. Sveaskog and Luleå University of Technology (LTU) collaborate on landscape analyses and reindeer herding.

Digital planning without markers

For a long time, those who have planned felling and thinning have used strip markers to indicate various forest boundaries. Part of the precision forestry project is positioning the trees using an advanced GPS in order to obtain a higher accuracy in the position indication of harvesters and thus move towards fewer markers in forestry. This means even greater accuracy when planning felling and nature conservation, both because there is digital traceability without markers and because the risk of a physical marker disappearing as a result of, for example, severe weather is reduced.



AirForestry: Thinning from the air

AirForestry works to be able to thin from the air using large drones and harvesting tools. The drone and the unit are remotely controlled from a mobile operator station that can also charge the drone. Sveaskog is working closely with AirForestry, and the solution has great potential for the entire forest industry, consisting of an alternative technology with automation, electrification and airborne execution.



Centipede: Gentle forwarder

Centipede is a new type of forest machine that has a track system with a large supporting surface against the ground. It combines gentleness and increased productivity with an improved driver environment and is the result of a major collaborative project that has been running since 2019. It was developed by the machine manufacturer Komatsu Forest and eight Swedish forest companies (Sveaskog, Södra, SCA, Holmen, Norra Skog, Mellanskog, Stora Enso and Billerud). The machine is built to reduce the risk of ground damage, increase transport speed and reduce whole-body vibrations for the operator. The machine has a fully sprung chassis that handles the unevenness of the ground, which means that the speed can be significantly increased without the vibrations.

Autoplant: Autonomous soil preparation

In 2021, several players in the forest industry, including Sveaskog, started a project to develop an autonomous planting machine. The work has now resulted in a prototype machine built on the technology platform developed by Luleå University of Technology (LTU). The collaboration includes Skogforsk, KTH and SCA. In September, the various partial solutions developed in the project were integrated into LTU's autonomous research platform. The field tests in a clearing outside Bräcke show great potential.

Employees

Sveaskog wants to build a corporate culture where everyone understands the big picture, is responsible for their part and actively contributes with their knowledge. The goal is for both the employees and the business to develop in this way. In parallel with this focus, Sveaskog's HR work during the year has also been characterised by work on the organisational change that took place at the turn of the year 2022/2023.

Attracting and retaining talent

In order to secure the company's delivery capacity and operations, talent is an important and strategic issue within Sveaskog. The company works actively to attract new employees and to future-proof the right skills. As part of the major investments in sustainable forestry, new recruitments have been made in several different positions and roles. Furthermore, a lot of activities and training courses relating to attracting and retaining talent have taken place to secure knowledge, learning and development. Among other things, forestry training for non-foresters has been carried out. The training is aimed at Sveaskog employees who have no forestry training and provides basic knowledge regarding forests, forestry and the forest industry. To help them succeed in their roles, there is a leadership programme aimed at new managers. The starting point for the programme is Sveaskog's principles for collaboration and leadership: We make each other better.

Trainee programme and Technology Leap

In 2022, there was a great deal of interest in applying to Sveaskog's trainee programme. The purpose of the programme is to give young people with a university education in forestry, industrial economics, logistics, biology or similar an introduction to Sveaskog. The programme is aimed at those who have recently graduated or have a few years of work experience. It was started in September 2022 to run for eight months. During the year, Sveaskog also participated in the Royal Swedish Academy of Engineering Sciences' (IVA) Technology Leap. Through this, young people between the ages of 18 and 30 have been given an insight into what it is like to work at the company. Technology Leap is an internship programme through which Swedish employers, together with the government, hope to attract more young people to higher technical education and thus secure future talent by giving them the opportunity to try working ______ with technology, innovation and IT.



Sveaskog's employees are located all over the country. Many employees combine field work on Sveaskog's land with office work in their normal working day.

\rightarrow Diversity and inclusion

Sveaskog works actively for greater inclusion, gender equality and diversity. During 2021 and 2022, employees have undergone online training (the Diversity Tool) with discussion and reflection exercises linked to all grounds for discrimination. Since 2019, Sveaskog also offers all its contractors online training in equality, diversity and inclusion, and for a year and a half starting in the autumn of 2022, the Swedish Association of Forestry Contractors will offer its member companies the same training, with the support of Sveaskog.

The proportion of women permanently employed in the market areas (forestry positions) has increased from eight per cent in 2013 to 21 per cent in 2022. In 2022, the partnership continued with the Mitt Liv (Chance of a Lifetime) mentorship programme, which serves as a bridge between the Swedish labour market and workers with a foreign background.

A safe and secure workplace

Safety and work environment issues are a high priority at Sveaskog. No one should be injured or suffer from ill health at work. In recent years, a new dimension of occupational health and safety risks has emerged as a result of offices and work areas in the forest being subjected to threats and intrusions by activists. Sveaskog has therefore developed new procedures regarding safety work.

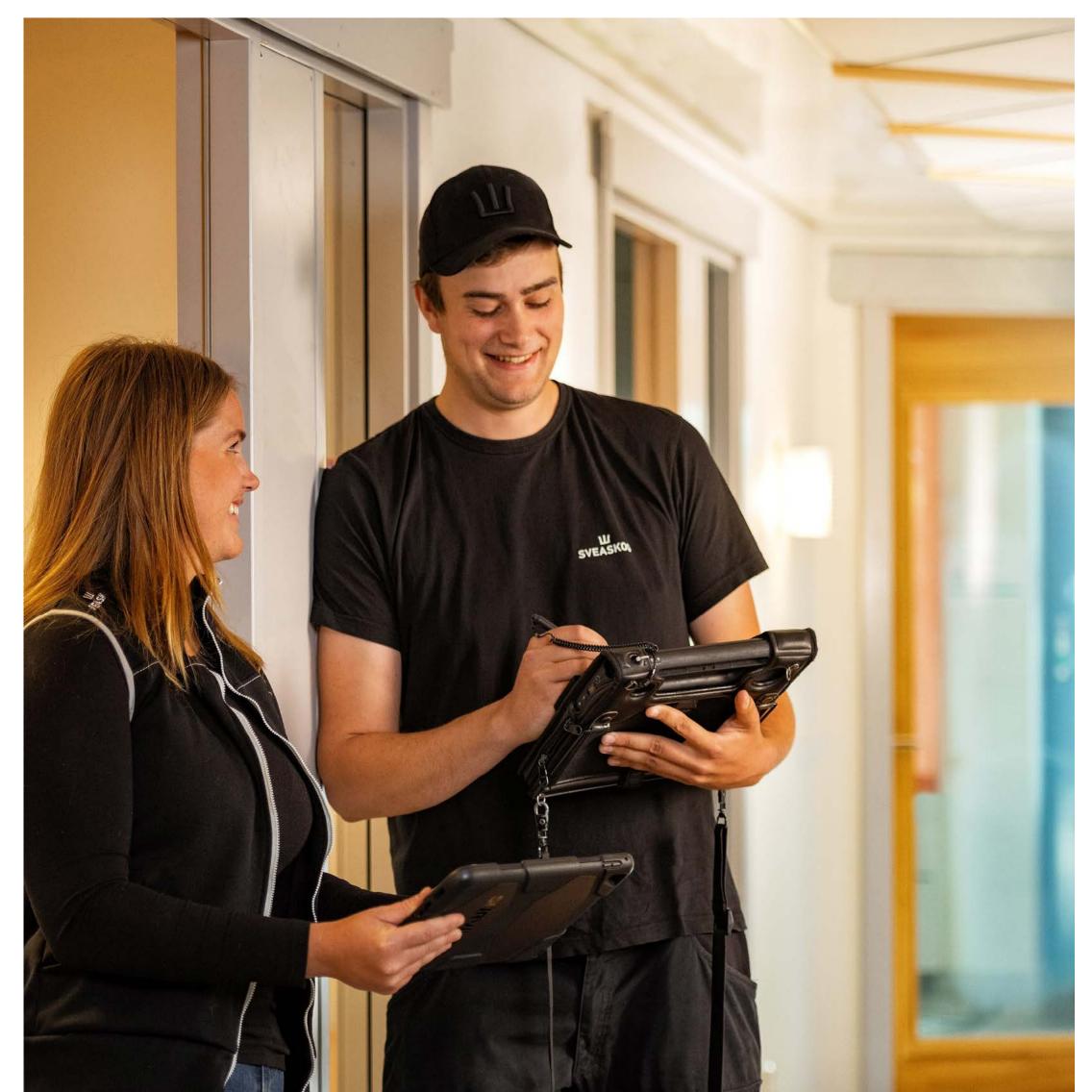
At the end of 2022, three people were charged with trespassing at Sveaskog's office on Torsgatan in Stockholm. The debate about the forest is important and welcome, but under no circumstances must it take place through threats or violence against individual employees or property.

Employee survey

In 2022, employee survey Fröet (The Seed) was conducted. The results showed that the driving forces that are most valued at an overall level are "meaningfulness and participation" and "relationship with manager and colleagues", which are the same as in the survey the year before. The three areas that the employees generally rated lowest are, as in 2021, "autonomy", "workload" and "health". During the year, Sveaskog implemented some changes that affect many employees' working day, for example through lower levels in felling calculations and development of the organisation.

After the pandemic

Many of the company's employees have Sveaskog's forests and land as their workplace, but of those employees who worked remotely during the pandemic, most began to return to their workplaces during the year. However, the company's employees will continue to have the option of working from home for around two days per week when their tasks permit this.





Strategic targets for sustainable value creation

Sveaskog's operations and strategic targets for sustainable value creation contribute to the 17 Sustainable Development Goals in both the UN's 2030 Agenda and Sweden's national environmental and climate targets. Sveaskog works actively to contribute to the 2030 Agenda and has identified the goals and sub-goals where the company can contribute in the most relevant way. Reporting of Sveaskog's contribution to the Sustainable Development Goals and Sweden's environmental quality targets* is integrated throughout the report.

o achieve the strategic targets for sustainable ■ value creation – increased growth, increased timber harvesting and increased biodiversity -Sveaskog has identified six success factors. For each success factor, Sveaskog has developed initiatives that all contribute to each success factor as well as indicators and targets to measure

whether the company is moving in the right direction. The sustainable forestry programme has been classified as an initiative within the success factors. Read more about the sustainable forestry programme on pages 25-27. The following goals are based on Sveaskog's business plan for the years 2023-2027.

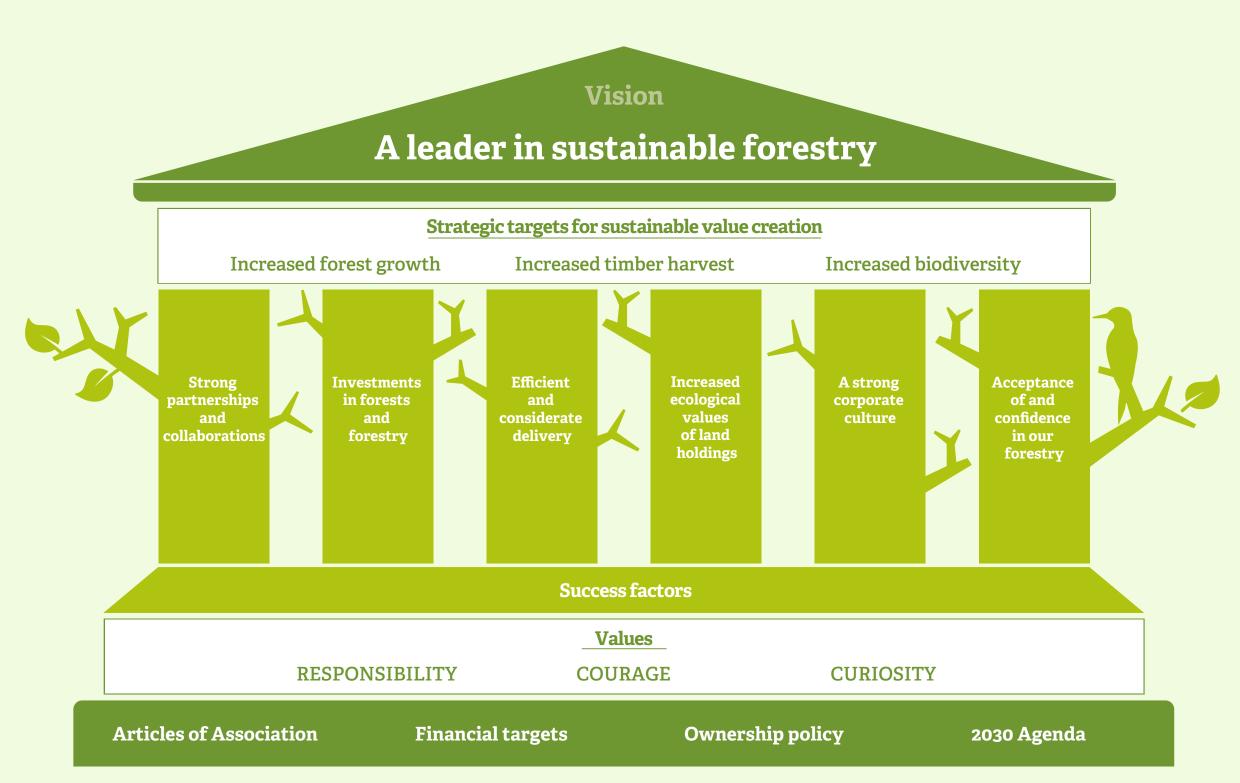
Sveaskog's financial targets

The financial targets are integrated into Sveaskog's strategic targets for sustainable value creation.

	2018	2019	2020	2021	2022
Return on adjusted operating capital (excl. deferred tax), % (target 2.5%)	5.9	5.2	3.6	5.2	4.9
Return on adjusted operating capital (excl. deferred tax and equity participation in associates), % (target 2.5%)	5.4	5.5	3.5	3.6	3.6
Net debt/equity ratio, times (target 0.05-0.3)	0.3	0.3	0.13	0.12	0.11
Dividend, MSEK (target 70-100%, outcome for 2022 100%)	1,100	1,100	850	1,300	1,150¹

¹⁾ The Board's proposal to the Annual General Meeting.

Sveaskog's new financial targets were adopted at an Extraordinary General Meeting on 31 August 2022 and are valid from the same date. Read more on page 29.



Sveaskog has identified six important success factors for achieving the company's three strategic targets for sustainable value creation and, by extension, Sveaskog's vision "A leader in sustainable forestry".

Targets and outcomes

Strong partnerships and collaborations

Indicator	Measurement	Outcome 2021	Target 2022	Outcome 2022	Target 2027
Satisfied customers	Customer satisfaction index sawmill customers	Not measured ¹	75	74	75
	Customer satisfaction index pulpwood customers	Not measured ¹	70	58	70
	Customer satisfaction index biofuel customers	Not measured ¹	70	73	70
Satisfied suppliers	Supplier satisfaction index	Not measured ¹	70	69	70
Satisfied contractors	Contractor satisfaction index	Not measured ¹	75	76	75









The right raw material shall be delivered to the right customer and waste shall be minimised throughout the process, from the forest to the end customer. By maintaining a holistic view of the value chain together with our customers, we can acquire better base data for decisions on flow management and planning in order to minimise value losses and strengthen our shared value Good Built Environment chains. We see great opportunities in digitalisation in this area.

Investments in forests and forestry

Indicator	Measurement	Outcome 2021	Target 2022	Outcome 2022	Target 2027
Optimal plant choice ²	Cultivation profit, planted seedlings %	12.9	12.8	14.0	14.4
Increase in new tree species, larch and birch	Planted area, hectares/year	231	345	284	1,205
More cleaning in reindeer herding area	More cleaning, hectares/year	1,010	2,925	2,479	6,025











Planting shall take place with the best available cultivated seed material, where we make sure that we optimise the use of each seed.

Efficient and considerate delivery

Indicator	Measurement	Outcome 2021	Target 2022	Outcome 2022	Target 2027
Efficient delivery	Logistics index	86%	90%	87%	95%
Considerate delivery	Proportion of 68-tonne transport operations	38%	39%	44%	59%
Reduced CO2 emissions across the whole value chain ³	Emissions %, compared to 2020	5%	8%	15%	25%

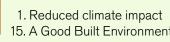
2030 Agenda





Sweden's environmental quality targets





Sustainable management and efficient use of natural resources. The right raw material shall be delivered to the right customer and waste shall be minimised throughout the process, from the forest to the end 15. A Good Built Environment customer. We also see great opportunities in digitalisation in this area.

Increased ecological values of land holdings

Indicator	Measurement	Outcome 2021	Target 2022	Outcome 2022	Target 2027
Environmental values are achieved in forestry without major impact	Environmental consideration index	98	99	86	99
100 new wetlands by 2026	New wetlands/year	11	10	11	20

2030 Agenda

Sweden's environmental quality targets











8. Flourishing Lakes and Streams 1. Thriving Wetlands 4. A Magnificent Mountain Environment . A Rich Diversity of Plant and Animal Life.

Sveaskog is now increasing its nature conservation measures for both consideration areas left and in connection with certain tree-bearing impediments. This enhances the natural value qualities of all forest land and benefits biodiversity. Sveaskog is also stepping up its efforts for other kinds of land than forest land, primarily wetlands. Wetland restoration measures bring major conservation benefits, and they can often also create increased climate benefit.

A strong corporate culture

Indicator	Measurement	Outcome 2021	Target 2022	Outcome 2022	Target 2027
Having good leadership	Leadership index ⁴	4	>4.0	4.1	4.2
and committed employees	Commitment ⁴	3.8	>3.9	3.8	4.2
Proportion of women	Proportion of employees %	27	>30	27.3	35
Proportion of employees with foreign background	Proportion of employees %	7.1	>4.5	6.9	7

2030 Agenda





With increased gender equality, diversity and the right of inclusion for all, the recruitment base and the skill supply of the future are being broadened. By actively contributing with their own knowledge, every single employee can influence Sveaskog's success and development.

Acceptance of and confidence in our forestry

Indicator	Measurement	Outcome 2021	Target 2022	Outcome 2022	Target 2027
Acceptance of our forestry	Brand index ⁵	56	60	57	75
Acceptance of our forestry	Reputation index ⁶	34	40	26	65

2030 Agenda



The measures within the other success factors result in increased acceptance of and confidence in our forestry. Sveaskog will describe more clearly how the company operates a sustainable forestry business and contributes to both the 2030 Agenda goals and national environmental and climate targets.

- Historical outcomes for the indicators for which there is historical data may be found in the sustainability notes
- 1) Measurement takes place every two years.
- 2) By selecting plants with specially developed properties that are optimal for the location and adapted to current and future climates, we can increase growth and future timber extraction.
- 3) A science-based target is under development; read more on pages 32–33
- 4) Based on the results of the annual employee engagement survey.
- 5) Brand tracker, Whispr.
- 6) Reputation index, Kantar Sifo.

Follow-up and reporting on the sustainable forestry programme

Sveaskog's operations and strategic goals for sustainable value creation contribute to both the 17 Sustainable Development Goals of the UN's 2030 Agenda and Sweden's national environmental and climate targets. Sveaskog's new long-term focus, which extends to 2050, continues to combine high-volume and reliable timber delivery with efforts to increase biodiversity. Sveaskog's sustainable forestry programme supports that work.¹



The managed forests

1. Optimal seedling choice for a changing climate

When planting new seedlings, Sveaskog chooses plants with specially developed properties that are optimal for the location and well adapted to the climate of today and the future and that thus have greater resistance to various attacks. Sveaskog plans for a ten per cent deciduous element in the coniferous forest and is increasing the planting of pure deciduous forests. This increases the ecological values of the managed land at the same time.

Measures	Target 2022	Outcome 2022	Target 2027
Cultivation profit from planted seedlings (%)	13.2	14	14.8
Area of cuttings planted (hectares/year)	0	0	600
Planted fourth-generation spruce and pine plantations (number/year)	1	0.5	3
Birch, planted annual area (hectares/year)	155	164	760
Siberian larch, planted annual area (hectares/year)	190	120	410

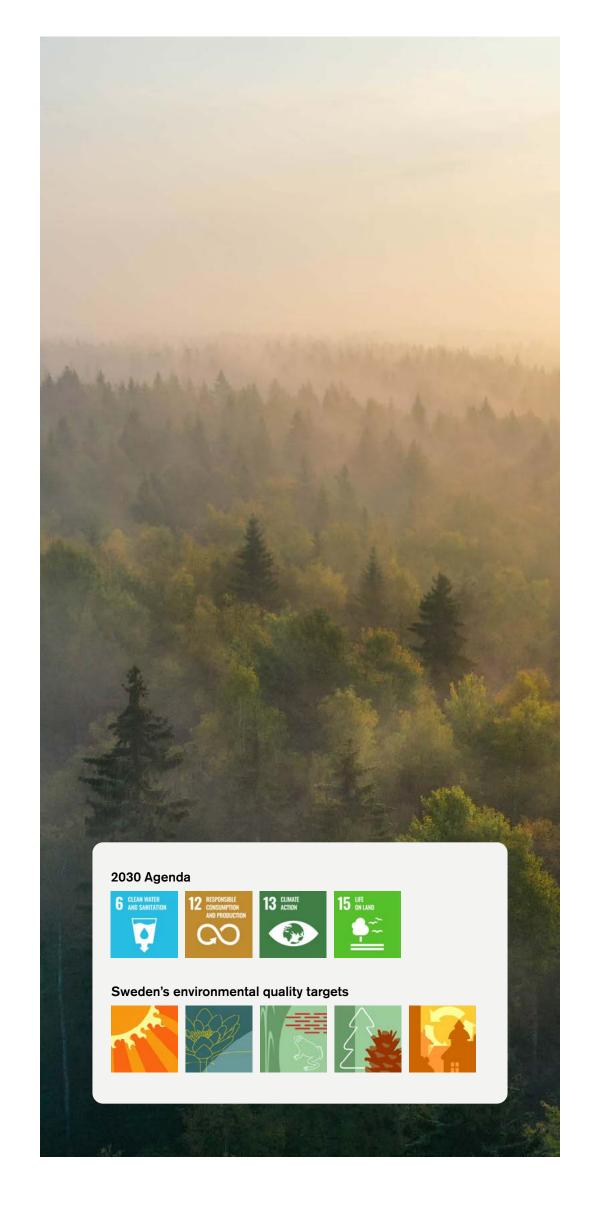
2. New programme for functional ecology considerations

Ecological values are created through nature conservation in consideration areas in the production forests, during which Sveaskog's production forests also become more ecologically interesting. For example, more dead wood, both lying and standing, could be created, and trees could be damaged to attract fungi.

3. Continuous cover forestry in the most visited ecoparks

Sveaskog is switching to continuous cover forestry, e.g. mosaic or selection cutting, in the managed parts of the five most public ecoparks: Omberg, Böda, Raslången, Halle-Hunneberg and Hornslandet. This supplements the four pilot areas that Sveaskog already has.

Measures	Target 2022	Outcome 2022	Target 2027
Continuous cover forestry trees			
felled (hectares/year)	150	62	70



¹⁾ Information on all the targets for 2023 related to the programme can be found on page 114.

4. Limited continuous cover forestry based on landscape impact

Sveaskog is investigating how limiting the scope of clear-felled areas, in addition to the criteria that Sveaskog currently observes within the framework of the FSC certification, can be done to best contribute to the establishment of a green infrastructure and increase the experience values in the landscape.

5. Initiative for a better coexistence with reindeer husbandry

Sveaskog endeavours to ensure functioning multiple-use forestry. In order to better coordinate the overall planning for forestry in coexistence with reindeer grazing, Sveaskog wants to establish joint landscape planning in dialogue with reindeer husbandry. The new integrated process involves early and joint action planning. To facilitate the integrated planning processes, measures such as a digital tool, samplanering.se, and a programme offering reimbursement of costs for participation in consultations and integrated planning have been developed.

6. More clearing and thinning in the reindeer herding areas

Throughout Northern Sweden, where Sveaskog coexists with reindeer herding, Sveaskog will carefully clean and thin to benefit terrestrial lichens, which are the reindeer's primary food source. These efforts must take into account the wishes of the Sámi villages in order to have a good effect.

Measures	Target 2022	Outcome 2022	Target 2027
Actioned extended area of cleaning per year (hectares)	2,925	2,479	5,100
Actioned extended area of thinning per year (hectares)	200	385	1,200



The water in the forest

7. Wetland programme with 100 new wetlands

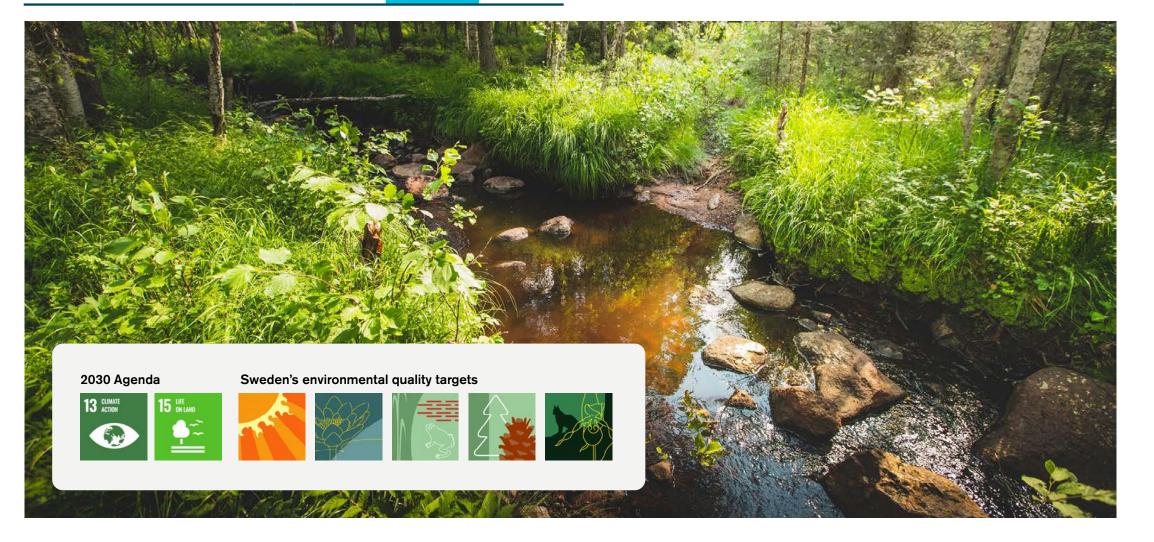
Sveaskog is increasing the number of restored wetlands from around four to at least 20 per year, with half covering and area of more than two hectares. Wetlands are powerful carbon sinks, which means that the restoration work is effective climate action. This is also important for biodiversity and to control the speed of water moving through the landscape.

Measures	Target 2022	Outcome 2022	Target 2027
Number of restored wetlands (annual outcome)	10	22	20
Number of restored wetlands (acc. from 2021)	20	33	120

8. Restore ten running watercourses

The dredging of streams and rivers for timber floating or power generation has had a major negative impact on the ecological values of the waters. In cooperation with county administrative boards and local associations, Sveaskog has selected ten particularly valuable water systems that have carefully begun to be restored.

Measures	Target 2022	Outcome 2022	Target 2027
Number of completed watercourses (acc. from 2021)	0	3	11
Number of ongoing watercourses	6	5	3





High conservation value forests

9. Harmonisation with national targets and EU goals

Sveaskog will contribute to national environmental targets and the EU's biodiversity strategy 30/10, where 30 per cent of forest land is protected in a broad sense, and 10 per cent of this is under strict protection. Regarding the ten per cent with strict protection, in Sveaskog's case it is about increasing the amount of formal set-asides that Sveaskog owns, i.e. more nature reserves or an increased amount of high conservation value forests covered by ecopark agreements.

Measures	Target 2022	Outcome 2022	Target 2027
10% formal set-asides (acc.)	8%	7 %	10%
Formal set-asides in hectares (acc.)	20,000	0	100,000

10. Extended nature conservation programme

Sveaskog is increasing the annual area of nature conservation (NC) from about 1,000 to 3,000 hectares. The measures referred to range from felling conifers to benefit deciduous trees in older forests, cleaning/thinning in younger forests, and flooding or burning forests, to selective measures such as creating more dead wood or sunlit edges.

Measures	Target 2022	Outcome 2022	Target 2027
Performed NC (hectares)	1,025	781	2,150
Area bank NC (hectares)	1,345	1,405	3,075

11. Increased investment in deciduous forests

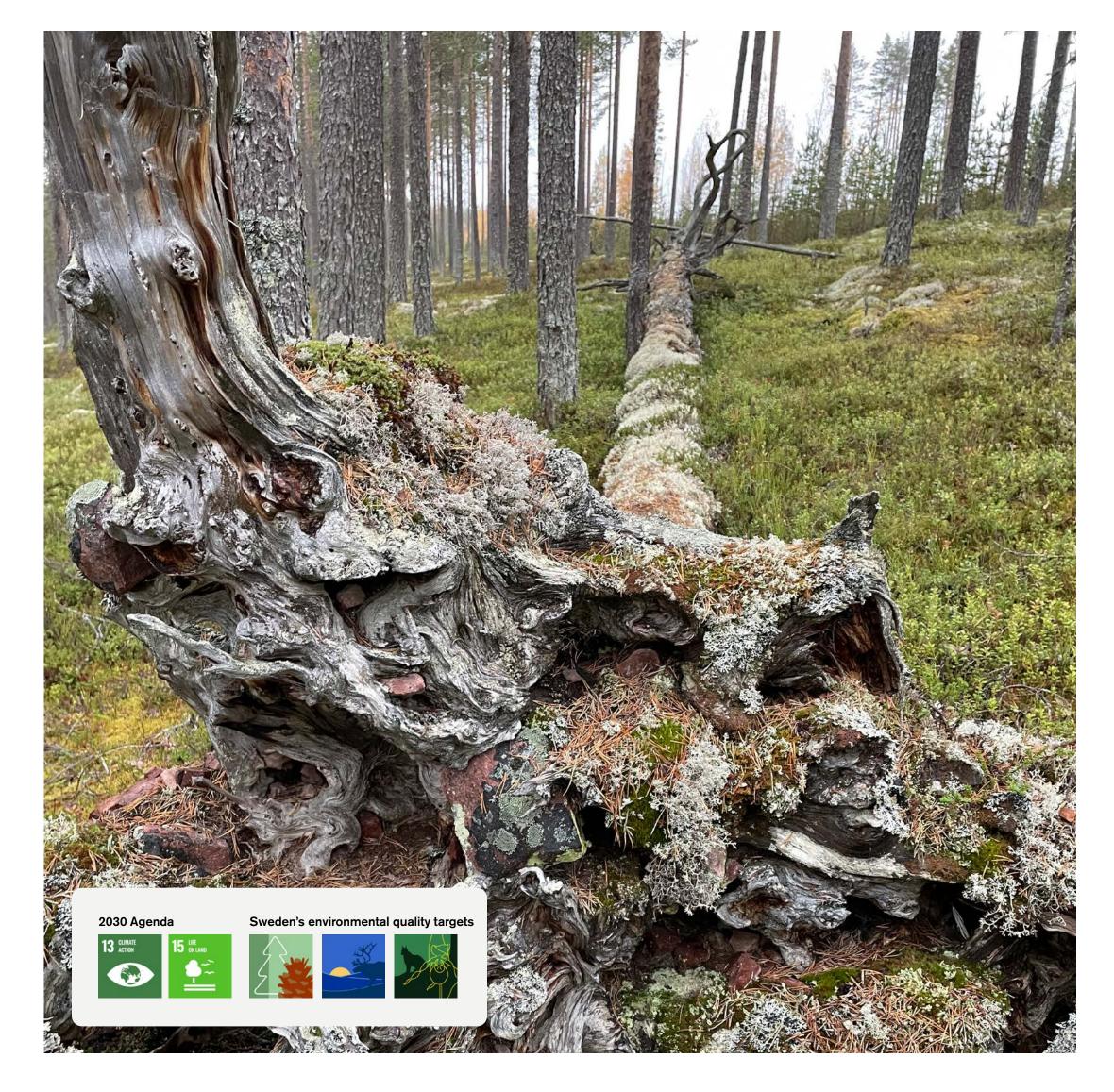
In the high conservation value forests, Sveaskog will focus on promoting deciduous and valuable hardwood forests, of which there is currently a great shortage and which many forest-dwelling species need. Sveaskog is more than doubling its efforts to restore good ecological structures and living conditions.

Measures	Target	Outcome	Target
	2022	2022	2027
Extended area of set aside production forest (hectares)	500	0	750

12. Continuity forests in northwest Sweden

In northwest Sweden, Sveaskog plans, by 2026, to protect all identified continuity forests that are over 140 years old, corresponding to approx. 14,000 hectares, which are not already included in the company's high conservation value forests. This is an addition to what is already set aside and will be set aside thanks to high conservation values.

Measures	Target	Outcome	Target
	2022	2022	2027
Area set aside	3,000	4,430	14,000



Sveaskog's framework

Forestry is in constant change and Sveaskog is affected by the expectations, needs and wishes of the outside world and, of course, by new laws and regulations. In line with this, Sveaskog is developing, and the company has for some time now chosen a direction that will lead to much more varied forestry.

Based on this direction and Sveaskog's needs regarding delivery to customers and managing the company's land in the best way, in 2022 Sveaskog developed the frameworks that govern operations. During the year, new economic targets were adopted and new felling calculations and conservation value assessments were developed.

The changes are a step in the right direction, but Sveaskog has further ambitions, and there is still a lot that can be done even better in the future. Development of forestry is very much about testing and evaluating methods. Sveaskog's forestry will continue to develop and change, and forestry will look different in the future than it does today.

New financial targets

The financial targets are usually reviewed after a number of years or when internal or external changes have taken place that significantly affect the company. Sveaskog's previous financial targets were adopted at the Annual General Meeting in 2014. Since then, significant changes have taken place in the sector at the same time as Sveaskog's strategy has developed, for example in terms of investments in sustainable forestry.

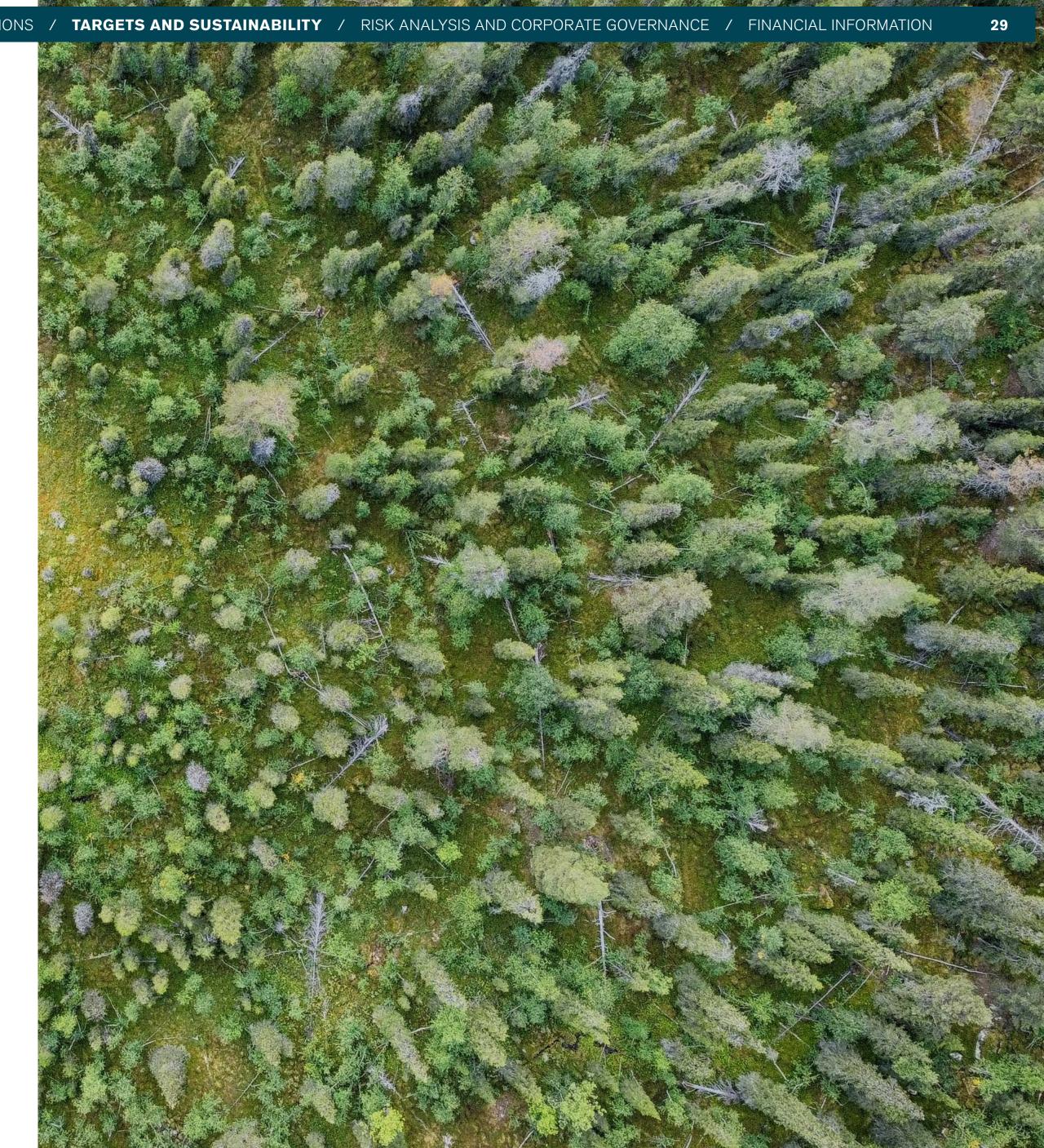
In addition, as of 31 December 2020, Sveaskog has changed its accounting method for valuing forest assets, which has led to a sharp increase in the forest asset, which in turn affects the company's capital structure. In practice, this means that the previous targets would not be achievable, since what the company's actual profit is measured against (the forest asset) is valued so much higher as a result of new accounting methods. Sveaskog therefore needed new targets for profitability and debt position that are achievable and adapted to the company's capital structure.

The profitability target has been changed from dividend yield to return on operating capital. The reason for this is that return on operating capital is a better term as dividend yield can be confused with the direct yield measurement in, among other things, the property industry. The definition is the same as before.

New financial targets adopted at extraordinary general meeting

An extraordinary general meeting in August adopted new financial targets:

- The net debt/equity ratio must amount to 0.05-0.3 times.
- The return on adjusted operating capital must over time amount to at least 2.5 per cent with and without associates.
- Ordinary dividends must amount to between 70 and 100 per cent of the Group's profit after tax, excluding non-cash changes in value of standing timber and share of profit in associates. In addition, 100 per cent of the dividends received by the company in the previous year from associates.





Felling calculation

In June, Sveaskog decided to lower the felling levels for the next five years. The decision is a conscious investment and commitment to value-creating forestry that contributes to the ambition of being a leader in sustainable forestry. Sveaskog carries out felling calculations every five years with a longterm perspective of 100 years. The felling level and its consequences are continuously evaluated.

The current felling calculation means a reduced final felling level of approx. 1 million m³ sub per

There are three important factors behind the decision to lower levels

- The area of continuity forest that Sveaskog sets aside (the so-called montane forest package), forest set aside for nature conservation and the new land sales programme in accordance with the resolution of the Swedish Parliament.
- Optimisation of economic value creation in the forest. Sveaskog will fell when this is most optimal from a forest economy perspective, which means that the company will now let the trees grow for a little longer in some of the stands.
- Consideration for reindeer herding in northern Sweden. In relation to the previous five-year period, we are now reducing the level of felling in this area, thereby increasing consideration for reindeer herding.

year compared to previous felling decisions from 2018. The new level will therefore be 3.8 million m³sub for regeneration felling and 1.3 million m³sub for thinning. The felling calculations are based on Sveaskog's total productive forest holdings, the annual growth and the age structure in the company's forests.

Reductions in felling volumes will naturally reduce supply. Sveaskog is very aware of the challenges that this may bring for customers and contractors and is evaluating the possibilities for limiting any negative consequences.

However, increasing values in the forest by having the forest stand for longer will benefit industry and the Swedish economy in the longer term. The forest will be allowed to grow for a longer period of time, and quite soon it may be possible to increase felling again. The strategy is a conscious investment in more value-creating forestry. The age of the forest will increase in some areas, and the company is increasing opportunities in operating activities to choose stands for felling. This also provides increased opportunities to balance all the interests connected to the business and the land holding.

New conservation value assessment

A conservation value assessment for the future

Any regeneration felling, thinning or construction of a new road begins with a conservation value assessment. This sets the framework for how the forest should be managed and how important conservation values can be captured for incorporation into the next generation of forest. In short, a good conservation value assessment is a cornerstone of sustainable forestry.

Every year, 8,000 conservation value assessments are carried out on Sveaskog's land. These then form the basis for which forestry measures may be relevant. What should be felled and when? What conservation values need to be captured? What kind of soil preparation should be chosen etc.

In January 2022, Sveaskog launched extensive work to develop a new, updated conservation value assessment. Time was short, and the new methodology was to be reported to the FSC auditor as soon as in May. The reason for the fast pace was two major FSC deviations linked to the old conservation value assessment that needed to be corrected.

The goal was a methodology that is more clearly in line with the Swedish Forest Agency's way of

working with conservation values. In this way, the assessment is now more accurate when it comes to capturing and identifying biotopes and nature conservation species requiring consideration.

The Swedish Forest Agency's level for what is classified as very high conservation values is also the yardstick in the FSC standard. This is also the level to which Sveaskog is compared.

To ensure that Sveaskog makes accurate conservation value assessments in the future, the methodology has been strengthened and will provide better decision support to users. An important part of this is the digital field support developed in collaboration with the IT department.

During the second half of the spring, a lot of time was spent calibrating and evaluating the new methodology in different ways.

The process involved many employees in different locations both geographically and in different parts of the organisation.

After the spring training, the new way of working was formalised in instructions that started to be used during the 2022 field season. The method has subsequently been evaluated. Examples of relevant adjustments include the significance of the amount of dead wood for the assessment and the number of sample areas to be inventoried.



Sustainability

Climate impact in the forest and the value chain

The forest plays an important role in the climate transition, as the forest both absorbs carbon dioxide and binds carbon. In this way, the forest contributes to counteracting the negative climate impact in society.

Sveaskog's land holdings contribute with climate benefits through net storage of carbon, partly directly in the forest and partly indirectly through the longlived products made of wood from Sveaskog's land. In addition, wood-based products – both long-lived and short-lived – contribute to reducing the use of fossil energy and cement, which also contributes to reducing society's climate impact.

