Interim Report

January – June 2022

"Strong demand for timber and pulpwood"

Net sales

MSEK 3,983

Operating profit from continuing operations

MSEK 843

Profit for the period

MSEK 1,301

1 APRIL - 30 JUNE 2022

- > Net sales increased by seven per cent to MSEK 1,991 (1,867). Timber prices increased by an average of 14 per cent, while delivery volumes decreased by five per cent. Other changes in turnover are mainly attributable to nursery operations.
- > The operating profit decreased by three per cent to MSEK 362 (372). Higher timber prices have been offset by lower volumes from Sveaskog's own forest and nursery operation as well as increased felling costs.
- > The reported net change in value of standing timber amounted to MSEK 124 (183).
- > Profit for the quarter amounted to MSEK 632 (607), of which profit from associates amounts to MSEK 251 of which Setra Group represents the largest part, corresponding to SEK 5.34 (5.13) per share.

1 JANUARY – 30 JUNE 2022

- > Net sales increased by 12 per cent to MSEK 3,983 (3,560). Timber prices increased by an average of 12 per cent, while delivery volumes remained largely unchanged.
- > Operating profit increased by seven per cent to MSEK 843 (790). Higher timber prices and lease revenues from wind power have partially been offset by lower volumes from own forest and higher felling costs.
- > The reported net change in value of standing timber amounted to MSEK 213 (301).
- > Profit for the period amounted to MSEK 1,301 (1,087), of which profit from associated companies amounts to MSEK 484, with Setra Group accounting for the largest part, corresponding to SEK 10.99 (9.18) per share.

SIGNIFICANT EVENTS

- In June, Sveaskog's Board of Directors decided to reduce felling levels for the next five years.
- Russia's invasion of Ukraine negatively affects Sveaskog with increased costs mainly for felling. However, this has also led to increased timber prices.

	3 months, Apr-Jun			6 m	6 months, Jan-Jun			12 months	
MSEK	2022	2021	%	2022	2021	%	Jul 2021– Jun 2022	2021	%
Net sales	1,991	1,867	7%	3,983	3,560	12%	7,343	6,920	6%
Operating profit from continuing operations	362	372	-3%	843	790	7%	1,394	1,341	4%
Share of profit/ loss of associates	251	175	43%	484	255	90%	896	667	34%
Change in value of forest assets	124	183	-32%	213	301	-29%	-284	-196	45%
Operating profit	756	751	1%	1,562	1,370	14%	2,034	1,842	10%
Profit before tax	731	719	2%	1,513	1,303	16%	1,919	1,709	12%
Profit for the period	632	607	4%	1,301	1,087	20%	1,708	1,494	14%
Cash flow from operating activities	354	217	63%	780	565	38%	1,248	1,033	21%
Earnings per share, SEK	5.34	5.13	4%	10.99	9.18	20%	14.43	12.62	14%

KPIs ¹ , Group	6 months	, Jan–Jun	12 mo	12 months		
	2022	2021	Jul 2021– Jun 2022	2021		
Dividend yield, % (target at least 4.5%) ^{1,2}	3.3	3.1	3.3	2.9		
Net debt/equity ratio, multiple (target 0.3-0.6) ¹	0.12	0.13	0.12	0.12		
Return on Operating Capital, % ²	3.0	28.4	3.0	2.7		
Return on equity, %2	2.8	26.6	2.8	2.4		
Interest coverage ratio, multiple ^{2, 3}	19.5	10.1	19.5	15.1		
Equity ratio,%	68	68	68	68		
Net interest-bearing debt, MSEK	7,630	7,843	7,630	7,438		
Average number of employees	806	828	806	825		
Total delivery volume, thousand m ³ sub	5,564	5,595	10,651	10,682		

- 1) The lower dividend yield and net debt/equity ratio are primarily due to a new accounting method for valuing forest assets.
- 2) Rolling 12 months.
- 3) Operating profit before change in value of forest assets excl. capital gains on property sales plus financial income divided by financial expenses.

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About Sveaskog

Sveaskog, a state-owned company, is the largest forest owner in Sweden. The company owns 14 per cent of Sweden's forests, operates in approximately 170 municipalities and has over 800 employees around the country.

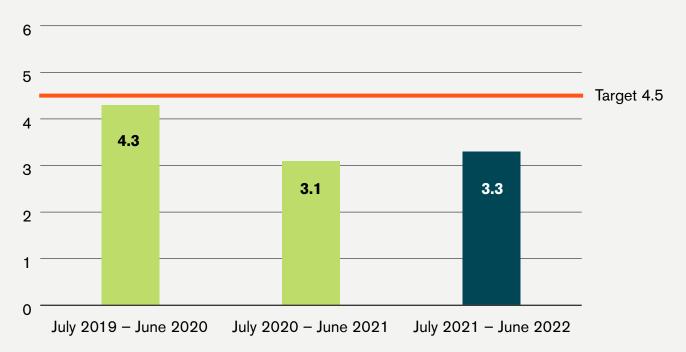
Sveaskog's core business is to manage the forest, and provide timber, pulpwood, wood chips, biofuel, seedlings and forest services. Sveaskog supplements the supply from its own forest with purchases from other forest owners, trading and imports. Our customers are primarily found within the Swedish forest industry, and they export all over the world. In addition, Sveaskog makes land and wind power deals and develops the forest as a place for fishing, hunting and other nature experiences.

Sveaskog shall be a leader in the development of sustainable forestry. This includes deliveries of renewable raw materials to our customers, as well as contributing to both Agenda 2030 and national environmental and climate targets. Sveaskog manages the forest with the ambition of developing economic, ecological and social values. Our forests are certified in accordance with both FSC and PEFC standards, and we require FSC Controlled Wood and Chain of Custody for all timber that we buy from other forest owners. This enables Sveaskog to ensure that all our timber deliveries are responsibly produced.

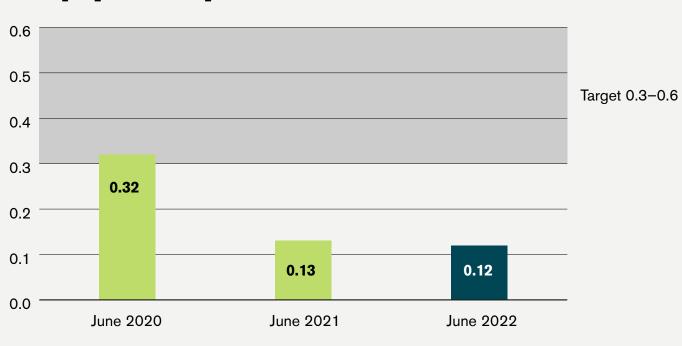


Sveaskog's financial targets

Yield, %, rolling



Net debt/equity ratio, multiple



The lower dividend yield and net debt/equity ratio are explained primarily by changes in the accounting method for the valuation of forest assets.

Dividend

According to current financial targets, ordinary dividends shall correspond in the long term to 65–90 per cent of the Group's profit after tax excluding changes in value of standing timber with no impact on cash flow. Dividends are paid provided that the capital structure target (net debt/equity ratio) after dividends falls within the target range and taking into account the Group's strategy and investment needs.

	2020	2021
Dividend, MSEK	850	1,300
Percentage of basis for dividends, %	89	88

CEO's comments

Strong demand in a troubled market situation

There is still strong demand in all of Sveaskog's areas of activity, despite a troubled market situation. Before the war broke out in Ukraine, the world economy was on its way to a strong recovery of growth after the pandemic. The war in Ukraine, together with disruptions in the global supply chains, is now slowing the recovery. An increase in global inflation may have an impact on the market conditions for the Swedish forest industry in the future. The most distinct effect noted as a result of the war in Ukraine was initially an increase in demand for sawn timber as several buyers wanted to secure their access to timber with a sharp rise in prices as a result. Once stock levels of timber rose, the market cooled slightly in June. The end of timber exports from Russia and the reduction in timber balances in the Baltic Sea region have not yet affected production in Sweden. The price increase in timber and pulpwood in recent months has levelled off, but demand is still greater than supply and we expect a relatively high price to continue. Sweden has lower prices compared to neighbouring countries and this may mean an increased interest from international timber operators.

Positive earnings trend

Despite a troubled world and high inflationary pressure on the cost side, including increased felling costs, the earnings trend is positive, mainly due to the positive market price trend. Operating profit for the first half of the year amounted to MSEK 843, which is an improvement of seven per cent compared to the previous year.

The average price of timber deliveries from our own forest is 11 per cent higher than the corresponding period last year, timber prices are 17 per cent higher and pulpwood prices are two per cent higher.