Through photosynthesis, carbon is bound in the standing timber, and the forest then acts as a net carbon sink. Some of the harvested wood then continues to be stored in long-lived products. The carbon sequestration in long-lived products is an indirect climate benefit for Sveaskog and is shared with others in the value chain. The managed forest and the use of wood thus play an important role in combating climate change through increased carbon sequestration.

Active forestry and forest products make a major positive contribution to Sweden's climate benefit.

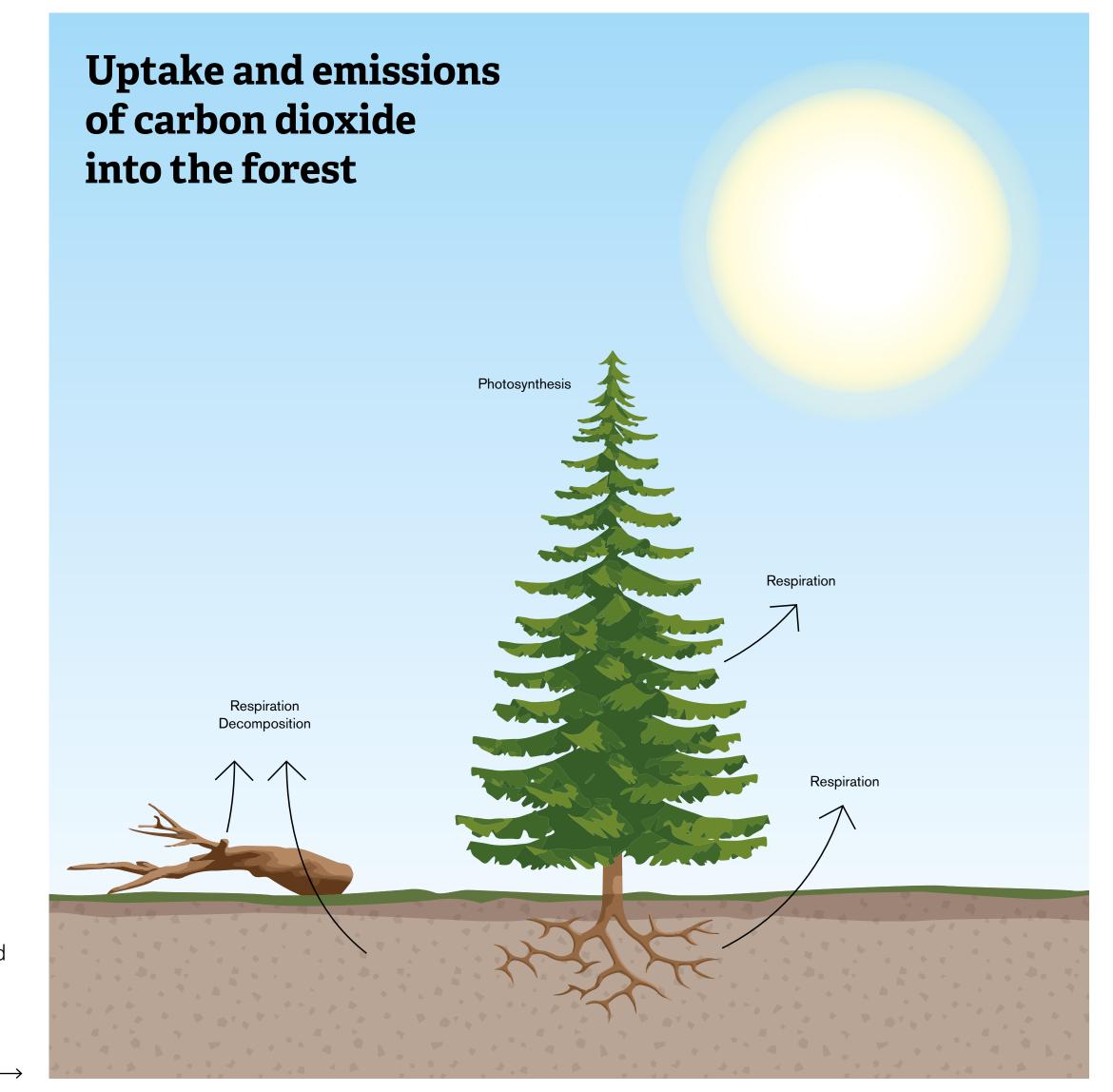
Therefore, climate benefits within operation are part of Sveaskog's overall aim.

Sveaskog's carbon sequestration has been evaluated and calculated based on the same method as for the official national report to the UN Climate Convention, which is also used for reporting LULUCF in the EU.

For 2022, Sveaskog has a carbon sequestration (net sink) in forests and products of:

- Net sink in live biomass, dead wood and land on all forest land -7.94 million tonnes of carbon dioxide equivalents (CO₂e).
- Increased carbon stock in wood-based products -0.67 million tonnes CO₂ e. In reports to the Climate Convention, this carbon stock is referred to as Harvested Wood Products (HWP).

Total: –8.61 million tonnes of CO₂e For more information, see Note S2 on page 106.



The climate benefit that arises when wood-based products are used instead of products that have a greater emission in connection with the production, such as cement, is outside Sveaskog's operations and is therefore not recognised. The extent of this benefit depends on how efficiently the forest raw material is used in the value chain through wood products, fibre products and bioenergy, all of which contribute to reducing the need for fossil energy or cement. It is important to note that Sveaskog's production of wood makes a major contribution to the path towards a fossil-free society through our customers' operations and the use of wood-based products and bioenergy.

Sveaskog's climate impact

Climate targets

In 2021, Sveaskog decided to set a scientific climate target according to the Science Based Targets initiative (SBTi). In 2022, Sveaskog continued the work of developing a target to decide on in 2023. In 2022, SBTi launched a new sector standard for companies in land-intensive sectors, Forest, Land and Agriculture (FLAG). Sveaskog will set its target, which, in accordance with this standard, includes emissions from both land use and carbon sequestration.

In the work with developing the target, Sveaskog has analysed which measures could be taken to reduce emissions throughout the value chain.

Sveaskog's emissions Expanded climate reporting

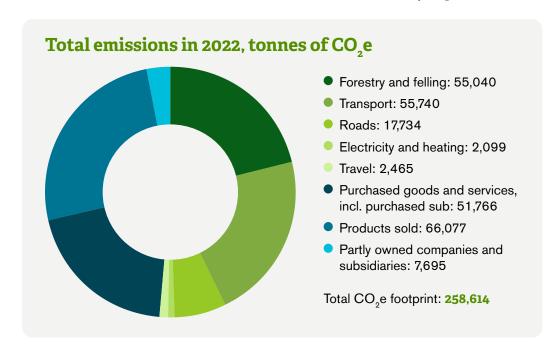
Monitoring greenhouse gas emissions is an ongoing improvement process where knowledge of the current situation forms the basis for targets and strategy. In 2022, a review of Sveaskog's scope

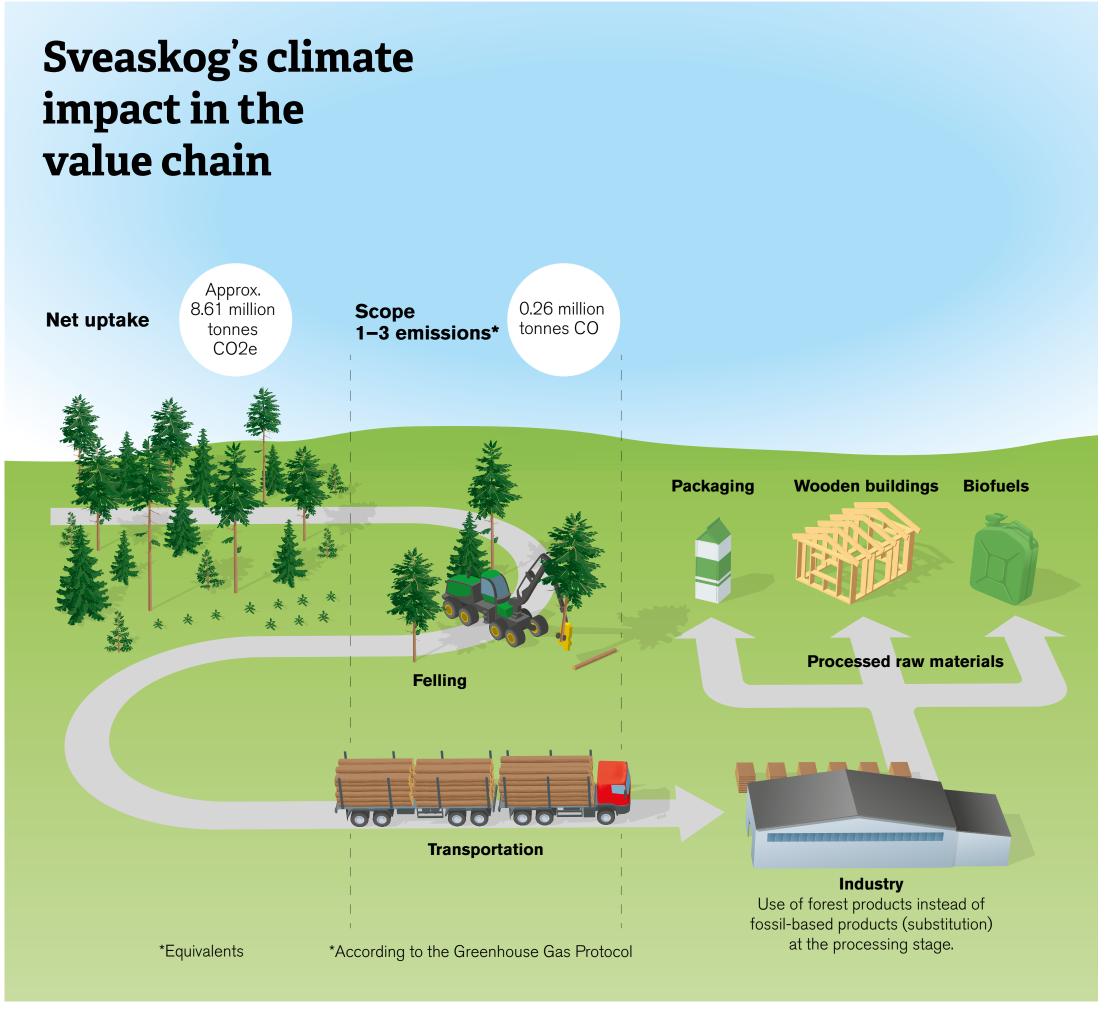
3 emissions was carried out to ensure that all relevant fossil emissions are included in the climate reporting. The result with expanded system limits forms the basis for the reporting of Sveaskog's emissions in 2022. In order to be able to monitor the development, figures for 2021 and 2020 were also adjusted upwards. The categories that make the greatest contribution to the expansion are the processing of sold products on customer premises, purchased timber, other purchased goods and services, and leased properties and assets. Examples of included categories with a smaller impact are staff travel and commuting, material waste and refrigerants as well as the impact of partowned and wholly owned companies. For the base year 2020, these additions mean that Sveaskog's reported climate emissions will double.

Results 2022

In 2022, Sveaskog's operations generated emissions of 258,614 tonnes of CO₂e. This means that the company has reduced emissions by 15 per cent compared to the base year 2020, when emissions amounted to 302,680 tonnes of CO_oe. The decrease in emissions is mainly due to reduced fertiliser use and reduced transport.

For more information, see Note S7 on page 108.





Sveaskog's forests grow annually by more than we harvest. This means that the climate benefit in the form of the stock of bound carbon in the standing forest and in long-lived products is constantly increasing, corresponding to a net uptake of around 8.61 million tonnes of CO_oe. Annual emissions from Sveaskog's operations amount to 0.26 million tonnes of CO_oe, primarily from felling and transporting timber to customers. At the same time, an additional climate benefit arises when wood-based products also reduce the need for fossil energy or cement. This is another and a very large climate benefit from the forestry industry.

Stakeholders

With its significant forest holdings, Sveaskog has a business that affects many stakeholder groups. As part of our operations, there is an ongoing dialogue with key stakeholders, and their opinions form the basis of the materiality analysis, which identifies the company's most important and most highly prioritised sustainability issues.

Priority stakeholders

Sveaskog's priority stakeholders are those who are judged to be most affected by the company's operations and who can also affect the business. The stakeholders have different expectations of how operations should be conducted. Sveaskog thus often encounters completely different views on how the forest and land holdings should be managed. Sveaskog's Group Management reviews the list of priority stakeholders every year to make sure that it is up to date. This year, stakeholder the European Union (EU) has been added because the EU, through its various decisions within different institutions, has a major impact on Sveaskog's operations.

The ongoing dialogue

Sveaskog maintains an ongoing dialogue with the company's stakeholders, for example through consultation with local communities when planning operational activities, in discussions with employees and in business discussions with customers. The company also maintains a dialogue with nature conservation and environmental organisations about conservation work and forestry, and has knowledge-enhancing discussions with those working in research and academia. The ongoing dialogue is conducted at national, local and regional level by employees in various roles.

Results for the year

The results of the ongoing dialogue that took place during the year show a continued shift compared to previous years. Issues related to sustainable forestry, climate adaptation and biodiversity are increasing in importance among several stakeholder groups such as customers, authorities, reindeer husbandry, tourism companies and hunters. For Sveaskog's employees, health and safety is an area that is still very significant. The reorganisation within the company has also been of interest during the year.

The ongoing war in Ukraine has greatly affected stakeholders and, above all, the groups of contractors and customers. The most significant issues linked to the war concern skill supply, sharply increased prices and a great deal of uncertainty regarding deliveries and the availability of raw materials.



*In alphabetical order.

Stakeholders

Reindeer herding

All land in Norrbotten and Västerbotten is also used for reindeer herding, and approx. 70 per cent of the company's total land is used for reindeer husbandry. Effective consultation and good relations with the Sámi villages and Sámi interests are therefore of crucial importance to Sveaskog.

Sveaskog endeavours to ensure coexistence between reindeer husbandry and forestry, and strives for both reindeer husbandry and forestry to be sustainable industries in both the short and long term. Sveaskog's view is that many forestry measures can take place without affecting reindeer husbandry and that there are forestry measures that benefit reindeer husbandry.

In 2022, Sveaskog faced significant challenges in consultation and cooperation with certain Sámi villages. More specifically, this concerns the Sámi villages opposing planned felling and Sveaskog not making progress in the consultations linked to felling. Some Sámi villages believe that the felling negatively affects their opportunities for reindeer herding, but there is also often a general resistance to forestry that is not directly connected to their own land.

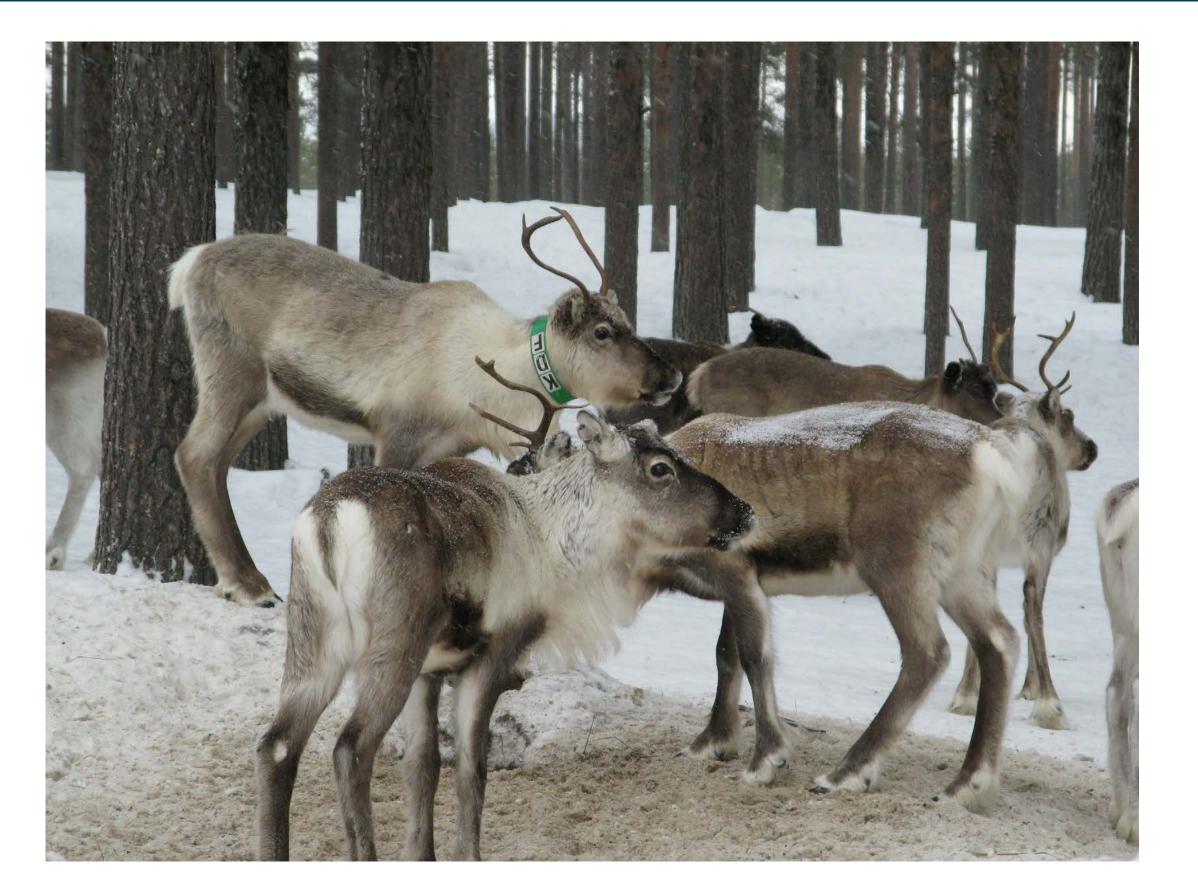
Several parallel overall processes affect Sámi interests, reindeer herding and reindeer husbandry. The so-called Girjas ruling from January 2020, the ongoing investigation into a new reindeer herding law and the recently formed Truth Commission are three examples. The dialogue with many Sámi villages is generally very complicated with many opposing interests both locally and in national and international debate. Sveaskog's specific work with the Sámi villages is affected by this.

Legislation and certifications

There are various laws and regulations that affect the collaboration between Sveaskog and reindeer husbandry. Sveaskog has ownership of the land holdings, and the Swedish Forestry Act governs forest owners' obligations in relation to reindeer herding. Reindeer herding implies a right of use in the reindeer herding area that is governed by the Swedish Reindeer Husbandry Act. The obligation to consult also has a different purpose than discussing ownership and right of use.

The Forest Stewardship Council® (FSC®) is an international member organisation with organisations and companies working to ensure that the world's forests are managed responsibly. Sveaskog is certified according to "FSC® Swedish forestry standard".

FSC® Sweden is an independent, non-profit member organisation in FSC® International's network. Integrated planning is offered for established Sámi reindeer herding that is affected by management measures within the land holding. Integrated planning takes place for all regeneration felling, soil preparation and reforestation/planting/regeneration as well as for fertilisation and road construction in the area used by both Sveaskog and reindeer herding.



The focus of the new standard is on joint solution seeking, and the parties have a mutual responsibility to respect each other's perspectives and activities. Some of the changes in the new standard are that forestry measures must be planned from a wider perspective, in terms of both time and geography, and that in the event of a dispute, process support for mediation should be provided.

At meetings, the focus is on the parties discussing adaptations that enable both forestry and reindeer herding.

Rebooting the dialogue

In 2022, Sveaskog initiated in-depth conversations in the most deadlocked dialogues and reviewed the work on integrated planning and coexistence. This has led to consultations being further professionalised, forest management measures in reindeer herding areas being reviewed, and cleaning and thinning, which are important measures for reindeer grazing and accessibility, being prioritised.

Strategic targets

value creation

for sustainable \rightarrow

A leader in

sustainable

forestry

Materiality assessment

The materiality analysis aims to identify and prioritise the areas where Sveaskog has a significant impact on the environment, people and the economy. The prioritised sustainability issues also take into account what the stakeholders expect and think is important for Sveaskog to work with.

Sveaskog's prioritised sustainability issues therefore reflect the result we see in the stakeholder dialogue, where issues such as sustainable forestry, skill supply and collaboration are of great significance.

The materiality assessment forms the basis of Sveaskog's sustainability reporting in accordance with GRI Standards 2021. Sveaskog's strategic goals for sustainable value creation and associated success factors are based on the materiality assessment and aim to ensure that the company reduces its negative climate and environmental impact and increases its positive contribution as much as possible.

Sveaskog's operations and strategic goals for sustainable value creation contribute to both the 17 Sustainable Development Goals of the UN's 2030 Agenda and Sweden's national environmental and climate targets. Sustainable forestry forms the basis of everything Sveaskog does, and sustainability issues are therefore fully integrated into the company's strategic work. The 2030 Agenda goals and the Swedish environmental quality targets that Sveaskog's operations affect are therefore presented on an ongoing basis throughout this report. 🔘

Priority sustainability issues Success factors Indicators Role model in sustainable forestry INVESTMENTS IN FORESTS Optimal plant choice Increase in and follow-up on biodiversity **AND FORESTRY** Increase in new tree elements **Environmen-** Climate impact More cleaning in reindeer herding area Raw material for sustainable transition • 100 new wetlands INCREASED ECOLOGICAL VALUES Cloven-hoofed game management OF LAND HOLDINGS Environmental consideration index **STRONG PARTNERSHIPS** Transparency **AND COLLABORATIONS** Coexistence with others on our land Satisfied contractors and suppliers Collaboration with research and academia **Considerate delivery** Supplier control **EFFICIENT AND CONSIDERATE Financial** Reduced greenhouse gas emissions **DELIVERY** Hunting, fishing and outdoor activities across the value chain • Land concessions, e.g. for wind power **Acceptance of our forestry** Climate adaptation **ACCEPTANCE OF AND CONFIDENCE IN OUR FORESTRY** Working environment, safety and health Attracting and retaining talent That we have good leadership and engaged employees Local employer and client A STRONG CORPORATE CULTURE Proportion of women Community engagement and social Proportion of employees with foreign background responsibility Gender equality and diversity



Risk and sensitivity analysis

An important aspect of creating long-term value is to understand and be able to manage the risks in the business. The entire company is included in the risk inventory that forms part of annual business planning.

The significant risks described in the summary below are based on the outcome of the risk inventory, the purpose of which is to identify measures that can be taken to reduce risk exposure. This analysis describes the negative impact on Sveaskog's ability to achieve its strategic targets. The assessment relates to the business planning period that extends until 2027. Climate-related risks and opportunities from a longer-term perspective are described in the TCFD analysis on pages 42.

Sveaskog's deliveries from own forest are high and relatively stable over time, which means limited risks of loss of revenue. Sveaskog annually takes stock of other risks, which may be financial, marketrelated, operational or legal, public and social risks. Forests are exposed to biological risks, as well as risks linked to weather and climate change. The large amount of felling caused by storm damage in recent years has highlighted the weather and climate risks. However, Sveaskog's forest holdings are spread across the country, which evens out weather and biological risks over time. Furthermore, the forests are insured against major additional costs. Sveaskog is contributing to the development of new products and businesses such as biofuels

and ecosystem services. The company is also increasing revenue from the forest by granting concessions for hunting, fishing, nature tourism and wind power. These initiatives provide a broader revenue base but can also involve risks such as conflicts of interest. The ongoing war in Ukraine leads to greatly increased costs for fuel, energy and freight, for example, and limits the availability of inputs and foreign labour. Sveaskog does not import timber from Russia or Belarus, but the market is affected by a changed timber balance around the Baltic Sea area as the EU countries restrict imports from these countries.

Risk management process in Sveaskog

Risk management is an integral part of the company's annual business planning and includes both profit centres and support units. Reporting includes a description of the risk, the measures and who is responsible. Measurement of risk is made from a five-year perspective and aims to describe the impact that the described risk may have on the company's strategic objectives according to the current business plan. Probability is assessed on

a five-point scale where the lowest level (1) means that it is unlikely to occur during the period and the highest level (5) means that it is expected to occur during the period. Impact is assessed on a five-point scale, where the lowest level (1) means that it will have a negligible negative impact and the highest level (5) means that it will have a major negative impact on Sveaskog's target attainment. The outcome of this assessment gives the total risk score illustrated in the risk matrix on the next few pages. The identified risks are measured and prioritised on the basis of the overall risk score. The risk manager is responsible for identifying improvement measures and assessing these on the basis of effect and how time-consuming and costintensive the measure is. These are implemented according to prioritisation and availability of resources. Following implementation of such measures, an evaluation is carried out to assess if the measure was sufficient to manage the intended risk. This reports how Sveaskog manages its most significant risks.

Identification, review and measurement of risks

Prioritisation of measures

Reporting/registration of risks and measures

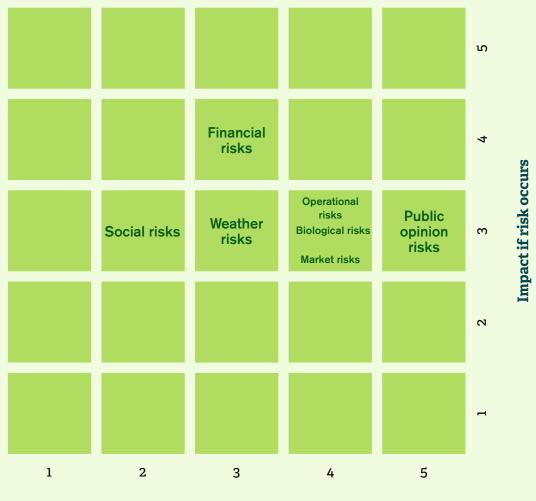
Implement, follow up on measures

Responsibility

Sveaskog's Board of Directors is responsible for ensuring that the company manages risks correctly and that established principles for financial reporting and internal control are complied with. The CEO has overall operational responsibility and has delegated management of the risk management process to the CFO. Operational responsibility lies with the profit centres and support units and is followed up at management level.

Identification of significant risks

A balanced assessment of each risk area. These are described in more detail on the following pages.



Probability of risk being realised

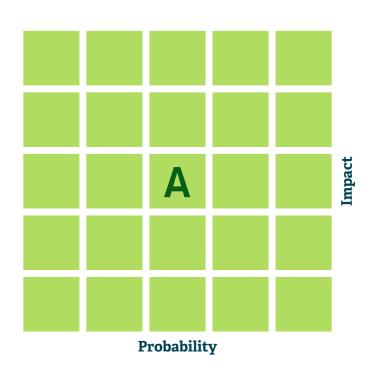
Weather risks

A. Weather risks

A changing climate has been shown to increase the likelihood of periods of extreme weather such as droughts, storms and heavy rainfall. It also leads to changes in precipitation, forest fires and soil conditions that make forestry more difficult, partly in the shorter term (5 years), and partly in the longer term, which is managed as climate risks within the framework of the TCFD on p. 42.

Management:

- Most measures under the sustainable forestry programme contribute to increased climate adaptation of Sveaskog's forest lands, e.g. work on increased biodiversity and more running watercourses.
- Cleaning and thinning adapted to location.
- Specially adapted forestry methods in case of fire risk and hazardous conditions.
- Work involving cultivated seed and plant material.
- Forest management measures that reduce the risks: increased proportion of deciduous trees, final felling at economic maturity.
- Good crisis organisation and logistics. Capacity to move felling resources to storm-felled area.
- Insurance against damage.



Biological risks

A. Spruce bark beetle

In southern Sweden, spruce bark beetle attacks are substantial after hot and dry summers. This pest insect has grown in number in the north of Sweden and the control area has been expanded.

Management:

- More reliable forecasts.
- Rapid processing of storm-felled timber and standing trees with fresh infestations.
- Development of method for early identification of damage.

B. Seed shortage

Spruce bloom has been relatively good in 2022. The demand for pine seed has increased. A shortage of cultivated pine seed is a challenge throughout Götaland and in northern Sweden. There is also a shortage of seeds from other tree species such as larch, birch, oak and beech due to increased demand.

Management:

- Collection of stand seed and/or external purchases.
- Research and development.
- Planning of new seed plantations.

C. Root rot

The damage to a tree that is infested with root rot can cause the wood to decompose, which means that the wood cannot be used as timber but must instead be reclassified as pulpwood. Root rot can mean reduced growth of infested forests, which in turn can reduce the economic value of the forest holding.

Management:

- Prevent infestation by treating stumps against fungal spores during felling.
- Research and development, funding of doctoral students in the field of forest damage.

D. New pests take hold

Changes in climate lead to new pests taking hold. European and Asian pests are expanding their range north and west. If, for example, if the nun moth, mountain pine beetle or other serious pests take hold in the country, this could result in great destruction.

Management:

- Monitoring.
- Research and development, funding of doctoral students in the field of forest damage.

E. Game grazing damage

Game that graze on trees and plants reduce forest growth. Game grazing damage is a fact, and the annual cost of damage on Sveaskog's land amounts to hundreds of millions of Swedish krona. Expansion of new tree species is a challenge as many of the tree species are grazed by game.

Management:

- Increased hunting pressure on cloven-hoofed game through various stimulus packages.
- Measures to increase access to feed.
- Increased knowledge of game populations.

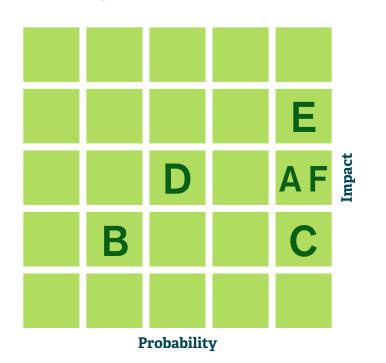
F. Other forest damage

Large areas in Norrland have negative growth due to damage caused by game grazing, resin top disease, rust fungus and other fungal attacks in combination. This is resulting in sparse forests with the wrong tree species and low growth. Growth damage to pine leading shoots in southern Sweden causes quality impairments.

Management:

- Developed management methods, regeneration with other tree species in affected areas.
- Inventory and restart of damaged forest.
- Research and development, cooperation with authorities and other forestry.

Biological risks, cont.



Financial risks

A. Financial risk

Assets are partly financed through external loans. This entails a risk if a large borrowing requirement arises in a strained credit market situation. Some financial markets have been impaired since the war in Ukraine began.

Management:

 A well diversified loan portfolio of lenders and investors with good flexibility and competitive pricing as well as stable cash flows.

B. Interest rate risk

The risk that Sveaskog will be exposed to an unfavourable interest rate situation with a large loan portfolio. Interest rates have risen sharply in recent times.

Management:

 Sveaskog's policy is that the average fixed-interest term of the loan portfolio should be 12-48 months.

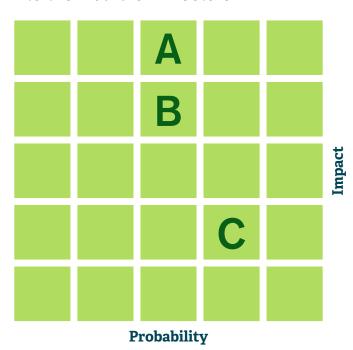
Financial risks, cont.

C. Credit risk

That a counterparty is unable to fulfil its obligations. A sharp downturn in the economy means an increased risk of credit losses.

Management:

- The finance policy regulates maximum credit exposure in the investment portfolio. With regard to commercial credit exposure, with the exception of a few major customers, customers are covered by credit insurance.
- Regular meetings of the Credit Committee and information to the Board of Directors.



Operational and legal risks

A. Loss of FSC certification

Lack of quality in forest management and consideration for nature, as well as shortcomings in work and follow-up of social responsibility, could result in Sveaskog losing its FSC certification, which would have a significant negative impact on the timber business.

Management:

- Documented procedures and work processes in all parts of the business.
- Internal and external audits and training for continuous improvement efforts.

Operational and legal risks, cont.

B. Restrictions on forestry as a consequence of political decisions

National and EU directives and government agencies' interpretation of the directives may result in restrictions or other negative impacts on forestry.

Management:

- Participate in and submit comments ahead of new political decisions at EU level and Swedish level.
- Monitor the interpretations made.
- Participate in networks together with other players in the forest industry.
- When implementing, do this in a balanced way.

C. Access to labour and contractors

We are seeing a reduction in access to labour and increased competition from the industry and other industries, which means that it has become increasingly difficult both to recruit our own staff and to hire contractors in the areas of forestry and transport. The availability of foreign labour has been negatively impacted by the coronavirus pandemic and the war in Ukraine.

Management:

- Profiling of Sveaskog as an attractive employer.
- Collaboration in the industry.
- Contribute to creating conditions for contractors to recruit.

D. Information security risks

Administrative/organisational information security risks:

Risks related to information security can result from, for example, inadequate procedures, incorrect documentation, lack of resources for the work and follow-up on information security work as well as incorrect division of responsibilities when processing Sveaskog's information. There is also a risk of information leaks, destruction or unauthorised manipulation of valuable information, including personal data.

Management:

- Information classification in order to identify information requiring protection and appropriate security measures.
- Uniform and well-thought-out procedures for the correct processing of information requiring protection.
- Information and training.

- Participation from the business in information security activities.
- Follow-up and control of information security measures.

Technical/physical IT security risks:

Interruptions, information leaks, hacking, virus attacks, sabotage and IT-related blackmail.

Management:

- Protective measures based on completed information classifications and risk analyses.
- Disaster scenarios to secure operations.
- Monitoring to detect and address information security incidents.
- Follow-up and control of information security measures.
- Information and training.

E. Pandemic

A new type of influenza virus that spreads and infects people in large parts of the world, with major consequences for businesses and society.

Management:

- Follow advice and recommendations from government agencies.
- Work proactively to mitigate negative effects for businesses, customers and employees.

F. Health, work environment and safety

The debate around hunting, nature conservation, reindeer husbandry, wind power and the use of forests has intensified. We are encountering more organised actions from various stakeholder groups, but also individual citizens acting on their own. There are verbal threats, sabotage and vandalism. This is resulting in an increased workload and increased pressure on employees and partners, which can in turn result in an increased risk of ill health, absence due to illness and skill supply issues.

Management:

- Proactive communication regarding Sveaskog's sustainable forestry.
- Respond to unreasonable or weakly substantiated criticism.
- Guidelines and instructions for increased security have been developed, and threats are reported to the police.
- Training is being provided continuously.
- Risk assessments when working in the forest are conducted if necessary.

- Mobile camera equipment and mobile booms are provided.
- Counselling in the event of unpleasant treatment; threats are reported to the police.
- Regular external monitoring via security companies.
- Annual employee engagement survey where action plans have been drawn up at group level based on the results. At the individual level, counselling is provided with an external party if necessary.

G. War and sanctions

Since the war in Ukraine started, the impact on society has been clear and palpable. The direct and indirect impact of the war has led to increased costs, a shortage of goods and services, and an energy crisis. Just-in-time deliveries no longer work.

Management:

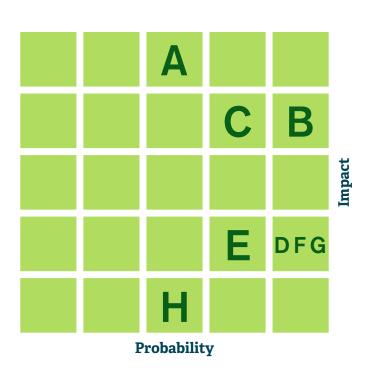
- Observe recommended sanctions from authorities.
- Work proactively to mitigate negative effects for businesses, customers and employees.
- Review of strategy for the supply of goods and services.

H. Contaminated land

Liability for contaminated soil from previous operations.

Management:

 Mapping, strategy and action plan for management of ongoing operations and any subsequent treatment.



Market risks

A. Sawmill industry

Intermittent poor profitability results in sawmill closures and credit losses for Sveaskog. Restructuring may result in fewer customers in the local area for Sveaskog's forest holdings. Changes in the international markets may affect demand for products from the sawmill industry.

Management:

- Active customer selection and credit insurance.
- Well-described assets and felling opportunities.
- Priority given to cooperation with customers who have long-term survival and profitability potential.
- Prioritise product development and innovation.

B. Pulp and paper industry

A few, dominant companies means a lack of competition and few alternative business and marketing opportunities. Changes in the international markets may affect demand for products from the pulp and paper industry.

Management:

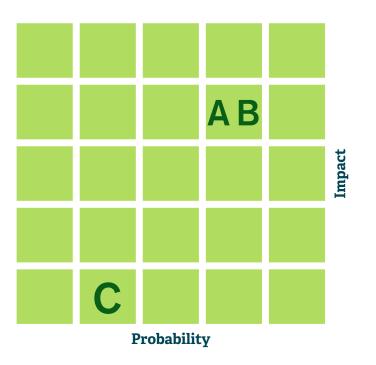
- Increase market and customer capital.
- Well-described assets and felling opportunities.
- More efficient logistics and increased exports.
- Prioritise product development and innovation.

C. Energy sector

Increased volatility and uncertain profitability has resulted in limited market outlets. Closure of companies and customers in Sveaskog's traditional markets. The energy crisis has led to increased demand and higher prices for forest fuel.

Management:

- Be an efficient supplier with developed customer-oriented business concepts that achieve added value and increased profitability for the parties.
- Prioritise product development and innovation.



Social risks

A. Imported wood of undesirable origin

Purchasing from other countries may involve risks linked to illegal logging, corruption and labour law.

Management:

- Sveaskog's Code of Conduct, as well as certification and clear guidelines for traceability and documentation of purchased raw material, which govern the company's actions and follow-up.
- Second opinion to quality assure procedures and working methods.

B. Contractors

Contractors who fail to fulfil commitments may constitute a risk linked to working environment, health, safety and labour law.

Management:

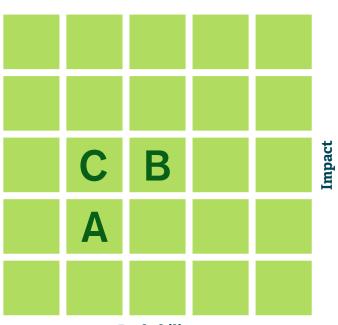
- Code of Conduct, guidelines for procurement of contractors, service declarations and follow-up and control of compliance reduce risks.
- Spot checks and field checks.

C. Corruption

Unclear guidelines and procedures lead to a risk of bribery and corruption.

Management:

- Continuous dialogue, Code of Conduct, clear guidelines, internal control, option to report suspected violations anonymously.
- Internal training and communication.



Probability

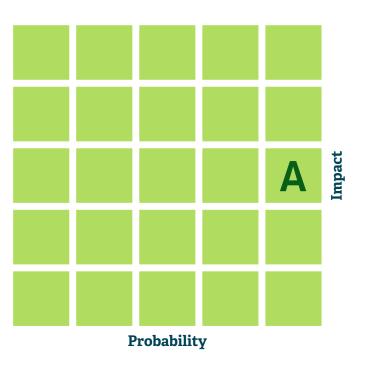
Public opinion risks

A. Public opinion about the forest

Public opinion about the management and use of the forest can affect the profitability and the value of forest land. The reputation of our business and the forestry activities that we conduct are also affected by public opinion. The brand and confidence in the company may be affected and thereby customer relationships and collaborations.

Management:

- Active participation in the forest debate. Cooperation with other parties and players. Local presence and dialogue.
- Code of Conduct, internal procedures, active information measures and continuous dialogue with stakeholders.



Annual and Sustainability Report 2022

Since 2021, Sveaskog has been reporting according to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD contains recommendations for reporting climate-related financial risks and opportunities. The TCFD's guidelines are based on the areas of governance, strategy, risk management, indicators and goals. In 2021, Sveaskog carried out extensive work to produce the organisation's first report, and in 2022, the work was developed and the analysis updated.

Governance

Sveaskog's Board of Directors and Group Management have participated actively in the production of the analysis by participating in workshops to assess how Sveaskog may be affected in various future scenarios. The Board of Directors is responsible for Sveaskog's reporting in accordance with the TCFD and has approved the report prepared by Group Management.

Work on the company's climate risks and opportunities proceeds on an ongoing basis during the year and is reported annually in the Annual Report and Sustainability Report. The scenario analysis has been performed with a focus on analysing how long-term targets and strategies compare based on IPCC emission scenarios and socio-economic development scenarios (SSP1-2.6, SSP2-4.5 and SSP5-8.5) in the middle of the century and at the end of the century. SSP1-2.6 can be likened to a "low-emission scenario" that reflects climate policy objectives of a rapid culmination of emissions, followed by a definite and continuous reduction, SSP5-8.5 can be likened to a "high-emission scenario" and means continued high emissions.

Strategy

The line organisation was involved in initial work to identify potential physical risks, transition risks and opportunities. These risks and opportunities were validated in 2022, and work to clarify these and create action plans for climate adaptation measures has begun. In 2023, the financial impact of the risks and opportunities will be assessed. Sveaskog's Group management is tasked with analysing whether the organisation's strategy and goals are resilient to the changes that risk becoming a reality due to climate change. This is evaluated every year and is part of the ongoing work of Group Management.

It is fundamental to Sveaskog's sustainability as a company that we have vital, productive and resilient forests. A changing climate gives forestry the opportunity for more choices of tree species, but requires that well-adapted seed material is available. Sveaskog has comparative advantages through its own nurseries, where the development of adapted seed is taking place to ensure resilient seedlings adapted to the current and future climate.

Risk management

In 2021, Sveaskog, with the support of the Swedish Meteorological and Hydrological Institute (SMHI), identified risks and opportunities based on alternative future scenarios. The main physical risks relate to extreme weather with the potential to create disruption throughout the entire production chain, worsening production conditions and the risk of lost timber values due to an increased risk of storm damage and damage from insects and fungi. Some of the transition risks identified are new directives on the use of land, changes in end-user demand and a change in the need for seed materials. The magnitude of these is largely determined by how well society manages to limit climate change, but also by Sveaskog's ability to adapt to climate change in the decades ahead. At the same time, a changing climate means opportunities for Sveaskog linked to, above all, possible choices of tree species and a longer vegetation period, resulting in higher growth. The climate effects that bring the greatest risk vary across the country. The analysis was therefore performed with clear links to climate scenarios with regional climate data.

Indicators and targets

Sveaskog reports its greenhouse gas emissions in scopes 1, 2 and 3 in accordance with the Greenhouse Gas Protocol. Scope 1 is direct emissions from the company's own operations, Scope 2 is indirect emissions from purchased energy and Scope 3 is indirect emissions outside the boundaries of the business.

In 2021, Sveaskog decided to set a scientific climate target according to the Science Based Targets initiative (SBTi). In 2022, work continued to develop a target that can be decided on in 2023. The sustainable forestry programme has several measures aimed at adapting Sveaskog to a changing climate; read more about these measures on pages 32-33. ◎

This Corporate Governance Report describes how Sveaskog, based on the company's vision of being a leader in sustainable forestry and the company's mandate as resolved by the Swedish Parliament, creates effective structures and principles for corporate governance of Sveaskog. Governance of Sveaskog is based on the Swedish Companies Act, the State Ownership Policy and principles for state-owned enterprises 2020, the Swedish Code of Corporate Governance, and other applicable Swedish and foreign laws and regulations.

Corporate governance within Sveaskog

Sveaskog AB is a Swedish public limited liability company that is 100% owned by the Swedish state and administered by the Ministry of Finance. The owner's governance of Sveaskog takes place through the General Meeting and the Board of Directors in accordance with the Swedish Companies Act. Sveaskog's corporate governance is based on applicable Swedish and foreign legislation, the State Ownership Policy and principles for state-owned enterprises 2020, and the Swedish Code of Corporate Governance (the Code).

This Corporate Governance Report was prepared as part of Sveaskog's application of the Code. The report has been examined by the company's auditors. In accordance with the State Ownership Policy and principles for state-owned enterprises, Sveaskog has deviated from the Code in three instances:

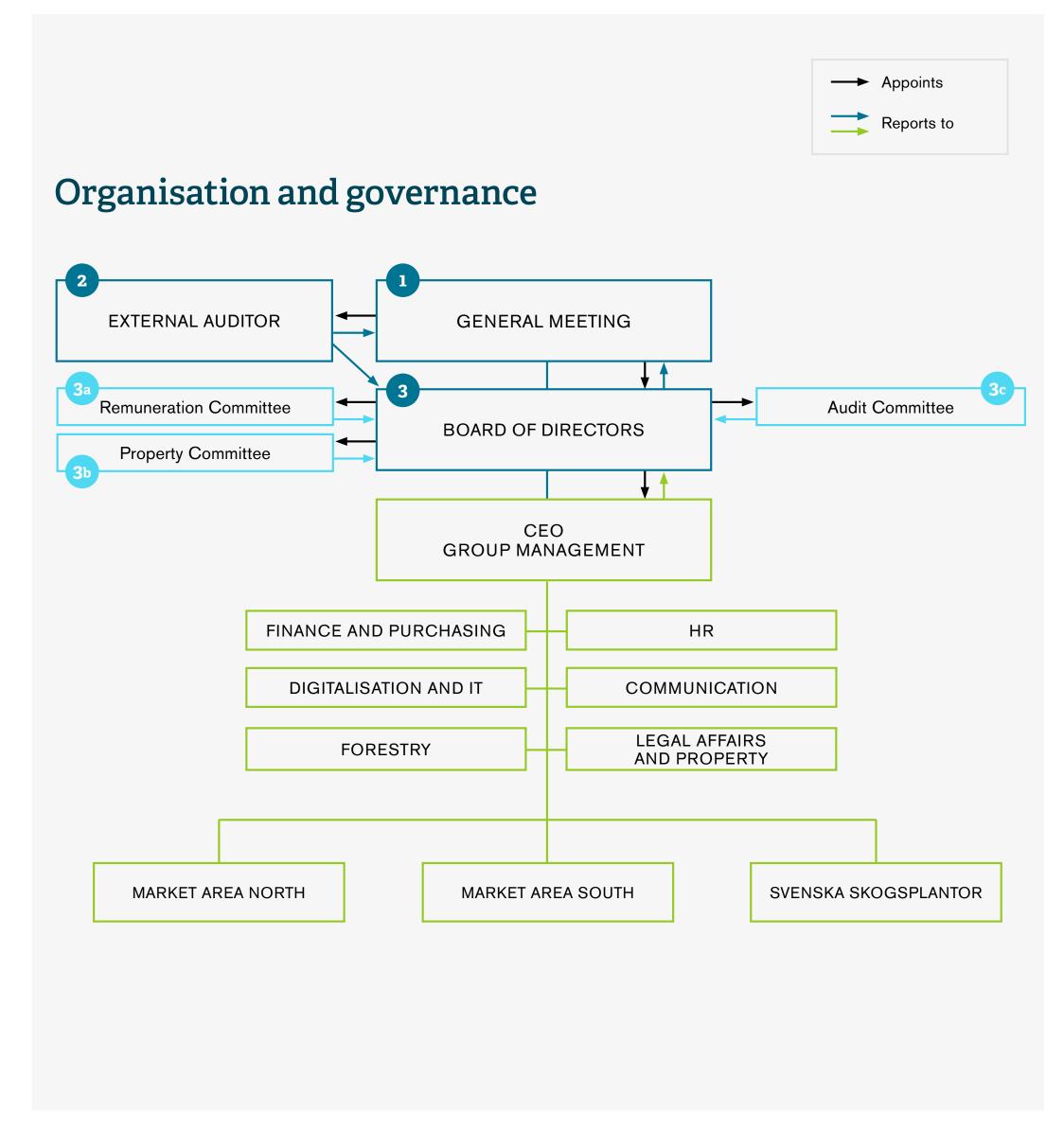
- Preparation of resolution on nomination of the Board of Directors and auditors, which means that Sveaskog has not appointed a Nomination Committee.
- With regard to the independence of board members in relation to the state as a major

- shareholder, this not reported because the Code in this respect focuses on companies with a diverse ownership.
- According to the Code, the date and location of the Annual General Meeting shall be stated on the company's website not later than in connection with the interim report for the third quarter. Sveaskog has chosen to comply with Nasdaq Stockholm's regulations for issuers and therefore provides details of the scheduled date for the Annual General Meeting in the year-end report.

Sveaskog's mission

According to the State Ownership Policy, companies owned by the state shall adopt a long-term approach, be efficient and profitable, and be given the capacity to develop. The companies shall serve as role models in the area of sustainable value creation and otherwise act in a manner that instils public confidence. Within their industry, the companies must be role models in the environment and climate area and work to achieve the national and international environmental targets.

According to what is given as the object of the company in the Articles of Association, Sveaskog



→ shall own and manage real and personal property and conduct forestry operations and forest industry as well as related activities. Its core business shall comprise forestry. Sveaskog shall also be an independent operator without major interests of its own as an end user of wood raw materials. The company may also conduct related activities if these contribute to increased returns for the company. According to a special mandate from the Swedish Parliament, the company must, for market remuneration, divest a total of up to 60,000 hectares of unprotected productive forest land, mainly above and in close proximity to the montane forest line, to be used as replacement land for individual landowners of protected forest, including forest properties that are jointly owned and managed within so-called common forests and district common land. The company's activities shall be conducted on a commercial basis and generate a market return. The owner has decided on financial targets for Sveaskog regarding yield and net debt/equity ratio as well as dividend policy.

1. General Meeting

The company's General Meeting is Sveaskog's highest decision-making body and the forum where the shareholder formally exercises their influence. According to the State Ownership Policy, the Annual General Meeting must take place no later than 30 April each year. Notice of the Annual General Meeting shall be served no earlier than six weeks and no later than four weeks before the meeting through an announcement in the newspaper Post- och Inrikes Tidningar and on the company's website: sveaskog.

The Board of Directors is responsible for convening a General Meeting. The Board of Directors proposes to the Annual General Meeting guidelines for remuneration to senior executives for

a resolution, reports on whether previously adopted guidelines have been followed and the reasons for any deviations, and proposes the election and remuneration of auditors. In accordance with the State Ownership Policy and principles for stateowned enterprises and the Articles of Association, members of the Swedish Parliament have the right to attend the General Meeting and ask questions in connection with this. The public is also welcome to attend.

Annual General Meeting 2022

The Annual General Meeting of the parent company Sveaskog AB (publ) took place on 27 April 2022 in Stockholm. The General Meeting was held digitally and members of the Swedish Parliament and the general public were invited to participate. The meeting was opened by Chair of the Board Eva Färnstrand, who was also appointed to chair the meeting. The owner was represented by Asa Mitsell.

The Annual General Meeting approved the income statement and balance sheet for the financial year 2021 and discharged the Board of Directors and the CEO from liability for the year. The meeting resolved to approve the Board's proposal for the distribution of profits, which entailed a dividend of MSEK 1,300 to the owner. Guidelines for remuneration to senior executives were confirmed. In addition, board members, the chair of the Board and an auditor were elected, and there was a resolution on remuneration. Minutes and other material relating to the Annual General Meeting can be found on the company's website: sveaskog.se.

Extraordinary general meeting 2022

Sveaskog AB (publ) held an extraordinary general meeting on 31 August 2022. The meeting resolved to amend the Articles of Association regarding the object of the company. This is based on the resolution of the Swedish Parliament to give Sveaskog the task of, for market remuneration and in place of the current land sales programme, divesting a total of up to 60,000 hectares of unprotected productive forest land, mainly above and in close proximity to the montane forest line, to be used as replacement land for individual landowners of protected forest, including forest properties that are jointly owned and managed within so-called common forests and district common land. The meeting also resolved to elect Måns Nilsson as a new board member to succeed Johan Kuylenstierna, who resigned.

Annual General Meeting 2023

The 2023 Annual General Meeting will be held on 26 April. Documents for and minutes from general meetings can be found on the company's website: sveaskog.se.

2. External auditor

The election of auditors is decided by the owner at the Annual General Meeting. The Board of Directors submits proposals for the election of auditors to the general meeting based on a recommendation from the Audit Committee. A proposal for election of auditors is presented in the notice of the Annual General Meeting and on the company's website: sveaskog.se. Auditors are appointed for a term of one year. According to Sveaskog's Articles of Association, the company must have one or two auditors with or without one or two deputy auditors or a registered auditing firm as its auditor. At the 2022 Annual General Meeting, KPMG AB was elected new auditor for a one-year period until the 2023 Annual General Meeting. The auditing firm appointed Joakim Thilstedt as chief auditor.

The task of the auditor is to examine, on behalf of shareholders, the company's Annual Report and financial statements as well as the administration

by the Board of Directors and the CEO. A limited assurance engagement is performed in respect of the company's Sustainability Report by the elected auditor, who certifies the report together with the sustainability auditor responsible. Furthermore, a limited assurance engagement of the Group's interim report per the third quarter is performed by an elected auditor. The Board maintains a dialogue with the auditor through the Audit Committee and also through the auditor being present at Board meetings at which issues ahead of the annual financial statements and Annual Report are discussed. At least once a year, the auditor meet with the Board of Directors without the CEO or any other member of Group Management being present. The auditor has participated in all seven meetings of the Audit Committee. The practical work of procurement of auditors is handled by the Board's Audit Committee together with the company. During the autumn of 2021, a procurement of audit services was carried out, with an auditor being elected at the 2022 Annual General Meeting.

Remuneration for the auditor's work is paid according to an approved invoice. The company's audit costs are given in Note 6, Other external costs.

3. Board of Directors

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs, and for ensuring that it is managed in an exemplary manner within the framework provided by the legislation, the company's Articles of Association, the State Ownership Policy and principles for state-owned enterprises 2020 and any owner instructions.

Nomination process

The State Ownership Policy and principles for state-owned enterprises 2020 sets out a different → nomination process than that prescribed in the Code in respect of electing and remunerating the Board of Directors and auditors. The nomination of the Board of Directors is coordinated by the department for state-owned enterprises at the Ministry of Finance. They also submit proposals to the Chair of the Board and chair of the general meetings. For each company with state ownership, the competence needs are analysed based on the company's operations, situation and future challenges, the composition of the Board and completed board evaluations. Any possible recruitment needs are then determined. The composition of the Board strives for an even gender distribution. Diversity aspects must also be taken into account. When the nomination process has been completed, nominations made are published in accordance with the Code. Proposals for the election of an auditor and auditor remuneration are submitted by the Board. The nominations of board members and auditor, as well as proposals for remuneration, are also presented in the notice of the Annual General Meeting and on the company's website: sveaskog.se.

Composition of the Board of Directors

According to the Articles of Association, the Board of Directors shall consist of a minimum of five and a maximum of nine members without deputies. The Articles of Association do not contain any regulations on the appointment or dismissal of board members. The company's Head of Legal is the secretary to the Board of Directors.

At the Annual General Meeting 2022, Kerstin Lindberg Göransson (re-election), Anna Belfrage (new election), Marie Berglund (re-election), Johan Kuylenstierna (re-election), Leif Ljungqvist (re-election), Elisabet Salander Björklund (re-election) and Sven Wird (re-election) were elected, which means that after the Annual General Meeting the

Board of Directors consisted of four women and three men. The Board also includes two employee representatives with two deputies. Kerstin Lindberg Göransson was elected as Chair, succeeding Eva Färnstrand. For the period leading up to the Annual General Meeting, Kerstin Lindberg Göransson was Vice Chair. The Annual General Meeting stated that the board members are deemed to have relevant competence, experience and background for the company's operations, stage of development and conditions in general, and that the Board as a whole has a versatility, breadth and gender distribution that reflects the requirements of the State Ownership Policy. At an extraordinary general meeting on 31 August 2022, Måns Nilsson was elected as a new board member to succeed Johan Kuylenstierna, who resigned.

Work of the Board of **Directors during 2022**

The formal work plan of the Board governs the Board's work and stipulates how the work is to be distributed among the members of the Board, the number of ordinary Board meetings, matters to be dealt with at ordinary Board meetings and the responsibilities of the Chair of the Board. The Chair of the Board shall ensure that the work of the Board is conducted efficiently and that the Board fulfils its obligations. At each Board meeting during the year, the CEO submits a report on significant events in the company, and the chair of each committee reports on the committee meetings that have been held between Board meetings. According to the formal work plan, the Chair shall, on behalf of the Board of Directors, consult with representatives of the owner on matters of crucial importance for Sveaskog. The formal work plan also contains details of the Chair's role in the Board of Directors and on the division

of roles and responsibilities between the Board of Directors and the CEO. The Board continuously evaluates the CEO's work and evaluates the work of the Board on an annual basis. At least once a year, the work of the CEO shall be evaluated without any member of Group Management being present.

The Board held ten meetings in 2022, and one Board meeting per capsulam. In addition to dealing with standing items on the agenda, the Board dealt with issues concerning the company's strategic direction, the organisational change, the felling calculation and the continuous cover approach, the relationship with reindeer husbandry and other stakeholders, as well as measures in connection with the resolution of the Swedish Parliament on the bill "Strengthened property rights", flexible forms of protection and increased incentives for nature conservation in the forest with voluntariness as a basis (Bill 2021/22:58). The Board also made decisions on a number of acquisitions and sales of properties. In order to inform and update the members about the company's operations, certain Board meetings are usually held at various locations within the company's operations and are combined with meetings with management and employees. During the year, the Board visited the Vibytorp nursery.

Board committees

The Board of Directors has set up committees with the aim of specifically monitoring and preparing Board issues within the committees' respective focus areas. The members of the committee are elected at the Board meeting held in direct connection with the Annual General Meeting. Representatives from the business such as the CEO, CFO, Head of HR, Head of Communications, Head of Legal and Head of Property can participate as speakers at a committee

meeting. Guidelines for the work of the committees can be found in the Board's formal work plan. There are also special instructions for the Property, Audit and Remuneration Committees. The issues dealt with by the committees are minuted and reported at the next Board meeting.

3a. Remuneration Committee

The Remuneration Committee prepares proposals for guidelines for employment conditions for senior executives and works with issues concerning remuneration and employment conditions, attracting and retaining talent, and succession planning. In 2022, the committee mainly worked with issues concerning the organisational change, employee survey and attracting and retaining talent. The Remuneration Committee consists of Kerstin Lindberg Göransson (chair), Marie Berglund and Leif Ljungqvist.

3b. Property Committee

The Property Committee prepares proposals for decisions on property transactions and works with issues concerning property management and land concessions. In 2022, the committee worked, among other things, on the strategic direction for land concessions, replacement land and the land sales programme, as well as the calculation model for property acquisitions. The Property Committee consists of Sven Wird (chair), Elisabet Salander Björklund, Måns Nilsson and Sara Östh.

3c. Audit Committee

The Audit Committee prepares issues relating to, among other things, the Board's work on quality assurance of the company's financial reporting, the preparation of quarterly reports for decisions by the Board of Directors, monitoring the effectiveness of \rightarrow

Principles for remuneration of the Board of Directors

Remuneration of Board members is decided by the General Meeting, as is remuneration of members of the Board committees. In 2022, remuneration of the Board of Directors totalled SEK 1,805,668. The Board of Directors does not participate in any bonus or incentive programme. Employee representatives, deputies for these and the board member employed by the Government Offices of Sweden do not receive a fee.

Evaluation of the work of the Board and the CEO

The Board of Directors conducts an annual evaluation of the work of the Board and the CEO. The evaluation takes place either internally or externally, with the aim of developing the Board's working methods and efficiency. In 2022, an external evaluation was carried out. The results of the evaluation are presented both to the Chair of the Board and to the Board as a whole.

The owner, in the form of the Government Offices of Sweden, is also informed of the results of the evaluation. The work of the Government Offices of Sweden on the nomination process for the Board also involves an ongoing evaluation of the boards of stateowned enterprises.

Organisation of the business

In 2022, Sveaskog's business operations were organised in two geographical market areas and one business area, Svenska Skogsplantor. The division into market areas is based on forest assets, the customer structure and trade flows. The market areas had customer, production and delivery responsibility for the wood raw material. Concessions (with the exception of hunting concessions) and property transactions are handled centrally within the Property support unit. Operating activities are supported by Group-wide support units. The organisational change came into force on 1 January 2023, and since then the business activities include an operational unit, which in turn consists of five regions, and are supplemented with a forestry unit and the business area Svenska Skogsplantor. The purpose is to implement a more uniform way of working throughout the company.

CEO and Group Management

Sveaskog's CEO is responsible for the ongoing management of the company in accordance with the Board's instructions. The CEO gives presentations at Board meetings. The CEO's responsibilities include ongoing operational issues and leading the work of Group Management. Erik Brandsma has been the company's CEO since 1 January 2022.

In 2022, Group Management included, in addition to the CEO, the CFO, Head of HR, Head of Market Area North, Head of Market Area South, Head of

Business Area Manager for Svenska Skogsplantor, Head of Forest Management, CDO, Head of Forest Policy, Head of Communications and Head of Legal. In total, there were eleven members of Group Management, including seven women and four men. In connection with the organisational change coming into force on 1 January 2023, changes took place in Group Management. Thereafter, Group Management includes, in addition to the CEO, the CFO, Head of HR, Chief Operating Officer, Head of Business Area Manager for Svenska Skogsplantor, Head of Forestry, CDO, Head of Communications, Head of Legal and Head of Sustainability, Business Development and Strategy. Group Management thus comprises ten members in total, including six women and four men.

Internal control and risk management in respect of financial reporting

The Board's responsibility for internal control is governed by the Swedish Companies Act and the Code. Internal control is intended to provide reasonable assurance regarding the reliability of external financial reporting in the form of interim reports, year-end reports and annual reports. Control shall also include external financial reporting and ensuring that this is prepared in accordance with the legislation, applicable accounting standards and other requirements for limited companies. The internal control within Sveaskog is based on the COSO Framework for Internal Control, which is an established framework.

Framework for internal control

A description of how internal control is organised in relation to financial reporting is provided below.

Control environment

The Board of Directors has overall responsibility for maintaining an effective system for internal control and risk management. The Board has appointed the Audit Committee to prepare matters related to risk assessment, internal control, financial reporting and audit. The Board's risk management has been given greater scope in recent years.

Responsibility for maintaining an effective control environment and day-to-day work with risk management and internal control relating to financial reporting in the company is delegated to the CEO. Managers at different levels of the company have corresponding responsibilities within their respective areas.

The most significant parts of the control environment relating to financial reporting are dealt with in the governing documents concerning accounting and financial reporting and in the company's financial manual.

Risk assessment and control structures

The Board of Directors is responsible for ensuring that the company manages its risks correctly and that adopted policies for financial reporting and internal control are complied with. Identified risks in connection with financial reporting are loss or misappropriation of assets, unlawful benefit of another party at the company's expense and other risks relating to material misstatement in the financial statements, for example, relating to recognition and measurement of assets, liabilities, revenue and expenses or discrepancies in disclosure requirements.

These issues are prepared by the Audit Committee for consideration by the Board. A number of items in the income statement and balance sheet have been \rightarrow → identified where the risk of material misstatement is significant. These risks are mainly attributable to measurement of forest assets, accruals and the IT systems that support the business.

Information and communication

The company's information and communication channels are designed to promote completeness and accuracy of financial reporting. For external communication, there are rules designed to ensure that the company satisfies the owner's requirement that reporting is carried out in accordance with Nasdaq Stockholm's Issuer Rules.

Follow-up and evaluation

Follow-up and evaluation of the internal control by the Board, CEO, Group Management and within the finance and purchasing unit regarding the financial reporting and ensuring that it is appropriate and effective takes place on an ongoing basis. Financial reporting takes place according to an established reporting structure. Follow-up of the business targets and any identified risks takes place continuously and at different levels in the company. Monitoring is governed by the Board's formal work plan, the instructions to the CEO and other internal steering documents. The budget is decided each year by the Board, and the Board receives monthly financial reports and a report from the most recent meeting of each committee.

The Audit Committee is responsible for following up on audit issues and major matters of principle with regard to financial reporting, where issues concerning the forest value and internal control are in focus. The company's auditor reports their observations from audits and their assessment of the company's internal control to the Audit Committee and the Board. This takes place both with and without the presence of Group Management.

Special review function

It is the Board's opinion that Sveaskog's significant risks and risk areas are covered by the risk management process applied by the company. The finance and purchasing unit is responsible, on behalf of the CEO, for taking stock of risks and risk management processes. The unit is also responsible for a number of central controls combined with local follow-up. However, operational responsibility rested with the market areas and other operating areas. The Board of Directors deems there to be no need for a special review function in the company. The unit is headed by the CFO and consists of finance, controlling, purchasing, timber finance and business development.

Sustainable value creation

Sveaskog has integrated sustainable value creation throughout the organisation. Sveaskog's strategic targets for sustainable value creation are broken down into strategies and business targets that are followed up on regularly. The work is supported by a number of policies and guidelines.

Monitoring of sustainability work is performed on an ongoing basis both internally and externally. The Board of Directors issues the Sustainability Report and the Audit Committee prepares the work on the report.

Collaboration with local contractors and suppliers is important for Sveaskog's development. The Code of Conduct, general sustainability requirements linked to the UN Global Compact and detailed requirements for contractors govern the assessment of contractors. Follow-up is takes the form of self evaluation and internal audits. Non-conformances are reported in the business management system. Follow-ups of framework agreements with external suppliers take place annually.

The external audit consists of the auditors examining \rightarrow

the Annual Report and Sustainability Report. In addition, an internal audit in accordance with ISO 14001 is carried out of the integrated business management system. An external audit against the FSC standard is performed, and regular surveys are conducted for customers, employees, contractors and suppliers and of the brand.

These provide the tools for creating an understanding of the impact of operations from a stakeholder perspective and offer support for monitoring of international frameworks such as national environmental quality targets and the 2030 Agenda goals.

Code of Conduct

Sveaskog is dependent on the outside world having confidence in the company. A high level of confidence is a prerequisite for Sveaskog to continue to be a successful company. Sveaskog's Code of Conduct makes it clear to all employees how they should conduct themselves as business partners, employers, employees and members of society.

Sveaskog's Code of Conduct applies to all employees. Anyone who concludes agreements with customers, suppliers, contractors and consultants must ensure and monitor that these comply with the Code of Conduct. Sveaskog's managers have are responsible for ensuring that the Code of Conduct is complied with in day-to-day operations. The Code of Conduct must be read in connection with new recruitment, performance appraisals, procurement, operational follow-ups, etc. When signing business and cooperation agreements, the service declaration, which includes the Code of Conduct, is appended.

In order to ensure compliance with the Code of Conduct, there is a separate reporting system for deviations or infringements. This whistleblower function is available on the company's website: sveaskog.se. The function is external, which means that the information is processed and investigated by an external party. In 2022, one report was received via the whistle-blower function.

Remuneration. SEK

1 7 ' 1	J					Remunera	ition, SEK
Name	Position	Attendance Board meetings ¹	Attendance Remunera- tion Committee	Attendance Property Committee	Attendance Audit Committee	Board	Committee
	Chair of the Board from and including 27						
Kerstin Lindberg	April, board member and Vice Chair of the						
Göransson	Board until 26 April	11/11	2/2		2/3	399,000	22,667
Anna Belfrage	Board member from and including 27 April	7/8			4/4	140,000	32,000
Marie Berglund	Board member	11/11	3/3			205,667	11,333
Leif Ljungqvist	Board member	10/11	3/3		7/7		
Måns Nilsson	Board member from and including 31 August	4/4		2/3		70,000	13,333
Elisabet Salander							
Björklund	Board member	11/11		8/8	4/4	205,667	56,667
Sven Wird	Board member	11/11		8/8		205,667	40,000
Kenneth Andersson	Employee representative	11/11			7/7		
Sara Östh	Employee representative	11/11		8/8			
Lars Djerf	Employee representative	10/11					
Thomas Esbjörnsson	Employee representative	10/11					
Eva Färnstrand	Chairman of the Board until 27 April	3/3	0/1		3/3	161,667	10,666
Johan Kuylenstierna	Board member until 31 August	6/7		5/5		135,667	26,667
Christina Lindbäck	Board member until 27 April	3/3	1/1			65,667	3,333

¹⁾ One of the Board meetings has been held per capsulam, with only ordinary members participating.



Board of Directors



Kerstin Lindberg Göransson Chair of the Board.

MSc Business and Economics. Born in 1956, elected in 2019 and Chair since 2022.

Other assignments: Alecta Fastigheter AB and Sophiahemmet, ideell

förening. Member of the Royal Swedish Academy of Engineering Sciences (IVA). Former CEO of Akademiska Hus, Airport Director at Stockholm-Arlanda Airport and CFO and Deputy CEO of Scandic Group.

Chairman of the board Svensk Bilprovning AB and K2 National knowledge center for public transport and former member of the Third AP Fund, Jernhusen AB, Hemnet Group AB, Strömma Sjöfart och Turism AB and Grand Hotel AB.



Anna Belfrage Chair of the Audit

Committee. MSc Business and Economics. Born in

1962, elected in 2022. Until May 2019, Anna was CFO of Södra Skogsägarna Ekonomisk Förening,

with responsibility for the

Group's purchasing and IT. Anna has been acting CEO of Beijer Electronics AB and has also been CFO of various companies such as Beijer Electronics Group, ABS Group (a division within the Cardo Group) and Dresser Wayne Scandinavia. Anna also has a background as an auditor at Price Waterhouse.

Other assignments: Cint AB, Ellevio AB; Elopak AS, Isofol AB, Mycronic AB, NOTE AB.



Marie Berglund Member of the Remuneration Committee.

MSc in Biology. Born in 1958. Elected in 2019.

Other assignments: Senior Advisor at NCC up to and including January 2022, member of the foundation BalticSea2020,

member of the foundation BalticWaters2030, Council of Trustees of the Swedish World Wide Fund for Nature WWF and the Advisory Council of the County Administrative Board of Västernorrland.

Previous experience: Raw Material Manager and Sustainability Coordinator at NCC Industry AB. External CEO of Bioendev AB, Environmental Manager at Botniabanan AB and Group Ecologist and Environmental Audit Leader at Mo och Domsjö AB. Chair of Eurocon Consulting AB and MIS Environmental and Sustainability Auditors in Sweden. Board member at, among others, Boliden AB, the Swedish Forest Agency, the Bothnian Sea Water Delegation, the Swedish World Wide Fund for Nature WWF, Enetjärn Natur AB and the Delegation for the Promotion of Environmentally Friendly Technology.



Lars Djerf

Deputy board member. appointed by the union GS.

Machine operator. Born in 1968. Elected in 2013.



Leif Ljungqvist

Member of the **Remuneration Committee** and Audit Committee.

MSc Business and Economics. Born in 1971, elected in 2016.

Other assignments: Company Administrator and Deputy Director

in the Ministry of Finance's department for state-owned enterprises. Board member at Teracom AB and AB Svenska Spel.

Previous experience: Board member at Samhall AB, Apoteket AB, Statens Bostadstransformation AB, Akademiska Hus AB, AB Svensk Bilprovning, Vasallen AB and AB Bostadsgaranti. Former equity analyst at Kaupthing Bank, Nordiska Fondkommission and Hagströmer & Qviberg.



Måns Nilsson CEO of Stockholm Environment Institute (SEI).

Born in 1969, elected in 2022.

Other assignments: Member of KSLA, board member at IVL Swedish Environmental Research

Institute and Blekinge Institute of Technology.

Previous experience: Deputy CEO and Head of Research at SEI, adjunct professor at the KTH Royal Institute of Technology in Environmental Strategy and Policy Analysis.



Elisabet Salander Björklund Member of the property committee and the audit committee.

MSc Forestry. Born in 1958, elected in 2021.

Other assignments: Board member at AB Karl Hedin, Arevo AB,

Gasum Oy, Firefly AB and the Marcus Wallenberg Prize Foundation. Member of the Royal Swedish Academy of Agriculture and Forestry (KSLA) and the Royal Swedish Academy of Engineering Sciences (IVA).

Previous experience: CEO of Bergvik Skog AB, senior positions at Stora Enso, several positions with responsibility for timber sales within Domänverket, later AssiDomän.



Sven Wird Chair of the Property Committee.

MSc in Engineering. Born in 1951. Elected in 2016.

Other assignments: Chair of Nordiska Virkesbörsen AB. Board member at Setra AB, Biofiber Tech Sweden AB.

Previous experience: Technology Director, Holmen AB. Senior positions at SCA, Norske Skog France, Modo AB and Modo Paper AB. Former Chair of the Board SunPine AB and

board member at Innventia AB, SP Technical Research Institute of Sweden and Melodea Ltd, board membe at Rise Research Institutes of Sweden AB.



Kenneth Andersson

Employee representative appointed by the **Swedish Forest and Wood Trade Union.**

Machine operator. Born in 1969. Elected in 2017.

Member of the Audit



Thomas Esbjörnsson Deputy board member. Employee representative.

Process developer. Born in 1962. Elected in 2015.



Sara Östh

Employee representative. Member of the **Property Committee.**

MSc Forestry. Forest management leader. Born in 1983. Elected in 2018.

Management



Erik Brandsma CEO

Forest engineer. Born in 1964. Employed since 2022. Assumed current position in 2022.

Previous experience: CEO of Jämtkraft AB, Director General at the Swedish Energy Agency, Head of

Sustainability/CSR at Vattenfall AB, Chief Sustainability Officer at EON AG in Germany, Managing Partner at Sustain AB, Senior Advisor at Environmental Resources Management in London and Stockholm, Task Manager at the Commission for Sustainable Development in New York, Advisor Directors Office at Environment Directorate OECD in Paris, Administrator at Directorate in Strategic Planning Ministry for Environment and Spatial Planning, Netherlands.

Other assignments: Chair of the Board of Scandem Market AB, board member at Utvecklingsklustret Energi AB and board member and CEO of Eldbrand AB.



Anders Almäng Head of Forestry

MSc Forestry. Born in 1965. Employed in 2003. Assumed current position in 2022.

Previous experience: Head of Profit Area Southern Norrland, Head of Forest Management

MA Central Sveaskog, Planning Manager Southern Norrland Sveaskog, Forest Management Manager National Property Board of Sweden, Head of Forest Management (acting) AssiDomän.



Helene Bergström Head of Svenska Skogsplantor

Elementary school teacher and MSc Forestry. Executive MBA, Stockholm School of Economics. Born in 1972. Employed since 2010. Assumed current position in 2020.

Previous experience: Planning Manager and Head of Profit Area Sveaskog Norra Bergslagen and Södra Bergslagen.



Per Callenberg Head of Sustainability, **Business Development** and Strategy

MSc Industrial Engineering and Management. Born in 1980. Employed since 2023.

Previous experience: State Secretary,

Ministry of Infrastructure. State Secretary, Ministry of Enterprise and Innovation. Deputy Head, Prime Minister's Office, Coordination Secretariat. Senior Adviser, Vattenfall Nordic.

Previous assignments: Chair of the Swedish FAO Committee.



Annica de Jong

Head of HR

BA Human Resource Management, Stockholm University. Accredited Gestalt Practitioner in Organisations, Gestalt Institute of Scandinavia Born 1968. Employed

Previous experience: Head of HR, LRF, Human Resource Director, CGI. HR Controller, Sweadvia. Consulting Manager, Proffice Sverige.

Other assignments: Board member at Almega Tjänsteföretagen, (Employers' organisation), member of the foundation Klöverstiftelsen.



Kristina Ferenius Chief Financial Officer

CFO MSc Economics. Born in 1968. Employed in 2020, assumed current position in 2020.

Previous experience: CFO and Deputy CEO of Specialfastigheter Sverige

AB, CFO of Huge Fastigheter AB, CFO of Enaco AB, Business Controller at Coor Service Management AB, CFO of Skanska Guest Relocation AB.

Other assignments: Chair of the Board of Sveaskog Försäkring AB, board member at Sveaskog Finans AB. board member at Hiälmare Kanal AB.



Olof Johansson Head of Forest Policy

Biologist. Born in 1958. Employed since 1988. Assumed current position in 2019.

Previous experience: Conservation Specialist at Domänverket och

DomänSkog AB, Conservation Manager at AssiDomän AB, Head of Environment and Sustainability at Sveaskog, Head of Forest Management at Sveaskog.

Other assignments: Chair of the Board of Sveaskog Timber AB, board member at EUSTAFOR, board member at Forest Trends, Chair of SIS/ TK 526 - Sustainability criteria for bioenergy.



Patrik Karlsson Chief Digital Officer

CDP MSc Business and Economics and systems analyst. Born in 1969. Employed in 2020. Assumed current position in 2020.

Previous experience: CIO of Nordic Cinema Group and Filmstaden, CIO of Intrum Justitia, CIO of Ventelo, various roles at Capgemini and Tre.

Other assignments: Board member at Biometria.



Christine Leandersson Head of Legal

LLM Born in 1974. Employed in 2022.

Previous experience: Senior Adviser, Head of Group and Corporate Lawyer, Department of State-owned Enterprises,

Swedish Government Offices. Lawyer, Vinge.



Malin Nordén **Head of Communications**

BA Born in 1971. Employed in 2022.

Previous experience: Head of Group Communications, Head of Internal Communications and Head of Content PostNord, Head of Internal Com-

munications & Brand Management, Head of Editorial Management, Ericsson and Chief Editor, Art Director and Copywriter, HL Display.



Anette Waara Head of Market Area North

MSc Forestry. Born in 1969. Employed since 2002. Assumed current position in 2016.

Previous experience: Head of Profit Area and Head of Production Västerbotten and Environmental

Manager Sveaskog. Field assistant Holmen Skog.

Other assignments: Board member at the National Property Board of Sweden.

> Other persons who were Management during 2022:

Niclas Brantingson, Olof Johansson, Eva Karlsson Berg, Fredrik Klang and Marie Stålnacke.

Sustainability Report

Sveaskog issues a sustainability report in accordance with chapter 6, section 11 of the Swedish Annual Accounts Act, which is separate from the formal Annual Report but integrated into the Annual and Sustainability Report document. The Sustainability Report comprises Sveaskog AB and its subsidiaries. According to the Swedish Annual Accounts Act, the Sustainability Report must include the business model, policy, policy outcome and significant risks.

Area	Disclosure requirements	Environment	Staff	Social conditions	Human rights	Anti-corruption
Business model	The Sustainability Report must describe the company's business model		Sve	easkog's business model is described on pages	11–12	
Policy	The Sustainability Report must describe the policy applied by the company in respect of these issues, including the examination procedures that have been implemented	This is described on pages 25–27 and 32–33	Working environment and gender equality, pages 20–21	Decent employment conditions, page 21, contractors, page 18	Human rights and anti-corruption can be foun 43–48. Guidelines on bribery, gifts and entertainment	
Policy outcomes	The Sustainability Report must describe the outcomes of the policy	This is described on pages 24-27	Working environment and gender equality, pages 24, 20–21 and 110–112	Creating a sustainable value chain pages 16–18	Human rights and anti-corruption can be foun 43-48. Guidelines on bribery, gifts and entertainment	
Significant risks	The Sustainability Report must describe the significant risks that relate to these issues and are linked to the company's business, including, where relevant, the company's business relationships, products or services that are likely to have negative consequences	Risk and sensitivity analysis, weather, climate and environmental risks, pages 39 and 42	Risk and sensitivity analysis, operational and legal risks, page 40	Risk and sensitivity analysis, social risks, page 41	Risk and sensitivity analysis, social risks, page 41	Risk and sensitivity analysis, social risks, page 41
Risk management	The Sustainability Report must describe how the company manages the risks	Risk and sensitivity analysis, weather, climate and environmental risks, pages 39 and 42	Risk and sensitivity analysis, operational and legal risks, page 40	Risk and sensitivity analysis, social risks, page 41	Risk and sensitivity analysis, social risks, page 41	Risk and sensitivity analysis, social risks, page 41
Performance indicators	The Sustainability Report must describe key performance indicators relevant to the business	Biodiversity and nature conservation, page 24-27	Absence due to illness and occupational injuries, page 112	Evaluation of contractors, page 116	Values and anti-discriminatory practice, page 112	No cases of corruption have been reported during 2022
Reporting according to Article 8 of the Taxonomy Regulation	Assessment of compliance with the Regulation and accounting policies is given on page 67					

Assessment of compliance with the Regulation¹

Sveaskog has conducted a review of activities within sector 1. Forestry in accordance with the EU taxonomy on sustainable finance and has concluded that 1.3 Forest Management is the activity that is found within the company's operations. A mapping exercise was conducted of Sveaskog's operations against the technical examination criteria found in activity 1.3 Forest Management. Only internal forestry operations are considered to be covered by 1.3 Forest Management. This means that external business operations such as purchases from private landowners, purchases from other forestry companies and imports are excluded.

The activity 1.3 Forest Management describes all elements of the forest management cycle, including those included in the Nordic model of forestry that Sveaskog applies. The various elements are also interdependent for a continuous and long-term increase in carbon dioxide sequestration. In light of this, Sveaskog has concluded that regeneration felling is also included in the activity and therefore these costs are included in operating expenditure (OPEX).

Accounting policies

For Sveaskog's reporting 2022, an assessment has been made of what in the business is considered to be associated with the activity 1.3 Forest Management. The starting point is turnover and expenses according to the external reporting, which includes all operations. From there, those elements that we do not deem to be covered by the taxonomy have been excluded, and those elements that are covered have been included.

Turnover²

With regard to turnover, we started with net sales in the income statement, which for 2022 is MSEK 7,760. Net sales exclude those elements that we do not deem to be covered by the taxonomy, which are: turnover for external timber deals, turnover for transport, turnover for wind power, gravel and peat turnover, internal turnover for nursery operations, and other turnover.

Operating expenditure (OPEX)³

For operating expenditure, we have based our calculations on the income statement's total expenses, i.e. a total of MSEK 6,259. The expenses exclude those elements that we do not deem to be covered by the taxonomy, which are: external timber deals, transport expenses, expenses for nature tourism, expenses for forest management, expenses for nursery operations, marketing expenses, expenses for administration, logistics and the marketing organisation, expenses for support units in addition to the forest management support unit, as well as changes in inventories and depreciation/amortisation.

Capital expenditure (CAPEX)4

The comments on the Group's cash flow statement indicate that investments in 2022 amount to MSEK 298. Of the investments that Sveaskog has made, we have estimated that MSEK 262 can be considered to be capital expenditure (CAPEX) in accordance with the taxonomy. In addition to these investments, MSEK 225 has been invested in forest management. Sveaskog is the lessee of various objects such as office premises, warehouses, stores, forest machines, trucks, cars, land for plant terminals, seed plantations, fishing rights and office equipment, etc. amounting to MSEK 130. The assessment is that the covered investments in the form of property acquisitions, production machinery and equipment, new forest and new seedlings in nursery operations as well as changes in lease liability can be considered to be capital expenditure. In total, capital expenditure (CAPEX) in 2022 amounts to MSEK 617.

Turnover

Numerator: Total revenue (see page 67, Net sales) excluded turnover for external timber deals, revenue for transport, turnover for wind power, gravel and peat turnover, internal turnover for nursery operations, and other turnover.

Divided by

Denominator; Total revenue (see page 57, Net sales).

Operating expenditure (OPEX)

Numerator: Total operating expenditure excluded, external timber deals, transport expenses, expenses for nature tourism, expenses for forest management, expenses for nursery operations, marketing expenses, expenses for administration, logistics and the marketing organisation, expenses for support units in addition to the forest management support unit, as well as changes in inventories and depreciation/amortisation.

Divided by

Denominator: Total operating expenditure.

Capital expenditure (CAPEX)

Numerator: Total investments in new property acquisitions, production machinery and equipment, fossil-free boilers, new seedlings in nursery operations and changes in lease liability.

Divided by

Denominator: Total capital expenditure.

¹⁾ Based on the expertise of forest experts within the company and in the forest industry, Sveaskog has evaluated the requirements and assessed the company's compliance with the criteria for minimum safeguards, substantial contribution and doing no significant harm. The calculation of the shares that are not covered by the taxonomy has been assessed and checked internally by competence in economics and finance.

²⁾ See Table 1 for a presentation of the share of the revenue that is taxonomy eligible.

³⁾ See Table 2 for a presentation of the share of the operational expenditure that is taxonomy eligible.

⁴⁾ See Table 3 for a presentation of the share of the capital expenditure that is taxonomy eligible.