Reduction in felling levels

In June, Sveaskog's Board of Directors decided to reduce felling levels for the next five years. This is a deliberate investment and stake on value-creating forestry that contributes to the ambition of being a leader in sustainable forestry. The decision means a reduced final felling level of approximately 1.0 million m³sub per year, compared to previous felling decisions from 2018.

There are three important factors that all lead to a reduction in felling levels. First is the area of continuity forests that Sveaskog sets aside

"Change the new normal"

(the so-called mountain forest package), forest set aside for nature conservation and the new land sales programme in accordance with the Swedish Parliament's decision. Second is the optimisation of financial value generation in the forest. Sveaskog will harvest when it is most optimal from a forest economy perspective, which means that we will now let the trees grow a little longer in some of our stocks. The third factor is consideration of reindeer husbandry in northern Sweden. In relation to the previous five-year period, we are now reducing the level of felling in this area, thereby increasing the consideration of reindeer husbandry.

A reduced level of felling, of course, has consequences for Sveaskog's operations, customers and partners – both negative and positive. We are very aware of this and are evaluating the possibilities for mitigating the negative consequences.

The fact that we are now reducing felling in the next five years means that the value of our forest assets will increase. We have strong forest growth and looking ahead, we see opportunities to adjust the felling level upwards.

Sveaskog's ambition is to be a leader in sustainable forestry. Sometimes the question is asked what this means and how the company measures it. For me, sustainability is about having a clear direction in which we constantly improve by continuously balancing financial, ecological and social goals. The new felling levels will help us in these considerations.

Our nature conservation work will stand up to scrutiny

In the external audit in 2021, two major deviations were cited linked to our conservation value assessments. According to the FSC's regulations, deviations that are deemed to be large must be addressed twice as quickly, compared to minor deviations. During the spring, we therefore worked intensively to develop our routines and have calibrated our conservation value assessment and the methodology is now in line with the Swedish Forest Agency's working methods. The updated conservation value assessment will more clearly identify biotopes requiring consideration and nature conservation species. Sveaskog has a positive stance regarding the expectations that external stakeholders have of us. In the midsummer week, FSC published its final report with the audit results, which also meant that the deviations are now extinguished. It is good that our nature conservation work is being reviewed – it should stand up to scrutiny and we aim to constantly improve our operations. This is an important area for us, which is why we set both long-term and annual targets for achieving sustainable value creation.

Focus on the future at a seminar on investment in Malå

At the beginning of June, Sveaskog and Setra Malå, in cooperation with Malå Municipality, held a presentation of, and a seminar on, an

investment in the sawmill in Malå. About 40 guests from authorities, Malå Municipality, neighbouring municipalities, the media, Region Västerbotten, the County Administrative Board of Västerbotten County and of course Sveaskog and Setra gathered at Setra Malå. The discussion focused on everything from the importance of good infrastructure, the sustainable value chain and the role of the forest in the green transition.

Change is the new normal

Sveaskog's playing field is constantly changing. Policy and regulatory developments take place continuously at the EU and national level. The market is being developed where customers and society have growing expectations and research and innovation can provide answers to future challenges and pave the way for new opportunities. Sveaskog is expected and wants to be a leader in sustainable forestry, which demands a lot from our expertise, commitment and efficiency. We see growing expectations, including balancing more interests in the business and forestry such as biodiversity, reindeer husbandry and climate measures – and we do so in order to ensure our long-term business and profitability. With dialogue and close relationships with the world around us, we will confront various changes and create the conditions for sustainable forestry. And we have every opportunity to do so with competent and committed employees throughout the country.

Wishing you an enjoyable summer,
Erik Brandsma
President and CEO





Market situation and wood deliveries

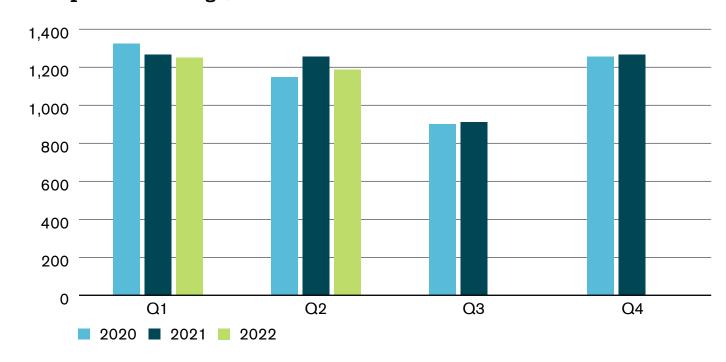
Sveaskog conducts forestry operations and wood raw material trading in Sweden. More than half of the wood raw material sold comes from its own forest, the remaining quantity is purchased from private and institutional forest owners. The main products are sawlogs, pulpwood, biofuel and wood chips. The majority of Sveaskog's customers come from the forest industry and the Swedish energy sector. The Swedish forest industry is export-oriented and exports to markets across the world, although the European market is the most important. As paper and pulp and wood products are traded in the global market, changes in supply, demand and flows in world markets therefore have a significant impact on the Swedish forest industry.

The pulp market continued to develop strongly in the first half of the year. Demand and prices for Swedish sawn timber took off with Russia's invasion of Ukraine as most timber buyers wanted to secure their supply of timber. Now that stock levels of timber have risen, interest has cooled slightly. The stock situation of timber is good, but the majority of Swedish sawmills are concerned about the raw material situation for the second half of 2022 due to the risk of increased competition by foreign timber buyers. The market price lists for timber were adjusted up throughout the country during the second quarter as well. High electricity and energy prices and restrictions on the availability of Russian natural gas, fuel chips and wood pellets lead to concerns in the fuel market regarding access to raw materials for heating and electricity generation during the 2022/2023 heating season.

Sawmills

Export prices for Swedish timber turned upwards in connection with Russia's invasion of Ukraine. The majority of timber buyers did not want to relive the shortage of timber that arose in connection with the coronavirus pandemic, which resulted in continued strong demand and increased prices. As stock levels have risen both at the sawmills and their customers, the market has cooled off. Now sawmills feel that the demand for their products is also declining, which is particularly evident in the do-it-yourself segment. Official statistics also show that the number of construction-starts is decreasing in several countries due to higher cost of living and higher interest rates.

Delivery volume sawlogs, thousand m³fub

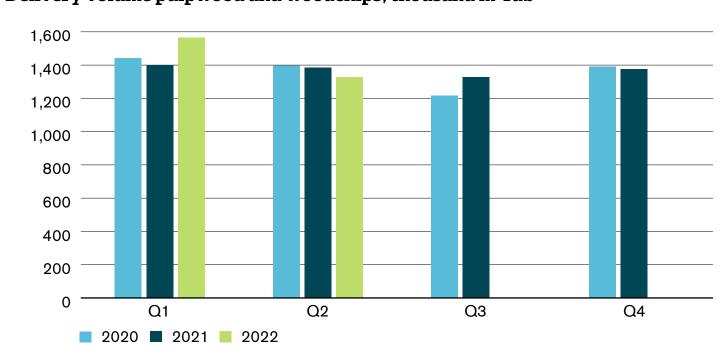


During the second quarter, Sveaskog delivered 1,188 thousand m³sub (1,257) of sawlogs, which is an increase of five per cent from the same period last year. For the period July 2021 to June 2022, deliveries amounted to 4,617 thousand m³sub (4,680).

The pulp and paper industry

The demand for pulp continues to be strong, while supply has to some extent been negatively affected by disruptions in supply chains and production. Strong demand and limited supply have led to rising pulp prices in the first half of 2022. The fibre-based packaging market also continues to develop positively during the year. The supply of wood raw materials has not yet affected production in industry, but most of Sveaskog's customers are concerned about the raw material situation during the second half of the year. The pulpwood market has been strained since the Russian volumes were stopped and a clear sign is that the prices of pulpwood in the Baltic countries, for example, have risen sharply and are now being quoted at record levels. For Sveaskog's customers who use hardwood, where Russian volumes represented a major share of the market, there is great concern about the raw material situation.