					Cr	iteria for substan	tial contributio	n			Criteria reg	garding doing no	significant harr	m (DNSH)						
Financial activities (1)	Code(s)	Absolute turnover (3)	Share of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy eligible share of turnover, 2022 (18)	Taxonomy eligible share of turnover, 2021 (19)	Category (enabling activities) (20),	Category "(transition activities)" (21), Transition
A. ACTIVITIES COVERED BY THE TAXONOMY		MSEK	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Per cent	Per cent	Enabling	Transition
A.1. Environmentally sustain	able (tax	conomy-e	ligible) activ	vities									·							
Forest management	1.3	3,871	50%	100%						_	Yes	Yes	Yes	Yes	Yes	Yes	50%	_	_	_
Turnover from the environmentally sustainable (taxonomy-eligible) activities (A.1)		3,871	50%	100%													50%	_		
A.2. Activities that are cover	ed by the	e taxonom	ny but not e	nvironmentally	sustainable (n	on-taxonomy-eli	gible)													
Turnover from activities that are covered by the taxonomy but not environmentally sustainable (non-taxonomy-eligible) (A.2)		0	0%																	
Total (A.1+A.2)		3,871	50%														50%	-		
B. ACTIVITIES THAT ARE NO	OT COVE	RED BY	THE TAXON	OMY													,			
Turnover of activities not covered by the taxonomy (B)		3,889	50%																	
Total (A+B)		7,760	100%																	

Table 2 – Proportion of OPEX from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022

					Cri	teria for substa	ntial contributio	n			Criteria re	garding doing no	o significant harr	m (DNSH)						
Financial activities (1)	Code(s)	Absolute OPEX (3)	Share of OPEX (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy eligible share of OPEX, 2022 (18)	Taxonomy eligible share of OPEX, 2021 (19)	Category (enabling activities) (20),	Category "(transition activities)" (21), Transition
A. ACTIVITIES COVERED BY THE TAXONOMY		MSEK	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Per cent	Per cent	Enabling	Transition
A.1. Environmentally sustaina	able (tax	onomy-eli	gible) activi	ties			<u>'</u>													
Forest management	1.3	1,838	28%	100%						-	Yes	Yes	Yes	Yes	Yes	Yes	28%	-	-	-
OPEX for the environmentally sustainable (non-taxonomy-eligible) activities (A.1)		1,838	28%	100%			'										28%	_		
A.2. Activities that are covere	d by the	taxonomy	/ but not en	vironmentally s	ustainable (no	n-taxonomy-eli	igible)									,				
OPEX for activities that are covered by the taxonomy but not environmentally sustainable (non-taxonomy-eligible) (A.2)		0	0%																	
Total (A.1+A.2)		1,838	28%														28%	-		
B. ACTIVITIES THAT ARE NO	T COVE	RED BY T	HE TAXONO	OMY																
OPEX of activities not covered by the taxonomy (B)		4,646	72%																	
Total (A+B)		6,464	100%																	

¹⁾ Sveaskog issued green bonds in 2022 for a total of MSEK 855 out of a total of MSEK 1,838 in OPEX that is taxonomy-eligible.

Table 3 – Proportion of CAPEX from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2022

					Cri	teria for substar	tial contributio	n			Criteria re	garding doing no	significant harı	n (DNSH)						
Financial activities (1)	Code(s) (2)	Absolute CAPEX (3)	Share of CAPEX (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy eligible share of CAPEX, 2022 (18)	Taxonomy eligible share of CAPEX, 2021 (19)	Category (enabling activities) (20),	Category "(transition activities)" (21), Transition
A. ACTIVITIES COVERED BY THE TAXONOMY		MSEK	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Per cent	Per cent	Enabling	Transition
A.1. Environmentally sustaina	able (tax	onomy-elig	ible) activit	ies																
Own forestry activities (Forest management)	1.3	617	95%	100%	-	_	-	-	-	-	Yes	Yes	Yes	Yes	Yes	Yes	95%	-	-	_
CAPEX for the environmentally sustainable (non-taxonomy-eligible) activities (A.1)		617	95%	100%													95%	_		
A.2. Activities that are covere	d by the	taxonomy	but not env	vironmentally s	ustainable (no	n-taxonomy-elig	ible)													
CAPEX for activities that are covered by the taxonomy but not environmentally sustainable (non-taxonomy-eligible) (A.2)		0	0%																	
Total (A.1+A.2)		617	95%														95%	-		
B. ACTIVITIES THAT ARE NO	T COVE	RED BY TH	IE TAXONO)MY																
CAPEX of activities not covered by the taxonomy (B)		35	5%																	
Total (A+B)		652	100%																	

¹⁾ Sveaskog issued green bonds in 2022 for a total of MSEK 45 out of a total of MSEK 617 in CAPEX that is taxonomy-eligible.



Table of Contents

Financial performance	57
Remuneration for senior executives	59
Appropriation of profits	60
Five-year summary	61
Consolidated income statement	62
Statement of comprehensive income	62
Consolidated balance sheet	63
Consolidated statement of changes in equity	64
Consolidated cash flow statement	64
Parent company's income statement	65
Parent company's balance sheet	65

rent company's statement of changes in equity 66	
rent company's cash flow statement66	
otes 67	
ternative KPIs and definitions	
surance and signing of the financial statements 103	
ıditor's report	
otes on the Sustainability Report107	
RI index 113	
llow-up on the sustainable forestry programme115	
ombined assurance116	
ontact117	

Financial performance

1 January - 31 December 2022

Net sales

Net sales increased by 12 per cent to MSEK 7,760 (6,920). Timber prices increased by an average of 15 per cent, while delivery volumes decreased by three per cent.

Sales of wood raw materials amounted to 10,360 thousand cubic metres (m³sub) (10,682).

Earnings

Operating profit increased by two per cent to MSEK 1,366 (1,341). Higher timber prices and concession revenue from wind power were offset by lower volumes from own forest and higher felling and road costs. And a worse result in nursery operations.

Capital gains from property sales were MSEK 26 (30). Share of profit/loss in associates amounted to MSEK 574 (667). The net change in the carrying amount of biological assets amounted to MSEK 499 (-196). After the change in value in biological assets, the operating profit amounted to MSEK 2,465 (1,842). Net financial items during the year amounted to an expense of MSEK 126 (133). Profit before tax amounted to MSEK 2,339 (1,709). Tax amounted to MSEK -360 (-215). Profit for the year increased by 32 per cent to MSEK 1,979 (1,494).

Comments on the balance sheet and cash flow

Cash flow from operating activities during the period was MSEK 1,065 (1,033). The increase is mainly attributable to increased operating profit. Investments in non-current assets, mainly forest properties and forest machines, amounted to MSEK 298 (230) while investments in shares amounted to MSEK 0 (6). Sales of non-current assets, mainly forest properties, amounted to MSEK 109 (185). Dividends from associates have been received amounting to MSEK 340 (24) and sales of shares

amounting to MSEK 2 (7). A dividend of MSEK 1,300 (850) was paid to the owner.

Sveaskog's net interest-bearing debt at 31 December was MSEK 7,433 (7,438). 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 amounted to MSEK 1,550 (1,250), which is refinanced on an ongoing basis. The outstanding volume under the MTN programme at 31 December was MSEK 5,540 (6,040), of which MSEK 4,400 (4,900) refers to green bonds. The lowest average net fixed interest period during the period was around 24 months (28).

The net debt/equity ratio was 0.11 (0.12).

The interest coverage ratio was 14.5 (15.1) and the gross borrowing cost was 1.19 (1.32) per cent.

Parent company

Sveaskog AB (Publ.), which is 100 per cent owned by the Swedish state, owns and manages forest properties and shares in subsidiaries and is responsible for Group-wide financing. For Sveaskog AB (publ.), operating income for the period January–December totalled MSEK 45 (53), of which MSEK 5 (13) was accounted for by capital gains from sales of forest land. The loss after financial items amounted to MSEK 161 (profit: 3,787). The parent company's costs consist mainly of interest expenses. The company has no employees. Operating activities are carried out primarily in the subsidiary Sveaskog Förvaltnings AB.

Setra Group AB

Sveaskog owns 50 per cent of the shares in the wood products company Setra Group AB, which is classified as an associate. The share of profit/ loss in the associate is recognised in the consolidated income statement. Net sales for the January-December period were MSEK 6,364 (5,841). The operating profit amounted to MSEK 1,206 (1,588). The decrease

is attributable to lower sales due to a weaker market trend. Sveaskog's share of profit/loss in the company adjusted for internal profits decreased by 24 per cent to MSEK 468 (619). Sveaskog's share of Setra's other comprehensive income amounted to MSEK 26 (-11).

SunPine AB

Sveaskog owns 25.1 per cent of the shares of the biorefinery SunPine AB. The share of profit/loss in the associate is recognised in the consolidated income statement. Net sales for the January-December period were MSEK 3,065 (2,115). The operating profit amounted to MSEK 479 (239). The improvement in earnings is primarily an effect of good market development and rising oil prices. Sveaskog's share of profit/loss in the company increased by 98 per cent to MSEK 93 (47).

ShoreLink AB

Sveaskog owns 24.1 per cent of the shares of the logistics and transport firm ShoreLink AB. The Group's income statement for 2022 recognises the share of profit/loss in the associate for the period December 2021 – November 2022, while the figures for the previous year cover the period from December 2020 - November 2021. Net sales for this period amounted to MSEK 353 (298) and the operating profit for the same period amounted to MSEK 66 (7). Sveaskog's share of profit/loss in the company amounted to MSEK 13 (2).

Condensed income statement

MSEK	2022	2021
Net sales	7,760	6,920
Operating profit from continuing operations	1,366	1,341
Share of profit/loss in associates	574	667
Change in value in biological assets	499	-196
Operating profit	2,465	1,842
Profit before tax	2,339	1,709
Profit/loss for the period	1,979	1,494

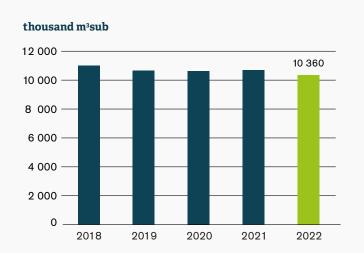
Change in net sales, MSEK

2021	6,920
Price, wood raw materials	1,025
Delivery volume, wood raw materials	-179
Concessions, seedlings and other sales	-6
2022	7,760

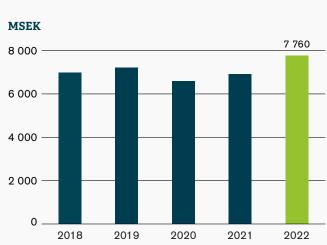
Change in operating profit from continuing operations, MSEK

2021	1,341
Price, own wood raw materials	336
Volume and change in inventories, own wood raw materials	-147
Unit cost felling	-122
Road costs	-51
Svenska Skogsplantor	-16
Earnings from externally procured wood raw materials	-6
Concession revenue, wind power	30
Other property transactions ¹	-13
Other	14
2022	1,366
1) Other property transactions relate to a combination of:	
All future concessions	-7
Sale of non-forest land	-6
Other property transactions	-13

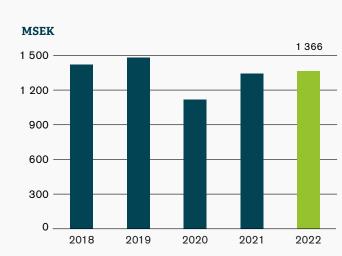
Total delivery volume



Net sales



Operating profit from continuing operations



Net debt/equity ratio



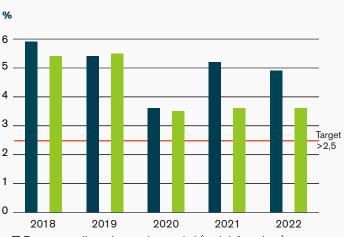
Target see page 29.

Assets, equity and liabilities

SEK billion 80 — 70 — 60 - 50 — 30 -20 -Equity and Adjusted operating

Most of the assets consist of standing timber, which is valued in accordance with the International Financial Reporting Standards, IFRS.

Return on adjusted operating capital



■ Return on adjusted operating capital (excl deferred tax)

Return on adjusted operating capital

Target see page 29.

Remuneration for senior executives

The 2022 Annual General Meeting resolved to adopt the following guidelines for remuneration to senior executives. The Board also proposes that similar guidelines be adopted by the 2023 Annual General Meeting.

Guidelines for terms of employment for senior executives

These guidelines cover senior executives. Senior executives are board members, the CEO and other members of company management, and the guidelines are designed in accordance with the Government's principles for remuneration and other terms of employment for senior executives of state-owned companies. The guidelines shall be applied to remuneration that is agreed, and changes made to already agreed remuneration, after the guidelines are adopted by the Annual General Meeting on 27 April 2022. The guidelines do not cover remuneration determined by the General Meeting.

The company also applies the rules in the Swedish Companies Act and the Annual Accounts Act that apply to public companies and listed companies regarding the reporting of remuneration to senior executives.

Remuneration to senior executives is indicated in Note 8 in the Annual Report.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

Sveaskog's vision "A leader in sustainable forestry" communicates that Sveaskog is earnestly taking on the challenge of combining the financial, ecological and social aspects of its forestry in order to be able to meet all the various demands and expectations to which the forest is currently subject.

The overall business concept "We develop all the values of the forest" communicates Sveaskog's efforts to contribute to multiple use of the forest in order to create added value from it. The promise to customers "We manage the forest and supply raw materials in a responsible manner that makes it easier for our customers to achieve their sustainability goals" means that Sveaskog is contributing to sustainable development throughout the value chain.

The three overarching strategic targets "Increased growth", "Increased timber harvest" and "Increased biodiversity" are long-term and specific. We have identified six success factors to achieve our strategic targets as follows:

- We are developing strong partnerships, collaborations and cooperation
- We are focusing our efforts on the forest and forestry
- We are ensuring efficient and considerate delivery from seed to customer
- We are increasing the ecological values of our land holdings
- We are building a strong corporate culture that attracts the right skills and gives our employees the conditions to succeed
- We are building acceptance and trust in our forestry through increased transparency

For further information on the company's business strategy, see https://www.sveaskog.se.

Successful implementation of the company's business strategy and safeguarding the company's long-term interests, including its sustainability, require the company to be able to recruit and retain qualified employees. This requires the company to be able to offer market-based remuneration. These guidelines enable senior executives to be offered competitive yet moderate total remuneration.

Salary and other remuneration to the CEO and other senior executivese

The remuneration shall be competitive, capped, appropriate and non-market-leading in relation to comparable undertakings. The remuneration to senior executives shall consist of the following components: fixed salary, benefits and occupational pension benefits. Variable salary, for example in the form of so-called incentive programmes, shall not be an option for senior executives. The total remuneration shall correspond to the individual's performance, area of responsibility and experience. The total remuneration shall be well balanced, characterised by moderation and market-based, and contribute to good ethics and a good corporate culture. This shall also guide the total remuneration of other employees. The salary shall be revised each year.

The offered salary sacrifice must be cost-neutral for the company.

Premiums for old-age and survivor's pensions shall be defined-contribution and shall not exceed 30 per cent of the fixed salary, unless these benefits follow the applied collective pension plan, i.e. the ITP plan. In such a case, the contribution is determined by the terms of the collectively agreed pension plan. Any extension of the collective pension plan beyond the salary level covered by the plan shall be defined-contribution with a contribution of not more than 30 per cent of the excess salary component. The retirement age shall not be less than 65 years.

Benefits may consist of health insurance, a company car or an annual pass for public transport. Such benefits may amount to a maximum of five per cent of the fixed annual salary. Remuneration in the event of incapacity for work due to illness shall comply with the terms of sick pay and disability pension laid down in collective agreements. Any extension of collective health insurance above the salary level covered by collective agreements shall correspond to market practice.

No board member or deputy board member shall be appointed as a consultant in the company and thus receive consulting fees in addition to the board fee. If this nevertheless happens, the assignment shall be examined by the Board in each individual case, be clearly separable from the ordinary board assignment, limited in time and governed by a written agreement between the company and the board member. The remuneration for such assignments shall be consistent with these guidelines.

In the event of termination by the company, the notice period shall not exceed six months. In employment contracts entered into after 22 December 2016, severance pay may be provided of a maximum of twelve months' salary.

The severance pay shall be paid monthly and shall cover only the fixed salary without supplements for pension and other benefits. In the event of new employment, other additional paid assignments or in the case of income from business activities, the remuneration from Sveaskog shall be reduced by an amount corresponding to the new income during the period when notice period salary and severance pay are paid. Severance pay is never paid beyond the age of 65. In the event of termination from the employee's side, no severance pay shall be paid.

Salary and terms of employment for other employees

Preparation of terms of employment is managed as follows. In the preparation and application of these guidelines, the Remuneration Committee and the Board take into account the salary and terms of employment of the company's other employees, which in turn are affected by general market conditions and internal factors that affect the company's target achievement. The Remuneration Committee regularly consults with the CEO and Head of HR to stay informed about other employees' salaries and other conditions.

As far as the CEO is concerned, the Board shall decide on fixed salary and other terms of employment. The decision shall be recorded in the minutes. For other senior executives, the CEO decides on terms of employment in consultation with the Remuneration Committee, which shall follow the guidelines adopted by the Annual General Meeting. Every year, the CEO shall inform the Board of the applicable remuneration and terms of employment for the other senior executives.

Before a decision is made on remuneration to an individual senior executive, there must be written documentation indicating the company's total cost. The decision shall be recorded

The Board shall ensure that remuneration complies with these and the Government's guidelines by comparing terms for corresponding state-owned and private companies that are comparable in terms of size, complexity and revenue to those of the company. Follow-up shall also be carried out regularly through salary comparison by independent market salary consultants.

The decision-making process for establishing, reviewing and implementing the guidelines

The Board has established a Remuneration Committee. The members of the Remuneration Committee are independent in relation to the company and its management. The Committee's tasks include preparing the Board's decision on a proposal for guidelines for remuneration to senior executives. Every year, the Board shall prepare a proposal for new guidelines and submit the proposal for resolution at the Annual General Meeting.

The Remuneration Committee shall monitor and evaluate the application of guidelines for remuneration to senior executives as well as current remuneration structures and remuneration levels in the company.

The CEO or other members of company management are not privy to the Remuneration Committee's and the Board's consideration of and decisions on remuneration-related issues if they are affected by the issues.

Deviation from the guidelines

The Board may decide to temporarily deviate from the guidelines in whole or in part if in an individual case there are special reasons for doing so and a deviation is necessary to satisfy the company's long-term interests, including its sustainability, or to ensure the company's financial viability. It is incumbent on the Remuneration Committee to prepare the Board's decisions on remuneration issues, which also includes the preparation of decisions on deviations from the guidelines that are subsequently decided by the Board. In such a case, the Board shall report the deviation and the reasons for it.

Subsidiaries

These guidelines shall also apply to all subsidiaries and be approved by the Annual General Meeting of each subsidiary.

Sveaskog AB (publ)

Board of Directors' statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act

Following the Board's proposal for a dividend, the Board of Directors of Sveaskog AB (publ) hereby makes the following statement.

According to current financial targets, the ordinary dividend over time shall correspond to 70–100 per cent of the Group's profit after tax excluding non-cash adjustments in the value of own forests after tax and share of profit/loss from associates. In addition, 100 per cent of the dividends received by the company in the previous year from associates. A dividend is paid provided that the capital structure target after the dividend falls within the target range and taking into account implementation of the Group's strategic and investment requirements.

The Board of Directors proposes to the Annual General Meeting that the total dividend for 2022 be SEK 1 150 000, corresponding to SEK 9.71 per share. The dividend, which comprises 100 per cent of the dividend base, is proposed to take the form of a cash dividend.

Provided that the Annual General Meeting 2023 resolves in accordance with the Board's proposal for appropriation of profits, SEK 14,099,083,586 will be carried forward. Full coverage exists for the company's restricted equity after the proposed distribution of profits.

The nature and scope of the company's operations are set out in the Articles of Association and the published Annual Report. The operations carried out in the company and the Group do not entail risks in addition to those that exist or can be assumed to exist in the industry or risks inherent in conducting business activities. The company's and the Group's dependence on business cycles does not differ from that otherwise occurring in the industry. The Board of Directors' opinion is that after the proposed distribution of profit, the company will have a sufficient restricted equity in relation to the size of the business.

The Board of Directors has taken into account the company's and the Group's consolidation needs through a comprehensive assessment of the company's and the Group's financial position and ability to meet their commitments over time. The company's financial situation is disclosed in the Annual Report. It is disclosed here that the Group's net debt/equity ratio is 0.11. Sveaskog's adopted target for the net debt/equity ratio is 0.05-0.30. The Group's financial position is therefore strong.

The proposed dividend does not compromise the company's ability to make any necessary investments. The company has financial resources to cope with unexpected events and temporary variations in payment flows to a reasonable extent. The company's financial position does not give rise to any assessment other than that the company is able to continue its operations and that the company is expected to fulfil its obligations in the short and long term.

The Board of Directors has taken into account the position of the company and the Group in other respects. The Board of Directors has therefore taken into account all known circumstances that may be significant for the company's financial position and which have not been taken into account within the framework of the assessment of the company's consolidation needs and liquidity. Among the circumstances taken into account by the Board of Directors can be noted such events and circumstances as the company has disclosed in the Directors' Report, including those relating to dates after the financial year 2022.

With reference to the above, the Board of Directors is of the opinion that the dividend is justifiable in view of the demands that the nature, scope and risks of operations place on the size of the company's and the Group's equity, as well as the consolidation needs, liquidity and position in general of the company and the Group.

Proposed appropriation of profits, SEK

Profits available to the Annual General Meeting:

Total	15,249,083,586
Profit for the year	106,310,355
Retained earnings	15,142,773,231

The Board of Directors proposes that the profit be distributed as follows:

Dividend to shareholder	1,150,000,000
Carried forward to the following year	14,099,083,586
Total	15,249,083,586

Five-year summary¹²

	2022	2021	2020	2019	2018
Income statements, MSEK					
Net sales	7,760	6,920	6,597	7,209	6,971
Other operating income	91	140	101	109	160
Operating expenses	-6,332	-5,572	-5,429	-5,690	-5,624
Depreciation/amortisation and impairment	-153	-147	-149	-145	-85
Operating profit from continuing operations	1,366	1,341	1,120	1,483	1,422
Capital gains on property disposals	26	30	163	185	234
Share of profit/loss in associates	574	667	57	26	156
Operating profit before change in value in biological assets	1,966	2,038	1,340	1,694	1,812
Change in value in biological assets	499	-196	12,481	399	1,697
Operating profit	2,465	1,842	13,821	2,093	3,509
Net financial income/expense	-126	-133	-153	-130	-143
Profit before tax	2,339	1,709	13,668	1,963	3,366
Tax	-360	-215	-2,801	-405	-195
Profit for the year	1,979	1,494	10,867	1,558	3,171
Statement of comprehensive income, MSEK					
Profit for the year	1,979	1,494	10,867	1,558	3,171
Total other comprehensive income after tax	2,997	2,379	26,152	-29	26
Total comprehensive income for the year	4,976	3,873	37,019	1,529	3,197
Balance sheets, MSEK					
Non-current assets, non-interest-bearing	91,411	87,751	84,149	38,164	37,498
Non-current receivables, interest-bearing	15	5	5	4	3
Inventories	649	690	708	576	570
Current receivables, non-interest-bearing	1,879	1,821	1,878	1,691	1,868
Cash and cash equivalents and interest-bearing receivables	799	1,171	1,231	1,114	847
Assets held for dividend	627	_	-	_	_
Total assets	95,380	91,438	87,971	41,549	40,786
Equity	66,192	62,516	59,493	23,574	23,145
Non-interest-bearing liabilities	20,941	20,308	19,629	9,708	9,776
Interest-bearing liabilities	8,247	8,614	8,849	8,267	7,865
Liabilities attributable to assets held for dividend		_	_	_	_
Total equity and liabilities	95,380	91,438	87,971	41,549	40,786
Adjusted operating capital (excl. deferred tax)	39,810	38,621	38,266	28,013	27,764
Adjusted operating capital excl. equity participation in associates (and deferred tax)	38,149	37,220	37,498	27,300	27,050

	2022	2021	2020	2019	2018
Cash flow	2022	2021	2020	2013	2010
Cash flow from operating activities	1,065	1,033	623	1,108	921
Cash flow from investing activities	143	-21	72	16	334
Cash flow from financing activities	-1,580	-1,072	-578	-857	-2,089
Cash flow for the year	-372	-60	117	267	-834
Net interest-bearing debt	7,433	7,438	7,613	7,149	7,014
KPIs					
Net debt/equity ratio, times	0.11	0.12	0.13	0.30	0.30
Return on adjusted operating capital (excl. deferred tax), %3	4.9	5.2	3.6	5.4	5.9
Return on adjusted operating capital (excl. deferred tax and equity participation in associates), %3	3.6	3.6	3.5	5.5	5.4
Operating margin, %	32	27	209	29	50
Gross margin, %	31	19	211	31	49
Return on equity, %	3.1	2.4	26.2	6.7	14.4
Asset turnover ratio, times	0.11	0.10	0.13	0.24	0.24
Interest coverage ratio, times	14.5	15.1	7.6	11.6	11.0
Equity ratio,%	69	68	68	57	57
Dividend					
Total approved dividend, MSEK ⁴	1,1504	1,300	850	1,100	1,100
Investments, MSEK					
Business acquisitions and investments in shares	0	6	7	5	1
Other investments	298	230	264	445	237
Staff					
Number of employees	739	711	713	682	682
Average number of employees	810	825	827	807	840
Expensed salaries and other remuneration, MSEK	412	409	398	385	379

Sveaskog has chosen to present the company's alternative KPIs in accordance with the decision of the European Securities and Markets Authority (ESMA). See pages 92–93.
 As of 2020, Sveaskog has adapted the method for reporting and valuing forest assets; see Note 14.
 Sveaskog has new financial targets as of August 2022. Adjusted operating capital excludes the land value and the deferred tax payable on it.
 The figure for 2022 is the proposed dividend.

MSEK	Note	2022	2021
Net sales	Notes 4, 7	7,760	6,920
Other operating income	Note 5	91	140
Raw materials and consumables		-2,548	-2,130
Change in inventories		52	101
Other external expenses	Notes 6, 7	-3,233	-2,944
Staff costs	Note 8	-603	-599
Depreciation/amortisation and impairment	Notes 7, 9	-153	-147
Operating profit from continuing operations		1,366	1,341
Capital gains on property disposals	Note 14	26	30
Share of profit/loss in associates	Note 16	574	667
Operating profit before change in value in biological assets	s	1,966	2,038
Change in value in biological assets	Note 14	499	-196
Operating profit		2,465	1,842
Financial income	Note 10	8	0
Financial expenses	Note 10	-134	-133
Net financial income/expense		-126	-133
Profit before tax		2,339	1,709
Tax	Note 11	-360	-215
Profit for the year		1,979	1,494
Earnings per share			
– undiluted, SEK		16.71	12.62
– diluted, SEK		16.71	12.62

Statement of comprehensive income

MSEK	2022	2021
Profit for the year	1,979	1,494
Other comprehensive income		
Components that will not be reversed in profit or loss		
Change in value in land assets	3,605	2,957
Tax on change in value in land assets	-743	-600
Actuarial gains/losses relating to pensions	66	7
Tax on actuarial gains/losses	-14	-1
Components that may be reversed in profit or loss		
Translation differences	5	1
Other comprehensive income from associates	32	-15
Tax on other comprehensive income from associates	-6	4
Change in fair value of cash flow hedges for the year	65	33
Changes in the fair value of cash flow hedges transferred to profit or loss for the year	1	_
Tax attributable to cash flow hedges	-14	-7
Total other comprehensive income for the year, net after tax	2,997	2,379
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	4,976	3,873

Consolidated balance sheet

MSEK	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets	Note 13	157	165
Forest assets	Note 14	88,862	85,430
– of which land assets		41,689	38,708
– of which biological assets		47,173	46,722
Other property, plant and equipment	Note 15	594	588
Right-of-use assets	Note 7	127	153
Investments in associates	Note 16	1,661	1,401
Other securities held as non-current assets	Note 16	10	10
Non-current receivables	Note 17	15	5
Deferred tax assets	Note 11	0	4
Total non-current assets		91,426	87,756
Current assets			
Stock	Note 18	649	690
Tax assets	Note 11	67	101
Trade receivables	Note 19	1,355	1,295
Other receivables	Note 20	457	425
Cash and cash equivalents	Note 22	799	1,171
Assets held for dividend ¹	Note 14, 15	627	_
Total current assets		3,954	3,682
TOTAL ASSETS		95,380	91,438

MSEK	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Equity	Note 21		
Share capital		118	118
Reserves		31,005	28,498
Retained earnings including profit for the year		35,069	33,900
Total equity		66,192	62,516
Non-current liabilities			
Interest-bearing non-current liabilities	Note 22, 28	4,732	5,432
Lease liabilities, non-current	Note 22, 28	90	102
Provisions for pensions	Note 23	209	305
Other provisions for pensions and similar obligations	Note 23	5	5
Non-current liabilities		6	6
Other provisions	Note 26	242	385
Deferred tax liabilities	Note 11	19,103	18,343
Total non-current liabilities		24,387	24,578
Current liabilities			
Interest-bearing current liabilities	Note 22, 23, 28	3,138	2,672
Leasing liabilities, current	Note 22, 28	40	53
Tax liabilities		98	67
Trade payables	Note 24	1,039	955
Other liabilities	Note 25	306	292
Provisions, current	Note 23, 26	56	305
Liabilities attributable to assets held for dividend	Note 11	124	_
Total current liabilities		4,801	4,344
Total liabilities		29,188	28,923
TOTAL LIABILITIES AND EQUITY		95,380	91,438

¹⁾ Assets held for dividends are the consolidated value of the 11,045 hectares of unprotected productive forest land that, together with a further 13,995 hectares of unprotected productive forest land that is not yet identified, will be distributed to the owner in accordance with the resolution of the Swedish Parliament.

MSEK	Share capital	Revaluation reserve	Hedge reserve	Translation reserve	Retained earnings	Total
Opening equity 1 January 2021	118	26,152	-20	-7	33,250	59,493
Profit for the year	_	_	_	_	1,494	1,494
Other comprehensive income		2,357	11	5	6	2,379
Dividend paid according to Annual General Meeting resolution 26 April 2021	_		_	_	-850	-850
Closing equity, 31 December 2021	118	28,509	-9	-2	33,900	62,516
Profit for the year	_	_	_	_	1,979	1,979
Other comprehensive income		2,430	71	6	490	2,997
Dividend paid according to Annual General Meeting resolution 27 April 2022	_	_		_	-1,300	-1,300
CLOSING EQUITY 31 December 2022	118	30,939	62	4	35,069	66,192

Consolidated cash flow statement

MSEK	Note	2022	2021
Operating activities			
Operating profit		2,465	1,842
Non-cash items	Note 12	-1,168	-604
Interest received, etc.		6	0
Interest paid		-115	-140
Tax paid		-178	-306
Cash flow from operating activities before changes in working capital	al	1,010	792
Change in working capital			
- Operating receivables		-27	120
- Inventories		14	-8
- Operating liabilities etc.		68	129
Cash flow from operating activities		1,065	1,033
Investing activities			
Investments in non-current assets		-298	-230
Investments in shares and participations		_	-6
Dividends from associates		340	24
Sale of non-current assets		109	185
Sale of shares and participations		2	7
Change in interest-bearing receivables		-10	-1
Cash flow from investing activities		143	-21
Financing activities			
Change in equity			
- Dividend		-1,300	-850
Change in interest-bearing liabilities			
- Borrowings		6,450	5,950
- Repayment of loans		-6,730	-6,172
Cash flow from financing activities	Note 22	-1,580	-1,072
CASH FLOW FOR THE YEAR		-372	-60
Cash and cash equivalents at the beginning of the year	Note 22	1,171	1,231
Cash and cash equivalents at the end of the year	Note 22	799	1,171

31 Dec 2022

31 Dec 2021

Parent company's income statement

MSEK	Note	2022	2021
Operating income			
Net sales	Notes 4, 7	40	40
Other operating income	Note 5	5	13
Total income		45	53
Operating expenses			
Other external costs	Notes 6, 7	-1	0
Staff costs	Note 8	-2	-2
Depreciation/amortisation according to plan	Note 9	0	-1
Total expenses		-3	-3
Operating profit		42	50
Profit/loss from financial items	Note 10		
Other financial income		19	4,016
Other financial expenses		-222	-279
Net financial income/expense		-203	3,737
Profit/loss before appropriations and tax		-161	3,787
Group contributions received		390	380
Group contributions provided		-	-1
Provisions to untaxed reserves		-76	-75
Profit before tax		153	4,091
Tax	Note 11	-47	-46
PROFIT FOR THE YEAR 1)		106	4,045
Proposed dividend per share, SEK (2021 approved dividend per share)	9.71	10.98

¹⁾ Same as Total comprehensive income for the year.

Parent company's balance sheet

MSER	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Property, plant and equipment	Note 15		
Forest properties		28	29
Buildings, other land and land improvements		9	9
Total property, plant and equipment		37	38
Non-current financial assets			
Shares and participations	Note 16	24,984	24,934
Receivables from Group companies, interest-bearing	Note 3, 22	499	800
Total non-current financial assets		25,483	25,734
Total non-current assets		25,520	25,772
Current assets			
Current receivables			
Receivables from Group companies	Note 3, 22	392	4,382
Tax assets		47	45
Other receivables	Note 20	5	23
Receivables from Group companies, interest-bearing	Note 3, 22	301	429
Cash and cash equivalents	Note 22	0	0
Total current assets		745	4,879
TOTAL ASSETS		26,265	30,651
EQUITY PROVISIONS AND HABILITIES			
EQUITY, PROVISIONS AND LIABILITIES Equity	Note 21		
Restricted equity			
Share capital		118	118
Statutory reserve		24	24
Total restricted equity		142	142
Unrestricted equity			
Retained earnings including profit for the year		15,249	16,443
Total unrestricted equity		15,249	16,443
Total equity		15,391	16,585

Parent company's balance sheet, cont.

MSEK	Note	31 Dec 2022	31 Dec 2021
Untaxed reserves			
Tax allocation reserve		308	232
Total untaxed reserves		308	232
Non-current liabilities			
Interest-bearing non-current liabilities	Note 22	4,732	5,432
Total non-current liabilities		4,732	5,432
Current liabilities			
Liabilities to Group companies, interest-bearing	Note 3, 22	2,590	5,653
Other liabilities, interest-bearing	Note 22	3,138	2,650
Liabilities to Group companies	Note 3	0	1
Tax liabilities		47	60
Other liabilities	Note 25	59	38
Total current liabilities		5,834	8,402
TOTAL EQUITY AND LIABILITIES		26,265	30,651

Parent company's statement of changes in equity

MSEK	Share capital ¹	Statutory reserve	Unrestricted equity	Total
Equity, 1 January 2021	118	24	13,248	13,390
Dividend paid according to Annual General Meeting resolution 26 April 2021	_	-	-850	-850
Profit for the year	_	_	4,045	4,045
Equity, 31 December 2021	118	24	16,443	16,585
Dividend paid according to Annual General Meeting resolution 27 April 2022	_	-	-1,300	-1,300
Profit for the year	_	_	106	106
CLOSING EQUITY 31 December 2022	118	24	15,249	15,391

¹⁾ Number of shares amounts to 118,373,034 class A shares

Also see Note 21 Equity.

Parent company's cash flow statement

MSEK	Note	2022	2021
Operating activities			
Operating profit		42	50
Non-cash items	Note 12	-5	-12
Interest and dividends received		4,018	8,016
Interest paid		-200	-286
Tax paid		-62	-96
Cash flow from operating activities before changes in working capital		3,793	7,672
Change in working capital			
- Operating receivables		47	602
- Operating liabilities		0	-5
Cash flow from operating activities		3,840	8,269
Investing activities			
Investments in non-current assets		-50	0
Sale of non-current assets		6	15
Settled interest-bearing receivables		400	0
Cash flow from investing activities		356	15
Financing activities			
Dividend paid		-1,300	-850
Group contribution received		380	400
Group contribution provided		-1	-1
Borrowings		6,450	5,950
Repayment of loans		-9,725	-13,783
Cash flow from financing activities	Note 22	-4,196	-8,284
CASH FLOW FOR THE YEAR		0	0
Cash and cash equivalents at the beginning of the year	Note 22	0	0
Cash and cash equivalents at the end of the year	Note 22	0	0

NOTE 1 Accounting policies

General information

Sveaskog AB and its subsidiaries (the Sveaskog Group) sell sawlogs, pulpwood and biofuel. Just over half of net sales come from the Group's own forests and the rest from externally acquired wood raw materials. The Group's own forests comprise forests that are 100 percent located in Sweden.

The parent company is a public limited company whose registered office is in Sweden. The address of the company's registered office is Torggatan 4, Kalix, Sweden.

Compliance with standards and legislation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as interpretations from the IFRS Interpretations Committee, as adopted by the European Commission for application within the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1 – Supplementary Accounting Rules for Groups has been applied.

The parent company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, according to which the parent company is required to apply all IFRS and interpretations adopted by the EU in the annual report of the legal entity as far as is possible within the framework of the Swedish Annual Accounts Act and taking into account the link between accounting and taxation. The recommendation sets out the exceptions from and additions to IFRS that must be implemented.

The parent company applies the same accounting policies as the Group except in the cases shown below under section "Parent company's accounting policies".

Measurement basis

Assets and liabilities are recognised at historical cost, apart from certain financial assets and liabilities as well as biological assets, which are measured at fair value.

Judgements and estimates in the financial statements

Preparation of the financial statements in accordance with IFRS requires management to make judgements and estimates, as well as to make assumptions that affect the application of accounting policies and the recognised amounts of assets, liabilities, revenue and expenses. The estimates and assumptions are based on historical experience and a number of other factors that are considered to be reasonable under the circumstances. The results of these estimates and assumptions are used to assess the carrying amounts of assets and liabilities that are not otherwise clear from other sources. The actual outcome may differ from these estimates and judgements.

Estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period in which the change is made if it only affects that period, or in the period the change is made and future periods if the change affects both the current period and future periods.

The judgements and estimates that, according to management, are material to recognised amounts in the Annual Report and where there is a significant risk that future events and new information could alter these judgements and estimates include primarily climaterelated risks and insurance compensation. A changing climate increases the risk of extreme weather such as drought, storms and heavy rainfall. It also results in changes in precipitation, forest fires and increased prevalence of pest that cause harm to forestry. Risks could, for example, result in a raw material that should be used for sawlogs becoming pulpwood instead. Sveaskog's forest holdings are spread across the country, which evens out weather and biological risks over time, and the company continuously takes these risks into consideration in its business plan and in connection with investment decisions, conducts ongoing impairment testing and also takes measures to reduce risk exposure. Sveaskog is also broadening its revenue base and contributing to the development of new products in order to reduce exposure. Sveaskog has its forest holdings insured against damage caused by storm and fire.

In previous years the market price or other comparable price was not used for forest assets, as there was a degree of uncertainty about the market price for assets of Sveaskog's size as no larger transactions had been performed in the market. In recent years, a number of major forest land deals have taken place that show that the value of larger forest assets per hectare or per cubic metre of forest is generally at the same level as for smaller or medium-sized forest assets, which is why since 2020 Sveaskog has adapted the method for reporting and valuing forest assets.

The total forest assets are divided into standing timber and land assets. Standing timber is recognised as a biological asset according to IAS 41 Agriculture and forestry. Land assets are recognised as property, plant and equipment in accordance with IAS 16 Property,

plant and equipment, point 31, the so-called revaluation method (see Note 14). In order to calculate the fair value of the biological asset, standing timber, the estimated cash flow from future revenue from timber extractions less felling costs has been discounted to a present value. Changes in the value of biological assets, calculated as net of changes due to harvest and unrealised changes in fair value, are recognised in the income statement. The carrying amount of forest land is calculated as the difference between the total value of forest assets and biological assets. This value reflects future revenue from non-harvesting of now standing trees, such as letting for wind power, extracting from rock quarries, hunting leases, concession revenue and harvesting of future generations of trees and is recognised via other total earnings.

One production cycle for standing timber is estimated by Sveaskog to amount to an average of 100 years in northern Sweden and 80 years in southern Sweden. Cash flows are calculated on the basis of felling volumes according to Sveaskog's current felling plan and assessment of future price and cost development. Prices are based on a rolling ten-year average (2013–2022). Regarding the cost development, the current normal cost is applied, i.e. an average of the previous year's cost as well as the cost for the year and the next year's budget. The inflation assumptions in the model are based on estimated future development during the valuation period. Cash flow before tax is discounted at an interest rate of 4.5 per cent (4.5). Sveaskog's Board of Directors assesses that this interest rate corresponds to the long-term cost of capital for an investment in forest assets and that is not affected by shortterm fluctuations in market rates. According to current felling estimates, which date from 2022 and are based on a forest optimisation model, felling will amount to approximately 5.1 million m³ sub per year (6.3). This level is estimated to increase steadily until 2033, to then remain at a level of approximately 6.8 million m³ sub until 2037. The level is then estimated to decrease slightly to approximately 6.3 million m³ sub (7.2-7.9). In 2022, approximately 53 per cent (54) of Sveaskog's own forest volume was sold as sawlogs to sawmills and 43 per cent (42) comprised pulpwood which was sold to the pulp and paper industry. Other volumes consisted of, for example, biofuel in the form of rejected branches and treetops, which are primarily used as fuel wood; this volume is not included in the valuation.

The accounting policies set out below have been applied consistently to all periods presented in the financial statements. The Group's accounting policies have been consistently applied in reporting and consolidation of subsidiaries.

NOTE 1 Accounting policies, cont.

New and revised standards applied by the Group with effect from 1 January 2022

Amendments to IAS 12 — Deferred tax attributable to assets and liabilities arising in connection with an individual transaction

This amendment has the effect that a company shall not apply the exemption from recognising deferred tax attributable to a transaction in which equal amounts of deductible and taxable temporary differences arise, but shall recognise both deferred tax asset and tax liability. Such transactions also include right-of-use assets and lease liabilities recognised under IFRS 16, as well as provisions and assets recognised in connection with restoration obligations.

The change applies from 1 January 2023, but early application is permitted, and Sveaskog applied this change early, from 1 January 2022.

New standards and interpretations not yet effective

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts will replace IFRS 4 Insurance Contracts when it takes effect on 1 January 2023. The new standard aims to create a uniform approach to accounting for all types of insurance contracts, a higher degree of transparency of the earnings of insurance undertakings and increased comparability between companies and countries. The amendment means that estimates are revalued each period using discounted probabilityweighted cash flows, an explicit risk adjustment and a contractual service margin (CSM). For short-term insurance contracts, and for contracts that fulfil certain conditions, a simplified method may be applied. The standard is expected to have only a marginal, if any, impact on the Group's financial statements when it takes effect. The Swedish Financial Supervisory Authority has submitted a proposal for amendments to its regulations and financial reporting in insurance companies, which assumes that it will not be possible to apply the standard to a legal entity (Sveaskog Försäkring AB).

Amendment to IFRS 4 Insurance Contracts: postponement of IFRS 9 The application of IFRS 9 is postponed until IFRS 17 Insurance Contracts come into force, i.e. until financial years beginning on or after 1 January 2023. This amendment has not had any material impact on Sveaskog.

Performance measures

Operating profit from continuing operations

Operating profit from continuing operations is the operating profit/loss before change in value of biological assets, share of profit/loss in associates and capital gains from property disposals. Operating profit from continuing operations is the result of the Group's core operating activities, the vast majority of which comprise the forest operations, including purchases and sales of sawlogs, pulpwood, wood chips and biofuel.

Operating profit before change in value in biological assets

Operating profit before change in value of biological assets is the operating profit before calculation of forest growth according to IAS 41, felling during the year and any forest assets sold or purchased.

Associates

Associates are recognised in the consolidated income statement outside operating profit from continuing operations because they do not form part of the Group's core operating activities.

Segment reporting

The Group applies IFRS 8. The Group has one segment, designated Forest Operations. Forest Operations is the Group's collective segment for purchases and sales of sawlogs, pulpwood, wood chips and biofuels and the operations are recognised internally as one segment. Forest Operations' products are considered to have similar financial characteristics and to be delivered to the company's customers via the same type of distribution methods.

Revenue per geographic market is recognised in Note 4, and non-current assets per geographic market are recognised in Note 15.

Principles of consolidation

Transactions to be eliminated on consolidation

Intra-group receivables and liabilities, revenue or expenses and unrealised gains or losses arising from intra-group transactions between Group companies are eliminated in full when preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent that the ownership interest in the entity is eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of impairment.

Functional currency and date

The functional currency is the Swedish krona, which is also the reporting currency. This means that the financial statements are presented in Swedish krona. All amounts, unless otherwise stated, are rounded to the nearest million SEK (MSEK). Amounts in parentheses indicate the value of the previous year. Items relating to the income statement refer to the period 1 January - 31 December and items relating to the balance sheet refer to 31 December.

Foreign currency

Transactions, receivables and liabilities in foreign currency

Transactions in foreign currency are translated into the functional currency using the exchange rates at the date of the transactions. Monetary assets and liabilities in foreign currency are translated into the functional currency using the exchange rates at the balance sheet date. Exchange differences arising from the translations are recognised in the income statement, partly in operating profit and partly in net financial items depending on the nature of the underlying transactions. Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate at the time of the transaction.

The functional currency is the currency of the primary economic environments in which the companies involved operate. The companies in the Group are the parent company and subsidiaries. The functional currency is the Swedish krona, which is also the reporting currency.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and other consolidated overvaluations and undervaluations, are translated into Swedish krona at the exchange rates at the balance sheet date. Revenue and expenses in foreign operations are translated into Swedish krona at average exchange rates that are an approximation of the rates prevailing on each transaction date. Translation differences arising from currency translation of foreign operations are recognised in other comprehensive income and in equity as a translation reserve.

NOTE 1 Accounting policies, cont.

Impairment

If it is not possible to determine largely independent cash flows for an individual asset, for the purposes of impairment testing, assets shall be grouped at the lowest level for which there are separately identifiable cash flows (so-called cash-generating unit). A cashgenerating unit is the smallest group of assets for which it is possible to determine cash flows that are largely independent of other assets or groups of assets. An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds the recoverable amount. An impairment loss is recognised in the income statement.

Impairment of assets attributable to a cash-generating unit is first recognised against goodwill. Thereafter, impairment losses are allocated to other assets included in the unit on a pro rata basis.

Determining the recoverable amount

The recoverable amount of other assets is the higher of fair value less costs of disposal and value in use. When determining the value in use, future cash flows are discounted by a discount factor that takes into account risk-free interest rates and the risk associated with the specific asset. For an asset that does not generate cash flows that are largely independent of other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment losses

Impairment losses are reversed if there has been a change in the assumptions used to determine the recoverable amount. Goodwill impairment is not reversed.

An impairment loss is reversed only to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that the asset would have had if no impairment loss had been made, taking into account any depreciation/amortisation.

Taxes

As a responsible social stakeholder, Sveaskog strives to pay the right amount of tax, in the right country and at the right time, based on the activities carried out within the Group. Our decisions are based on a commercial approach to tax expense in the companies that form part of the Sveaskog Group and we manage tax as an expense in the business. In cases where legislation and/or rules are unclear, Sveaskog shall act responsibly, transparently and from a long-term perspective in order to minimise the risk of the wrong amount of tax being paid. Find out more about Sveaskog's taxes in Note 11.

In the consolidated financial statements, untaxed reserves are divided into deferred tax liability and equity.

PARENT COMPANY

Parent company's accounting policies

The parent company's accounting policies below have been applied consistently to all periods presented in the parent company's financial statements. The parent company applies IFRS 9 in its entirety. The company has no hedge accounting.

Due to the relationship between accounting and taxation, the rules in IFRS 16 do not need to be applied in a legal entity. The parent company implements this exemption from application of IFRS 16.

The parent company does not apply the revaluation method for its forest assets, but measures them at cost in accordance with IAS 16 p30.

New and amended standards applicable from 1 January 2022

No new rules apply from the accounting year that begins 1 January 2022.

Taxes

The parent company does not disclose the deferred tax liability attributable to the untaxed reserves in accordance with RFR 2. These are recognised in the form of the gross amount in the balance sheet and by the gross amount in the income statement.

Group contributions

In accordance with RFR 2 Accounting for Listed legal entities, a company may apply the main rule or the alternative rule for Group contributions. According to the main rule, Group contributions received from subsidiaries must be recognised as financial income, while Group contributions provided from parent companies to subsidiaries are recognised as an increase in participations in Group companies in the parent company. A company that applies the alternative rule recognises Group contributions both received and provided as appropriations.

The parent company applies the alternative rule and recognises Group contributions as a appropriations.

NOTE 2 Information about the parent company

Sveaskog AB (publ), corp. ID no 556558-0031, is a Swedish limited company whose registered office is in Kalix, Sweden. As of 31 December 2022, the company was wholly owned by the Swedish state. The address of Sveaskog's head office is: SE-105 22 STOCKHOLM

Visiting address: Torsgatan 4

Sveaskog AB (publ) owns and manages forest properties and shares in subsidiaries and is responsible for Group-wide financing.

NOTE 3 Related-party transactions

ACCOUNTING POLICIES

Transactions with related parties take place on market terms. Related parties are companies in which Sveaskog is able to exercise a controlling or significant influence with regard to operational and financial decisions. Related parties also includes those companies and natural persons who are able to exercise a controlling or significant influence over Sveaskog's financial and operational decisions. Related-party transactions also include defined benefit and defined contribution pension plans.

Transactions with the state

Sveaskog AB is 100 per cent owned by the Swedish state. The Sveaskog Group's products and services are offered to the state, public authorities and state-owned enterprises on commercial terms in competition with other suppliers.

Similarly, Sveaskog AB and its Group companies purchase products and services from public authorities and state-owned enterprises at market prices and on commercial terms. Individually, neither the state, government agencies nor state-owned enterprises account for a significant proportion of the Sveaskog Group's net sales or profit/loss. In 2022, property transactions with the Swedish Environmental Protection Agency amounted to MSEK 4 (39). The disposals took place at market prices. In addition, Sveaskog has received encroachment compensation in connection with the creation of nature reserves on the company's properties to the value of MSEK 1 (28).

During the year, the Swedish Parliament tasked the Swedish Environmental Protection Agency with creating the conditions for decisions on formal protection of valuable forests, by using unprotected productive forest land as replacement land from Sveaskog. For Sveaskog, this has meant that unprotected productive forest land has been transferred to a separate subsidiary, which is to be distributed to the state in 2023.

No pledged assets or contingent liabilities have been issued.

Sveaskog AB's transactions with subsidiaries

In 2022, internal property transactions amounted to MSEK 4 (0).

Sveaskog AB's invoicing to subsidiaries amounted to MSEK 40 (40) in 2022. No purchases were made from subsidiaries. Dividends from Sveaskog Förvaltnings AB and interest income from and interest expenses to Group companies are described in Note 10 Financial income and expense.

With regard to Sveaskog AB's receivables from and liabilities to subsidiaries, see the table Related-party transactions, Note 17 Non-current receivables, Note 19 Trade receivables

and Note 22 Cash and cash equivalents, interest-bearing liabilities and other financial instruments. Details of shares in Group companies are disclosed in Note 16 Shares and participations.

Sveaskog AB has issued guarantees for pensions to FPG for Sveaskog Förvaltnings AB. There are no other pledged assets or contingent liabilities.

Transactions with associates

Transactions with associates refer primarily to Setra Group AB. Sveaskog Förvaltnings AB owns 50 per cent of the shares and votes in Setra Group AB. Sales to Setra Group account for 15 per cent (16) of the Group's total net sales. Purchases from Setra Group mainly comprise residual products from Setra's sawmills (chips, shavings and bark) and account for 2 per cent (2) of the Group's total costs for raw materials and consumables.

Sveaskog Förvaltnings AB has two more associates, SunPine AB, in which it holds 25.14 per cent of the shares and votes, and ShoreLink AB, in which it holds 24.07 per cent of the shares and votes. There were no transactions with SunPine AB in 2022 or 2021, neither purchases nor sales. Loading, unloading and timber transport services were purchased from ShoreLink AB during the year to a value of MSEK 12 (5).

Transactions with senior executives

There were no transactions or receivables/liabilities from Sveaskog to senior executives/ Board of Directors. Sveaskog has no pledged assets or contingent liabilities in respect of senior executives/Board of Directors.

For information on remuneration of senior executives and Board members, see Note 8.

	Group		Parent company	
Related-party transactions, MSEK	2022	2021	2022	2021
Related-party disposals, subsidiaries			44	40
Related-party acquisitions, subsidiaries	_	_	0	0
Receivables from related parties, Group companies				
(see Note 17 and 22)	_	_	1,192	5,611
Liabilities to related parties, Group companies (see Note 22)	_	_	2,590	5,654
Related-party disposals, associates	1,188	1,076	_	-
Related-party acquisitions, associates	62	47	_	_
Receivables from related parties, associates (see Note 19)	116	234	_	_
Liabilities to related parties, associates (Note 24)	1	1	_	_

NOTE 4 Revenue breakdown

ACCOUNTING POLICIES

Sveaskog applies IFRS 15 Revenue from Contracts with Customers. Revenue is recognised when the customer obtains control of the sold good or service and is able to use and obtain benefit from the good or service.

Sawlogs

Revenue from the sale of sawlogs comprise sawlogs of spruce, pine and various hardwoods such as beech, oak and birch. Sales can range from standard deliveries to complex, customised orders. The customer obtains control of the timber when it is delivered to industry and measured. Revenue recognition takes place in the same month as measurement. To meet customer demand, Sveaskog supplements the timber from its own forests with externally purchased timber or by swapping timber with other forest owners. During swaps, each fraction of the swap is handled in a business chain in VIOL, and the same is also done by the swap partner. Swaps are thus handled in the same way as other transactions in terms of revenue recognition. VIOL is an industry-wide system for transactions and up-to-date information on completed deliveries throughout the chain between forest and industry. All measurements are collected and processed here.

Pulpwood and woodchips

Revenue from the sale of pulpwood and wood chips includes a wide range from the Group's own forests, imports and purchases from other forest owners. These products are sold to the paper and pulp industry. The customer obtains control of the pulpwood and wood chips when they are delivered to industry and measured. Revenue recognition takes place in the same month as measurement.

Biofuel

Revenue from the sale of biofuel include rejected branches and tree tops as well as low-grade trees and fuelwood. The biofuel comes from cleaning, thinning and regeneration harvesting in Sveaskog's own forests and from purchases from other forest owners. Revenue is recognised when the biofuel is delivered to the customer.

Svenska Skogsplantor

Seeds and forest plants are produced and sold within the framework of the Svenska Skogsplantor brand. Svenska Skogsplantor also offers forest management services such as soil preparation and planting to external customers. Revenue is recognised when seedlings or seeds are delivered to the customer and over the time when planting and soil preparation are carried out.

NOTE 4 Revenue breakdown, cont.

Other

Other revenue from contracts with customers includes forest management assignments, elk trapping fees, fishing licences, lockage, etc. Revenue is recognised over the time that the assignment is carried out and when fees for trapping, lockage, etc. are received.

Concessions (revenue from leases)

Revenue from concessions mainly comprise hunting and fishing concessions. Other concessions include rental objects and leases for e.g. agriculture, peatlands, gravel pits and rock quarries, as well as wind power and telecom equipment.

Net sales by principal goods and services,	Group		Parent company	
MSEK	2022	2021	2022	2021
Sawlogs	3,590	3,398	_	_
Pulpwood and woodchips	3,291	2,706	_	_
Biofuel	126	134	_	_
Seedlings	308	339	_	_
Other	243	170	_	_
Total income from contracts with customers	7,558	6,747	0	0
Of which IFRS 15 in net sales ¹	7,555	6,743	_	_
Lease income	205	177	40	40
Total net sales	7,760	6,920	40	40
Of which IFRS 15 in other operating income ¹	3	4	_	_
Capital gains etc.	88	136	5	13
Total other operating income	91	140	5	13
Date of revenue recognition				
Goods and services transferred to customers on a specific date	7,445	6,633	_	
Services transferred to customers over time	113	114	_	_

¹⁾ IFRS 15 does not apply to the parent company.

Sveaskog has unsatisfied performance obligations for sales contracts with an initial contract period of more than 12 months of MSEK 3,672 (9,297), of which MSEK 1,430 (3,016) is expected to be earned next year, MSEK 2,161 (6,172) within 2-5 years and MSEK 81 (109) in the following years. Sveaskog applies the practical exception of not disclosing the remaining performance obligations for contracts with an original term of no more than one year in accordance with IFRS 15.121a. The obligations consist of contracted deliveries forward in time, mainly for pulpwood but also for biofuel and seedlings, where Sveaskog has undertaken to deliver a certain volume per year. The value of these obligations is somewhat uncertain since the contracts consist of several delivery contracts where the price is renegotiated each year. Of the unsatisfied performance obligations of MSEK 9,297 (4,198) recognised for last year, MSEK 3,016 (1,685) was attributable to 2022. In the reporting period, MSEK 3,016 (1,685) was recognised as revenue.

Net sales by geographic market

The Group's net sales are 97 per cent (98) attributable to Sweden. The parent company's net sales are wholly attributable to Sweden.

	Group		Parent c	Parent company	
Net sales by geographic market, MSEK	2022	2021	2022	2021	
Revenue by geographic market					
Net sales					
Sweden	7,540	6,754	40	40	
Finland	96	100	_	_	
Norway	11	10	_	_	
Latvia	17	4	_	_	
Poland	74	32	_	_	
Germany	10	16	_	_	
Denmark	7	0			
Other countries	5	4	_	_	
Total	7,760	6,920	40	40	

Information about major customers

The Group has two (2) customers, each of which accounts for more than 10% of sales. Net sales to the three biggest customers amounted to MSEK 1,188 (1,076), MSEK 1,167 (895) and MSEK 593 (583) respectively.

NOTE5 Other operating income

ACCOUNTING POLICIES

State subsidies

A government grant attributable to a biological asset is recognised as revenue when the terms and conditions are met. Grants are recognised in the income statement through systematic allocation in the same manner and over the same periods as the expenses for which the grants are intended as compensation. Government grants related to assets are recognised in the balance sheet as deferred income and allocated over the useful life of the asset. Compensation for road grants of MSEK 28 (29), nature conservation initiatives of MSEK 2 (2) and other government grants of MSEK 4 (5) were recognised as income in the income statement. Other government grants last year of MSEK 5 concern general coronavirus support for the export industry in the Baltic subsidiary. Other non-government grants amounted to MSEK 4 (0).

There are two types of road grants: for annual operations (summer and winter maintenance) and for special operations (road improvements). There are no unfulfilled conditions that could result in repayment.

Sveaskog does not expect any significant reductions in state subsidies in the next few years. Ahead of applications for aid, a trade-off is performed between time required, the cost and the area of measure, and the area's (potential) natural and cultural values. Labour-intensive measures and larger areas, such as controlled burns and land used for grazing or pasture, are usually prioritised.

Road grants are paid to road maintenance organisations for areas where there are permanent residents more than 1 km from a public road. The maintenance grant is calculated as a flat rate and amounts to approximately 50-70% of Sveaskog's maintenance costs for the roads eligible for grants. The grants received are used each year. Every road for which a grant has been provided can be monitored using the project number both at Sveaskog and the Swedish Transport Administration, which is the main grant provider.

Insurance compensation

Sveaskog's forest holdings are insured against additional costs caused by storms and fire. No external insurance compensation was received for this type of damage in 2022, nor in 2021.

NOTE 5 Other operating income, cont.

	Group		Parent c	Parent company	
Other operating income, MSEK	2022	2021	2022	2021	
Capital gains on sales of machinery, equipment and properties	30	40	5	13	
Insurance compensation	0	0	_	_	
Encroachment compensation	8	40	0	0	
Grants	39	36	_	_	
Licensing revenue and royalties	4	4	_	_	
Other operating income	10	20	0	0	
Total	91	140	5	13	

NOTE 6 Other external expenses

Of other external costs, 73 per cent (73) comprise compensation to contractors within Forest Operations, as well as freight and transportation.

	Group	
Fees and reimbursement of expenses to auditors, MSEK	2022	2021
Deloitte AB		
Audit engagement	1	2
Tax advisory services	0	0
Other services	0	0
KPMG AB		
Audit engagement	2	0
Tax advisory services	0	0
Other services	0	0
Total		
Audit engagement	3	2
Audit activities other than the audit engagement	0	0
Tax advisory services	0	0
Other services	0	0
Total	3	2

The parent company has no fees and reimbursement of expenses to auditors.

The audit engagement is the examination of the Annual Report and financial statements and the administration by the Board of Directors and the CEO, other tasks that it is incumbent on the company's auditors to perform, as well as advice or other assistance resulting from observations made in connection with such examination or the performance of such other tasks. Any other work undertaken is included in other audit activities.

NOTE 7 Leases

Group as lessee

ACCOUNTING POLICIES

Sveaskog applies IFRS 16 Leases.

The Group assesses whether the contract is, or contains, a lease when the contract is concluded. The Group recognises a right-of-use asset and associated lease liability for all leases in which the Group is the lessee, except for short-term leases (contracts classified as leases with a lease term of 12 months or less) and leases of low value (such as office equipment). For these leases, the Group recognises lease payments as a cost on a straightline basis over the lease term unless another systematic approach is more representative of when the economic benefits of the leased assets are obtained by the Group.

The lease liability is initially valued at the present value of the lease payments not paid at the start, discounted using the implicit interest rate of the lease, if this interest rate can be readily determined. If this interest rate cannot be readily determined, the Group uses the incremental borrowing rate. The Group's incremental borrowing rate is determined on the basis of a yield curve based on bonds issued in SEK by companies with a similar credit rating. The curve is produced by the information service Refinitiv and is used to determine the interest rate for each maturity.

Lease payments included in the measurement of the lease liability include:

- Fixed payments (including in-substance fixed payments, less any incentives paid when the lease was concluded).
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date.
- Amounts expected to be payable by the lessee (or a related party or third party who is financially capable of discharging the obligations under the agreement) according to residual value guarantees.
- The exercise price of purchase options if the lessee is reasonably certain to exercise
- Penalties payable for terminating the lease, if the lease term reflects that the lessee will exercise an option to terminate the lease.

NOTE 7 Leases, cont.

The lease liability is recognised as current and non-current leasing liabilities in the Group's statement of financial position.

After the commencement date, the lease liability is measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method), and by reducing the carrying amount to reflect lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the right-of-use asset) if either:

- The lease term changes or the assessment of an option to purchase the underlying asset changes, in which case the lease liability has to be remeasured by discounting the revised lease payments using a revised discount rate.
- Lease payments change as a result of changes in an index or rate, or if there is a change in the amounts expected to be payable under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change due to a change in the variable rate, in which case a revised discount rate must be used).
- A modification of the lease which is not recognised as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets comprise the total of the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. Subsequently, they are measured at cost less any accumulated depreciation/ amortisation and impairment losses.

Where the Group is required to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to the condition under the terms and conditions of the lease, a provision is recognised and measured according to IAS 37, unless these costs are incurred in connection with the production of goods.

Right-of-use assets are amortised over the shorter of the lease term or the useful life of the underlying asset. If the lease transfers ownership of the underlying asset to the Group or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset shall be amortised over the useful life of the underlying asset. Amortisation starts at the lease start.

Right-of-use assets are recognised as a separate item in the Group's statement of financial position.

The Group applies IAS 36 to determine whether the right-of-use asset is impaired and recognises any identified impairment loss as described in Note 1 under Impairment losses and in Note 15 Other property, plant and equipment.

Variable lease payments that do not depend on an index or a rate shall not be included in the measurement of the lease liability or right-of-use asset. These payments are recognised as an expense in the period in which the event or relationship that gives rise to these payments occurs and are included in Other external costs in profit or loss.

As a practical solution, IFRS 16 permits lessees not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Right-of-use

Sveaskog is a lessee of:

- Office premises, warehouses, storage rooms, garages.
- Forest machines, trucks and cars.
- Land for plant terminals, seed plantations, fishing rights, parking, etc.
- Office equipment, alarms, etc.

Right-of-use asset, MSEK	Right-of-use asset, land	Right-of-use asset, building	asset, machinery and equipment	Total right-of- use assets
Group				
Opening balance, 1 January 2021	6	118	39	163
New leases	4	16	12	32
Terminated leases	_	_	-7	-7
Revaluations	0	3	7	10
Amortisation for the year	-1	-35	-9	-45
Closing balance, 31 December 2021	9	102	42	153
New leases	_	9	9	18
Terminated leases	_	_	-11	-11
Revaluations	0	8	5	13
Amortisation for the year	-1	-37	-8	-46
Closing balance, 31 December 2022	8	82	37	127

Lease liability, MSEK	2022	2021
Group		
Opening balance, 1 January	155	164
New leases	18	31
Repayments and terminations	-58	-52
Indexations	13	10
Interest payable on maturity	2	2
Closing balance, 31 December	130	155
of which current	40	53
of which non-current	90	102

Maturity analysis in table Liquidity risk; see Note 28. Reconciliation of financial liabilities to cash flow; see Note 22.

IFRS 16 impact on income statement, MSEK	2022	2021
Group		
Amortisation of right-of-use assets	-46	-45
Interest expenses for lease liabilities	-2	-2
Deferred tax	0	0
Impact on net profit/loss	-48	-47
Total cash flow for leases, MSEK	2022	2021
Total cash flow for leases, MSEK Lease payments paid for contracts that form part of the lease liability	2022 47	2021 47
Lease payments paid for contracts that form part of the		
Lease payments paid for contracts that form part of the lease liability Variable lease payments relating to the above leases, but not	47	47
Lease payments paid for contracts that form part of the lease liability Variable lease payments relating to the above leases, but not included above	47 5	47

NOTE 7 Leases, cont.

Extension options have been included if it has been deemed reasonably certain that they will be exercised. The weighted average incremental borrowing rate was 3.09% (0.65%).

The biggest lease is a ten-year lease in respect of a plant terminal in Kumla. A new lease has been signed for the office premises in Stockholm. The move will take place in April 2023, and the lease runs for five years with an option to extend. The right-of-use value of the lease amounts to approx. MSEK 41.

The parent company does not have any leases.

Group as lessor

ACCOUNTING POLICIES

Leases for which Sveaskog is the lessor are classified as finance or operating leases. When the terms and conditions of the lease substantially transfer all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. All Sveaskog's leases during 2022 are operating leases.

Rental income from operating leases is recognised on a straight-line basis over the current lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Sveaskog enters into leases as a lessor in respect of:

- Hunting and fishing concessions.
- Leases for housing and holiday homes, and farm tenancies and licences.
- Other land concessions such as wind power and mobile phone masts.
- Gravel pits, peatlands and rock quarries

	Gro	Group		ompany
Lease income, MSEK	2022	2021	2022	2021
Income from leases for the year	205	177	40	40
Maturity of existing leases				
Within 1 year	202	195	40	40
1–2 years	97	72	_	_
2–3 years	102	72	_	_
3–4 years	107	72	_	_
4–5 years	107	72	_	_
Longer than 5 years	1,020	884	_	_
Total	1,635	1,367	40	40

The hunting and fishing agreements are mostly indefinite concessions, or concessions for 1–5 years that can be terminated by either party at short notice.

Contracts for agricultural leases, residential tenancies, etc. and concessions with tenancy rights (mainly holiday homes) have varying lease terms, but concessions involving housing usually have long lease terms or indefinite leases associated with some form of protection of tenancy rights.

The Group has income from infrastructure leases for wind turbines, communication masts and other capital-intensive facilities. In particular, leases for wind power are concluded for long lease terms, 25 years or more. The Group grants right of use for rock quarries, gravel pits and peatlands. In most cases, these concessions are linked to existing extraction licences and may have a maturity of up to 25 years.

In 2022, Sveaskog started leasing operations in the company Sveaskog Finans AB. The company offers leasing or instalment purchases of production machines such as forwarders and logging machines to Sveaskog's contractors. To manage the risks in the business, the company has a risk strategy that includes, among other things, a solid background check and financial analysis of the lessees. All lease credits are decided by a credit committee consisting of parts of the finance company's board of directors as well as production and technology managers. In all leases, there is a strong right to repossess the leased machine in the event of a lack of ability to pay. The financial receivables for instalment purchases and financial leases amount to MSEK 10 and 0, respectively, at the balance sheet date. See Note 17.

Type of lease	Lease term	Extension options	Index clauses	Variable lease payments	Residual value guarantees	Notice period (before the end of the lease)
Office premises	1-5 years	Usually	Usually	Yes, property tax	No	3-12 months
Plant terminal and warehouse	2-10 years	Usually	Usually	No	No	6-24 months
Garages and car parks	1-5 years	Usually	Usually	No	No	1–12 months
Production machinery and forklift trucks	2–6 years	Yes, for production machines	Yes, or linked to interest rate index	No	No	3 months for production machines
Land and water for plantations, fishing waters and leasehold	2–50 years	Yes	Yes	No	No	12-24 months
Office equipment, including alarms, video equipment and room booking screens	3–5 years	Yes, for alarms	One lease linked to interest rate index	No	No	10 months for alarms
Cars	2-5 years	No	No	Yes, vehicle tax	Yes	N/A

NOTE 8 Staff costs, average number of employees and absence due to illness

ACCOUNTING POLICIES

Employee benefits

Pension obligations

Sveaskog has pension obligations under pension plans arising from collective agreements and as a result of obligations according to the incorporation agreement concluded with the government. Pension plans are either defined contribution or defined benefit plans and, since 2022, only include non-vested pension obligations. Pension plans for employees who are active members are financed primarily through premium payments to an insurance company.

Defined contribution plans

Obligations primarily relate to obligations to employees linked to the SAF-LO Collectively Agreed Pension and the ITP1 (new ITP) occupational pension. Obligations relating to contributions to defined contribution plans are recognised as an expense in the income statement as benefits are earned, which normally coincides with the period for which premiums are paid. After premiums have been paid to the formal or informal independent insurance company engaged to provide pension insurance, there is no obligation to pay additional premiums.

Defined benefit plans

Under defined benefit plans, the amount of pension is determined on the basis of factors such as salary, length of service and age.

Obligations primarily relate to obligations relating to employees linked to the ITP2 (old ITP) occupational pension and obligations relating to pensions and annuities taken over from the state in connection with incorporation (see Note 23 Provisions for pensions).

The obligations under ITP2 are secured through premium payments to Alecta. According to a statement issued by the Swedish Financial Reporting Board (UFR 10), an ITP plan secured through insurance with Alecta shall be classified as a multi-employer defined benefit plan. The Group has not had access to sufficient information to enable it to account for the Group's share of the defined benefit obligations and the plan assets and costs associated with the plan. The plan is therefore recognised as a defined contribution plan, which means that the

premiums paid are recognised as an expense. Estimated contributions to the plan for the next reporting period amount to MSEK 9 (12). Alecta's surplus can be distributed to policyholders and/or the insured persons. Alecta's capital adequacy target is that 140 per cent of the market value of assets shall be achieved in relation to pension insurance obligations. Alecta's provisional capital adequacy amounted to 172 per cent (172), compared with obligations as of 31 December 2021. Sveaskog's share of the total number of active members in the plan was 0.08 per cent (0.07), corresponding to 285 (277) active members. Net obligations in respect of other defined benefit plans are calculated separately for each plan based on companyspecific actuarial assumptions. These include assessments of future salary adjustments, inflation rate, mortality, attrition and changes in income base amounts; obligations are discounted to a present value. The discount rate is determined on the basis of the market rate on mortgage bonds. The measurements were performed by a qualified external actuary.

If the benefits in a plan improve, the proportion of the increased benefit attributable to employees' service in previous periods is recognised as an expense in the income statement allocated on a straight-line basis over the average period until the benefits are fully earned. If the benefits are fully earned, an expense is immediately recognised in the income statement.

In accordance with IAS 19, all actuarial gains and losses are recognised in other comprehensive income as they arise.

Termination benefits

A provision is recognised in connection with termination of employment only if the company is demonstrably obliged to terminate an employment before the normal date or when termination benefits are offered to encourage voluntary redundancy. In cases where employment is terminated by the company, a detailed plan is drawn up containing as a minimum the workplace, positions and number of persons concerned, as well as the benefits for each staff category or position and the schedule for implementation of the plan.

Gre	oup	Parent o	company
2022	2021	2022	2021
412	409	2	2
1	1	_	_
46	43	_	_
144	146	_	_
603	599	2	2
	2022 412 1 46 144	412 409 1 1 46 43 144 146	2022 2021 2022 412 409 2 1 1 - 46 43 - 144 146 -

¹⁾ Also see Note 22, Provisions for pensions.

Of the costs of contractual pensions, MSEK 15 (14) refers to defined benefit plans and MSEK 32 (30) to defined contribution plans.

	20	22	20	21
Salaries and other remuneration by country, MSEK	Board, CEO, Deputy CEO	Other employees	Board, CEO, Deputy CEO	Other employees
Parent company				
Sweden	2	_	2	_
Subsidiaries				
Sweden	5	392	4	393
- of which bonus	_	_	_	_
Latvia	1	12	1	9
Finland	_	_	_	0
Total, subsidiaries	6	404	5	402
Sum total	8	404	7	402

		ZUZI		
Average number of employees by country, MSEK	Women	Men	Total	Total
Parent company	_	_	-	_
Subsidiaries				
Sweden	212	564	776	791
Latvia	6	28	34	33
Finland	_	_	-	_
Total, subsidiaries	218	592	810	824
Sum total	218	592	810	824

NOTE 8 Staff costs, average number of employees and absence due to illness, cont.

Gender breakdown in Board and Group	2022		2022 2021	
Management, Group	Women	Men	Women	Men
Board members				
- Elected by the Annual General Meeting	4	3	5	3
– Employee representatives	1	1	1	1
- Employee representatives, deputies	_	2	_	2
CEO	_	1	_	1
Other Group Management	5	5	5	4
Total	10	12	11	11

The Boards of Sveaskog AB and Sveaskog Förvaltnings AB are identical.

Gender breakdown in Board and Group	2022		2021	
Management, parent company	Women	Men	Women	Men
Board members				
- Elected by the Annual General Meeting	4	3	5	3
- Employee representatives	1	1	1	1
- Employee representatives, deputies	_	2	_	2
CEO	-	1	_	1
Total	5	7	6	7
Iotai		-		
Total		-		
Total	2022	-	2021	
Subsidiaries (operating)		Men		Men
	2022	Men	2021	Men
Subsidiaries (operating)	2022	Men	2021	Men 8
Subsidiaries (operating) Board members	Women		2021 Women	
Subsidiaries (operating) Board members - Elected by the Annual General Meeting	Women	10	2021 Women	

Total	10	18		9	12
Information on employee absence due to illness	, Group		2022		2021
Total absence due to illness as a percentage	e of employe	es' total norma	al worl	king hour	s
Men			3.3		3.2
Women			6.8		5.8
Total			4.2		3.9
Days of absence due to illness as a percent	age of total a	bsence due to	o illnes	SS	
Continuous period of 60 days or more			47		56
< 60 days			53		44
Total			100		100
Breakdown by age of employees absent due sickness, as a percentage	e to				
29 years and under			3.0		2.7
30–49 years			4.2		4.1
50 years and over			4.4		3.9
Total			4.2		3.9
Number of long-term healthy people as a percer average number of permanent employees ^{1, 2}	ntage of		26.8		31.6
1) = 1 11 211 2 1 5 115					

1) Excluding SIA Sveaskog Baltfor.

Principles for remuneration and other benefits for the Board of Directors and senior executives

Principles

The Chair of the Board and other board members elected by the Annual General Meeting are paid fees in accordance with a decision by the Annual General Meeting. Sveaskog follows government guidelines regarding remuneration of senior executives. Remuneration of the CEO is decided by the Board of Directors and remuneration of the rest of the Group Management by the CEO following consultation with the Remuneration Committee. Remuneration issues are prepared by the Remuneration Committee, which consists of Kerstin Lindberg Göransson, Marie Berglund and Leif Ljungqvist.

Remuneration and other benefits during the year, Board of Directors 2022, SEK	Board fees	Committee fees	Total
Kerstin Lindberg Göransson, Chair of the	000000	00.005	404.005
Board	399,000	22,667	421,667
Sven Wird	205,667	40,000	245,667
Leif Ljungqvist	0	0	0
Marie Berglund	205,667	11,333	217,000
Elisabet Salander Björklund	205,667	56,667	262,334
Anna Belfrage (from and incl. 27/04/2022)	140,000	32,000	172,000
Måns Nilsson (from and incl. 01/09/2022)	70,000	13,333	83,333
Eva Färnstrand (up to and incl. 27/04/2022)	161,667	10,666	172,333
Johan Kuylenstierna (up to and incl.	-		
31/08/2022)	135,667	26,667	162,334
Christina Lindbäck (up to and incl.			
27/04/2022)	65,667	3,333	69,000
Total	1,589,002	216,666	1,805,668

The Board of Directors also includes employee representatives. They do not receive fees.

Remuneration and other benefits during the year, Board of Directors 2021, SEK	Board fees	Committee fees	Total
Eva Färnstrand, Chair of the Board	480,000	31,332	511,332
Sven Wird	193,000	40,000	233,000
Leif Ljungqvist	0	0	0
Marie Berglund	193,000	10,000	203,000
Johan Kuylenstierna	193,000	40,000	233,000
Kerstin Lindberg Göransson	193,000	42,666	235,666
Christina Lindbäck (from and incl. 26/04/2021)	131,333	6,667	138,000
Elisabet Salander Björklund (from and incl. 26/04/2021)	131,333	26,667	158,000
Total	1,514,666	197,332	1,711,998

²⁾ Persons employed for at least three years who have not been absent due to sickness in the last two years.

NOTE 8 Staff costs, average number of employees and absence due to illness, cont.

Remuneration and benefits during the year, Group Management and other senior executives 2022, SEK	Salaries and remuneration	Taxable benefits	Pension expense ¹	Total
Group Management				
Erik Brandsma, CEO	4,514,615	21,492	1,109,678	5,645,785
Anette Waara, Chief Operating Officer	1,838,978	57,660	736,511	2,633,149
Anders Almäng, Head of Forestry (from and including 15 August 2022)	551,270	18,881	363,251	933,402
Helene Bergström, Business Area Manager	1,435,829	6,948	708,996	2,151,773
Christine Leandersson, Head of Legal (from and including 15 August 2022)	496,454	2,316	207,026	705,796
Malin Nordén, Head of Communications (from and including 19 September 2022)	407,517	1,737	162,809	572,063
Patrik Karlsson, CDO	1,670,069	63,692	694,302	2,428,063
Olof Johansson, Head of Forest Policy	1,366,169	29,124	449,914	1,845,207
Eva Karlsson Berg, Head of Market Area	1,843,200	6,948	808,823	2,658,971
Fredrik Klang, Head of Forestry (up to and including 14 August 2022)	1,051,628	31,452	446,501	1,529,581
Kristina Ferenius, CFO	1,920,639	27,300	645,213	2,593,152
Marie Stålnacke, Head of HR	1,469,761	60,647	794,282	2,324,690
Other senior executives				
Guntars Zvejsalnieks, CEO SIA Sveaskog Baltfor (EUR) ²	105,663			105,663
SEK	1,179,181			1,179,181
Total (SEK)	19,745,310	328,197	7,127,306	27,200,813

¹⁾ Pension premiums paid during the year or during the specified period.

Remuneration and benefits during the year, Group Management and other senior executives 2021, SEK	Salaries and remuneration	Taxable benefits	Pension expense ¹	Total
Group Management				
Hannele Arvonen, CEO (up to and including 14 January 2021)	161,858	2,694	40,907	205,459
Per Matses, CEO (18 January 2021 – 31 December 2021)	3,828,298	24,471	1,038,554	4,891,323
Fredrik Klang, Head of Staff, Forestry	1,661,565	50,832	573,746	2,286,143
Anette Waara, Head of Market Area North	1,720,072	57,852	698,939	2,476,863
Eva Karlsson Berg, Head of Market Area South	1,768,944	6,768	764,017	2,539,729
Marie Stålnacke, Head of HR	1,434,102	79,396	717,530	2,231,028
Patrik Karlsson, CDO	1,631,123	63,456	767,956	2,462,535
Kristina Ferenius, CFO	1,888,928	27,048	784,398	2,700374
Helene Bergström, Business Area Manager, Svenska Skogsplantor	1,311,729	6,768	691,532	2,010,029
Other senior executives				
Guntars Zvejsalnieks, CEO SIA Sveaskog Baltfor (EUR) ²	89,161			89,161
SEK	917,823			917,823
Total (SEK)	16,324,442	319,285	6,077,579	22,721,306

¹⁾ Pension premiums paid during the year or during the specified period.

Senior executives

Remuneration of the CEO, other members of Group Management and other senior executives consists of basic salary, company car or annual card for public transport and pension. The Group does not offer incentive programmes or variable remuneration.

CEO

Erik Brandsma.

Pension

In addition to pension benefits under the Swedish National Insurance Act, the company pays premiums to an occupational pension solution designated by Erik Brandsma containing an old-age pension, premium exemption and, if desired, survivor's pension. The contributions amount to 25 per cent of Erik Brandsma's fixed salary.

Termination and severance pay

In the event of termination by the company, a notice period of six months applies. In the event of termination by Erik Brandsma, the notice period is six months. In the event of termination by the company, severance pay amounting to 12 months' salary is payable. Pay during the notice period and severance pay are offset against other income. Severance pay does not include entitlement to pension or holiday pay.

Other members of Group Management and the CEO of the subsidiary in Latvia

Pension

A pension equivalent to the ITP occupational plan is payable from the age of 65. For high earners, premiums are paid as in a traditional ITP occupational pension plan. For the CEO of the subsidiary in Latvia, pension terms according to Latvian law apply.

Termination and severance pay

In the event of termination by the company, a notice period of six months applies. In the event of termination by employees, the notice period is 3–6 months. One of the senior executives has a notice period of 12 months from the company. In the event of termination by the company, severance pay amounting to 9-12 months' salary is payable. Pay during the notice period and severance pay are offset against other income. Severance pay does not include entitlement to pension or holiday pay. One of the senior executives is not entitled to severance pay. For this person, no settlement applies.

²⁾ EUR, exchange rate as at 31 December 2022 EUR/SEK 11.163 (10.294).

²⁾ EUR, exchange rate as at 31 December 2022 EUR/SEK 11.163 (10.294).

NOTE 9 Depreciation/amortisation according to plan

	Gro	oup	Parent o	ompany
MSEK	2022	2021	2022	2021
Depreciation/amortisation according to plan				
Intangible assets				
Capitalised expenditure on systems development etc. (see Note 13)	21	18	_	_
Right of use assets				
Right-of-use assets (see Note 7)	46	45	_	_
Property, plant and equipment				
Buildings (see Note 15)	3	3	0	1
Land improvements (see Note 15)	1	0	_	_
Machinery and equipment (see Note 15)	82	81	_	_
Total depreciation/amortisation according to plan	153	147	0	1

NOTE 10 Financial income and expense

ACCOUNTING POLICIES

Financial income and expense

Financial income and expense comprise interest income on bank deposits, receivables and fixed-income securities, dividend income, interest expenses on loans, unrealised and realised gains and losses on financial investments and derivative instruments used in the financial operations as well as exchange differences.

Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method. The effective interest rate is the rate that accurately discounts the estimated future cash receipts and disbursements over the expected maturity of the financial instrument at the gross carrying amount of the financial asset or the accrued cost of the financial liability. Interest income includes the accrued amounts of transaction costs and any discounts, premiums and other differences between the original value of a receivable and the amount received on maturity.

Dividend income is recognised when the right to receive payment has been established. The parent company recognises Group contributions in appropriations according to the alternative rule in RFR 2 Accounting for legal entities.

Group, MSEK	2022	2021
Financial income		
Interest income	6	0
Capital gains, shares	2	_
Total	8	0
Financial expenses		
Interest expenses, pensions	-3	-1
Interest expenses, other	-122	-115
Capital loss, shares	_	-5
Other financial expenses	-11	-12
Exchange rate differences	2	0
Total	-134	-133
Sum total	-126	-133

Interest income and interest expenses from financial instruments by category recognised in net financial

income/expense, Group, MSEK	2022	2021
Interest income from assets measured at amortised cost	6	0
Total interest income		
Interest expenses for liabilities measured at amortised cost	-128	-98
Interest expenses for derivatives measured at fair value in		
the income statement	7	1
Interest expenses for derivatives measured at fair value via		
other comprehensive income	-4	-19
Total interest expenses	-125	-116
SUM TOTAL	-119	-116

The financial part of the expenses for own pension liabilities has been calculated using an interest rate of 3.429 per cent (1.126).