Delivery volume pulpwood and woodchips, thousand m³fub

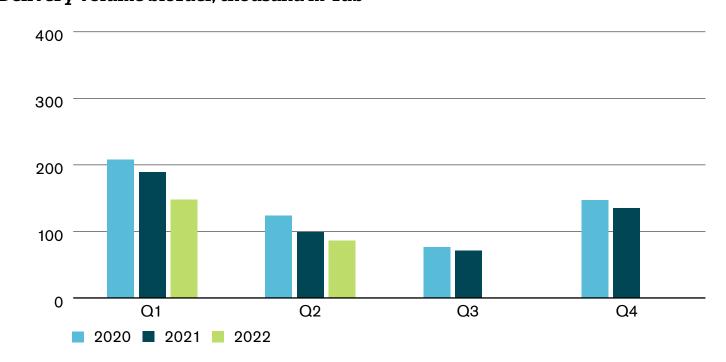


In the second quarter, Sveaskog delivered 1,327 thousand m³sub (1,384) of pulpwood and woodchips, which is a decrease of four per cent from the same period last year. For the period July 2021 to June 2022, deliveries amounted to 5,594 thousand m³sub (5,392).

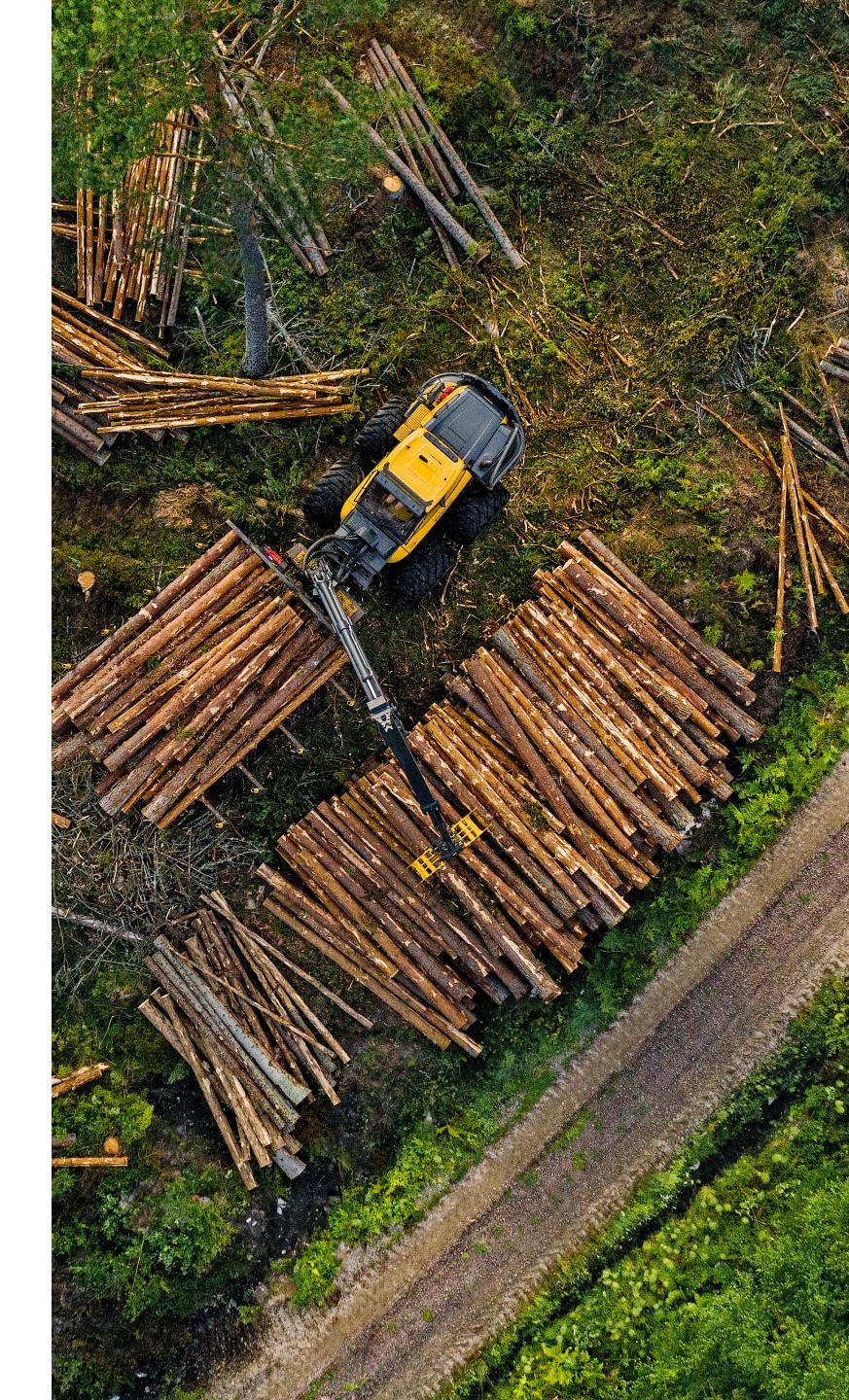
The biofuel market

The market for forest-based biofuels, such as branches and treetops, is regional and local as the share of transport costs in the total cost is high and the share of production costs is relatively low for biofuels. 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. During the 2021/2022 heating season, the availability of biofuel in the form of sawmill by-products was good, as sawmills were operating at full capacity. The energy situation in Europe for the upcoming winter is impacting the biofuel market with rising prices and new trade patterns. One example is waste wood, which was previously imported to Sweden from Germany, among other countries, but which is now remaining in the country of origin and being consumed locally. This has meant that Sveaskog now receives requests for biofuel deliveries from customers, who previously fired waste wood.

Delivery volume biofuel, thousand m³fub



During the second quarter, Sveaskog delivered 86 thousand m³sub (99) of biofuel, which is a decrease of 13 per cent from the same period last year. For the period July 2021 to June 2022, deliveries amounted to 440 thousand m³sub (510).



Strategic goals for sustainable value creation

Sveaskog wants to be a leader in sustainable forestry with the ambition of spearheading the EU-wide strategy for biodiversity in Sweden. Sveaskog is aiming to make a strong contribution to attainment of Sweden's national environmental objectives, Agenda 2030 and the EU's climate, water and biodiversity targets. In order to achieve this aim, we have developed a longterm focus on sustainable forestry, which will be achieved through specific measures relating to the strategic goals for sustainable value creation: increased growth, increased timber harvesting and increased biodiversity - in both the short and the long term. As part of achieving the strategic goals, Sveaskog last year launched a sustainable forestry programme which focuses on three overarching areas of the forest landscape — the managed forests, the water in the forest, and the high conservation value forests. In order to achieve the strategic objectives, Sveaskog has identified a number of success factors where the sustainable forestry programme exists within the success factors "initiatives relating to forests and forestry" and "increased ecological values of our land holdings".



Increased thinning next to reindeer enclosures. After thinning at the reindeer enclosure, the forest of the future grows, where both reindeer and humans thrive. At the same time, it is also good for the climate and bird life.

Investments in forests and forestry

Sustainable forestry programme – The managed forests

Initiative for a better coexistence with the reindeer industry

On much of Sveaskog's holdings, forestry must be carried out in coexistence with reindeer husbandry. Achieving a constructive dialogue is a priority for us, which is why two people have been employed at Sveaskog to be able to work full time on strengthening the cooperation with the Sami villages in Norrbotten and Västerbotten.

During the second quarter, Sveaskog conducted consultation meetings with a large part of the more than 40 Sami villages that the company consults with. The consultations are based on a common landscape planning where both the landowner and the Sami villages contribute to finding solutions. The digital tool samplanering used by Sveaskog's own staff and representatives of the Sami villages makes it easier to co-plan based on a landscape perspective and over longer periods of time.

More clearing and thinning in the reindeer husbandry area

In northern Sweden, Sveaskog has carried out 255 hectares of increased clearing and 301 hectares of increased thinning. Of these, 66 hectares in Lycksele and Jörn in Västerbotten have been cleared. A total of 192 hectares of thinning was carried out in Västerbotten, of which two are within the Jörn area. In Vindeln, a number of extended smaller objects were thinned along Sandsjövägen, on a total of 14 hectares located near a reindeer enclosure used by the Vapsten Sami village. This is a measure that benefits both forestry, reindeer husbandry and carbon sequestration. In Norrbotten, Sveaskog has done increased clearing of 189 hectares and 109 hectares were thinned.

Seed plantation established in Tjällmo

In order to adapt the forests for the climate of today and tomorrow with trees that have greater resistance to pest damage and faster growth, Sveaskog established a new seed plantation of 10 hectares with highly refined seed material in Tjällmo in northern Östergötland in the second quarter. The seed plantation is estimated to yield over 30 per cent in genetic gain when it starts producing seeds for seedling production in about 20 years.