Parent company, MSEK	2022	2021
Other financial income		
Dividend from subsidiaries	_	4,000
Interest income, other Group companies	19	16
Total	19	4,016
Other financial expenses		
Interest expenses, other Group companies	-88	-173
Interest expenses, other	-122	-94
Impairment of financial receivables, Group companies	-1	_
Other financial expenses	-11	-12
Total	-222	-279
Sum total	-203	3,737
Interest income and interest expenses from financial instruments by category recognised in net financial income/expense, parent company, MSEK	2022	2021
Interest income from assets measured at amortised cost	19	16
Total interest income		
Interest expenses for liabilities measured at amortised cost	-210	-267
Total interest expenses	-210	-267
SUM TOTAL	-191	-251

NOTE 11 Taxes

ACCOUNTING POLICIES

Income taxes comprise current tax and deferred tax. Income taxes are recognised in the income statement except when the underlying transaction is recognised in other comprehensive income, in which case the related tax effects are recognised in other comprehensive income. Current tax is tax payable or receivable in respect of the current year, applying the tax rates decided or substantively decided at the balance sheet date. This also includes adjustment of current tax attributable to previous periods.

Deferred tax is calculated in accordance with the balance sheet method on the basis of temporary differences between the carrying amounts and the tax bases of assets and liabilities. The following temporary differences are not taken into account: temporary differences arising from initial recognition of goodwill, temporary differences arising from initial recognition of assets and liabilities that are not business combinations and at the time of the transaction did not affect either the recognised or taxable profit/loss, as well as temporary differences attributable to shares or participations in subsidiaries and associates that are not expected to be reversed in the foreseeable future. The valuation of deferred tax is based on how carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is calculated using the tax rates and tax rules that have been decided or substantively decided at the balance sheet date.

Deferred tax assets relating to deductible temporary differences and loss carry-forwards are recognised only to the extent that it is probable that they will be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they will be utilised.

Significant judgements and estimates

The valuation of deferred tax is based on how carrying amounts of assets or liabilities are expected to be realised. For Sveaskog, this means that the deferred tax liability also depends on the model assumptions made in the calculation of the biological asset.

Profit after financial items, MSEK	2022	2021
Sweden	2,318	1,696
Other countries	21	13
Total	2,339	1,709

	Gro	Group		ompany
Tax expense (-)/tax income (+), MSEK	2022	2021	2022	2021
Current tax				
Tax expense (-)/tax income (+) for the period	-229	-201	-47	-46
Adjustment of tax expense attributable to previous years	-13	0	_	_
Total	-242	-201	-47	-46
Deferred tax				
Deferred tax income (+)/tax expense (-) in respect of temporary differences	-118	-14	_	_
Total	-118	-14	_	_
Sum total	-360	-215	-47	-46

Tax expense (-)/tax income (+) by country,	Gre	oup	Parent o	company
MSEK	2022	2021	2022	2021
Sweden	-241	-254	-47	-46
Other countries	-1	0	_	_
Total	-242	-255	-47	-46

Difference between nominal and effective	Gre	oup	Parent c	ompany
tax rate, MSEK	2022	2021	2022	2021
Swedish income tax rate	-20.6	-20.6	-20.6	-20.6
Tax effect attributable to previous years	0.5	0.0	_	_
Tax effect of share of profit/loss in associates recognised net after tax	5.1	8.0	_	_
Tax effect due to non-deductible expenses and non-taxable income	-0.4	0.0	-10.0	19.5
Effective tax rate according to income statement	-15.4	-12.6	-30.6	-1.1

Tax items recognised in other comprehensive income, MSEK	Green	oup 2021	Parent o	company 2021
Tax attributable to items recognised in other comprehensive income	771	608	_	-
Current tax in Group contributions provided (-)/received (+)	_	_	_	_
Total	771	608	_	_

2022	2021
8,098	7,409
10,280	10,123
27	32
33	29
17	23
13	3
90	0
467	451
18	55
204	253
10	_
19,257	18,378
0	4
27	32
3	3
30	39
19,257	18,339
0	4
19,227	18,343
19,227	18,339
-124	_
19,103	18,339
	8,098 10,280 27 33 17 13 90 467 18 204 10 19,257 0 27 3 30 19,257

1) All changes in deferred tax have been recognised in comprehensive income, of which net MSEK 771 (608) in other comprehensive income.

Breakdown of deferred tax assets and liabilities,

Group, MSEK	2022	2021
Deferred tax assets		
Deferred tax assets to be utilised after more than 12 months	0	4
Deferred tax assets to be utilised within 12 months	_	_
Deferred tax liabilities		
Deferred tax liabilities to be paid after more than 12 months	19,103	19,244
Deferred tax liabilities to be paid within 12 months	_	_
Deferred tax liabilities (net)	19,103	19,090

NOTE 12 Non-cash items

	Group		Parent o	ompany
MSEK	2022	2021	2022	2021
Depreciation/amortisation	153	147	0	1
Capital profit ¹	-29	-39	-5	-13
Capital gains on property disposals	-26	-30	_	_
Share of profit/loss in associates	-574	-667	_	_
Change in value in biological assets ²	-724	-24	_	_
Other	32	9	_	_
Total	-1,168	-604	-5	-12

¹⁾ Capital gains MSEK 30 (40), capital losses MSEK -1 (-1), Group. 2) Only non-cash part of change in value in biological assets.

NOTE 13 Intangible assets, Group

ACCOUNTING POLICIES

Intangible assets

Intangible assets acquired or generated internally are recognised at cost less accumulated amortisation (see below) and impairment losses.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is recognised as an asset in the balance sheet only when it increases the future economic benefits of the specific asset to which it relates. All other expenditure is recognised as an expense as it arises.

Capitalised expenditure on systems development etc. **MSEK** Cost 239 Opening balance, 1 January 2021 19 Investments -1 Disposals 257 Closing balance, 31 December 2021 Accumulated revaluations Opening balance, 1 January 2021 Closing balance, 31 December 2021 Accumulated amortisation according to plan Opening balance, 1 January 2021 -48 Disposals -18 Amortisation for the year Closing balance, 31 December 2021 -65 Accumulated impairment -31 Opening balance, 1 January 2021 Closing balance, 31 December 2021 -31 Closing residual values according to plan, 31 165 December 2021 cont.

Amortisation

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of the intangible assets. Amortisable intangible assets are amortised from the date they are available for use. The estimated useful lives are:

Intangible assets	Estimated useful lives	Amortisation rates
Acquired and internally generated		
Capitalised expenditure on systems development etc.	5-10 years	10-20%

cont.	Capitalised expenditure on systems
MSEK	development etc.
Cost	
Opening balance, 1 January 2022	257
Investments	13
Disposals	6
Closing balance, 31 December 2022	276
Accumulated revaluations	
Opening balance, 1 January 2022	4
Disposals	-4
Closing balance, 31 December 2022	0
Accumulated amortisation according to plan	
Opening balance, 1 January 2022	-65
Disposals	-2
Amortisation for the year	-21
Closing balance, 31 December 2022	-88
Accumulated impairment	
Opening balance, 1 January 2022	-31
Closing balance, 31 December 2022	-31
CLOSING RESIDUAL VALUES ACCORDING TO PLAN, 31 December 2022	157

NOTE 14 Forest assets – Biological assets and land assets

ACCOUNTING POLICIES

Forest assets

In the 2020 annual financial statements, Sveaskog conducted a review of its valuation of forest assets that resulted in a new method and new assumptions to determine the fair value of the assets. The new method means that the total forest value was based on forest land transactions in the areas where Sveaskog owns forest assets. The change means that in the land assets that are attributable to forest assets are also recognised at fair value with a change in the accounting policy as a result. Previously, the land assets were recognised at cost. The land assets are now recognised at fair value in accordance with the so-called revaluation method, IAS 16 p.31.

Biological assets

According to IFRS, standing timber is recognised as biological assets in accordance with IAS 41, which means that biological assets are measured and recognised at each reporting date at level 3 of the fair value hierarchy (see Note 28). Changes in fair value are recognised in the income statement and Sveaskog performs a valuation on an earnings basis, where future the cash flow from timber extractions less any harvesting costs, etc. has been discounted to a present value. These calculations include future timber extractions corresponding to a forest growth cycle of 100 years in northern Sweden and 80 years in southern Sweden. The timber extractions are based on Sveaskog's felling and forestry plans. Sveaskog has set aside large areas of productive forest land as nature conservation areas. The value of standing timber in the nature conservation areas is not included in the value determined on an earnings basis. Other value of the forest land in the form of e.g. hunting income and other lease income is not included in the value determined on an earnings basis. Provision for deferred tax is calculated in accordance with IAS 12 on the full value of the biological asset according to IAS 41.

Land assets

The value of the land assets amounts to the residual between the total value of the forest assets on accordance with the new method to determine the total market value of the forest assets and the value of the biological assets that were based on discounted cash flow. The change in value for land is recognised as other comprehensive income and does not affect the year's financial performance. The increase is accumulated in equity under the

heading revaluation reserve. The increase is, however, recognised in the income statement to the extent that it reverses a decrease in fair value that was previously recognised in the income statement. If the carrying amount of the asset decreases as a result of revaluation, the decrease is recognised in the income statement. The decrease must, however, be recognised in other comprehensive income to the extent that there is an existing credit balance in the revaluation reserve in respect of that asset, in which case the amount in the revaluation reserve must also be reduced. The provision for deferred tax is calculated in accordance with IAS 12 and reduces the revaluation reserve.

The parent company does not apply the revaluation method for the valuation of its forest assets, but these are recognised at cost, IAS 16 p30, and are therefore recognised in Note 15 Other property, plant and equipment.

FOREST ASSETS

Sveaskog's land holdings amount to 3.89 million hectares, of which 3,03 million is productive forest land. The valuation includes a total of 2.75 million hectares containing a timber supply estimated at 263 million cubic metres of forest. The difference between Sveaskog's total productive land holdings and the valuation's land holdings is the deduction of reserves, ecoparks, trial parks and voluntary provisions. The forest assets are valued at fair value at level 3 calculated on the price statistics of forest properties from Ludvig & Co. The price statistics refer to the areas where Sveaskog owns forest land and are divided into ten different price areas in Sweden. Sveaskog uses a five-year average in the valuation with some adjustments.

The carrying amount of Sveaskog's forest assets as of 31 December 2022 has been calculated at MSEK 88,862 (85,430), of which MSEK 47,173 (46,722) refers to the fair value of the biological asset and MSEK 41,689 (38,708) refers to the fair value of the land. The change in the balance sheet since the previous year-end is MSEK 3,432 (3,000) and is shown in the table Forest assets – biological assets and forest land. The parameters that are included in the model for calculating the fair value are updated for total forest assets annually, but an in-house analysis is performed quarterly in order to assess whether the annual price is essentially reasonable, while the value for biological assets and forest land is updated quarterly.

Forest assets are divided into standing timber (biological assets) and land assets. Standing timber is recognised as a biological asset according to IAS 41 Agriculture and forestry. Land assets are recognised as property, plant and equipment according to IAS 16 Property, plant and equipment. In 2019 some of the major forest owning companies in Sweden made changes to their method and assumptions for valuing the forest assets with association land. Sveaskog announced at the end of 2019 that the company is following the development of any changes to IAS 41 and other regulations for forest valuation and how practices are developed among other Swedish forest-owning companies that report results in accordance with IFRS. As practices are adapted according to prevailing market conditions, Sveaskog, has starting from 2020, adapted the method for reporting and valuation of forest assets.

The changed approach to forest valuation must be viewed against a background of the price of forest land in a number of larger forest land deals showing that the value of larger forest assets per hectare or per cubic metres of forest generally lie at the same level as for smaller or medium forest assets. In previous years the market price or other comparable price was not used as there was a degree of uncertainty about the market price for forest assets of Sveaskog's size as no larger transactions had been performed in the market. As at 31 December 2020, Sveaskog changed the reporting method for valuing the company's forest assets so that the value is based on sales transactions in the areas where Sveaskog owns forest land. The valuation price comprises the five-year average and the new method means that the forest assets are also recognised at fair value according to the revaluation method in IAS 16 with a changed accounting policy as a result. Land assets that are associated with the standing timber have previously been recognised at cost which is possible according to IAS 16, p. 30. For biological assets there has been no change to the accounting policies, as the new method has only resulted in changed assumptions according to previously applied accounting policies. The new accounting policy for forest assets since 2020 therefore involves a change to the accounting policies for land assets, but only a change to the assumptions in respect of biological assets. Statistics of forest land transactions are available from several market players, but Sveaskog has chosen to retrieve the statistics that are reported on Ludvig & Co's website (www.ludvig.se). The statistics can be regarded as market-corroborated input according to valuation level 2 (IFRS 13). Input that is used for valuation of an asset or liability at fair value is attributed to different levels in the valuation hierarchy according to IFRS 13. See Note 28 for a description of the different valuation levels. In these cases, the valuation is attributable to fair value as a whole at the lowest of the levels, valuation level 3. In order to refine the market-corroborated input, certain adjustments are made using non-observable input. In addition to this, an assessment is made of what period transactions should be included when calculating an average price.

Sveaskog has chosen to base the market price on a five-year average. The new method therefore includes more elements of observable input but is nevertheless assessed to be attributable to valuation level 3 with regard to adjustment of inputs at valuation level 2. No transfers between valuation levels have taken place during the year.

NOTE 14 Total forest assets – Biological assets and forest land, cont.

Biological assets

In combination with market transactions and in order to determine the fair value of the group's biological assets, the expected future cash flows from the assets have been discounted. The calculation for determining the value of biological assets has been based on existing felling plans and assessments of growth, wood prices, felling costs, etc.

The change in vale is recognised in the income statement in the row change in value biological assets.

The calculation is performed for one production cycle which for biological assets Sveaskog estimates amount to an average of 100 years in northern Sweden and 80 years in southern Sweden. Cash flows are calculated on the basis of felling volumes according to Sveaskog's current felling calculation and assessment of future price and cost development. Prices are based on a rolling ten-year average (2013-2022). In terms of cost development, the current standard cost (see model assumptions below) is applied. The inflation assumptions in the model are based on estimated future development during the valuation period. Cash flow before tax is discounted at an interest rate of 4.5 per cent (4.5). Sveaskog's Board of Directors assesses that this interest rate corresponds to the longterm cost of capital for an investment in forest assets and that is not affected by short-term fluctuations in market rates. According to current felling estimates, which date from 2022 and are based on a forest optimisation model, felling will amount to approximately 5.1 million m³sub per year (6.3). This level is estimated to increase steadily until 2033, to then remain at a level of approximately 6.8 million m³sub (6.8) until 2037. The level is then estimated to decrease slightly to approximately 6.3 million m³ sub (7.2-7.9). In 2022, approximately 53 per cent (54) of Sveaskog's own forest volume was sold as sawlogs to sawmills and 43 per cent (42) comprised pulpwood which was sold to the pulp and paper industry. Other volumes consisted of, for example, biofuel in the form of rejected branches and treetops, which are primarily used as fuel wood; this volume is not included in the valuation.

Land assets

The value of the land assets amounts to the residual between the total value in accordance with the new method to determine the total market value of the forest assets and the value of the biological assets that were based on discounted cash flow. The change in value for land is recognised in other comprehensive income and does not affect the year's financial performance. The land assets associated with the standing timber were previously classified

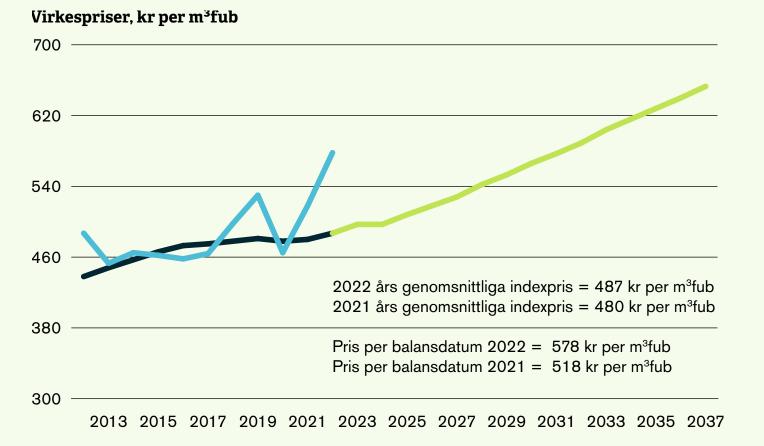
in the balance sheet as Property, plant and equipment - forest land. The effect of changing the accounting policy to the so called revaluation method according to IAS 16 p.31 means that the land assets are now recognised at fair value and have therefore been recognised since 31 December 2020 in their own line in the balance sheet under forest assets. In the balance sheet, the change of accounting policy to the revaluation method has meant that the value of the land assets has increased by MSEK 32,986 as of 31 December 2020, and that a deferred tax liability of MSEK 6,797 on the difference between the assets' tax cost and carrying amount has been recognised. The increase in the land assets' value and the tax effect that arises from the revaluation is recognised in other comprehensive income and is accumulated in equity in the rows change in value land assets and income tax attributable to components in other comprehensive income. The revaluation reserve in equity constitutes non-distributable equity and amounts to MSEK 30,939 (28,509) as of 31 December 2022.

Model assumptions

■ 10-årsindex – Nominella Priser

Framtida berömd pristrend

Forest assets *



10-årssnitt år 2013–2022

The valuation price per cubic metre of forest in SEK is based on market prices that are published and compiled by Ludvig & Co (formerly LRF Konsult). The prices are a fiveyear average (2017–2021). Timber stocks per million cubic metres of forest are based on Sveaskog's forest registers and refer to the most recent (October 2022) calculation.

Biological assets

Revenue (timber prices) is based on prices from a ten-year average (2013–2022) and thereafter on estimated development during the valuation period with a nominal price increase of 2.0 per cent (1.75) per year. This estimated development is adjusted when the company forecasts a different development in their long-term plans.

For the production costs (felling costs), a current normal cost is applied that corresponds to the average of three years (outcome for the current year, the previous year and the budget for the coming year). These costs are based on an estimated development during the valuation period of 2.0 per cent (2.0) per year.

Sveaskog has set aside areas of productive forest land as nature conservation areas. These areas are not included in the value of forest assets.

Summary model assumptions - Forest assets - biological assets and forest land

Summary of model assumptions ¹	2022	2021
Valuation price per cubic metre of forest in SEK	5-year average	5-year average
Timber stocks per million cubic metres of forest	Forest registers as of October 2022	Forest registers as of October 2021
Discount rate	4.50%	4.50%
Revenue	10-year average	10-year average
Nominal price increase	2.00% per year	1.75% 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.

^{*)} The value for the year (263 million cubic metres of forest) refers to productive land minus ecoparks, experimental parks and nature reserves, as well as parts of voluntary set-asides.

NOTE 14 Forest assets – Biological assets and land assets, cont.

Sensitivity analysis based on key measurement parameters and their impact on Sveaskog's forest assets

Total forest assets

Valuation price per cubic metre of forest in SEK

A reduction in the market value of SEK 5 per cubic metre of forest lowers the value of forest assets by approximately MSEK 1,300 (1,300). An increase in the market value of SEK 5 per cubic metre of forest increases the value of forest assets by approximately MSEK 1,300 (1,300).

Timber stocks per million cubic metres of forest

A reduction in timber stocks of 5 million cubic metres of forest lowers the value of forest assets by approx. MSEK 1,700 (1,600). An increase in timber stocks of 5 million cubic metres of forest raises the value of forest assets by approx. MSEK 1,700 (1,600).

Biological asset

Discount rate

A decrease in the discount rate by 0.5 percentage points will increase the value of the biological asset by approx. MSEK 8,500 (7,400). An increase in the discount rate by 0.5 percentage points will reduce the value of the biological asset by approx. MSEK 6,800 (5,900)

Revenue (timber prices)

A decrease in the annual price increase by 0.5 percentage points will reduce the value of the biological asset by MSEK 13,700 (12,700). An increase in the annual price increase by 0.5 percentage points will increase the value of the biological asset by approx. MSEK 17,200 (15,700).

Expenses (felling, forest management, road and joint costs)

An increase in the annual cost increase by 0.5 percentage points will reduce the value of the biological asset by approx. MSEK 8,900 (8,400). A decrease in the annual price increase by 0.5 percentage points will increase the value of the biological asset by approx. MSEK 7,100 (6,700).

Total forest assets – biological assets and forest land Fair values	MSEK
Opening balance, 1 January 2021	82,430
Change during the year	3,000
Closing balance, 31 December 2021	85,430
Deferred tax attributable to forest assets	17,532
	MSEK
Fair values	
Opening balance, 1 January 2022	85,430
Change during the year	4,059
Closing balance, 31 December 2022	89,489
Less assets held for dividend	-627
Carrying amount, 31 December 2022	88,862
Deferred tax attributable to forest assets	18,378
Less deferred tax attributable to forest assets held for dividend	-124
Carrying amount of deferred tax attributable to forest assets, 31 December 2022	18,254
Forest assets of which biological assets	MSEK
Fair values	
Opening balance, 1 January 2021	46,721
Acquisition of standing timber	23
Sale of standing timber	-46
Changes due to felling	-1,419
Unrealised change in fair value	1,443
Closing balance, 31 December 2021	46,722

	MSEK
Opening balance, 1 January 2022	46,722
Acquisition of standing timber	30
Sale of standing timber	-17
Changes due to felling	-1,683
Unrealised change in fair value	2,408
Closing balance, 31 December 2022	47,460
Less assets held for dividend	-287
Carrying amount, 31 December 2022	47,173
Forest assets of which forest land	MSEK
Fair values	
Opening balance, 1 January 2021	35,709
Acquisition of forest land	92
Sale of forest land	-50
Unrealised change in fair value	2,957
Closing balance, 31 December 2021	38,708
	MSEK
Opening balance, 1 January 2022	38,708
Acquisition of forest land	143
Sale of forest land	-16
Unrealised change in fair value	3,193
Closing balance, 31 December 2022	42,028
Less assets held for dividend	-339
Carrying amount in the balance sheet, 31 December 2022	41,689

NOTE 15 Other property, plant and equipment

ACCOUNTING POLICIES

Assets owned by the Group

Other property, plant and equipment are recognised as assets in the balance sheet if it is probable that the future economic benefits will flow to the company and the costs of the assets can be reliably measured.

Other property, plant and equipment are recognised at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price as well as costs directly attributable to the asset in order to bring it to the location and condition necessary for it to be used in accordance with the purpose of the acquisition. Examples of directly attributable costs are costs of delivery and handling, installation, registration of title, consulting services and legal services. Accounting policies for impairment are shown in Note 1.

The cost of self-constructed items of property, plant and equipment includes materials costs, employee benefit expenses, other manufacturing expenses that are considered to be directly attributable to the item of property, plant and equipment.

Other property, plant and equipment that consist of parts with different useful lives are treated as separate components of property, plant and equipment.

The carrying amount of an item of other property, plant and equipment is derecognised from the balance sheet on disposal or when no future economic benefits are expected from the use or disposal of the asset. The gain or loss arising on disposal of an asset is the difference between the selling price and the carrying amount of the asset less direct selling expenses. Gains and losses are recognised as other operating income/expense.

Subsequent expenditure

Subsequent expenditure is added to cost only if it is probable that the future economic benefits associated with the asset will flow to the company and the cost can be reliably measured. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

A decisive factor in the assessment of whether subsequent expenditure should be added to cost is whether the expenditure relates to the replacement of identified components, or parts thereof, in which case such expenditure is capitalised. In cases where a new component is created, the expenditure is also added to cost. Any undepreciated carrying amounts of replaced components, or parts of components, are disposed of and carried as an expense in connection with the replacement. Repairs are carried as an expense as they occur.

Borrowing costs

Borrowing costs such as interest and other costs incurred that are directly attributable to the purchase, construction or production of a qualifying asset are part of the cost of the asset. Other borrowing costs are carried as an expense.

Depreciation principles

Cost is depreciated to the residual value on a straight-line basis over the useful life, land is not depreciated. The Group applies component depreciation, which means that the estimated useful lives of components are used as the basis for depreciation.

Other property, plant and equipment, MSEK	Estimated useful lives	Depreciation rates
Industrial buildings	20-25 years	4–5%
Residential and office buildings	33-50 years	2-3%
Land improvements	10-20 years	5-10%
Vehicles and other machinery and equipment	3-6 years	16.5-33%
Machinery and other technical equipment	5-20 years	5-20%

Assessment of the residual value and useful life of an asset is performed annually. An impairment loss is recognised for an asset if the carrying amount of the asset exceeds the estimated recoverable amount.

The parent company does not apply the revaluation method for the valuation of its forest assets, but these are recognised at cost, IAS 16 p30, and are therefore recognised in this Note.

Tax assessment values for Swedish	Group		Parent company	
properties, MSEK	2022	2021	2022	2021
Forest assets	65,633	65,575	795	809
Other land	730	664	42	38
Buildings	108	105	9	7
Total	66,471	66,344	846	854
Recognised in the balance sheet:				
Forest land	41,689	38,708	28	29
Biological assets	47,173	46,722	_	_
Total	88,862	85,430	28	29

Non-current assets by geographic market,	Group		Parent company	
MSEK	2022	2021	2022	2021
Intangible assets				
Sweden	157	165	_	_
Right-of-use assets				
Sweden	127	153	_	_
Forest assets				
Sweden	88,862	85,430	28	29
Other property, plant and equipment				
Sweden	575	572	9	9
Finland	2	2	_	_
Latvia	17	14	_	_
Total other property, plant and equipment	594	588	9	9

NOTE 15 Other property, plant and equipment, cont.

Other property, plant and equipment, Group, MSEK	Buildings, other land and land improvements	Machinery and equipment	Construction in progress and prepayments	Total other property, plant and equipment
Cost			-	
Opening balance, 1 January 2021	509	770	129	1,408
Investments	5	39	51	95
From construction in progress and prepayments etc.	19	122	-141	0
Reclassification	-2	2	_	0
Sales and disposals	-8	-50	_	-58
Translation differences etc.	0	0	0	0
Closing balance, 31 December 2021	523	883	39	1,445
Accumulated depreciation according to plan				
Opening balance, 1 January 2021	-334	-471	_	-805
Reclassification	0	0	_	0
Sales and disposals	2	36	_	38
Depreciation for the year	-3	-81	_	-84
Translation differences etc.	0	0	_	0
Closing balance, 31 December 2021	-335	-516	_	-851
Accumulated impairment				
Opening balance, 1 January 2021	-3	-3	_	-6
Closing balance, 31 December 2021	-3	-3	_	-6
Closing residual values, 31 December 2021	185	364	39	588
				cont.

Other property, plant and equipment, Group, MSEK	Buildings, other land and land improvements	Machinery and equipment	Construction in progress and prepayments	Total other property, plant and equipment
Cost				
Opening balance, 1 January 2022	523	883	39	1,445
Investments	19	57	35	111
From construction in progress and prepayments etc.	12	41	-53	0
Sales and disposals	-7	-46	_	-53
Translation differences etc.	0	3	0	3
Closing balance, 31 December 2022	547	938	21	1,506
Accumulated depreciation according to plan				
Opening balance, 1 January 2022	-335	-516	_	-851
Sales and disposals	1	32	_	33
Depreciation for the year	-4	-82	_	-86
Translation differences etc.	0	-1	_	-1
Closing balance, 31 December 2022	-338	-567	-	-905
Accumulated impairment				
Opening balance, 1 January 2022	-3	-3	_	-6
Closing balance, 31 December 2022	-3	-3	_	-6
CLOSING RESIDUAL VALUES, 31 December 2022	206	368	21	595
Less assets held for dividend	-1	_	_	-1
Recognised residual values, 31 December 2022	205	368	21	594

Other property, plant and equipment, parent company, MSEK	Forest properties	Buildings, other land and land improvements
Cost		
Opening balance, 1 January 2021	29	15
Investments	0	_
Sales and disposals	0	-2
Closing balance, 31 December 2021	29	13
Accumulated depreciation according to plan		
Opening balance, 1 January 2021	_	-4
Sales and disposals	_	1
Depreciation for the year	_	-1
Closing balance, 31 December 2021	_	-4
Closing residual values according to plan, 31 December 2021	29	9
Cost		
Opening balance, 1 January 2022	29	13
Sales and disposals	-1	0
Closing balance, 31 December 2022	28	13
Accumulated depreciation according to plan		
Opening balance, 1 January 2022	_	-4
Sales and disposals	_	0
Depreciation for the year	_	0
Closing balance, 31 December 2022	_	-4
CLOSING RESIDUAL VALUES ACCORDING TO PLAN, 31 December 2022	28	9

Current liabilities

Notes

NOTE 16 Shares and participations

ACCOUNTING POLICIES

Subsidiaries

Subsidiaries are companies in which the parent company Sveaskog AB has a controlling interest. An investor has a controlling interest in an investee when it is exposed to or entitled to variable returns from its involvement in the investee and is able to influence returns through its controlling interest in the investee.

Subsidiaries are recognised according to the acquisition method. According to this method, acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the assets of the subsidiary and assumes its liabilities and contingent liabilities. The consolidated cost is determined through an acquisition analysis in connection with the business combination. The analysis establishes the cost of the participations or business, as well as the fair value of acquired identifiable assets and assumed liabilities and contingent liabilities. The difference between the cost of the shares in subsidiaries and the fair value of acquired assets and assumed liabilities and contingent liabilities comprises consolidated goodwill. If the cost is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised directly in the income statement. Transaction costs are recognised in the income statement.

The financial statements of the subsidiary are included in the consolidated financial statements from the date of acquisition to the date on which the controlling interest ceases.

Associates

Associates are companies in which the Group has a significant influence, but not a controlling influence, over operational and financial governance, usually through participating interests of between 20 and 50 per cent of the voting rights. Exceptions may exist if the Group does not exercise a significant influence and does not intend to exercise a significant influence. From the date the significant influence is obtained, participations in associates are recognised according to the equity method in the consolidated financial statements. According to the equity method, the consolidated carrying amount of the shares in the associates corresponds to the Group's share in the associates' equity and consolidated goodwill as well as any residual consolidated overvaluations/undervaluations. In the Group's income statement, the Group's share of net profit/loss after tax in associates is recognised as "Share of profit/ loss in associates" adjusted for any depreciation/amortisation, impairment or resolution of overvaluation/undervaluation of acquired assets or liabilities. Dividends received from the associate reduce the carrying amount of the investment. The Group consolidates its share of associates' other comprehensive income in the Statement of Comprehensive Income.

Any difference at acquisition between the cost of the holding and the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities

is recognised in the net asset value. When the share of recognised losses in the associate exceeds the consolidated carrying amount of the participating interest, the value of the participating interest is reduced to zero. Losses are also offset against unsecured long-term financial interests that, in an economic sense, form part of the investor's net investment in the associate. Where the share in the losses of an associate equals or exceeds its holding in the associate, additional losses are not recognised unless guarantees have been provided to cover losses incurred by the associate. The equity method is applied until the date on which the significant influence ceases.

Other securities held as non-current assets

Other securities held as non-current assets are shareholdings without a controlling or significant influence and participations in tenant-owners' associations. Usually, shareholdings are below 20 per cent. Exceptions may exist if the Group does not exercise a significant influence and does not intend to exercise a significant influence. See also Note 22.

Associates, other securities held as non-current assets, Group, MSEK	Associates ¹	Other securities held as non- current assets ¹
Opening balance, 1 January 2021	768	16
Investments	-	6
Sales and liquidation	-	-12
Dividend	-23	_
Share of profit/loss in associates ²	667	_
Share of other comprehensive income in associates	-11	_
Closing balance, 31 December 2021	1,401	10
Opening balance, 1 January 2022	1,401	10
Investments	-	0
Sales and liquidation	-	0
Dividend	-340	_
Share of profit/loss in associates ²	574	_
Share of other comprehensive income in associates	26	_
Closing balance, 31 December 2022	1,661	10

¹⁾ The holdings in Setra Group, SunPine and ShoreLink are recognised according to the equity method. Participating interests in other associates are measured at fair value. The equity method of accounting has not been applied to these holdings because of their

Breakdown of revenue, profit/loss, assets and liabilities of associate Setra Group, MSEK	2022	2021
Setra Group		
According to the company's accounts:		
Net sales	6,364	5,841
Profit/loss after tax	952	1,258
Profit/loss from continuing operations	952	1,258
Other comprehensive income	50	-24
Comprehensive income for the period	1,002	1,234
Non-current assets	1,959	1,796
Current assets	3,344	3,109
Equity	3,125	2,766
Non-current liabilities	1,027	959
Current liabilities	1,151	1,180
Breakdown of revenue, profit/loss, assets and liabilities of associate SunPine, MSEK	2022	2021
SunPine		
According to the company's accounts:		
Net sales	3,065	2,115
Profit/loss after tax	379	186
Profit/loss from continuing operations	379	186
Comprehensive income for the period	379	186
Non-current assets	593	660
Current assets	1,108	776
Equity	886	688
Untaxed reserves	317	216
Non-current provisions	25	34

Transactions with associates are disclosed in Note 3 Related-party transactions.

²⁾ Share of profit/loss after tax in associates for 2022 (2021) and change in the internal profit reserve in respect of Setra.

NOTE 16 Shares and participations, cont.

Breakdown of revenue, profit/loss, assets and liabilities of associate ShoreLink ¹ , MSEK	2022	2021
ShoreLink		
According to the company's accounts:		
Net sales	353	298
Profit/loss after tax	52	6
Profit/loss from continuing operations	52	6
Comprehensive income for the period	52	6
Non-current assets	141	134
Current assets	150	98
Equity	231	178
Non-current provisions	12	12
Current liabilities	48	42

¹⁾ The 2022 income statement items refer to the period December 2021–November 2021 (December 2020 – November 2021), while the balance sheet items refer to August 2022 (August 2021), which is the latest data we have received.

Parent company, MSEK	2022	2021
Cost		
Opening cost	24,934	24,934
Closing cost	24,984	24,934

				Participating inte	erest in %¹			Carrying amou	
Breakdown of shares and participations and other securities held as non-current assets, MSEK	Corp. ID no	Registered office/country	Number of shares	2022	2021	Equity, MSEK, 31 Dec 2022	Profit for the year, MSEK 2022	2022	2021
Sveaskog AB	556558-0031								
Direct holdings in Group companies									
Hjälmare Kanal AB	556002-4472	Stockholm	5,936	100	100	2	0	3	3
Sveaskog Förvaltnings AB	556016-9020	Stockholm	95,157,179	100	100	13,585	1,080	24,931	24,931
Replacement land in Sverige 2 AB	559397-0691	Stockholm	25,000	100	_	50	0	50	_
Total directly owned Group companies								24,984	24,934
Indirect holdings in Group companies									
SIA Sveaskog Baltfor	40003293038	Riga, Latvia	2,500	100	100	59	19	-	_
Sveaskog Försäkringsaktiebolag	516401-8466	Stockholm	500,000	100	100	51	0	-	_
Sveaskog Timber AB	556000-1074	Stockholm	90,000	100	100	261	0	-	_
Sveaskog Fastighet 11 AB	559382-8717	Stockholm	25,000	100	0	1	0	-	_
Sveaskog Fastighet 12 AB	559382-8725	Stockholm	25,000	100	0	1	0	-	_
Sveaskog Finans AB	559299-6861	Stockholm	25,000	100	100	50	0	-	_
Group's holdings in associates									
Parent company's indirect holdings									
Setra Group AB	556034-8483	Stockholm	25,761,671	50	50	3,125	952	1,257	1,078
ShoreLink AB	556053-7168	Piteå	18,775	24.07	24.07	231	52	58	45
SunPine AB	556682-9122	Piteå	16,685	25.14	25.14	886	379	346	278
Total associates								1,661	1,401
Group's other securities held as non-current assets	5								
Parent company's indirect holdings									
Arboreal AB	559171-8548	Umeå	12,450	24.9	24.9	-	_	0	0
Arevo AB	556995-8423	Umeå	33	1.10	1.10	-	_	2	2
EkoNord Invest AB ²	556769-8625	Krokom	0	0.00	14.29	-	_	-	_
Swe Tree Technologies AB	556573-9587	Umeå	430,987	13.97	13.97	-	_	3	3
Torsta AB	556892-2420	Krokom	200	5.0	5.0	-	_	0	0
Svensk Skogskommunikation AB ³	559031-9231	Stockholm	0	0.00	33.33	-	_	0	0
Other holdings								5	5
Total of Group's other securities held as non-current ass	sets							10	10
Total of Group's investments in associates and oth	er securities held	as non-current ass	sets					1,671	1,411

The voting interest corresponds to the equity interest in respect of all participations.
 EkoNord Invest AB has been liquidated.
 Svensk Skogskommunikation AB was divested in 2022.

NOTE 17 Non-current receivables

	Group		Parent co	ompany
MSEK	2022	2021	2022	2021
Interest-bearing non-current receivables				
Receivables from Group companies (see Note 3)	_	_	499	800
Receivable instalment purchase (see Note 7)	10	-	-	_
Other non-current receivables	5	5	-	_
Total	15	5	499	800

The Group's assessed risk of expected credit losses on non-current receivables amounts to MSEK 0 (0), and the parent company has assessed the risk of expected credit losses on internal receivables at MSEK 1 (0).

NOTE 18 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs associated with the sale.

The cost of processed wood is fair value less estimated selling costs at the time of felling in accordance with the accounting policy for biological assets.

Cost of inventories is calculated by applying the first in, first out method (FIFO) and includes expenses incurred during the acquisition of the inventory assets and their transport to their current location and condition. Cost includes a reasonable share of indirect costs based on normal capacity utilisation.

Group, MSEK	2022	2021
Felling rights	2	2
Accrued felling costs for felling rights	138	129
Consumables	1	1
Work in progress ¹	171	150
Finished goods ¹	337	408
Total	649	690

¹⁾ Work in progress refers to seedlings, other plants and seed. Finished goods refer to timber stocks, rejected branches and tree tops by the roadside, fuel at terminals and cuttings.

NOTE 19 Trade receivables

ACCOUNTING POLICIES

Trade receivables are classified in the category financial assets measured at amortised cost according to IAS 9. Trade receivables are initially valued at fair value and subsequently at amortised cost using the effective interest method. The expected maturity of trade receivables is short, and the value is recognised at the nominal amount without discounting.

According to IFRS 9, an assessment of expected credit losses must be made, but for trade receivables, a simplified approach from IFRS 9.5.5.15 can be applied, whereby the Group directly reports expected credit losses for the remaining maturity of the asset. For this, a matrix model is utilised in which historical losses are adjusted using forward-looking factors. The forward-looking factors are based on the estimated overall creditworthiness of the customer portfolio and forecasts for GDP in the financial year and subsequent years. Impairment losses on trade receivables are recognised in operating expenses.

	Group		Parent c	ompany
Trade receivables, MSEK	2022	2021	2022	2021
Trade receivables, external	1,239	1,061	_	_
Provision for doubtful trade receivables	0	0	_	_
Receivables from associates (see Note 3)	116	234	_	_
Total trade receivables	1,355	1,295	0	0
Of which financial assets	1,355	1,295	0	0

The Group's two largest customers each account for more than 15 per cent of sales and together account for 30 per cent (29) of total sales. Credit insurance is managed according to the Group's insurance policy, but is not applied to larger customers. Instead, an internal credit analysis is carried out, which is followed up on an ongoing basis. As of 31 December 2022, outstanding receivables in respect of the two largest customers corresponded to 40 per cent (42) of the Group's total trade receivables at that date.

As of 31 December 2022, satisfactory trade receivables amounted to MSEK 1,331 (1,140). As of 31 December 2022, trade receivables amounting to MSEK 24 (140) were past due. As of mid-January 2023, only MSEK 6 (4) was still outstanding. The company's model expects the credit risk in customer stock to increase slightly in future. The most important parameters are growth in GDP and the credit portfolio of the last three years.

As of 31 December 2022, trade receivables covered by credit insurance or bank guarantees amounted to MSEK 632 (556) out of a total of MSEK 1,355 (1,295). Total exposure to counterparty risks corresponds to the value of the corresponding assets in the balance sheet.

	Gro	oup
Age analysis past due trade receivables, gross, MSEK	2022	2021
Less than 1 month	24	140
1 to 3 months	0	-1
3 months or longer	0	1
Total past due trade receivables	24	140

Loss reserve for expected credit losses on trade receivables,	Group			
change during the year, MSEK	2022	2021		
OB loss reserve for expected credit losses on trade receivables	0	0		
Added during the year	1	0		
Settled/received during the year	-1	0		
CB loss reserve for expected credit losses on trade receivables	0	0		

NOTE 20 Current receivables

	Gro	oup	Parent company		
MSEK	2022	2021	2022	2021	
Interest-bearing current receivables					
Interest rate derivatives (see Note 22)	64	_	_	_	
Total	64	0	0	0	
Non-interest-bearing current receivables					
Contract assets	26	20	_	_	
Advance payments to suppliers	234	244	_	_	
Prepaid expenses	35	41	4	7	
Accrued income	15	13	_	_	
Other current receivables	83	107	1	16	
Total	393	425	5	23	
Sum total	457	425	5	23	
Of which financial assets (excluding derivatives)	59	80	0	2	

NOTE 21 Equity

ACCOUNTING POLICIES

Equity in the Group comprises share capital, reserves and earnings (including profit for the year). Equity in the parent company comprises share capital, reserves, retained earnings and profit for the year.

Dividends to shareholders are recognised as a liability to shareholders only when the dividend has been approved by the Annual General Meeting.

Group

Share capital

The number of shares amounts to 118,373,034 Class A shares with a quotient value of SEK 1.

Reserves

Reserves comprise revaluation reserve, hedging reserve and translation reserve.

Revaluation reserve

The revaluation reserve consists of the change in the fair value of land assets less deferred tax (see Note 14).

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in fair value of a cash flow instrument attributable to hedging transactions that have not yet been completed.

Translation reserve

The translation reserve includes all exchange differences arising from the translation of financial statements from foreign operations that have prepared their financial statements in the currency used in the primary economic environment in which each entity operates (functional currency) to SEK. The parent company and the Group present their financial statements in Swedish krona.

Retained earnings

Retained earnings in the Group consists of profit for the year and earned profit in the previous year after any dividend.

The Board of Directors proposes a dividend. The amount of dividend is decided by the Annual General Meeting.

Parent company

Unrestricted equity

Retained earnings in the parent company consists of profit for the year and retained earnings in the previous year after any dividend.

The Board of Directors proposes a dividend. The amount of dividend is decided by the Annual General Meeting.