Optimal seedling choice for a changing climate

The investment in refined birch and Siberian larch is proceeding according to plan. In southern Norrland, this year's larches were planted early as the larch is sensitive to drought. This year's larches in southern Norrland were planted north of Edsbyn and northwest of Bollnäs. In Norrbotten, Sveaskog planted 105 hectares of larch during the month of June.

In Götaland, this year's planting got started later than normal. When planting late in the season with dry and warm weather, the seedlings have a worse start than desired, but Sveaskog will monitor the development and conduct beeting where needed.

Birch has been planted this year in Götaland both in Sveaskog's ecoparks and in the production forests. Sveaskog is changing tree species from spruce to pine where it is dry and lean and from spruce to birch on some fertile spruce fields. On both of these soil types, there have been major problems with the engraver beetle. Sveaskog has planted some birch in both Götaland and Bergslagen. Excluding soil scarification is a major advantage on old cultivated land with many cultural relics and ancient remains that otherwise run the risk of being damaged by the scarifier.

Selective-felling forestry in the managed parts of the most visited ecoparks

During the quarter, Sveaskog carried out a lot of nature conservation measures in the Halle- and Hunneberg ecopark, and in connection with this also carried out a selective felling of two hectares. The felling was done in the form of selective felling where occasional thick trees were cut in a layered mixed forest of pine and spruce.

Agenda 2030

Sweden's environmental quality objectives













Objective 1. Reduced Climate Impact, Objective 15. A Good Built Environment

Increased ecological values of land holdings

Sustainable forestry programme – The water in the forest

100 new wetlands

Sveaskog recreated five wetlands in the second quarter. The hydrological restoration of the Hornsland ecopark was also completed in June, with a final wetland restoration of Grönråmyren. This is a result of a good collaboration with Hudiksvall Municipality, which is very involved in wetland restorations.

Restore ten running watercourses

The Laxtjärnbäck creek in Arvidsjaur Municipality is now equipped with so-called "deflectors" to give the river pearl mussel a better habitat. The measure was carried out in collaboration with the County Administrative Board of Norrbotten and is part of the LIFE Revives project.

Agenda 2030

Sweden's environmental quality objectives











Objective 8. Flourishing Lakes and Streams, Objective 11. Thriving Wetlands, Objective 14. A Magnificent Mountain Environment, Objective 16. A Rich Diversity of Plant and Animal Life



A river pearl mussel at the bottom of Laxtjärnbäck creek.



Timber structures (deflectors) that stop the flow of water and even out the water speed. Small streams like this obtain some dead wood in them and this provides more oxygen, food for insects and helps to remove fine particles from the stream.

Sustainable forestry programme – High conservation value forests

Extended nature conservation programme

In several parts of the country, Sveaskog worked during the quarter to make several point interventions over a larger area to create dead wood and affect trees, so that they get characteristics that would otherwise only occur after fire. Because nature conservation burnings are risky in some places, not least due to proximity to communities, Sveaskog uses other methods. One way is to create natural fire wounds in the pine trees with the help of small bonfires (point burning), as was done in the Skatan ecopark in Västerbotten at the end of April. The burning increases the yield in the tree, and the tree becomes more resistant to rot, for example, and can remain standing in the forest several hundred years after the tree dies. In this way, the decay carries on for a very long time, which benefits wood-dwelling insects and species linked to old dead wood.

In the Ejheden ecopark in southern Norrland and outside Målerås in Götaland, trees have been manually damaged, including girdling, to become standing dead wood. Trees have also been felled to become lying dead wood. Within a few years, these trees will be of interest to a number of species, especially insects. However, the greatest benefit to the biodiversity will be in several hundred years. Spring is generally a good time to carry out these measures. In Målerås, gaps that have arisen have been planted with birch and beech to add a greater variety of tree species in the forest.

In the Hornsö ecopark, a conservation burning was carried out in collaboration with the County Administrative Board. The burning covered both parts of the ecopark and in an adjoining nature reserve.

Sweden's environmental quality objectives Agenda 2030









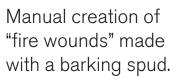


Objective 8. Flourishing Lakes and Streams, Objective 11. Thriving Wetlands, Objective 14. A Magnificent Mountain Environment, Objective 16. A Rich Diversity of Plant and Animal Life



In the foreground, girdled trees and in the background ongoing creation of "fire wounds" by mechanical means. Lying dead wood has been added to the area.







Point burning: In progress and afterwards.

Strong partnerships and collaborations

Cooperation to develop the sustainable forestry machines of the future

A new type of forestry machine, the Centipede, was presented in the second quarter. It combines gentleness, increased productivity and an improved driver environment and is the result of a large collaborative project that has been running since 2019. The concept machine was developed by Sveaskog and seven other Swedish forest companies and a forestry machine manufacturer, Komatsu Forest. Test runs are ongoing and the results look promising. With its innovative technology, the machine is designed to achieve as sustainable forestry as possible – for both the environment and human beings.

New AI tool that increases forest value

The forest industry's need for custom raw materials is increasing, while it is becoming increasingly important to use the forest in a long-term sustainable way. Sveaskog, in collaboration with ForestX, which works with digitalisation and IT in the forest industry, has developed a tool over a year that, with the help of AI technology, increases the ability to develop production according to both of these parameters.

Manual tools are replaced with innovative app

Sveaskog has entered into an agreement with the start-up company Arboreal. It involves an innovative digital tool that facilitates and improves various forms of forest measurement and replaces many of the manual tools that have otherwise been needed. During the quarter, Sveaskog's staff tested the Arboreal app.

Agenda 2030











Objective 15. A Good Built Environment.

Condensed income statement

	3 months,	Apr–Jun	6 months, J	6 months, Jan-Jun		12 months	
MSEK	2022	2021	2022	2021	Jul 2021 – Jun 2022	2021	
Net sales (Note 1)	1,991	1,867	3,983	3,560	7,343	6,920	
Other operating income (Note 1)	13	33	55	71	124	140	
Raw materials and consumables	-615	-551	-1,259	-1,089	-2,300	-2,130	
Change in inventories	-62	-85	-58	-17	60	101	
Other external expenses	-769	-689	-1,496	-1,340	-3,100	-2,944	
Staff costs	-158	-169	-306	-326	-579	-599	
Depreciation	-38	-34	-76	-69	-154	-147	
Operating profit from continuing operations	362	372	843	790	1,394	1,341	
Capital gains on property disposals	19	21	22	24	28	30	
Share of profit/loss of associates	251	175	484	255	896	667	
Operating profit before change in value of forest assets	632	568	1,349	1,069	2,318	2,038	
Change in value of forest assets (Note 2)	124	183	213	301	-284	-196	
Operating profit	756	751	1,562	1,370	2,034	1,842	
Financial items	-25	-32	-49	-67	-115	-133	
Profit before tax	731	719	1,513	1,303	1,919	1,709	
Tax	-99	-112	-212	-216	-211	-215	
Profit/loss for the period/year	632	607	1,301	1,087	1,708	1,494	
Earnings per share in SEK before and after dilution	5.34	5.13	10.99	9.18	14.43	12.62	
- Calculated on average number of shares, million	118.4	118.4	118.4	118.4	118.4	118.4	

Statement of comprehensive income

	3 months, A	Apr–Jun	6 months, Jan-Jun		un 12 months	
MSEK	2022	2021	2022	2021	Jul 2021– Jun 2022	2021
Profit/loss for the period/year	632	607	1,301	1,087	1,708	1,494
Other comprehensive income						
Components that will not be reversed in profit or loss						
Change in value in land assets (Note 2)	2	0	2	0	2,959	2,957
Tax on change in value in land assets	0	0	0	11	-611	-600
Actuarial gains/losses relating to pensions	_	_	_	-	7	7
Tax on actuarial gains/losses	_	_	_	-	-1	-1
Components that may be reversed in profit or loss						
Exchange rate differences	1	0	2	1	2	1
Other comprehensive income from associates	30	9	57	-16	58	-15
Tax on other comprehensive income from associates	-6	-2	-12	4	-12	4
Cash flow hedges	24	5	57	18	72	33
Tax attributable to cash flow hedges	-5	-1	-12	-4	-15	-7
Total other comprehensive income for the period/year, net after tax	46	11	94	14	2,459	2,379
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	678	618	1,395	1,101	4,167	3,873

Comments on the income statement

1 April – 30 June 2022

Net sales

Net sales increased by seven per cent to MSEK 1,991 (1,867). Total delivery volumes dropped by five per cent, while prices of wood raw materials increased by 14 per cent on average. Other changes in turnover are mainly attributable to nursery operations.

Sales of wood raw materials amounted to 2,601 thousand cubic metres, (m³sub) (2,740).

Earnings

The operating profit decreased by three per cent to MSEK 362 (372).

Higher timber prices have been offset by lower volumes from Sveaskog's own forest and in nursery operations, as well as increased costs for felling, roads and transport.

Capital gains from the sale of property amounted to MSEK 19 (21). Share of profits of associates amounted to MSEK 251 (175). The net change in the reported value of standing timber amounted to MSEK 124 (183). After the change in value of forest assets, operating profit amounted to MSEK 756 (751). Net financial items in the quarter were MSEK -25 (-32). Profit before tax amounted to MSEK 731 (719). Tax amounted to MSEK -99 (-112). Profit for the quarter rose to MSEK 632 (607).

1 January - 30 June 2022

Net sales

Net sales increased by 12 per cent to MSEK 3,983 (3,560). Timber prices increased by an average of 12 per cent, while delivery volumes remained largely unchanged.

Sales of wood raw materials amounted to 5,564 thousand cubic metres, (m3sub) (5,595).

Earnings

Operating profit increased by seven per cent to MSEK 843 (790). Higher timber prices and lease revenues from wind power have partially been offset by lower volumes from own forest and higher felling, road and transport costs.

Capital gains from property sales were MSEK 22 (24). Share of profits of associates amounted to MSEK 484 (255). The net change in the reported value of standing timber amounted to MSEK 213 (301). After the change in value of forest assets, operating profit amounted to MSEK 1,562 (1,370). Net financial items during the first half of the year were MSEK -49 (-67). Profit before tax amounted to MSEK 1,513 (1,303). Tax amounted to MSEK -212 (-216). Profit for the period increased by 20 per cent to MSEK 1,301 (1,087).

Change in net sales, MSEK

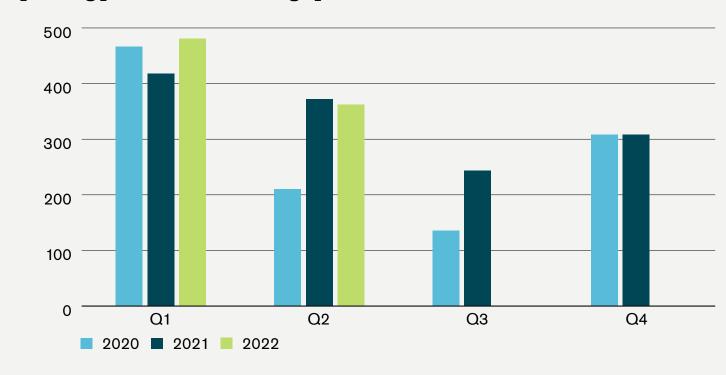
	Apr-June	Jan-June
2021	1,867	3,560
Price, wood raw materials	221	415
Delivery volume, wood raw materials	-56	17
Concessions, seedlings and other sales	-41	-9
2022	1,991	3,983

Change in operating profit from continuing operations, MSEK

	Apr-June	Jan-June
2021	372	790
Price, own wood raw materials	88	168
Volume and change in inventories, own wood raw materials	-29	-48
Unit cost felling	-23	-57
Svenska Skogsplantor	-26	-12
Earnings from externally procured wood raw materials	-9	-5
Lease revenues, wind power	2	27
Other property transactions ¹	-13	-13
Other	0	-7
2022	362	843
1) Other property transactions relate to a combination of:		
All future concessions	-4	-6
Sale of non-forest land	-9	-7
Other property transactions	-13	-13

Net sales, MSEK 2,000 1,500 1,000 500 Q1 Q2 Q3 Q4

Operating profit from continuing operations, MSEK





Condensed balance sheet

MSEK	30 June 2022	30 Jun 2021	31 Dec 2021	
ASSETS (NOTE 3)				
Non-current assets				
Intangible assets	161	173	165	
Right-of-use assets	141	152	153	
Forest assets (Note 2, 3)	85,760	82,849	85,430	
– of which land assets	38,706	35,704	38,708	
– of which biological assets	47,054	47,145	46,722	
Other property, plant and equipment	590	595	588	
Non-current financial assets, non-interest-bearing	1,626	1,014	1,415	
Long-term interest-bearing receivables	5	4	5	
Total non-current assets	88,283	84,787	87,756	
Current assets				
Inventories	573	601	690	
Contract assets	28	19	20	
Current receivables etc., non-interest bearing	1,874	2,007	1,801	
Cash and cash equivalents	1,475	1,028	1,171	
Total current assets	3,950	3,655	3,682	
TOTAL ASSETS	92,233	88,442	91,438	
EQUITY AND LIABILITIES				
Equity	62,611	59,744	62,516	
Non-current liabilities (Note 3)				
Interest-bearing liabilities and provisions	5,623	6,883	5,849	
Other liabilities and provisions	18,814	18,159	18,729	
Total non-current liabilities	24,437	25,042	24,578	

MSEK	30 June 2022	30 Jun 2021	31 Dec 2021
Current liabilities (Note 3)			
Interest-bearing liabilities and provisions	3,487	1,992	2,765
Contract liabilities	_	0	0
Other liabilities and provisions	1,698	1,664	1,579
Total current liabilities	5,185	3,656	4,344
Total liabilities	29,622	28,698	28,922
TOTAL EQUITY AND LIABILITIES	92,233	88,442	91,438

Condensed statement of changes in equity

MSEK	Jan–June 2022	Jan–Jun 2021	Full year 2021
Opening equity, 1 January	62,516	59,493	59,493
Total comprehensive income	1,395	1,101	3,873
Dividend paid according to Annual General Meeting resolution	-1,300	-850	-850
CLOSING EQUITY AT END OF PERIOD/YEAR	62,611	59,744	62,516

Condensed cash flow statement

MSEK	Jan–June 2022	Jan–Jun 2021	Full year 2021
Operating activities			
Operating profit	1,562	1,370	1,842
Non-cash items etc.	-770	-637	-604
Interest received, etc.	1	0	0
Interest paid	-52	-66	-140
Tax paid	-148	-179	-306
Cash flow from operating activities before changes in working capital	593	488	792
Changes in working capital	187	77	241
Cash flow from operating activities	780	565	1,033
Investing activities			
Investment in non-current assets	-66	-101	-230
Investments in shares and participations	_	-6	-6
Dividends from associates	315	24	24
Sale of non-current assets	70	129	185
Sale of shares	2	2	7
Increase in interest-bearing receivables	0	_	-1
Cash flow from investing activities	321	48	-21
Financing activities			
Dividend paid	-1,300	-850	-850
Borrowings	3,750	3,800	5,950
Repayment of loans	-3,247	-3,766	-6,172
Cash flow from financing activities	-797	-816	-1,072
CASH FLOW FOR THE PERIOD/YEAR	304	-203	-60
Cash and cash equivalents at the beginning of the year	1,171	1,231	1,231
Cash and cash equivalents at the end of the period/year	1,475	1,028	1,171

Comments on the balance sheet and cash flow

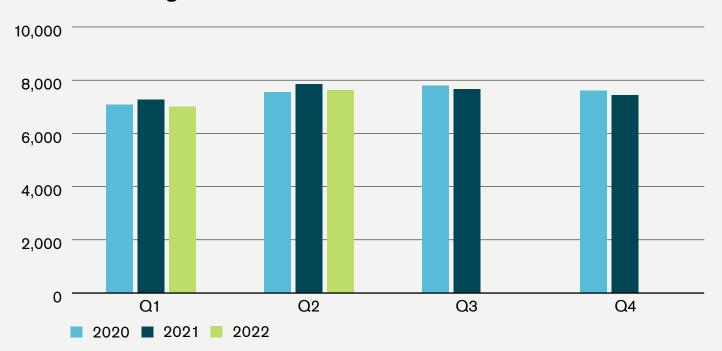
Cash flow from operating activities during the period was MSEK 780 (565). The increase is attributable to increased operating profit and reduced working capital. Investments in non-current assets, mainly forest properties and forest machines, amounted to MSEK 66 (101) while investments in shares amounted to MSEK 0 (6). Sales of non-current assets, mainly forest properties, amounted to MSEK 70 (129). Dividends from associates have been received amounting to MSEK 315 (24) and sales of shares amounting to MSEK 2 (2). A dividend of MSEK 1,300 (850) was paid to the owner.

Sveaskog's net interest-bearing debt amounted to MSEK 7,630 (7,843) as of 30 June. 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 1,300 (1,350), which is refinanced on an ongoing basis. The outstanding volume under the MTN programme at 30 June was MSEK 6,540 (6,190), of which green bonds accounted for MSEK 5,400 (4,900). The lowest average net fixed interest period during the period was around 24 months (28).