Proposed appropriation of profits, SEK

Profits available to the Annual General Meeting:	SEK
Retained earnings	15,142,773,231
Profit for the year	106,310,355
Total	15,249,083,586
The Board of Directors proposes that the profit be distributed as follows:	SEK
Dividend to shareholder	1,150,000,000
Carried forward to the following year	14,099,083,586
Total	15,249,083,586

NOTE 22 Cash and cash equivalents, interest-bearing liabilities and other financial instruments

ACCOUNTING POLICIES

Financial instruments recognised in the balance sheet include, on the assets side, cash and cash equivalents, trade receivables, shares, loan receivables, fixed income instruments and derivative instruments. Equity and liabilities include trade payables, derivative instruments, non-current and current other liabilities and non-current and current interest-bearing liabilities.

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument. Trade receivables are recognised in the balance sheet when an invoice has been sent. Liabilities are recognised when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. A financial asset is derecognised from the balance sheet when the rights under the contract are realised, expire or the company loses control of them. The same applies to part of a financial asset.

A financial liability is derecognised from the balance sheet when the obligation under the contract is discharged or otherwise extinguished. The same applies to part of a financial liability. Acquisitions and disposals of financial assets are recognised on the trade date, which is the date on which the company undertakes to acquire or dispose of the asset.

Financial instruments are initially recognised at cost corresponding to the fair value of the instrument through profit or loss plus transaction costs for all financial instruments except those belonging to the category financial asset recognised at fair value through profit or loss. Subsequent recognition depends on classification as set out below.

Classification and measurement

Financial assets at amortised cost

This category includes receivables held with the aim of collecting contractual cash flows and where the contractual terms of the asset at specified times give rise to cash flows that are only payments of principal and interest on the outstanding principal. Assets in this category are measured at amortised cost. Amortised cost is determined on the basis of the effective interest rate calculated on the acquisition date. For further information, see cash and cash equivalents below and Note 7 Leases, Note 19 Trade receivables and Note 20 Other receivables.

Financial assets at fair value through profit or loss

This category includes receivables held in accordance with a business model whose objectives can be achieved both by collecting contractual cash flows and selling financial assets, and that the agreed terms and conditions at specified times give rise to cash flows that are only payments of principal and interest on the outstanding principal. Equity instruments are valued according to the main rule in this category. Sveaskog's assets in this category consist of other non-current securities holdings and interest-bearing non-current receivables regarding endowment insurance. These are measured at fair value with changes in value recognised in the income statement. See Note 16 Shares and participations for further information.

Financial liabilities at amortised cost

Amortised cost is determined on the basis of the effective interest rate calculated on the date the liability was assumed. This means that overvaluations and undervaluations are accrued over the maturity of the liability. For further information, see Interest-bearing liabilities below, Note 24 Trade payables and Note 25 Other liabilities.

Derivatives at fair value through profit or loss and derivatives used for hedging

Derivatives are measured at fair value with changes in value recognised in the income statement, except when hedge accounting is applied. Cash flow hedges and hedging of net investment in foreign currency are recognised under other comprehensive income. Derivatives are level 2 of the fair value hierarchy. For details of the different levels, see Note 28 Financial risks.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, as well as short-term investments. Cash and cash equivalents are included in the general impairment model. The low credit risk exemption applies to cash and cash equivalents.

Cash at bank and in hand consist of bank balances and investments that are readily converted to cash, the latter with maturities at the acquisition date of no more than three months. The carrying amount, amortised cost, is considered to be a good approximation of fair value because a discount based on current market rates is not expected to lead to significant differences.

Short-term investments consist of commercial paper or short-term bonds according t o established counterparty regulations (see Note 28). The investments have a maximum maturity of 12 months from the acquisition date and are recognised at amortised cost. Fair value is determined using the discounted cash flow method. The discount rate is the yield payable on securities with a similar credit value at the reporting date.

Interest-bearing liabilities

Interest-bearing liabilities consist of financing from the banking system via bilateral loan agreements and financing from the capital market via commercial paper and bonds. Liabilities are recognised at amortised cost in the balance sheet.

In Cash and cash equivalents, interest-bearing liabilities and other financial instruments, the value of current liabilities including accrued interest, which is considered a good approximation for fair value, is recognised. The fair value of non-current debt instruments is also shown in the table and determined using the discounted cash flow method. The discount rate is based on current market rates for each remaining maturity. When variable rate is specified, the most recent variable rate based on Stibor three months was used for each loan as of 31 December 2022.

The valuation is level 2 (see Note 28 for description of level 2).

Interest-bearing liabilities also include utilised overdraft facilities and lease liabilities (see Note 7). These are also valued at amortised cost.

Derivative instruments and cash flow hedges

Derivative instruments include forward contracts and swaps that are used to cover the risk of exchange rate fluctuations and exposure to interest rate risk. At present, Sveaskog does not hedge exchange rate risks relating to net income. Interest swaps are used to hedge interest rate risks.

The discounted cash flow method is used to determine the fair value of derivatives, level 2. The discount rate is a market-based swap rate that is converted into a yield curve and zero coupon curve.

If hedge accounting is applied and the criteria for effectiveness are met, changes in the value of derivatives are recognised in the statement of comprehensive income. In hedge accounting, any excess inefficient portion is recognised in the same way as changes in the value of derivatives that do not apply hedge accounting (see below). In order to meet the requirements for hedge accounting, there must be an unequivocal link to the hedged item and the hedge must effectively protect the hedged item. Hedge accounting is in compliance with IAS39. The company prepares hedging documentation for each hedging transaction. A measurement of effectiveness is performed and documented in order to determine whether or not hedge accounting is to be applied.

If hedge accounting is not applied, or if the conditions for hedge accounting are no longer met, the changes in the value of derivatives are recognised as income and expenses in net financial items. Accrued interest is recognised as interest income and interest expense regardless of whether the derivative is hedged or not.

Gains and losses on hedges are recognised in the income statement at the same time as gains and losses for the hedged items. All of the Group's derivatives are covered by ISDA agreements, which allows for offsetting of assets and liabilities against the same counterparty in a credit event. Offsetting of assets and liabilities is not applied in these financial statements. The table "Consequence of offsetting right in hedging strategies" shows this offsetting right.

Consequence of offsetting right in hedging strategies, Amounts recognised in the balance sheet	2022	2021
Assets		
Derivative instruments	63	5
Liabilities		
Derivative instruments	_	40
Offset amount	63	5
Total after offset	_	35

Reconciliation of liabilities attributable			N	on-cash flow event				
to financing activities Group, MSEK	2020	Cash flow	Acquisitions	Exchange rate fluctuations	Changes in fair value	Non-cash flow change in lease liabilities	2021	
Financial liabilities								
Interest-bearing non-current liabilities	5,732	-300	_	_	_	_	5,432	
Lease liabilities, non-current	117	-51	_	_	_	36	102	
Interest-bearing current liabilities	2,549	123	-	_	_	_	2,672	
Leasing liabilities, current	47	6	_	_	_	_	53	
Total liabilities attributable to financing activities	8,445	-222	0	0	0	36	8,259	

Group, MSEK	2021	Cash flow	Acquisitions	Exchange rate fluctuations	Changes in fair value	Non-cash flow change in lease liabilities	2022
Financial liabilities							
Interest-bearing non-current liabilities	5,432	-700	_	_	_	_	4,732
Lease liabilities, non-current	102	-33	_	_	-	21	90
Interest-bearing current liabilities	2,672	466	_	_	-	_	3,138
Leasing liabilities, current	53	-13	-	_	-	_	40
Total liabilities attributable to financing activities	8,259	-280	0	0	0	21	8,000

Interest rate terms, Group, as at 31 December 2022		Excluding interest r	ate derivatives	Including interest r	ate derivatives
Nominal values, MSEK	Currency	Nominal amount	Interest rate %	Nominal amount	Interest rate %
Interest-bearing assets					
Short-term investments	SEK	200	2.16		
Cash at bank and in hand	SEK	601	0		
Interest-bearing liabilities					
0-1 years	SEK	4,650	2.61	3,950	2.36
1-2 years	SEK	1,240	1.39	1,340	1.5
2-3 years	SEK	600	1.38	600	1.37
3–4 years	SEK	500	0.71	500	0.71
4–5 years	SEK	720	3.57	845	3.09
5 years +	SEK	180	4.55	655	3.09

	Financial a at amortise		Financial assets through prof		Financial li at amortis		Derivatives a through pro		Derivativ for hedging		Carrying a	mount	Fair va	lue
Financial instruments, Group, MSEK	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Interest-bearing assets and liabilities														
Interest-bearing non-current assets														
Interest rate derivatives (nom. amount MSEK 700)	-	_	_	_	-	_	22	5	34	_	56	5	56	1
Interest-bearing receivable instalment purchase (Sveaskog Finans AB)	10	_	_	_	-	-		_	-	_	10	_	10	
Interest-bearing other non-current receivables	-	_	5	5	-	-	-	_	-	_	5	5	5	5
Total	10	-	5	5	-	-	22	5	34	-	71	10	71	6
Interest-bearing current assets														
Interest rate derivatives (nom. amount MSEK 300)	_	_	_	_	_	_	_	_	7	_	7	_	7	
Total	-	-	-	_	-	-	-	_	7	-	7	_	7	_
Cash and cash equivalents														
Cash at bank and in hand	601	621	_	_	_	_	_	_	-	_	601	621	601	621
Short-term investments	198	550	_	_	_	_	_	_	-	_	198	550	198	550
Total	799	1,171	_	_	-	-	_	_	-	_	799	1,171	799	1,171
Total interest-bearing assets	809	1,171	5	5	-	_	22	5	41	-	877	1 181	877	1,177
Interest-bearing non-current liabilities														
MTN (Ceiling MSEK 8,000)	-	_	-	_	3,932	5,032	_	_	-	_	3,932	5,032	3,776	5 211
Bank facilities (Ceiling 4,300)	-	-	_	_	-	_	_	_	-	_	_	-	-	_
Bonds	-	_	_	_	800	400	_	_	-	_	800	400	802	400
Interest rate derivatives (nom. amount MSEK 0)	-	_	_	_	-	_	_	_	-	25	_	25	-	25
Total	-	-	-	-	4,732	5,432	-	-	-	25	4,732	5,457	4,578	5,636
Interest-bearing current liabilities														
Commercial paper programme (Ceiling MSEK 5,000)	_	_	_	_	1,538	1,250	_	_	_	_	1,538	1,250	1,544	1,250
MTN (Ceiling MSEK 8,000)	_	_	_	_	1,600	1,000	_	_	-	_	1,600	1,000	1,603	1,005
Bank facilities	_	_	_	_	_	_	_	_	-	_	_	_	-	_
Bonds	-	_	-	_	-	400	-	_	-	_	-	400	-	400
Interest rate derivatives (nom. amount MSEK 0)	-	_	-	_	-	_	-	_	-	15	-	15	-	15
Utilised bank overdraft facility and overnight deposits	-	_	_	_	-	22	_	_	-	_	_	22	-	22
Total	-	_	_	_	3,138	2,672	_	_	-	15	3,138	2,687	3,147	2,692
Total interest-bearing liabilities	-	-	-	-	7,870	8,104	-	-	-	40	7,870	8,144	7,725	8,328

	Financia at amorti		Financial asset through pro		Financial l at amorti		Derivatives a through pro		Derivativ for hedging		Carrying :	amount	Fair v	alue
Financial instruments, Group, MSEK	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Non-interest-bearing financial instruments														
Non-current non-interest-bearing assets														
Other securities held as non-current assets (spec. Note 16 Shares and Participations)	_	_	10	10	_	_	-	_	_	_	10	10	10	10
Total	-	-	10	10	_	-	-	-	-	-	10	10	10	10
Current non-interest-bearing assets														
Trade receivables	1,355	1,295	-	_	-	_	-	_	-	_	1,355	1,295	1,355	1,295
Other receivables	59	80	-	_	_	_	_	_	-	_	59	80	59	80
Total	1,414	1,375	-	_	_	_	-	_	_	_	1,414	1,375	1,414	1,375
Total non-interest-bearing assets	1,414	1,375	10	10	-	_	-	_	-	-	1,424	1,385	1,424	1,385
Non-current non-interest-bearing liabilities														
Non-current non-interest-bearing liabilities	-	_	-	_	6	6	_	_	_	_	6	6	6	6
Total	-	-	-	-	6	6	-	-	-	-	6	6	6	6
Current non-interest-bearing liabilities														
Trade payables	_	_	_	-	661	700	-	_	_	_	661	700	661	700
Other current liabilities excl. derivatives	-	_	-	-	226	149	-	_	_	_	226	149	226	149
Total	-	_	_	_	887	849	_	_	_	_	887	849	887	849
Total non-interest-bearing liabilities	-	_	_	_	893	855	_	_	_	_	893	855	893	855
Total financial instruments	2,223	2,546	15	15	-8,763	-8,959	22	5	41	-40	-6,462	-6,433	-6,317	-6,621

	Financial as at amortised		Financial lia		Carrying amount		
Financial instruments, parent company, MSEK	2022	2021	2022	2021	2022	2021	
Interest-bearing assets and liabilities							
Non-current interest-bearing assets							
Receivables from Group companies	499	800	-	_	499	800	
Total	499	800	-	-	499	800	
Current interest-bearing assets							
Receivables from Group companies	301	429	-	_	301	429	
Total	301	429	-	_	301	429	
Total interest-bearing assets	800	1,229	-	_	800	1,229	
Non-current interest-bearing liabilities							
MTN	-	_	3,932	5,032	3,932	5,032	
Bank facilities	-	_	-	_	-	-	
Bonds	_	_	800	400	800	400	
Total	-	-	4,732	5,432	4,732	5,432	
Current interest-bearing liabilities							
Commercial paper programme	-	_	1,538	1,250	1,538	1,250	
MTN	-	_	1,600	1,000	1,600	1,000	
Bank facilities	-	-	-	_	_	_	
Bonds	-	_	-	400	-	400	
Liabilities to Group companies	-	_	2,590	5,653	2,590	5,653	
Total	_	_	5,728	8,303	5,728	8,303	
Total interest-bearing liabilities	-	-	10,460	13,735	10,460	13,735	
Non-interest-bearing financial instruments							
Current non-interest-bearing assets							
Receivables from other Group companies	392	4,382	-	_	392	4,382	
Other receivables	-	2	-	_	-	2	
Total non-interest-bearing assets	392	4,384	-	-	392	4,384	
Current non-interest-bearing liabilities							
Liabilities to Group companies	-	_	-	_	-	-	
Other current liabilities	_	_	59	38	59	38	
Total non-interest-bearing liabilities	_	_	59	38	59	38	
Total financial instruments	1,192	5,613	-10,519	-13,773	-9,327	-8,160	

Reconciliation of liabilities attributable			No	S		
to financing activities Parent company, MSEK	2020	Cash flow	Acquisitions	Exchange rate fluctuations	Changes in fair value	2021
Financial liabilities						
Interest-bearing non-current liabilities	5,732	-300	_	_	_	5,432
Interest-bearing current liabilities	15,836	-7,533	_	_	-	8,303
Total liabilities attributable to financing activities	21,568	-7,833	0	0	0	13,735
				Exchange rate	Changes in	
Parent company, MSEK	2021	Cash flow	Acquisitions	fluctuations	fair value	2022
Financial liabilities						
Interest-bearing non-current liabilities	5,432	-700	_	_	_	4,732
Interest-bearing current liabilities	8,303	-2,575	_	_	_	5,728
Total liabilities attributable to financing activities	13,735	-3,275	0	0	0	10,460

Mortality assumption

DUS21

DUS14

Notes

NOTE 23 Provisions for pensions and other provisions for pensions and similar obligations.

Defined contribution plans

Obligations primarily relate to obligations to employees linked to the SAF-LO Collective Pension but also obligations to employees linked to the ITP 1 occupational pension plan. Obligations relating to payments to defined contribution plans are recognised as an expense in the income statement when they arise.

Defined benefit plans

The obligations mainly relate to obligations to employees linked to the ITP 2 occupational pension plan and obligations relating to pensions and annuities taken over from the state in connection with the so-called incorporation agreement under which Sveaskog Förvaltnings AB took over Domänverket's operations and assets with effect from 1 July 1992, and corresponding obligations taken over from the state in connection with Svenska Skogsplantor AB's takeover of the operations and assets of the Swedish Forest Agency on 1 July 1994. The latter obligations are now also included in Sveaskog Förvaltnings AB. In addition, there are some temporary obligations incurred in connection with rationalisation and restructuring of the business operations.

The Group's recognised provisions for pensions correspond to the present value of these pension obligations, except ITP 2.

The obligations in the balance sheet essentially relate to obligations taken over from the state in connection with the takeover of operations and associated matters after the takeover dates. The recognised amount includes a provision to cover some deficits in obligations taken over from the state. The risks associated with the defined benefit pension plans are:

- Interest rate risk: lower interest rates and thus reduced discount rate increase the liability.
- Inflation risk: higher inflation increases the liability.
- Life expectancy: the longer the persons covered by the plan live, the larger the obligation.
- Wage increase risk means that liabilities increase in line with wage increases, but Sveaskog has no new vesting in defined benefit plans that are not ITP2.

For financial risks, see Note 28.

The pension liability is measured according to IAS 19. Actuarial gains and losses as a result of demographic changes, experiential adjustments and amendments in actuarial assumptions are recognised in other comprehensive income in the period in which they arise.

The defined benefit pension obligation is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using the interest rate of mortgage bonds with the same maturity as the pension liability.

Collectively agreed vested pension rights relating to defined benefit pension plans that are currently being earned are financed through premium payments to Alecta. Alecta is capitalised on a collective basis, which provides a buffer for insurance obligations against fluctuations in return on capital and insurance risks. For employees with defined-benefit pension plans administered by Alecta (ITP plan) and who are not included in the high earners solution, the premiums for 2022 amounted to MSEK 16 (19). See also Note 8 staff costs, average number of employees and absence due to illness regarding reporting of Alecta.

The following tables provide an overview of items linked to the pension liabilities that are treated as defined-benefit and vested obligations and which are included in the net cost of the benefits recognised in the consolidated income statement.

Sensitivity analysis, discount rate

A 1.0 per cent increase in the discount rate means a decrease in the liability of MSEK 15 (24).

A 1.0 per cent decrease in the discount rate means an increase in the liability of MSEK 17 (28).

Sensitivity analysis, inflation

A 0.5 per cent increase in inflation means an increase in the liability of MSEK 8 (13).

A 0.5 per cent decrease in inflation means a decrease in the liability of MSEK 8 (12).

Sensitivity analysis, increase in income base amount

A 1.0 per cent increase in the income base amount means an increase in the liability of MSEK 0 (0).

A 1.0 per cent decrease in the income base amount means a decrease in the liability of MSEK 0 (0).

Sensitivity analysis, mortality/life expectancy

An increase in life expectancy of one year means an increase in the liability of MSEK 14 (22).

A decrease in life expectancy of one year means a decrease in the liability of MSEK 14 (21).

The expected average duration of the present value of obligations as of 31 December 2022 was 6.30 years (7.37).

The discount rate is determined on the basis of the market rate of mortgage bonds.

Group, MSEK	2022	2021
Carrying amount of defined benefit pension plans		
Present value of obligations	248	350
Recognised provisions for pensions and other provisions for pensions and similar obligations	248	350
Changes in recognised pension provisions in 2022 and 2021 respectively		
Provisions 1 Jan 2022 and 1 Jan 2021 respectively	350	398
Actuarial gains/losses due to changed demographic assumptions	-6	_
Actuarial gains/losses due to changed financial assumptions	-42	-20
Actuarial gains/losses due to experiential amendments	-18	13
Benefits paid	-40	-43
Other changes	4	2
Recognised provisions for pensions and other provisions for pensions and similar obligations	248	350
Net cost of benefits from defined benefit pension plans		
Operating expense	2	- 7
Interest components in increase for the year of present value of pension obligations	3	1
Actuarial gains/losses due to changed demographic assumptions	-6	_
Actuarial gains/losses due to changed financial assumptions	-42	-20
Actuarial gains/losses due to experiential amendments	-18	13
Recognised pension expense	-61	-13
Expected maturities of pension provisions		
Within one year (Included in Provisions, current)	34	40
Beyond one year (included in Provisions for pensions and Other provisions for pensions and similar obligations)	214	310
Total	248	350
%	31 Dec 2022	31 Dec 2021
Discount factor	3,429	1,126
Inflation index for consumer prices	2.0	2.0
Increase in income base amount	3.0	3.0
Martality accumption	DUIC01	DUCTA

NOTE 24 Trade payables

ACCOUNTING POLICIES

Trade payables are classified in the category financial liabilities at amortised cost. Trade payables are initially valued at fair value and subsequently at amortised cost using the effective interest method. However, the expected maturity of trade payables is short and therefore recognition is at the nominal amount without discounting.

	Group		Parent c	ompany
MSEK	2022	2021	2022	2021
Current liabilities				
Trade payables	1,038	954	_	_
Liabilities to associates (see Note 3)	1	1	_	_
Total trade payables	1,039	955	0	0
Of which financial liabilities	661	700	0	0

NOTE 25 Other liabilities

	Gro	Group		ompany
MSEK	2022	2021	2022	2021
Contract liability	0	0	_	_
Derivative liability (see Note 22 and Note 28)	0	35	_	_
Deferred income	22	25	_	_
Accrued expenses etc.	184	146	58	37
Other current liabilities	100	86	1	1
Total other liabilities	306	292	59	38
Of which financial liabilities (excl. derivatives)	226	149	59	38

NOTE 26 Other provisions

ACCOUNTING POLICIES

A provision is recognised in the balance sheet when an existing legal or constructive obligation exists as a result of a past event, and it is likely that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provision for resource adaptation

A provision for restructuring is recognised when a detailed and formal restructuring plan is established and the restructuring has either begun or been publicly announced. No provision is made for future operating expenses.

Provision for endowment insurance

This is set aside for beneficiaries of the endowment insurance taken out at Skandia.

Forest management liability

The future expenses calculated for reforestation, in the form of soil preparation and planting measures after completion of regeneration felling (which, according to the Swedish Forestry Act, must be completed within five years), have been recognised as a provision in the Group's financial statements since 2020. The transition to recognising the entire forest asset at fair value means that the expenditure does not become an expense, but an investment that increases the value of the biological asset at the time of the action. The fair value of the total forest asset consists partly of the biological asset and partly of the value of the land. Instead of being recognised as gross value with forest assets on the asset side and a provision on the liability side, in 2022 everything is recognised net on the asset side. The dissolution of the previous provision and the associated tax effect has been recognised as a change in the value of the land under other comprehensive income. See Note 14 for a description of the forest valuation.

Environmental provisions

An environmental provision is recognised in the balance sheet when an existing legal or constructive obligation exists as a result of a past event that leads to an outflow of financial resources.

NOTE 26 Other provisions, cont.

Onerous contract

A provision for an onerous contract is recognised when the expected benefits from a contract are lower than the unavoidable costs of fulfilling the obligations under the contract.

Significant judgements and estimates

Environment

Ongoing investigations and evaluations are carried out of suspected and existing environmental pollution on Sveaskog's land.

Provisions for resource adaptation

Provisions to the reserve for resource adaptation in Sveaskog Förvaltnings AB refer to reorganisations in 2020, 2021 and 2022.

Provision for archive costs

In accordance with the incorporation agreement from 1992 between the state and Domän AB (now Sveaskog Förvaltnings AB, SFAB), SFAB shall be responsible for archive costs, so-called safe storage fees, relating to Domänverket's documents. The documents are archived at the National Archives of Sweden. The undertaking is in perpetuity.

Provision for historical impediments

The provision for historical impediments refers to the costs of resolving unapproved reforestation.

Provision for dams and bridges

The provision refers to a legal obligation to maintain substandard dams and bridges. Replacing or increasing the load-bearing capacity of a bridge is complicated, which is why there are long lead times before a bridge can be repaired.

	Opening balance				Closing balance		Of which
Other provisions, MSEK	1 Jan 2021	Reversed provisions	New provisions	Utilisation	31 Dec 2021	Of which current	non-current
Group							
Provisions for resource adaptation	13	-19	20	-8	6	6	0
Provision for liability to beneficiaries of endowment insurance*	5	-	-	0	5	0	5
Forest management liability	426	-	-15	_	411	231	180
Provision for archive costs, historical impediments and dams and bridges	133	-	29	-7	155	7	148
Environmental provisions	25	_	1	-3	23	2	21
Onerous contracts, damaged forest and other provisions	2	-1	50	-1	50	19	31
Total	604	-20	85	-19	650	265	385

Other provisions, MSEK	Opening balance 1 Jan 2022	Reversed provisions	New provisions	Utilisation	Closing balance, 31 Dec 2022	Of which current	Of which non-current
Group							
Provisions for resource adaptation	6	-2	11	-6	9	6	3
Provision for liability to beneficiaries of endowment insurance ¹	5	-	_	0	5	0	5
Forest management liability	411	-411	-	_	0	0	0
Provision for archive costs, historical impediments and dams and bridges	155	_	34	-12	177	8	169
Environmental provisions	23	-	6	-3	26	2	24
Onerous contracts, damaged forest and other provisions	50	-	2	-5	47	6	41
Total	650	-413	53	-26	264	22	242

¹⁾ Reclassified from Other provisions for pensions and similar obligations.

Damaged forest

This provision refers to a legal obligation to secure an approved regeneration of a damaged forest area. In an external inventory, the Swedish Forest Agency revealed the problem of damaged forest in northern Sweden. During 2021, Sveaskog produced an inventory of its own that confirmed this. Sveaskog's damaged forest is estimated at 100,000 hectares, of which 25,000 hectares are so damaged that a restart is required. Of these, Sveaskog identified that 5,000 hectares need a restart in the next three years.

		Group		
Balance sheet reconciliation, MSEK		2022	2021	
Provisions for pensions, current	Note 23	34	40	
Other provisions, current	Note 26 table	22	265	
Provisions, current		56	305	

NOTE 27 Pledged assets and contingent liabilities

ACCOUNTING POLICIES

A contingent liability refers to a possible obligation as a result of past events whose existence will be confirmed only by one or more uncertain future events which are not wholly within the control of the company, or an obligation arising from past events but not recognised as a liability or provision because the possibility of an outflow of resources to settle the obligation is considered unlikely, or the amount of the obligation cannot be estimated sufficiently reliably.

Gro	Group		ompany
2022	2021	2022	2021
_	_	_	_
-	_	_	_
20	20	_	_
3	4	_	_
	_	307	361
23	24	307	361
	2022 - - 20 3 -	2022 2021 20 20 3 4	2022 2021 2022 - - - - - - 20 20 - 3 4 - - - 307

NOTE 28 Financial risks

ACCOUNTING POLICIES

Financial policy

The Board of Directors of Sveaskog has adopted a financial policy that governs how the financial risks to which the Group is exposed are to be managed. This policy is evaluated and revised once a year. Operational responsibility is delegated via the CEO to the CFO and on to the Head of Finance, who, in addition to operational responsibility, is responsible for ensuring that the finance function reports to management and the Board of Directors on a monthly basis.

Financial risks refer to changes in the Group's results and cash flow as result of changes in exchange rates, interest rates, refinancing requirements and credit risks. Responsibility for reducing financial risks and carrying out current financial transactions is centralised in a group-wide finance function. The overall aim of the finance function is to ensure costeffective financing and to minimise negative effects on the Group's results that may arise from price changes in interest rate and foreign exchange markets.

Of the various financial risks to which an entity may be exposed – financial risk, interest rate risk, credit risk/counterparty risk and currency risk - financial risk, interest rate risk and credit risk are clearly the dominant risks for Sveaskog. The currency risk is relatively small.

Sveaskog, which is a forest owner and forest management company, finances around 8 per cent (9) of its assets through external loans. For this reason, it is considered very important to minimise both the financial risk and interest rate risk in this borrowing. In addition, the Group strives not to be dependent on individual sources of financing and to be restrictive in its assessment of counterparties in its investments of surplus liquidity.

In order to achieve efficient management of the Group's liquidity, Sveaskog uses so-called cash pools, with Sveaskog Förvaltnings AB as the main account holder.

Financial risk

Financial risk is the risk of a major borrowing requirement arising in a strained credit market situation.

In order to ensure that the Group has access to external financing at all times, the finance department must ensure that confirmed bank credit lines are available. In terms of volume, these must in the first instance cover outstanding commercial paper in order to eliminate the risk that these cannot be refinanced in a situation where the commercial paper market is not functioning.

Lenders must comprise different sources of financing to avoid too great a dependence on an individual loan market. The Sveaskog Group's external borrowing facilities consist of a mix of bank loans and market loans - commercial paper and bonds. This means the Group is not dependent on one single source of financing. Sveaskog has not pledged any collateral for these loans. The loan agreements include a so-called negative pledge clause, which means that no company within the Group may or is able to pledge collateral for loans or other business transactions.

The current loan portfolio consists of commercial paper and bonds. Commercial paper is short-term in nature, with maturities of a maximum of 12 months, while the long-term outstanding bonds have maturities of between one and 20 years. Bilateral bank loan agreements have an average remaining maturity of 1.5 years (2.5).

According to the current financial policy, loan maturities must be spread over a period of at least five years, but can be spread over a longer period. Maturities within the next 12 months must not exceed 20 per cent of the total loan stock excluding commercial paper; if the maturities exceed 20 per cent, they must be neutralised by early borrowing or increased liquidity reserve. Above one year, maturities must be spread as evenly as possible. At the year-end, 25 per cent (20) of total loans excluding commercial paper had maturities within the next 12 months.

The loan volume under the Swedish commercial paper programme was MSEK 1,550 (1,250), which is refinanced on an ongoing basis. Borrowing under the MTN programme as of 31 December amounted to MSEK 5,540 (6,040).

Sveaskog's net financial debt at year-end amounted to MSEK 7,433 (7,438), and its maturity structure is shown in the table Liquidity risk, maturity for financial liabilities, Group.

Interest rate risk

For the Group, interest rate risk is the risk that cash flows due to financial instruments vary as a result of changes in market rates. The Group is exposed to interest rate risk; the speed with which a trend-related change in interest rates impacts results depends on the fixedrate period of loans and investments. How interest rate exposure is to be managed is set out in the Group's financial policy and the finance function is responsible for compliance with the policy.

The finance policy states that the Group's loan portfolio shall have an average fixed-rate period of not less than 12 months but not exceeding 48 months. The average fixed interest rate on net debt as at 31 December 2022 was 25.0 months (29.9), and the gross borrowing cost was 1.19 per cent (1.32).

NOTE 28 Financial risks, cont.

Interest rate risk is managed through a balanced mix of variable and fixed interest rates on financing and, where necessary, interest rate swaps. The main purpose of interest rate swaps is to try to achieve an optimal level of fixed interest rates at any given time for the Sveaskog Group, taking into account the economic climate, interest rates, the Group's own income statement and balance sheet and the size of the loan portfolio. The risk must be continuously monitored and measures taken as necessary.

Long-term loans with variable rates use Stibor 3 months as the reference rate; it is changes in this interest rate component that are hedged using the interest rate swaps entered into by the Group. As of 31 December 2022, Sveaskog had interest rate swaps with a notional value of MSEK 1,000 (1,500), of which MSEK 800 (1,200) was hedged. All swap contracts mean that the Group receives variable interest rates while paying a fixed interest rate over the life of the swap.

The swaps may be used for hedge accounting if they are effective in managing the risk they are intended to manage. To measure how effective these interest rate swaps are in hedging exposure, the change in the value of the swap is measured against the value of the loan since the contract date. This is done by discounting the assessed cash flows. This measurement does not include the effect of a change in the credit rating of any of the parties to the contract.

The interest rate swaps used in hedge accounting are entered into at the same reference rate and maturities as the loans and have a hedge ratio of 100 per cent. The whole change in value of these swaps is therefore recognised in other comprehensive income in accordance with the accounting policies. If hedge accounting had not been applied, the entire annual change in other comprehensive income would have affected the Group's results for 2022 through net financial income/expense.

The table below shows the fixed interest rate of these swaps, their maturity and how hedge accounting has affected the results and balance sheet through recognition in other comprehensive income instead of profit and loss and net financial income/expense.

Sensitivity analysis

To manage the interest rate risk, the Group issues bonds with longer maturities in order to reduce the impact of short-term interest rate fluctuations on the Group's earnings. However, in the long term, lasting changes in interest rates will have an impact on the consolidated

As of 31 December 2022, it is estimated that a general increase in interest rates by one percentage point would reduce the Group's profit before tax by approximately MSEK 79 (81) without taking into account cash flow hedging. Taking cash flow hedging into

account, which as a result of hedge accounting does not affect the income statement, profit before tax is reduced by around MSEK 71 (69). A general increase in interest rates of one percentage point would have an adverse effect on equity of MSEK 63 (64).

Impact of hedge accounting on results and balance sheet

Maturity	Notional value	Fixed interest component	Total change in value	Change in value for the year
Total	800	1,114	48	66
0-1 years	300	0.62		
1-2 years	100	1.97		
2-3 years	_	_		
3-4 years	_	_		
4-5 years	_	_		
5 years +	400	1.27		

Credit risk/counterparty risk

Credit risk is the risk that a counterparty in a financial transaction is unable to meet its obligations. Financial risk management involves exposure to credit risks. For Sveaskog, these arise partly in connection with investments of cash and cash equivalents, but above all in connection with counterparty risks in relation to banks when purchasing derivative instruments. In order to be able to enter into derivative transactions with banks, Sveaskog Förvaltnings AB has concluded so-called ISDA agreements with interested parties. The financial policy contains a special counterparty regulation setting out maximum credit exposure to different counterparties. This regulation is strict and specifies the minimum credit ratings for issuers. Swedish counterparty risks must have a rating corresponding to at least A- or A3 according to Standard & Poor's, Nordic Credit Rating, Fitch, Scope and Moody's respectively. With two exceptions, Sveaskog only has credit risks involving Swedish counterparties. No credit losses were incurred on financial transactions in 2022.

The company recognised a loss reserve for expected credit losses on financial instruments under the three-step model in IFRS 9. The recognition of impairment losses is governed by changes in credit risk in financial assets. In stage one, expected credit losses are recognised within 12 months. Stage two identifies whether the credit risk in the financial instrument has increased significantly. In stage three, expected credit losses are measured throughout the maturity. For credit risk regarding receivables from commercial customers, there are simplifications (see also Note 19).

Capital management

Capital refers to borrowed capital, both short-term and long-term loans, and capital in the

form of liquidity placed in a bank account or other short-term investment. The Group's objective regarding its capital structure is to safeguard the Group's ability to continue operations so that it is able to continue to generate returns for its shareholder and benefit for other stakeholders and to maintain an optimal capital structure to keep down the costs of capital.

In order to maintain or adjust the capital structure, the Group may change the dividend paid to the shareholder, repay capital to the owner, issue new shares or sell assets to reduce liabilities.

An extraordinary general meeting on 31 August 2022 adopted new financial targets for the Sveaskog Group, which means, among other things, that the Group must maintain a net debt/equity ratio of between 0.05 and 0.30 times. This financial target is calculated as net interest-bearing debt divided by equity, calculated at the end of the year. Net interest-bearing debt is calculated as total borrowings (comprising the items current interest-bearing liabilities, non-current interest-bearing liabilities, lease liabilities and pension liabilities in the Group's balance sheet) less cash and cash equivalents and interest-bearing non-current receivables. Total capital is calculated as equity in the Group's balance sheet plus net debt. The debt/equity ratio as of 31 December in 2022 and 2021 was as follows:

	Gro	oup
MSEK	2022	2021
Total borrowings (Note 22, 23)	8,247	8,614
Less: Non-current interest-bearing receivable (Note 22)	-15	-5
Cash and cash equivalents (Note 22)	-799	-1,171
Net debt	7,433	7,438
Total equity	66,192	62,516
Total capital	73,625	69,954
Net debt/equity ratio	11%	12%

Currency risk

Sveaskog has limited currency exposure. All assets are located in Sweden and only a small proportion of costs are in foreign currency. Currency hedging is not currently applied to commercial flows.

Fair value measurement

Securities

Fair value is based on quoted market prices at the balance sheet date.

NOTE 28 Financial risks, cont.

Derivative instruments

The discounted cash flow valuation method is used to determine rates for interest rate swaps. The interest rate used is the market-based interest rate for interest rate swaps at the balance sheet date which is used to plot a yield curve and then converted into a zero coupon

Quoted prices (unadjusted) on active markets for identical assets or liabilities available to the entity at the measurement date.

Level 1

For financial instruments for which quoted market prices are available, current prices are used for fair value measurement.

Level 2

Observable data for assets or liabilities other than quoted prices included in level 1, either directly (i.e. as quoted prices) or indirectly (i.e. derived from quoted prices). Derivatives in level 2 consist of interest rate swaps and are used for both trading and hedging purposes. 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 measurement.

Level 3

Inputs for the asset or liability that are not based on observable market data (i.e. unobservable data).

The following table shows the Group's financial assets and liabilities measured at fair value as of 31 December 2022 and 2021:

	Lev	vel 1	Lev	rel 2	Lev	rel 3		
MSEK	2022	2021	2022	2021	2022	2021		
Financial assets at fair value throu	Financial assets at fair value through profit or loss							
Interest-bearing non-current receivables	15	5			_	_		
Derivative instruments	_	_	63	5	_	_		
Total assets	15	5	63	5	0	0		
Liabilities								
Derivative instruments	_	_	0	40	_	_		
Total liabilities	0	0	0	40	0	0		

The table above shows interest-bearing non-current receivables from instalment purchases and endowment insurance, as well as the fair value of the swaps that are hedged as liabilities. The Group also has swap contracts that are not hedged and where the change in value is recognised in the income statement and under assets in the above table. These swaps have a notional value of MSEK 200 (300) and a fair value of MSEK 22 (5) as of 31 December 2022.

Liquidity risk. Maturity for financial liabilities,	Between 0–3 months		Between 4-	Between 4–12 months		Between 12–24 months		Between 24-60 months		More than 60 months	
Group (including future interest flows), MSEK	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	
Borrowings (excluding liabilities relating to financial leases)	1,385	1,673	1,921	1,060	1,466	1,678	3,056	3,183	716	960	
Derivative instruments	4	26	-26	0	-13	5	-36	1	3	5	
Lease liabilities according to IFRS 16	15	11	25	42	28	38	42	43	20	21	
Trade payables	634	664	4	8	9	14	12	13	2	2	
Other liabilities	69	0	91	4	66	_	-	_	_	_	
Financial guarantee contracts	_	_	-	24	_	_	3	_	20	_	

Measurement techniques used to calculate fair values in level 2

Current liabilities are measured at carrying amount including accrued interest, which is assessed to provide a good approximation of the fair value. The fair value of non-current debt instruments is determined using measurement models such as discounted future cash flows at listed market rates for the respective maturities. Derivatives in level 2 consist of interest rate swaps and are recognised at market value or as hedge accounting. Measurement at 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 2021, no transfers took place between the different levels in the hierarchy and no significant changes were made to the measurement method, the inputs used or assumptions.

Issues

During the year, Sveaskog issued MSEK 5,550 (4,850) under the commercial paper programme and MSEK 500 (1,100) under the MTN programme.

In order to secure the extension of Sveaskog's current liabilities in the event of increased capital scarcity, Sveaskog has contracted credit facilities. These credit facilities amounted to MSEK 4,300 (4,300) at 31 December 2022. The financial policy also specifies the proportion of the loan portfolio that may mature within 12 months. At present, a maximum of 20 per cent may mature within 12 months. The finance function reports to management and the Board of Directors on a monthly basis.

Insurance policy

The Board of Directors of Sveaskog has adopted an insurance policy that set outs how the Group's risk management should be designed and conducted. This policy is evaluated once a year. The CEO has delegated responsibility for implementation of the policy directives to the Head of Finance via the CFO.

The biological asset, standing timber, is Sveaskog's largest asset, but also the asset that is judged to be exposed to the single largest static risk. In the event of damage, it may temporarily cause significant costs for the Group, which could have a major impact on the Group's financial position. Considerable attention has therefore been paid to ensuring that the Group has forest insurance that covers the additional costs that may arise in connection with major damage to standing timber in the form of, for example, storm or fire. To help design appropriate protection and risk coverage, the Sveaskog Group owns a so-called captive, Sveaskog Försäkring AB. Through this captive, the Group transfers the risk of damage on to the direct insurance and reinsurance markets. The Group currently has coverage for the biological asset covering cost increases of up to MSEK 2,000. This amount is partly based on experience from the storms in recent years and partly on simulations carried out together with external insurance experts.

NOTE 29 Significant events after the end of 2022

No other significant events have occurred after the end of the year that have not been included in the Annual Report.

Alternative KPIs and definitions

The company presents certain financial measures in the Annual Report that are not defined in accordance with IFRS. The company believes that these measures provide valuable additional information to investors and management, as they enable an evaluation of the company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable with the metrics used by other companies.

These financial measures should therefore not be seen as a substitute for measures defined in accordance with IFRS. The following table presents measures that are not defined in accordance with IFRS, unless otherwise stated.

Return on equity

Definition: Recognised profit after tax expressed as a percentage of average equity. The Group's definition remains unchanged compared to previous periods. Comment: Sveaskog deems the KPI to measure the company's return during the year on the capital that the owner has invested in the business, and to thus indicate how profitable the company is for its shareholders.

Return on equity	Full year 2022	Full year 2021
Equity OB	62,516	59,493
Equity CB	66,192	62,516
Average equity (OB + CB)/2	64,354	61,005
Profit for the year	1,979	1,494
Divided by average equity	64,354	61,005
= Return on equity, %	3.1%	2.4%

Return on adjusted operating capital

Definition: Operating profit before change in value of biological assets, excl. capital gains on property sales, divided by average adjusted operating capital, excluding deferred tax. The Group's definition is new as Sveaskog has new financial targets.

Comment: This is one of Sveaskog's new financial targets, where the target is an average dividend yield of at least 2.5 per cent. The target reflects the return on Sveaskog's operating activities excluding the impact of forest valuations and temporary property sales.

Return on adjusted operating capital	Full year 2022	Full year 2021
Operating profit before change in value in biological assets	1,966	2,038
Less capital gains on property disposals	-26	-30
Subtotal	1,940	2,008
Adjusted operating capital OB	38,621	38,266
Adjusted operating capital CB	39,850	38,621
Average adjusted operating capital (OB + CB)/2	39,236	38,444
Subtotal as above	1,940	2,008
Divided by average adjusted operating capital	39,236	38,444
= Return on operating capital, %	4.9%	5.2%

Return on adjusted operating capital excluding equity participation in associates

Definition: Operating profit before change in value of biological assets, excl. capital gains on property sales and equity participations in associates, divided by average adjusted operating capital, excluding equity participations in associates and deferred tax. The Group's definition is new as Sveaskog has new financial targets.