The net debt/equity ratio was 0.12 (0.13).

The interest coverage ratio was 19.5 (10.1) and the gross borrowing cost was 0.77 (1.36) per cent.

Net interest-bearing debt, MSEK



Parent Company

Condensed income statement

	3 months	3 months, Apr-Jun		6 months, Jan-Jun		12 months	
MSEK	2022	2021	2022	2021	Jul 2021– Jun 2022	2021	
Operating income	10	13	22	31	44	53	
Operating expenses	0	0	-1	-1	-3	-3	
Operating profit	10	13	21	30	41	50	
Financial items ¹	-45	-81	-89	-164	3,812	3,737	
Profit/loss before appropriations and tax	-35	-68	-68	-134	3,853	3,787	
Group contributions	_	_	_		379	379	
Provisions to untaxed reserves	_	_	_	_	-75	-75	
Profit before tax	-35	-68	-68	-134	4,157	4,091	
Tax	7	14	14	28	-60	-46	
PROFIT/LOSS FOR THE PERIOD/YEAR	-28	-54	-54	-106	4,097	4,045	

¹⁾ In 2021, the parent company received dividends from subsidiaries.

Condensed balance sheet

MSEK	30 June 2022	30 Jun 2021	31 Dec 2021
ASSETS			
Non-current assets			
Tangible non-current assets	38	39	38
Total property, plant and equipment	38	39	38
Non-current financial assets			
Shares in Group companies	24,934	24,934	24,934
Receivables from Group companies, interest-bearing	799	800	800
Total non-current financial assets	25,733	25,734	25,734
Total non-current assets	25,771	25,773	25,772
Current assets			
Current receivables etc., non-interest bearing	91	146	4,450
Receivables from Group companies, interest-bearing	900	1,500	429
Cash and cash equivalents	0	0	0
Total current assets	991	1,646	4,879
TOTAL ASSETS	26,762	27,419	30,651
EQUITY AND LIABILITIES			
Equity	15,231	12,434	16,585
Untaxed reserves	232	157	232
Non-current liabilities			
Interest-bearing non-current liabilities	5,232	6,432	5,432
Total non-current liabilities	5,232	6,432	5,432
Current liabilities			
Interest-bearing liabilities and provisions	5,961	8,278	8,303
Other liabilities and provisions	106	118	99
Total current liabilities	6,067	8,396	8,402
TOTAL EQUITY AND LIABILITIES	26,762	27,419	30,651

Parent Company

Condensed statement of changes in equity

	Jan–June		
MSEK	2022	Jan-Jun 2021	Full year 2021
Opening equity, 1 January	16,585	13,390	13,390
Dividend paid according to Annual General Meeting resolution	-1,300	-850	-850
Profit/loss for the period/year	-54	-106	4,045
CLOSING EQUITY AT END OF PERIOD/YEAR	15,231	12,434	16,585

Condensed cash flow statement

N.C. T.	Jan-June		T 11
MSEK	2022	Jan-Jun 2021	Full year 2021
Cash flow from operating activities	3,061	7,296	8,269
Cash flow from investing activities	402	13	15
Cash flow from financing activities	-3,463	-7,309	-8,284
CASH FLOW FOR THE PERIOD/YEAR	0	0	0
Cash and cash equivalents at the beginning of the year	0	0	0
Cash and cash equivalents at the end of the period/year	0	0	0

Sveaskog Group and associates **Setra Group AB** 50 per cent of the shares **NET SALES** (MSEK) 3,626 **OPERATINGPROFIT** (MSEK) 1,044 **SunPine AB** Group Sveaskog is 25.1 per cent 100% owned by the Swedish state. **NET SALES** (MSEK) **SVEASKOG NET SALES** (MSEK) 1,617 3,983 **OPERATINGPROFIT** (MSEK) 372 1,562 ShoreLink AB 24.1 per cent of the shares. **NET SALES** (MSEK) OPERATING PROFIT (MSEK)

Parent company

Sveaskog AB (Publ.), 100% owned by the Swedish state, owns and manages forest properties and shares in subsidiaries and is responsible for Group-wide financing. For Sveaskog AB (publ.), operating income for the period January–June amounted to MSEK 22 (31), of which MSEK 2 (11) was accounted for by capital gains from sales of forest land. The loss after financial items amounted to MSEK 68 (134). 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 associated company. The share of the associate's profit/loss is recognised in the consolidated income statement. Net sales for the period January–June amounted to MSEK 3,626 (2,713). The operating profit amounted to MSEK 1,044 (619). The improvement is explained by high sales prices due to a strong market trend. Sveaskog's share of earnings in the company adjusted for intra-group profits increased by 71 per cent to MSEK 408 (238). Sveaskog's share of Setra's other comprehensive income amounted to MSEK 45 (-12).

SunPine AB

Sveaskog owns 25.1 per cent of the shares of the biorefinery SunPine AB. The share of the associate's profit/loss is recognised in the consolidated income statement. Net sales for the period January–June amounted to MSEK 1,617 (965). The operating profit amounted to MSEK 372 (104). The improvement in earnings is primarily an effect of good market development and rising oil prices. Sveaskog's share of earnings in the company increased by MSEK 52 to MSEK 72 (20.5).

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 reports the share of the associate's profit/loss for the period December 2021 to May 2022, while the figures for the previous year cover the period from December 2020 to May 2021. Net sales for this period amounted to MSEK 155 (127) and the operating profit for the same period amounted to MSEK 19 (loss: 17). Sveaskog's share of the company's profit or loss amounted to MSEK 3.5 (–3.3).

Notes

ACCOUNTING POLICIES

The interim report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Disclosures according to IAS 34 Interim Financial Reporting are provided both in notes and elsewhere in the interim report. For the parent company the interim report is prepared in accordance with the Annual Accounts Act, which is in accordance with the regulations in RFR 2 Accounting for Legal Entities. The parent company's and the Group's accounting principles and calculation principles for the report are unchanged from the most recent annual report. New or revised IFRSs and interpretations from IFRIC have not had any effect on the earnings or financial position of the Group or the parent company.

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

Forest assets

Accounting principles for forest assets are described in detail in Sveaskog's Annual Report 2021, Note 14 on pages 86-89. For the second quarter of 2022, see Note 2.

NOTE 1 REVENUES FROM CONTRACTS WITH CUSTOMERS

MSEK	Jan-June 2022	Jan–Jun 2021	July 2021– June 2022	Full year 2021
Sawlogs	1,933	1,718	3,613	3,398
Pulpwood and woodchips	1,502	1,345	2,863	2,706
Biofuel	67	80	121	134
Seedlings	178	211	306	339
Other	135	62	243	170
Total income from contracts with customers	3,815	3,416	7,146	6,747
Of which IFRS 15 in net sales	3,813	3,415	7,141	6,743
Lease income	170	145	202	177
Total net sales	3,983	3,560	7,343	6,920
Of which IFRS 15 in other operating income	2	1	5	4
Capital gains etc.	53	70	119	136
Total other operating income	55	71	124	140
Date of revenue recognition				
Goods and services transferred to customers on a specific date	3,787	3,375	7,045	6,633
Goods and services transferred to customers over time	28	41	101	114

Sveaskog has unfulfilled performance obligations for sales contracts with a term of more than 12 months of MSEK 7,677 (3,237). 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. 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) reported for last year, MSEK 1,508 (402) referred to January–June 2022.

NOTE 2 VALUATION OF FOREST ASSETS

The book value of Sveaskog's forest assets as of 30 June 2022 has been calculated at MSEK 85,760 (82,849), of which MSEK 47,054 (47,145) refers to the fair value of the standing timber and MSEK 38,706 (35,704) refers to the cost of the land. The change in the balance sheet since the previous year-end is MSEK 330 (419) and is shown below. The parameters included in the model for calculating the fair value are updated annually.

The 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.

Significant judgements and estimates

Until Q3 2020, 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. A number of major forest land deals now shows that the value of larger forest assets per hectare or per cubic metre of forest generally lie at the same level as for smaller or medium forest assets.

In order to value the forest assets at fair value, the valuation is based on the sales transactions in the areas that Sveaskog owns forest assets. The valuation price consists of a five-year average that is multiplied by Sveaskog's current timber stocks in cubic metres of forest in the different areas.

In order to calculate the fair value of the biological assets – standing timber, the estimated cash flow from future income from timber extractions less felling costs has been discounted to a present value.

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 plan and assessment of future price and cost development. Prices are based on a rolling ten-year average (2012–2021). 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 flows before tax are discounted using an interest rate of 4.5 per cent (4.5), which is estimated to correspond to the long-term weighted cost of capital for this asset class. 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 short-term fluctuations in market rates. In total, Sveaskog owns a volume of standing

Notes

NOTE 2 VALUATION OF FOREST ASSETS, contd.

timber amounting to 278 million cubic metres of forest (277), which forms the basis for the valuation of the forest assets. According to current felling estimates, which date from 2018 and are based on a forest optimisation model, felling will amount to approximately 6.3 million m³sub per year. This level is estimated to remain relatively unchanged until 2033, after which it can be gradually increased to approximately 6.8 million m³fub by 2063.

The level is then expected to be able to be increased further to 7.2–7.9 million m³sub. On 15 June 2022, Sveaskog published a press release that announced a decrease in the future level of felling after new felling calculations; these new calculations will be included in the model for the valuation of the forest assets and included in the model calculations at the turn of 2022/2023. In 2021, approximately 54 per cent (54) of Sveaskog's own forest volume was sold as sawlogs to sawmills and 42 per cent (41) 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 value of forest land consists of the residual of the value of the forest assets and the value of the biological assets – standing timber.

Model assumptions

Forest assets

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 five-year average (2016–2020).

Timber stocks per million cubic metres of forest are based on Sveaskog's forest registers and refer to the most recent (October 2021) calculation.

Biological assets

Income (timber prices) is based on prices from a ten-year average (2012–2021) and then an estimated development during the valuation period with a nominal price increase of 1.75 per cent (1.75) per year; this estimated development may, however, be adjusted when the company forecasts a deviating development in its long-term business 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 years 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 of model assumptions – Forest assets

MSEK	30 June 2022	30 June 2021
Total forest assets		
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 2021	Forest registers as of October 2020
Biological asset		
Discount rate	4.50%	4.50%
Revenues	10-year average	10-year average
Nominal price increase	1.75% 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.

Sensitivity analysis based on key measurement parameters and their impact on Sveaskog's forest assets is described in detail in Sveaskog's annual report for 2021 (Note 14, pages 86–89).

Total forest assets – biological assets and forest land

MSEK

Opening value, 1 January 2021	82,430
Change during the year	419
Closing value, 30 June 2021	82,849
Deferred tax attributable to forest assets	16,995
MSEK	
Opening value, 1 January 2022	85,430
Change during the year	330
Closing value, 30 June 2022	85,760
Deferred tax attributable to forest assets	17,602

Notes

NOTE 2 VALUATION OF FOREST ASSETS, contd.

Biological assets

MSEK

Opening value, 1 January 2021	46,721
	<u> </u>
Acquisition of standing timber	8
Sales of standing timber	-29
Changes due to felling	-695
Changes in fair value	1,140
Closing value, 30 June 2021	47,145
Opening value, 1 January 2022	46,722
Acquisition of standing timber	1
Sales of standing timber	-6
Changes due to felling	-58
Changes in fair value	395
Closing value, 30 June 2022	47,054

Forest land

MSEK

PIOLIC	
Opening value, 1 January 2021	35,709
Acquisition of forest land	28
Sale of forest land	-33
Change in fair value	0
Closing value, 30 June 2021	35,704
Opening value, 1 January 2022	
Acquisition of forest land	38,708
Sale of forest land	2
Change in fair value	-6
Closing value, 30 June 2022	2
	38,706

NOTE 3 FAIR VALUE

The following table shows the Group's assets, liabilities and derivatives measured at fair value:

	Lev	rel 1	Lev	rel 2	Level 3		
MSEK	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021	
ASSETS							
Forest assets							
- Biological assets	-	_	_	_	47,054	46,722	
- Forest land	-	_	_	_	38,706	38,708	
Derivative instruments	-	_	54	3	_	_	
Total assets	0	0	54	3	85,760	85,430	
LIABILITIES							
Non-current liabilities	-	_	5,119	5,611	_	-	
Current liabilities	-	_	3,403	2,655	_	-	
Derivative instruments	-	_	_	40	_	_	
Total liabilities	0	0	8,522	8,306	0	0	

Valuation techniques used to calculate fair values in Level 2

Current liabilities (classification at acquisition date) are measured at book value including accrued interest which is assessed to provide a good approximation of the fair value. The fair value of non-current liabilities (classification at acquisition date) is established using valuation models such as discounting future cash flows at listed market interest rates for the respective term. Derivatives in level 2 consist of interest rate swaps recognised at market value or as hedge accounting. The measurement of the fair value of interest rate swaps is based on swap rates obtained from a financial information system and converted to a zero coupon curve for the measurement. Compared with 2021, no transfers have been made between the different levels in the hierarchy and no significant changes have been made to the measurement method, data used or assumptions.

Measurement techniques used to calculate fair values in Level 3

The valuation technique is shown in Note 2.

Issues

In January to June 2022, Sveaskog issued MSEK 2,850 (2,700) under the commercial paper programme and MSEK 500 (1,100) under the MTN programme.

Other information

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Sveaskog's 2021 annual report (pages 48–52). The war in Ukraine and the subsequent sanctions against Russia cause increased fuel and spare parts costs, which increases the cost of felling. Sveaskog has a strong balance sheet and good liquidity. Sveaskog monitors the situation continuously and evaluates the effects. No other significant changes in addition to those mentioned in this year-end report have occurred since the publication of the annual report.

Significant events after the closing date

No significant events have occurred after the closing date.

Related-party transactions

During the first half of the year, Sveaskog paid a dividend of MSEK 1,300 (850) to the owner. Sveaskog has also received MSEK 315 (24) from the associated companies. No other significant changes have occurred in relationships or transactions with related parties since what was described in the 2021 annual report.

The Board of Directors and CEO hereby confirm that this interim report provides a true and fair overview of the operations of the parent company and the Group, their financial position and performance, as well as a description of the material risks and uncertainties facing the parent company and the Group.

Stockholm, 15 July 2022

Sveaskog AB (publ.) (corp. ID no. 556558-0031)

Kerstin Lindberg Göransson	Anna Belfrage	Marie Berglund
Chairperson	Board member	Board member
Johan Kuylenstierna	Leif Ljungqvist	Sven Wird
Board member	Board member	Board member

Elisabet Salander Björklund Board member

Kenneth Andersson Sara Östh
Employee representative Employee representative

Erik Brandsma President and CEO

The report has not been audited.

Quarterly overview for the Sveaskog Group

Income statements, MSEK

Quarterly overview	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3
Net sales	1,991	1,992	1,888	1,472	1,867	1,693	1,681	1,307
Other operating income	13	42	61	8	33	38	25	8
Operating expenses	-1,604	-1,515	-1,599	-1,201	-1,494	-1,278	-1,364	-1,141
Depreciation/amortisation and impairment	-38	-38	-42	-36	-34	-35	-34	-38
Operating profit from continuing operations	362	481	308	243	372	418	308	136
Capital gains on property disposals	19	3	6	0	21	3	48	6
Share of profit/loss of associates	251	233	167	245	175	80	28	4
Operating profit before change in value of forest assets	632	717	481	488	568	501	384	146
Change in value of forest assets	124	89	-610	113	183	118	12,017	157
Operating profit	756	806	-129	601	751	619	12,401	303
Net financial income/expense	-25	-24	-30	-36	-32	-35	-42	-40
Profit before tax	731	782	-159	565	719	584	12,359	263
Tax	-99	-113	67	-66	-112	-104	-2,527	-55
Earnings	632	669	-92	499	607	480	9,832	208

Balance sheets, MSEK

Quarterly overview	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3
Non-current assets, non-interest-bearing	88,278	88,130	87,751	85,191	84,783	84,382	84,149	38,648
Non-current receivables, interest-bearing	5	5	5	4	4	4	5	4
Inventories	573	722	690	602	601	806	708	563
Current receivables, non-interest-bearing	1,902	1,879	1,821	1,941	2,026	1,856	1,878	2,099
Cash and cash equivalents and interest-bearing receivables	1,475	1,416	1,171	937	1,028	1,613	1,231	978
Total assets	92,233	92,152	91,438	88,675	88,442	88,661	87,971	42,292
Equity	62,611	63,233	62,516	60,237	59,744	59,976	59,493	23,499
Non-interest-bearing liabilities	20,512	20,490	20,308	19,832	19,823	19,798	19,629	10,010
Interest-bearing liabilities	9,110	8,429	8,614	8,606	8,875	8,887	8,849	8,783
Total equity and liabilities	92,233	92,152	91,438	88,675	88,442	88,661	87,971	42,292