Comment: This is one of Sveaskog's new financial targets, where the target is an average dividend yield of at least 2.5 per cent. The target reflects the return on Sveaskog's operating activities excluding the equity participation in associates without the impact of forest valuations and temporary property sales.

Return on adjusted operating capital excluding equity

participation in associates	Full year 2022	Full year 2021
Operating profit before change in value in biological assets	1,966	2,038
Less capital gains on property disposals	-26	-30
Less equity participation in associates	-574	-667
Subtotal	1,366	1,341
Adjusted operating capital excl. equity participation in associates OB	37,220	37,498
Adjusted operating capital excl. equity participation in associates CB	38,189	37,220
Average adjusted operating capital excl. equity participation in associates (OB + CB)/2	37,705	37,359
Subtotal as above	1,366	1,341
Divided by average adjusted operating capital	37,705	37,359
= Return on operating capital, %	3.6%	3.6%

Gross margin

Operating profit before depreciation/amortisation and share of profit/loss in associates expressed as a percentage of net sales.

Adjusted operating capital

Definition: Total assets excluding interest-bearing assets, tax assets and assets held for sale and the land value minus non-interest-bearing liabilities and deferred tax liabilities (except the part of the land value), all calculated at the end of the year. The KPI is calculated including and excluding equity participation in associates. The Group's definition is new as Sveaskog has new financial targets.

Comment: Sveaskog calculates adjusted operating capital for the KPI return on adjusted operating capital before and after equity participation in associates and average adjusted operating capital.

Adjusted operating capital	Full year 2022	Full year 2021
Other liabilities and provisions (current)	362	597
Of which current pension liability	33	40
Of which other liabilities and provisions	329	557
Balance sheet total	95,380	91,438
Less interest-bearing assets (cash and cash equivalents)	-799	-1,171
Less interest-bearing receivables (non-current)	-15	-5
Less tax assets	-67	-101
Less other liabilities and provisions (non-current)	-19,351	-18,729
Less trade payables	-1,039	-955
Less other liabilities and provisions (current)	-329	-557
= Operating capital, MSEK	73,780	69,920
Restoration of land value	-41,689	-38,708
Restoration of land value of assets to be distributed	-339	_
Deferred tax attributable to land value	8,029	7,409
Deferred tax attributable to the land value of assets to be distributed	69	_
= Adjusted operating capital, MSEK	39,850	38,621
Less equity participation in associates	-1,661	-1,401
= Adjusted operating capital excl. equity participations in associates, MSEK	38,189	37,220

Asset turnover ratio

Definition: Net sales divided by average operating capital.

Net debt/equity ratio

Definition: Net interest-bearing debt divided by equity, calculated at the end of the year. The Group's definition remains unchanged compared to previous periods.

Comment: Net debt/equity ratio is one of the ratios for which Sveaskog defines financial targets, but the target has been updated to 0.05-0.30. Sveaskog deems the KPI to reflect the scope for dividends and strategic investments, as well as to enable assessments of the Group's ability to fulfil its financial obligations.

Net debt/equity ratio	Full year 2022	Full year 2021
Net interest-bearing debt	7,433	7,438
Divided by equity	66,192	62,516
= Net debt/equity ratio, times	0.11	0.12

Operating profit from continuing operations

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

Earnings per share (defined in accordance with IFRS)

Definition: Profit for the year after tax divided by average number of shares.

Net interest-bearing debt

Definition: Interest-bearing liabilities less interest-bearing assets, all calculated at the end of the year. The Group's definition remains unchanged compared to previous periods. Comment: Sveaskog calculates net interest-bearing debt for the KPI net debt/equity ratio.

Net interest-bearing debt	Full year 2022	Full year 2021
Interest-bearing assets (cash and cash equivalents and non-current receivable)	814	1,176
Interest-bearing liabilities and provisions (non-current)	-4,946	-5,747
Lease liabilities (non-current)	-90	-102
Interest-bearing liabilities (current)	-3,171	-2,712
Leasing liabilities (current)	-40	-53
= Net interest-bearing debt, MSEK	-7,433	-7,438

Interest coverage ratio

Definition: Operating profit before change in value of forest assets excl. capital gains on property sales plus financial income divided by financial expenses. The Group's definition remains unchanged compared to previous periods.

Comment: Sveaskog deems the KPI to be indicative of the company's ability to cover its financial expenses (interest etc.).

Interest coverage ratio	Full year 2022	Full year 2021
Financial items in the income statement	-126	-133
Of which financial income	8	0
Of which financial expenses	-134	-133
Operating profit before change in value in biological assets	1,966	2,038
Less capital gains on property sales	-26	-30
Plus financial income	8	0
Subtotal	1,948	2,008
Divided by financial expenses	134	133
= Interest coverage ratio, times	14.5	15.1

Operating margin

Definition: Operating profit expressed as a percentage of net sales.

Equity ratio

Definition: Equity divided by total assets, all calculated at the end of the year.

The Group's definition remains unchanged compared to previous periods.

Comment: Sveaskog deems this KPI to be indicative of how large a share of the company's assets is financed with equity and of the company's sensitivity to interest rate fluctuations.

Equity ratio	Full year 2022	Full year 2021
Equity	66,192	62,516
Divided by total assets	95,380	91,438
= Equity ratio, %	69%	68%

Assurance and signing of the financial statements

The undersigned certify that the consolidated financial statements and Annual Report have been prepared in accordance with International Financial Reporting Standards IFRS, as adopted by the EU, and generally accepted accounting policies and give a true and fair view of the financial position and results of the Group and company, and that the Group's and company's Directors' Report provides a true and fair view of the development of the Group's and company's operations, financial position and results and describe the principal risks and uncertainties faced by the companies in the Group. The undersigned also submit Sveaskog's Sustainability Report for 2022. The Sustainability Report describes Sveaskog's sustainability work and has been prepared in accordance with the Sustainability Reporting Guidelines issued by the Global Reporting Initiative.

Sveaskog AB (publ.) (corp. ID no 556558-0031) Stockholm, 9 March 2023

Kerstin Lindberg Göransson Chair

Anna Belfrage Board member

Marie Berglund Board member

Leif Ljungqvist Board member

Måns Nilsson Board member

Elisabet Salander Björklund Board member

Sven Wird Board member

Kenneth Andersson Employee representative

Sara Östh Employee representative

Erik Brandsma President and CEO

Our auditor's report regarding the company's Annual Report and consolidated financial statements was submitted on 9 March 2023.

KPMG AB

Joakim Thilstedt Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Sveaskog AB (publ), corp. id 556558-0031

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Sveaskog AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 3, 11, 38-41, 51, 57-100, 103 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 43-50. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in

the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other matter

The audit of the annual accounts for year 2021 was performed by another auditor who submitted an auditor's report dated 9 March 2022, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of forest assets

See disclosure 14 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Forest assets, in the form of land assets and biological assets, are reported as of December 31, 2022 at a total of MSEK 88,862 in the group's balance sheet, divided into MSEK 47,173 for biological assets and MSEK 41,689 for land.

The forest assets are reported at fair value, where the determination of the fair value of the forest assets is based on transaction prices for forest land in the areas where the group owns forest assets. The calculation of fair value for the forest assets contains both complexity and judgments. There is, among other things, a risk that the market transactions used as a basis for the valuation do not correctly reflect the value of the group's forest assets, which can significantly affect the reported value.

The total value of the forest assets is distributed between standing timber, which is reported as a biological asset, and land assets. The value allocated to the biological assets is determined by calculating the present value of estimated future cash flows from the growing timber. The valuation is done internally and is based, among other things, on assessments of felling and forestry plans, future sales prices, cost trends and inflation as well as discount rates.

Response in the audit

We have evaluated the group's model to determine the fair value of the forest assets. We have reconciled used price statistics per geographical area against the underlying external source and we have verified used volumes against the underlying system. We have also made a comparative valuation using other external price sources to verify the sensitivity of the price statistics that have been used. We have also read the management's documentation and justification for the additional adjustments made to the model.

For the part of the total fair value that is allocated to biological assets, we have reviewed the valuation performed by the group and the underlying documentation to assess whether the valuation has been carried out in accordance with an established valuation technique. Furthermore, we have discussed with management and assessed the reasonableness of volume, price and cost assumptions as well as the assumed discount rate used in the model by reviewing and evaluating management's written documentation and plans.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 4-10, 12-37, 42, 52-56, 101-102, 107-115. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a

going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors'

and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore

106

the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements **Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Sveaskog AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the

company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibilities

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other

circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 43-50 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Sveaskog AB (publ) by the general meeting of the shareholders on the 27 April 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2022.

Stockholm, 9 March 2023

KPMG AB

Joakim Thilstedt **Authorised Public Accountant**

Notes to the Sustainability Report

NOTE S1 Principles for sustainability reporting

About the Sustainability Report

Sveaskog's Sustainability Report is integrated with the Annual Report and is produced annually. All disclosures contained in this Sustainability Report relate to the financial year 1 January 2022 to 31 December 2022. The contact person for the Sustainability Report is Nora Lundblad, nora.lundblad@sveaskog.se.

Sveaskog prepares a sustainability report in accordance with the Global Reporting Initiatives guidelines GRI Standards 2021. The table of contents for the Sustainability Report in accordance with the GRI Standards is set out in the GRI index on pages 112–113. Sustainability work is an integral part of Sveaskog's operations. To reflect this, the Sustainability Report is integrated into the Annual Report. A table of contents for the statutory sustainability report can be found on page 51. The Sustainability Report has been examined by the auditing firm KPMG AB. The signing of the Annual Report for 2022 by the Board of Directors and the auditor's report are presented on page 103 and page 116 respectively.

Sveaskog is a member of the United Nations Global Compact and this report is also the Communication on Progress (COP) that members produce in order to describe out how the implementation of the 10 principles of the Global Compact is proceeding.

Boundaries

The information comprises the entire Sveaskog Group, unless otherwise stated. The Group includes the wholly owned subsidiary Sveaskog Baltfor SIA. The sawmill group Setra Group AB is 50 per cent owned by Sveaskog AB and is not included in the Sustainability Report other than the share of the financial results of Setra Group AB that impacts Sveaskog Förvaltnings AB's results.

Calculation methods

Sveaskog's objective is that the reporting of sustainability shall be as transparent as possible. Below is a presentation of the calculation methods used to calculate KPIs in the Sustainability Report.

Staff figures

The number of employees is stated as of 31 December of the financial year in question and reported in accordance with the GRI Standards broken down by gender, form of employment (permanent/temporary) and employment rate (full time/part time) and age (under 30,

between 30 and 50, over 50). The staff information is based on data from salaries paid in December of the year in question.

- Permanent employees are employees who do not have an agreed end date, but notice to terminate must be served by the employee or the employer. This also includes probationary employees.
- Temporary employees are employees who have an agreed end date.
- Full-time employees are employees who have an employment rate of 100%.
- Part-time employees are employees who have an employment rate of less than 100%.

The staff information in the GRI report is reported without discounting employees absent through sickness. This may result in a role/position being counted twice if an absence has been covered by a temporary replacement. Information about employees who have been hired or have left the company during the year only includes permanent employees.

Climate impact

Sveaskog calculates climate impact based on the GHG Protocol's Corporate Standard. For delimitation and allocation between the various "Scopes", Sveaskog applies operational control. Scope and delimitation are described below:

- Direct emissions (Scope 1) consist of all emissions over which Sveaskog has direct control, such as emissions generated in its own properties and from its own vehicles.
- Indirect emissions from Scope 2 consist of emissions that occur in connection with the production of electricity and district heating purchased by Sveaskog.
- Scope 3 includes all other emissions that occur as a consequence of Sveaskog's operations, such as different kinds of energy and fuel-related activities outside the business, purchased inputs, freight transport, forest management, waste management and air and train travel purchased by Sveaskog.

The emission sources included in the calculations are: Felling and forest management by Sveaskog's own teams and contractors, inputs and purchased goods and services including purchased timber, own and purchased transport, roads, contract work and materials, nurseries and seed processing including energy, waste, materials, refrigerants and inputs such as peat and nitrogen fertilisers. Offices and premises with electricity, heating, staff travel and commuting. Wholly and partly owned companies, subsidiaries, leased properties and assets with electric heat and emissions from peat extraction. Sold products, processing of sold products and emissions associated with bioenergy.

Further information on Sveaskog's climate impact is presented on pages 32-33 and 109 (S7).

NOTE S2 References for calculating Sveaskog's climate benefits

Fridman, J., Westerlund, B., Mensah, A.A., 2022. Volymtillväxten för träd i Sverige under 00-talet [Volume growth for trees in Sweden during the 00s].

Holmgren, P., 2021. Sveaskogs inlagring av atmosfäriskt kol i skog och träbaserade produkter [Sveaskog's storage of atmospheric carbon in forests and wood-based products].

Statistics Sweden, 2022. Utsläpp och upptag av växthusgaser från markanvändning, förändrad markanvändning och skogsbruk efter växthusgas och delsektor [Emissions and uptake of greenhouse gases from land use, changed land use and forestry by greenhouse gas and sub-sector]. 1990-2020. https://www.statistikdatabasen.scb.se/pxweb/sv/ssd/ START_MI_MI0107/MI0107 MarkanvN/

NOTE S3 Certification

FSC® forest management certification for own forests and Group

FSC® Chain of Custody certification

FSC® licence number is FSC® C008344

PEFC Chain of Custody certification

PEFC direct certification of forests and contractors

ISO 14001

AEO certification for customs simplifications/security and safety

NOTE S4 Competitors

Sveaskog's competitors in the market for wood raw material include: Bergvik Skog Öst, Holmen, SCA, the Swedish Forest Society Foundation, forest owner associations, the Church of Sweden and Sydved. Some of the companies that are competitors in the marked for wood raw material may also be customers of Sveaskog when purchasing pulpwood or seedlings. The same companies can also be suppliers when Sveaskog purchases wood raw material to meet customer demand.

108

Sveaskog conducts structured and documented dialogues with stakeholders. This overview shows the most important issues for the ten key stakeholders, the action taken by Sveaskog in these areas and the opportunities for dialogue in 2022.

Stakeholder	Key issues for the stakeholder group	What action is Sveaskog taking?	Opportunities for dialogue
Contractors	Accommodating in their interests and wishes, good management of the consequences of reduced harvesting volumes, good management of increased fuel prices. Active recruitment for forestry occupations, good planning, foresight, clear rules of play, fair competition, efficiency, profitability, good and close dialogue, sustainable forestry.	Active recruitment work, long-term collaborations, strengthened collaboration, good management and distribution of cost increases, labour shortages, raw material shortages and other challenges due to the situation in Ukraine. Dialogue and follow-up, code of conduct, service declaration, requirements for contractors to comply with labour market rules in Sweden with regard to employed staff and requirements for PEFC certification. Guaranteeing fair competition through supplier assessments and checks. Developed financial company Sveaskog Finans AB for attractive financing solutions. Developing the contractor portal Entrén with features including training, communication and preferential purchases.	Business discussions, follow-ups, checks in the field. Digital follow-up of the contractor portal.
EU and international	Various EU initiatives such as restoration, biodiversity, green deals, sustainable forest development, forest fires, forest damage in the form of insect infestations due to climate change, limited use of biofuel for energy purposes.	As a government organisation, be a leading player, "taking the lead in the issues". Action programme for sustainable forestry, FSC membership, environmental targets, investments in research, developing climate-adapted forestry.	Dialogue with Swedish representatives, participation in the Commission's civil dialogue group for forests, dialogue meetings in connection with EUSTAFOR, participation in seminars and events. In-person meetings with Forest Academy for EU decision-makers.
Customers	Delivery reliability in volume and precision, product quality, professionalism, professional treatment, prices, logistics, technological development, FSC and traceability, reliability, long-term relationships, sustainable product with a positive impact on climate, sustainable forestry methods that increase biodiversity. Securing raw materials in the context of prevailing raw material shortages due to the situation in Ukraine.	Ensuring delivery volumes by supplementing deliveries from own forest with external purchases, measuring delivery precision, FSC certification, market prices, code of conduct, being involved in the development of fossil-free fuels, traceability of timber, reliable future forecasts, conditions for long-term customer relationships.	Business discussions, Customer Satisfaction Index, forest days, collaboration on sustainability reporting, round table discussions.
Lending institutions, lenders	Financial development and new targets, financial enterprise, financial stability, new business opportunities. Climate risk management.	Financial goals, follow-up on sustainability goals, financial policy, prioritising long-term business relationships and customers with profitability potential, green bond issues and climate adaptation measures.	Dialogue meetings
Employees	Meaningfulness, good sustainability work, transition to fossil-free industry, FSC audit, skill development and supply, collaboration and leadership, health and safety, the establishment of industry in northern Sweden/company growth/company development.	Internal training courses, internal mobility, active recruitment, development of guideline and training in safety.	Employee development appraisals, managers' days, trade union collaboration, monthly information meetings, regional employee days, workplace meetings, revised principles of collaboration and leadership "We want to do right by each other".
Government agencies	National environmental targets, Sveaskog's long-term direction and action plan for sustainable forestry, Sveaskog's research focus and its financing opportunities, forest damage in the form of insect attacks, forest fires, climate adaptation, biodiversity, comanagement of forest and cloven-hoofed game linked to grazing damage.	Sustainable forestry programmes, annual audits, business management system, follow-up of targets and KPIs. Be a leading and exemplary player with an open, clear and business-oriented agenda.	Dialogue in collaborative meetings and information meetings on action programme for sustainable forestry, continuous status checks at regional and national level.
Nature conservation organisations	Sveaskog's long-term focus and strategy, Sveaskog's forestry methods, Sveaskog's pursuit of continuous cover forestry, biodiversity, nature conservation, forestry that works for the climate adaptation of forest land.	Long-term focus with action programme for sustainable forestry, environmental goals, FSC membership. Develop forestry methods in accordance with research, investments in biodiversity and continued striving to be a leading player/continued development to be a leading player.	Dialogue meetings, exchanging letters, excursions, and consultations and dialogue meetings in local communities.
Reindeer husbandry	Climate adaptation of forest land, considerate forestry measures, concessions such as new wind farms that may affect reindeer herding, measures for lichen growth such as increased cleaning and thinning. Lower felling levels. Transparent approach.	Formalised consultations in accordance with FSC. Training and further development of web-based map data, (samplanering.se). Cleaning and thinning as a measure for lichen growth in neglected and dense stands. Carrying out projects within the EU's Heureka platform with the Sámi village of Gran on grazing access and climate adaptation of the forest land. Carrying out work to minimise felling levels such as developing continuity forestry where possible. Professional and open dialogue with the Sámi villages.	Consultation with the Sámi villages, integrated planning and collaboration within FSC in Sweden. Continuous dialogue with individual Sámi villages.
Tourism companies, hunters, fishermen, etc.	Numbers and quality of elk population, Sveaskog's forest and cloven-hoofed game management, granting land concessions, forest and land for outdoor activities, impact of forestry on outdoor activities, Sveaskog's forest management, grazing damage, lease prices.	Listen to citizens' wishes and invest in outdoor recreation areas and ecoparks, roads and signs, maps and information on the website. Be a knowledgeable player whose work is evidence and decision-based.	Elk management meetings, collaborative meetings, hunt leader meetings, business discussions, continued development of short-term hunting. Monthly and several times a year.
Timber suppliers	Prevailing shortage of raw materials, ability to pay, long-term partnerships, market prices, quality of felling assignments, skill supply, sustainable forestry, information about Sveaskog's operations, technology development.	Professional action in business and delivery contexts, market prices, FSC planning on felling assignments, information activities, creating conditions for close cooperation.	FSC cooperation, business calls on a monthly basis.
Owner	Achievement of the financial targets, special assignments, sustainable enterprise, employee development, sustainable forestry that protects biodiversity, national and international environmental and climate targets, stakeholder dialogues and trust in Sveaskog's forestry.	Continuous development towards/to be a leading player, measures for forestry with variety, to create value in the forest, measures to meet the financial goals, goals and strategies for sustainable enterprise, clearer reporting of and processes for work on sustainable forestry work, and to achieve adopted environmental and climate targets.	Annual General Meeting, Board meetings, dialogues between the Chairman of the Board, the CEO and the Government Offices of Sweden. Networking meetings with state-owned companies organised by the Government Offices of Sweden. Also meetings with committees of the Swedish Parliament.

NOTE S6 Environment and nature conservation – GRI 304

Sveaskog's nature conservation set-asides may take the form of formally protected areas or voluntary set-asides. Sveaskog's ambition is for 20 per cent of the productive forest land to be managed as conservation area. This refers to the forest below the montane forest region.

This is achieved in three different ways: ecoparks, high conservation value forests and so-called areas of consideration for nature which are left untouched in production forests. The ecoparks comprise a total of 140,000 hectares of productive woodland below the montane forest region, of which 80,000 hectares are set aside as high conservation value forests. The montane forest region includes an additional 34,000 hectares of ecoparks, all of which are set aside as nature conservation areas.

With the present approach, consideration for nature in production forest will eventually amount to 220,000 hectares. Of this area, 63,000 hectares have so far been left untouched as consideration for nature areas in connection with felling. The remaining 157,000 hectares will be added in future planning for felling. In the montane forests, Sveaskog has set aside around 80,000 hectares for nature conservation, of which 34,000 hectares are located in ecoparks.

Nature conservation areas below the montane forest region:

Definition	Status 31 December 2022	Size	Third party measurement	Cooperation
Ecoparks	37 ecoparks have been created. Ecopark agreements with the Swedish Forest Agency are in place for all of these ecoparks.	80,000 hectares	Swedish Forest Agency, County Administrative Boards	50-year agreements with the Swedish Forest Agency and annual management meetings
High conservation value forests	Reported at www.sveaskog.se All are continuously quality assured in the field.	300,000 hectares	Swedish Forest Agency, County Administrative Boards	Swedish Forest Agency, County Administrative Boards
Consideration for nature in production forests	Control monitoring of environmental considerations	220,000 hectares	Swedish Forest Agency monitoring	Methodology development with Swedish Forest Agency
- Of which consideration for nature in felling	(99% target)		FSC® audit	
Of which consideration for nature in future planning for felling		- 63,000 hectares		
		- 157,000 hectares		
Sveaskog's total nature conservation area below the montane forest region		600,000 hectares		

Nature conservation in the montane forest region:

Definition	Status 31 December 2022	Size	Third party measurement	Cooperation
Sveaskog's montane forest region boundary is based on the Swedish Forestry Act and FSC®	Nature reserves and ecoparks have been created and quality assurance of high conservation value forests is underway	80,000 hectares	Swedish Forest Agency, County Administrative Boards,	Dialogue with the Swedish Forest Agency
			FSC® audit	

Nature conservation in the montane forest region:

Definition	Status 31 December 2022	Size	Third party measurement	Cooperation
Sveaskog's total nature conservation area including the		680,000 hectares		
montane forest region				

NOTE S7 Environment and nature conservation – GRI 305

	2020	2021	2022
Energy consumption			
Non-renewable fuels, TJ	1,590	1,414	1,153
Renewable fuels, TJ	4,827	4,494	4,169
Indirect energy consumption, MWh	13,656	15,591	15,956
Emissions to air ¹			
CO ₂ , fossil, thousand tonnes ²	302.7	300.7	258.6
Of which direct emissions, Scope 1, thousand tonnes	14.9	15.9	9.7
Of which indirect emissions, Scope 2, thousand tonnes	0.72	0.76	0.77
Of which indirect emissions, Scope 3, thousand tonnes ³	287.0	284.0	248.1

- 1) Sveaskog has deviated from the reporting requirements under GRI 305 in two instances. The second deviation relates to disaggregated data for different gases; these are reported as carbon dioxide equivalents, because aggregated emission factors would give an incomplete picture of the distribution. The most significant occurrence of greenhouse gases other than carbon dioxide is nitrous oxide, which is emitted in connection with the spreading nitrogenous fertiliser. The second deviation relates to assumptions and methods, as different assumptions and methods are used depending on the source of emission.
- 2) Sveaskog reports all greenhouse gases in accordance with the GHG Protocol (Greenhouse Gas Protocol) guidelines. The calculations are based on an "operational control approach" with a "market-based method", as well as GWP 100 in accordance with IPCC AR5.
- 3) Scope 3 includes felling, transport by road, sea and rail, road construction, silviculture, Svenska Skogsplantor and business travel. As of the figures for 2020, the production of nitrogen fertiliser as well as emissions from peat in seedlings sold are also included.
- 4) Climate calculations for 2021 feature more activities included in the climate accounts, with corresponding figures having been produced for 2020. The most significant additions are the use of peat in the nursery as well as fertilising of forest and the use of fertiliser in the nursery. In total, these represent 13.4% of total emissions in 2021. These activities produce large direct emissions and account for just over 73% of direct emissions.

Employee data

Refers to the entire Sveaskog Group unless otherwise stated. All employees accounted for have employment contracts with the Group. Since 2021, Finland no longer has any employees and has therefore been removed as a market area.

NOTE S8 Number of employees – GRI 2-7¹

	2018	2019	2020	2021	2022
Total number of permanent employees	682	682	713	711	700
Of which proportion are women	_	_	_	27	29.60%
Number of blue-collar employees	229	216	217	197	190
Of which proportion are women	9.70	10.50	12.80	13.1	14.2%
Number of white-collar employees	453	467	496	475	510
Of which proportion are women	_	_	_	33.2	35.3%
Number of consultants ²	_	-	_	_	340
Proportion of full-time employees	97.9	98.1	98.9	98.7	99.7
Of which women	_	_	_	26.6	29.40%
Proportion of part-time employees	2.1	1.9	1.1	1.3	0.30%
Of which women	_	_	_	55.6	50%

¹⁾ A blue-collar employee is someone covered by a collective agreement between a trade union within the Swedish Trade Union Confederation and an employers' association. A white-collar employee is someone covered by a collective agreement between a trade union within PTK (the council for negotiation and cooperation) and an employers' association.

NOTE S9 Breakdown by market area – GRI 2-7¹

Breakdown by market area	2018	2019	2020	2021	2022
North	244	243	254	392	393
Permanent employees	244	243	254	253	256
Temporary employees	_	_	_	139	137
Of which proportion are women	-	_	_	-	26.20%
South	339	339	362	538	522
Permanent employees	339	339	362	368	256
Temporary employees	_	_	_	170	137
Of which proportion are women	_	_	_	-	28.70%
Stockholm ²	59	59	58	56	63
Permanent employees	59	59	58	51	58
Temporary employees	_	_	_	5	5
Of which proportion are women	_	_	_	-	68.30%
Baltfor (Latvia/Lithuania)	39	41	37	39	40
Permanent employees	39	41	37	39	40
Temporary employees	_	_	_	0	0
Of which proportion are women	_	_	_	_	17.50%

¹⁾ The proportion of women/men is only reported for the total per region and not broken down by permanent, full-time/ part-time or temporary.

NOTE S10 Employee turnover – GRI 401-11

			Joined	l	Left
Total					
Number of women			29)	13
Number of men			55	5	44
Total by age group					
< 30 years			20)	4
30-50 years			54	1	31
> 50 years			10)	22
Total by market area					
North			22)	22
South			48	3	29
Stockholm			14	ļ	6
Baltfor (Latvia/Lithuania)			3	}	2
Employee turnover over time	2018	2019	2020	2021	2022
Total	10.6	11.7	7.4	9.08	8.15%

¹⁾ The number of employees broken down by permanent and temporary employees is reported at a more detailed level as of 2021.

²⁾ The number of consultants refers to those who have had an active contract at some point during 2022 and cannot be reported broken down by gender. The number of contractors engaged cannot be reported.

²⁾ Stationed at the head office in Stockholm

	2018	2019	2020	2021	2022
Total					
Proportion of women	24.30	26.1	25.30	28.40	30.3%
Proportion of men	75.70	73.90	74.70	71.60	69.7%
Proportion on the Board aged under 30	_	_		0.00	0.00%
Proportion on the Board aged 30-50	_	_		12.50	0.00%
Proportion on the Board aged 50+	_	-	_	87.50	100.00%
Group Management					
Proportion of women	44	64	75	62.50	63.63%
Proportion of men	56	36	25	37.50	36.37%
Proportion in Group Management aged under 30	_	_	_	0.00	0.00%
Proportion in Group Management aged 30-50	_	_		12.50	18.18%
Proportion in Group Management aged 50+	-	-	-	87.50	81.82%
Managerial positions					
Proportion of women	31	30	29	26	29.59%
Proportion of men	69	70	71	74	70.41%
White-collar employees					
Proportion of women	33.80	33.60	33.40	35.20	34.24%
Proportion of men	66.20	66.40	66.60	64.80	65.76%
Proportion of blue-collar employees aged under 30	_	_	_	6.60	32.71%
Proportion of blue-collar employees aged 30-50	_	_	_	56.90	27.76%
Proportion of blue-collar employees aged 50+	-	-	-	36.50	39.53%
Blue-collar employees					
Proportion of women	9.70	10.50	12.80	21.40	13.74%
Proportion of men	90.30	89.50	87.20	78.60	86.26%
Proportion of blue-collar employees aged under 30	_	_	_	23.80	32.71%
Proportion of blue-collar employees aged 30-50	_	_		34.70	27.76%
Proportion of blue-collar employees aged 50+	-	_	_	41.30	39.53%
Breakdown of wages ²					
Women's median pay in relation to men's, white-collar employees	95	99	98	93	95%
Women's median pay in relation to men's, blue-collar employees	85	86	84	89	88%
Proportion of employees with foreign background ³	3.10	3.90	4.00	7.10	6.90%

¹⁾ Elected by the Annual General Meeting.

NOTE S12 Proportion of employees who received an appraisal of their performance and career development — GRI 404-3

The employee performance appraisal is a strong and effective tool in terms of adherence to Sveaskog's vision and targets, because it provides an opportunity to communicate targets, plans and target attainment. Well-conducted performance appraisals are also often a prerequisite for a manager to be able to capture the employee's training needs in his or her position, as well as any requests for continued development.

At Sveaskog, all permanent employees shall have at least one performance appraisal in a 12-month period and that appraisal shall be of high quality. Supporting documents and checklists are available to assist in conducting appraisals. According to the most recent employee survey for 2022, performance appraisals had been conducted with 67% of women and 80% of men in the preceding 12 months. The figure is 79% among white-collar employees, 68% among blue-collar employees and 79% among permanent employees.

²⁾ The comparison above does not take into account the fact that different requirements apply to different positions, and only provides an overview of the salary structure by contract area. Salary information and the number of employees refer to permanent employees in Sweden (excluding foreign subsidiaries) for the years 2017–2020. Salary information and the number of employees refer to permanent and temporary employees in Sweden (excluding foreign subsidiaries) for the years 2021 and 2022.

³⁾ Born abroad or born in Sweden with two parents born abroad.

	2018	2019	2020	2021	2022
Total	3	3	3.1	3.9	4
Proportion of women	2.7	5.1	3.8	5.8	6.62%
Proportion of men	2.5	2.3	2.9	3.2	3.02%
Total by category					
Long-term absence due to illness in relation to total absence due to illness	47.50	47.40	41.80	56.0	44.93
Days absent due to occupational injury	245	98	210	119	192
Number of reported occupational injuries	_	_	_	11	10
Reported occupational injuries/1,000 FTEs ²	13.1	9.1	20.2	13.9	12.89
Absence due to occupational injury	0.15	0.06	0.13	0.12	0.12
Long-term healthy ³	32.90	32.60	30.60	31.60	26.75

- 1) For 2022, the most common reasons for absence due to occupational injury were slip and fall accidents as well as "minor physical injuries", e.g. sprained foot. Regarding other absence due to illness, long-term absence due to illness is usually due to exhaustion/ burnout or other injuries and illnesses (e.g. back problems). Shorter periods of absence due to illness (7-20 days) was due to e.g. COVID/cold symptoms.
- 2) Occupational injuries: accidents, travel accidents, occupational diseases which at the time of reporting are expected to lead to absence. Minor injuries at first aid level are also included. Occupational injuries are recorded in the SKIA tool. SKIA is the forest industry's information system on working environment provided to the industry by AFA insurance. Any occupational injuries in Baltfor are not recorded in SKIA and are therefore not included in the calculation. Accidents by region are not reported, but follow-up takes place in the local health and safety committees in each market area.
- 3) Proportion of employees employed for at least three years with no absence due to illness in the last two years. Employees of SIA Sveaskog Baltfor are not included.

NOTE S14 Training hours — GRI 404-1

_	2018	2019	2020	2021	2022
Total average hours per employee					
Average hours per salaried employee	29	41	34	24	29
Average hours per blue-collar worker	39	57	41	36	55
Average hours per man	_	_	_	30	38
Average hours per woman	_	_	_	25	39

NOTE S15 Proportion of workforce covered by collective agreements - GRI 2-30

In Sweden, 100 per cent of employees are covered by collective agreements. Employees of the subsidiary SIA Sveaskog Baltfor, whose registered office is in Riga, Latvia, are not covered by collective agreements. The proportion of the Group's employees covered by collective agreements is 96%.

NOTE S16 Occurrence of victimisation and discrimination — GRI 406

Our Code of Conduct and Employee Policy clarify our position on discrimination. We must show each other respect and there is no place for discrimination in our workplaces. Sveaskog does not tolerate any form of victimisation. Victimisation or discrimination means action directed at one or more employees in an offensive manner and which may lead to ill health or the victim being excluded from the community of the workplace. Employees are required to comply with the Code of Conduct and managers are responsible for compliance with the Code in daily activities. Employees or stakeholders who believe that Sveaskog is in violation of the Code of Conduct can report this. These breaches can be reported to the Chief Legal Adviser or the Head of HR, as well as via a whistle-blower function on Sveaskog's website. We must intervene in cases of victimisation, taking strong action according to legislation and Sveaskog's internal guidelines. Three cases of abusive victimisation were reported in 2022. An investigation of the incidents is ongoing or has been conducted. Due to organisational change, no employee survey was conducted in 2022 regarding how many people feel that they have been subjected to some form of victimisation by an internal colleague/manager (in the 2021 employee survey, the proportion was 10%). To prevent discrimination, all employees underwent the Mångfaldsverktyget (Diversity Tool) training programme in 2021 and 2022. This is a web-based programme of discussions and reflections linked to all causes of discrimination. Due to organisational change, no employee survey was conducted in 2022 regarding how many people feel that they have been disadvantaged by the employer due to one or more grounds for discrimination, e.g. regarding promotion, skills development or salary (in the 2021 employee survey, the proportion was 9%).

NOTE S17 Post-issuance report under the green bond framework

For more information, see Sveaskog's separate Green Bonds Post-Issuance Report at www.sveaskog.se. In 2017, Sveaskog established its framework for green financing, and issued green bonds to a value of MSEK 900 in 2022. Bonds valued at MSEK 1,100 were issued in 2021.

(SEK thousand)	2018	2019	2020	2021	2022
Project category according to framework					
Sustainable forestry	0	924,950	1,250,000	1,009,000	850,000
Research and development	0	8,000	10,000	11,000	5,000
Acquisition of property	0	167,050	440,000	80,000	45,000
Total	0	1,100,000	1,700,000	1,100,000	900,000
Total green bond issue	0	1,100,000	1,700,000	1,100,000	900,000

NOTE S18 GRI index

GRI standards 2021	Indica	tor	Page reference	Comment/omission
GRI 2: General	No	English		
Disclosures	2-1	Organisational details	66	
	2-2	Entities included in the organisation's sustainability reporting	106	
	2-3	Reporting period, frequency and contact point	106	
	2-4	Restatements of information	N/A	No revisions
	2-5	External assurance	103, 115	
	2-6	Activities, value chain and other business relationships	11, 16–18	
	2-7	Employees	109	
	2-8	Workers who are not employees	109	
	2-9	Governance structure and composition	43–48	
	2-10	Nomination and selection of the highest governance body	43-48	
	2-11	Chair of the highest governance body	43-49	
	2-12	Role of the highest governance body in overseeing the management of impacts	43-48	
	2-13	Delegation of responsibility for managing impacts	43–48	
	2-14	Role of the highest governance body in sustainability reporting	36, 43–48	
	2-15	Conflicts of interest	43–48	
	2-16	Communication of critical concerns	48	
	2-17	Collective knowledge of the highest governance body	49–50	
	2-18	Evaluation of the performance of the highest governance body	43–48	
	2-19	Remuneration policies	43–48	
	2-20	Process to determine remuneration	43–48	
	2-21	Annual total compensation ratio	43-48	
	2-22	Statement on sustainable development strategy	47–48	
	2-23	Policy commitments	18, 43–48	
	2-24	Embedding policy commitments	18, 43–48	
	2-25	Processes to remediate negative impacts	48	
	2-26	Mechanisms for seeking advice and raising concerns	43-48	
	2-27	Compliance with laws and regulations	N/A	No incidents in 2022 to report
	2-28	Membership associations		FSC, SLA, EUSTAFOR,
			102	BioInnovation
	2-29	Approach to stakeholder engagement	34–36	
	2-30	Collective bargaining agreements	111	Note S15
GRI 3: Material Topics	3-1	Process to determine material topics	23–24, 36	
2021	3-2	List of material topics	24–27, 113	

Significant sustainability areas				Page refere			
nvestments in forests and orestry	Economic performance						
	3-3 Management of material topics	3-3	Process to determine material topics	43-48			
	201: Economic performance	201-1	Direct economic value generated and distributed	57-58			
	Company-specific area						
	3-3 Management of material topics	3-3	Process to determine material topics	25-27			
	Own indicators		Optimal plant choice	24			
			Increase in new tree species, larch and birch	24			
			More clearance in reindeer husbandry area	24			
ncreased ecological values of	3-3 Management of material topics	3-3	Process to determine material topics	25-27			
and holdings	304: Biodiversity	304-3	Habitats protected or restored	108			
Company-specific area	3-3 Management of material aspect	3-3	Process to determine material topics	25-27			
	Own indicators		Environmental values are acheived in forestry without major impact	24			
			100 new wetlands by 2026	26			
Strong partnerships and collaborations	Company-specific area						
	3-3 Management of material topics	3-3	Process to determine material topics	16–18			
	Own indicators		Satisfied customers	24			
			Satisfied suppliers	24			
			Satisfied contractors	24			
Efficient and considerate delivery	Company-specific area						
	3-3 Management of material topics	3-3	Process to determine material topics	11, 16–18			
	Own indicators		Efficient delivery	24			
			Considerate delivery	24			
	Reduced CO2 emissions across the whole value chain						
	3-3 Management of material topics	3-3	Process to determine material topics	32–33			
	305: Emissions	305-1	Direct (Scope 1) GHG emissions	108			
		305-2	Energy indirect (Scope 2) GHG emissions	108			
		305-3	Other indirect (Scope 3) GHG emissions	108			
		305-5	Reduction of GHG emissions	33			

Significant sustainability areas				Page reference	
Acceptance of and confidence in our forestry	Company-specific area				
	3-3 Management of material topics	3-3	Process to determine material topics	16–18	
	Own indicators		Brand index	24	
			Reputation index	24	
A strong corporate culture	Employees				
	3-3 Management of material topics	3-3	Process to determine material topics	20-21	
	401: Employees	401-1	New employee hires and employee turnover	109	
	Diversity and equal opportunity				
	3-3 Management of material topics	3-3	Process to determine material topics	20-21	
	GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	110	
		405-2	Ratio of basic salary and remuneration of women to men	110	
	Non-discrimination				
	3-3 Management of material topics	3-3	Process to determine material topics	20-21	
	GRI 406: Non-discrimination	406-1	Occurance of victimisation and discrimination	111	
	Own indicator		Number of employees who have experienced discrimination or victimisation	111	
	Working environment, safety and hea	lth			
	3-3 Management of material topics	3-3	Process to determine material topics	20-21	
	403: Occupational health and safety	403-9	Work-related injuries	111	
		403-10	Work-related ill health	111	
	Skills development				
	3-3 Management of material topics	3-3	Process to determine material topics	20-21	
	404: Training and education	404-1	Average hours of training per year per employee	111	
		404-3	Percentage of employees receiving regular performance and career development reviews	110	

114

Follow-up on the sustainable forestry programme

	Measures	Target 2022	Outcome 2022	Target full year 2023	Target 2027
	Cultivation profit, planted seedlings (%)	13.2	14	13.2	14.8
多类人	Area of cuttings planted (hectares)	0	0	0	600
	Planted fourth-generation (qty) spruce and pine plantations	1	0.5	1	3
	Birch, planted area (hectares)	155	164	215	760
	Siberian larch, planted area (hectares)	190	120	130	410
	Continuous cover forestry trees felled (hectares), new	150	62	70	70
	Actioned extended area of cleaning per year (hectares)	2,925	2,479	4,550	5,100
	Actioned extended area of thinning per year (hectares)	200	385	750	1,200
	Number of new wetlands (annual outcome)	10	22	16	20
*	Number of new wetlands (acc. from 2021)	20	33	36	120
	Number of completed watercourses (acc. from 2021)	0	3	8	11
	Number of ongoing watercourses	6	5	8	3
	10% formal set-asides (acc.)	8%	7%	8%	10%
	Area in ha (acc.)	20,000	0	40,000	100,000
	Performed NC (hectares)	1,025	781	1,145	2,150
	Area bank NC (hectares)	1,345	1,405	1,750	3,075
	Extended area of set aside production forest (hectares)	500	0	1,000	750
	Area set aside	3,000	4,430	5,000	14,000

Combined assurance

Auditor's Limited Assurance Report on Sveaskog AB (publ)'s Sustainability Report and statement regarding the Statutory Sustainability Report

To Sveaskog AB (publ), corporate ID no 556558-0031

Introduction

We have been engaged by the Board of Directors of Sveaskog AB (publ) to undertake a limited assurance engagement of Sveaskog AB (publ)s Sustainability Report for the year 2022. Sveaskog AB (publ) has defined the scope of the Sustainability Report and the Statutory Sustainability Report on page 107 in this document.

Responsibilities of the Board of Directors and management

The Board of Directors and management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 107 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other than audits or reviews of financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s accounting standard RevR12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Sveaskog AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Chief Executive Officer as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and management.

A Statutory Sustainability Report has been prepared.

Stockholm, 9 March 2023

KPMG AB

Joakim Thilstedt Authorised Public Accountant

Torbjörn Westman Specialist member of FAR

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