Performance measures

Financial KPIs	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3
Dividend yield, % 1, 2	3.3	3.2	2.9	3.8	3.1	2.4	2.4	3.7
Net debt/equity ratio, multiple ¹	0.12	0.11	0.12	0.13	0.13	0.12	0.13	0.33
Equity ratio, %	68	69	68	68	68	68	68	56
Operating capital, MSEK	70,207	70,197	69,920	67,878	67,620	67,277	67,178	31,267
Return on equity, % ²	2.8	2.7	2.4	27.3	26.6	25.8	26.2	5.6
Return on operating capital, % 2	3.0	3.0	2.7	29.0	28.4	28.0	28.2	5.8
Capital turnover rate, operating capital, multiple	0.11	0.11	0.11	0.09	0.11	0.10	0.14	0.17
Interest coverage ratio, multiple ^{2, 3}	19.5	18.1	15.1	12.7	10.1	7.6	7.6	7.9
Operating margin, %	38.0	40.4	-6.9	40.8	40.2	36.6	737.5	23.2
Net interest-bearing debt, MSEK	7,630	7,008	7,438	7,665	7,843	7,270	7,613	7,801
Average interest rate in loan portfolio, %	0.77	0.63	1.32	1.34	1.36	1.36	1.57	1.60
Average net fixed interest period, months	26	28	28	28	33	32	31	33

Other KPIs	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3
Investments, MSEK								
Business acquisitions and investments in shares	_	_	0	0	5	1	0	0
Other investments	31	35	66	63	48	53	88	51
Staff								
Number of employees at the end of the period	716	713	711	705	709	712	713	705
Average number of employees	806	758	825	800	828	778	827	801

¹⁾ The lower dividend yield and net debt/equity ratio from 2020 Q4 and later are primarily due to a new accounting method for valuing forest assets.

²⁾ Rolling 12 months.

³⁾ Operating profit before change in value of forest assets excl. capital gains on property sales plus financial income divided by financial expenses.

Alternative KPIs and definitions

The company presents certain financial measures in the interim 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 metrics 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 metrics that are not defined in accordance with IFRS, unless otherwise stated.

Return on equity

Definition: Reported profit after tax expressed as a percentage of average equity. The Group's definition has not been changed since previous periods.

Comment: Sveaskog considers that the ratio measures the company's annual return on the capital invested in the business by the owner, and thus shows how profitable the company is for its shareholders.

Return on equity	Jul 2021– Jun 2022	Jul 2020– Jun 2021	Full year 2021
Equity OB	59,976	24,057	59,493
Equity CB	62,611	59,744	62,516
Average equity (OB + CB)/2	61,294	41,901	61,005
Profit for the year	1,708	11,127	1,494
Divided by average equity	61,294	41,901	61,005
= Return on equity, %	2.8%	26.6%	2.4%

Return on operating capital

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

The Group's definition has not been changed since previous periods.

Comment: Sveaskog believes that the ratio gives a true and fair picture of the company's return excluding financial assets and financing choices.

Return on operating capital	Jul 2021– Jun 2022	Jul 2020– Jun 2021	Full year 2021
Operating profit	2,034	14,074	1,842
Divided by average operating capital	68,914	49,501	68,549
= Return on operating capital, %	3.0%	28.4%	2.7%

Yield

Definition: Operating profit before change in value of forest assets, excl. capital gains on property sales, divided by average operating capital, excl. deferred tax. The Group's definition has not been changed since previous periods.

Comment: Dividend yield is one of Sveaskog's financial targets. The target is an average dividend yield of at least 4.5 per cent. The target reflects the return on Sveaskog's operating activities excluding the impact of forest valuations and temporary property sales.

Dividend yield	Jul 2021– Jun 2022	Jul 2020– Jun 2021	Full year 2021
Operating profit before change in value of forest assets	2,318	1,599	2,038
Less capital gains on property disposals	-28	-78	-30
Subtotal	2,290	1,521	2,008
Operating capital OB	67,620	31,381	67,178
Operating capital CB	70,207	67,620	69,920
Average operating capital (OB + CB)/2	68,914	49,501	68,549
Subtotal as above	2,290	1,521	2,008
Divided by average operating capital	68,914	49,501	68,549
= Dividend yield, %	3.3%	3.1%	2.9%

The lower dividend yield and net debt/equity ratio are primarily due to a changed accounting method for valuing forest assets.

Capital turnover rate

Definition: Net sales divided by average operating capital.

Comment: Displays Sveaskog's efficiency in relation to the operating capital.

Earnings per share (defined in accordance with IFRS)

Definition: Profit for the year after tax divided by average number of shares during the year.

Comment: Important information for the owner.

Net debt/equity ratio

Definition: Net interest-bearing debt divided by equity, calculated at the end of the year. The Group's definition has not changed compared to previous periods.

Comment: Net debt/equity ratio is one of the ratios for which Sveaskog defines financial targets. The target is a ratio in the range of 0.3–0.6. Sveaskog considers that the ratio reflects the scope for dividends and strategic investments as well as enabling assessments of the Group's ability to fulfil its financial obligations.

Net debt/equity ratio	Jun 2022	Jun 2021	Full year 2021
Net interest-bearing debt	7,630	7,839	7,438
Divided by equity	62,611	59,744	62,516
= Net debt/equity ratio, multiple	0.12	0.13	0.12

Operating capital

Definition: Total assets excluding interest-bearing assets, tax assets and assets held for sale minus non-interest-bearing liabilities and deferred tax liabilities, all calculated at the end of the year. The Group's definition has not changed compared to previous periods.

Comment: Sveaskog calculates operating capital for the key ratios return on operating capital and average operating capital.

Operating capital	Jun 2022	Jun 2021	Full year 2021
Current receivables etc., non-interest bearing	1,874	2,007	1,801
- of which advances to suppliers	232	221	244
- of which tax assets	236	165	101
- of which trade receivables, loans and other receivables	1,406	1,621	1,456
Other current liabilities	1,698	1,664	1,579
- of which tax liabilities	202	198	67
- of which trade and other payables	1,496	1,466	1,512
Balance sheet total	92,233	88,442	91,438
Less interest-bearing assets (cash and cash equivalents)	-1,475	-1,028	-1,171
Less interest-bearing receivables (non-current)	-5	-4	-5
Less tax assets	-236	-165	-101
Less other liabilities and provisions (non-current)	-18,814	-18,159	-18,729
Less contract liabilities	0	0	0
Less trade and other payables	-1,496	-1,466	-1,512
= Operating capital, MSEK	70,207	67,620	69,920

Operating profit from continuing operations

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

Comment: Reflects Sveaskog's operational activities without associates, and property sales and without forest valuation.

Net interest-bearing debt

Definition: Interest-bearing liabilities less interest-bearing assets, all calculated at the end of the year. The Group's definition has not been changed since previous periods.

Comment: Sveaskog calculates net interest-bearing debt for the performance measure net debt/equity ratio.

Net interest-bearing debt	Jun 2022	Jun 2021	Full year 2021
Interest-bearing assets (cash and cash equivalents and non-current receivable)	1,480	1,032	1,176
Interest-bearing liabilities and provisions (non-current)	-5,623	-6,883	-5,849
Interest-bearing liabilities (current)	-3,487	-1,988	-2,765
= Net interest-bearing debt, MSEK	-7,630	-7,839	-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 has not been changed since previous periods.

Comment: Sveaskog considers that the ratio shows the company's ability to cover its financial expenses (interest, etc.).

Interest coverage ratio	Jul 2021– Jun 2022	Jul 2020– Jun 2021	Full year 2021
Financial items in the income statement	-115	-149	-133
- of which financial income	3	2	0
- of which financial expenses	-117	-151	-133
Operating profit before change in value of forest assets	2,318	1,599	2,038
Less capital gains on property disposals	-28	-78	-30
Plus financial income	3	2	0
Subtotal	2,293	1,523	2,008
Divided by financial expenses	117	151	133
= Interest coverage ratio, multiple	19.5	10.1	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 has not been changed since previous periods.

Comment: Sveaskog considers that this performance measure shows how large a share of the company's assets is financed with equity and indicates the company's sensitivity to interest rate fluctuations.

Equity ratio	Jun 2022	Jun 2021	Full year 2021
Equity	62,611	59,744	62,516
Divided by total assets	92,233	88,442	91,438
= Equity ratio, %	68%	68%	68%

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