

# Interim report

January – June 2021

# Q2

“The market for  
sawlogs continues  
to develop strongly.”

  
**SVEASKOG**

Net sales

**MSEK 3,560**

MSEK 3,609 January–June previous year

Operating profit from  
continuing operations

**MSEK 790**

MSEK 676 January–June previous year

The result of the period

**MSEK 1,087**

MSEK 827 January–June previous year

## SIGNIFICANT EVENTS

- The market situation for the Swedish forest industry continues to develop strongly, with Sveaskog being an important supplier of wood raw materials.
- In connection with the Annual General Meeting, the sustainable forestry programme approved by the Board of Directors was launched as part of the company's long-term focus.
- Sveaskog is starting a finance company to meet the needs of Sweden's forest contractors.
- The ongoing pandemic has a limited impact on our operations and our profit.

## 1 APRIL – 30 JUNE 2021

➤ **Net sales** increased by three per cent to MSEK 1,867 (1,808). Total delivery volumes increased by three per cent, while average prices of wood raw materials remained unchanged.

➤ **Operating profit** increased by 77 per cent to MSEK 372 (210). The increased profit is primarily due to increased volume from Sveaskog's own forest and a new method for valuing forest assets. The new method means that costs for reforestation, MSEK 120, from this year are recognised in the item change in value of forest assets. Aside from the new method, the underlying profit is higher than in the previous year (see more on pages 10 and 11).

➤ **The reported net change in value** of standing timber amounted to MSEK 183 (154).

➤ **Profit for the quarter** amounted to MSEK 607 (312), equivalent to SEK 5.13 (2.64) per share.

MSEK	3 months, Apr–Jun			6 months, Jan–Jun			12 months		
	2021	2020	%	2021	2020	%	Jul 2020– Jun 2021	2020	%
Net sales	1,867	1,808	3%	3,560	3,609	-1%	6,548	6,597	-1%
Operating profit from continuing operations	372	210	77%	790	676	17%	1,234	1,120	10%
Change in value of forest assets	183	154	19%	301	307	-2%	12,475	12,481	0%
Operating profit	751	434	73%	1,370	1,117	23%	14,074	13,821	2%
Profit before tax	719	394	82%	1,303	1,046	25%	13,925	13,668	2%
Profit for the period	607	312	95%	1,087	827	31%	11,127	10,867	2%
Cash flow from operating activities	217	18	1,106%	565	53	966%	1,135	623	82%
Earnings per share, SEK	5.13	2.64	94%	9.18	6.98	32%	93.98	91.78	2%

## KPIs<sup>1</sup>, Group

	6 months, Jan–Jun		12 months	
	2021	2020	Jul 2020– Jun 2021	2020
Dividend yield, % (target at least 4.5%) <sup>1, 2</sup>	3.1	4.3	3.1	2.4
Net debt/equity ratio, multiple (target 0.3–0.6) <sup>1</sup>	0.13	0.32	0.13	0.13
Return on operating capital, % <sup>2</sup>	28.4	6.4	28.4	28.2
Return on equity, % <sup>2</sup>	26.6	6.1	26.6	26.2
Interest coverage ratio, multiple <sup>2, 3</sup>	10.1	9.4	10.1	7.6
Equity ratio, %	68	57	68	68
Net interest-bearing debt, MSEK	7,843	7,556	7,843	7,613
Average number of employees	828	820	828	827
Total delivery volume, thousand m <sup>3</sup> sub	5,595	5,641	10,583	10,629

1) The lower dividend yield and net debt/equity ratio for the quarter 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.

## 1 JANUARY – 30 JUNE 2021

➤ **Net sales** decreased by one per cent to MSEK 3,560 (3,609). Total delivery volumes were down by one per cent, while average prices of wood raw materials remained unchanged.

➤ **Operating profit** increased by 17 per cent to MSEK 790 (676). The increased profit is primarily due to a new method for valuing forest assets. The new method means that costs for reforestation, MSEK 127, from this year are recognised in the item change in value of forest assets (see more on pages 10 and 11).

➤ **The reported net change** in value of standing timber was MSEK 301 (307).

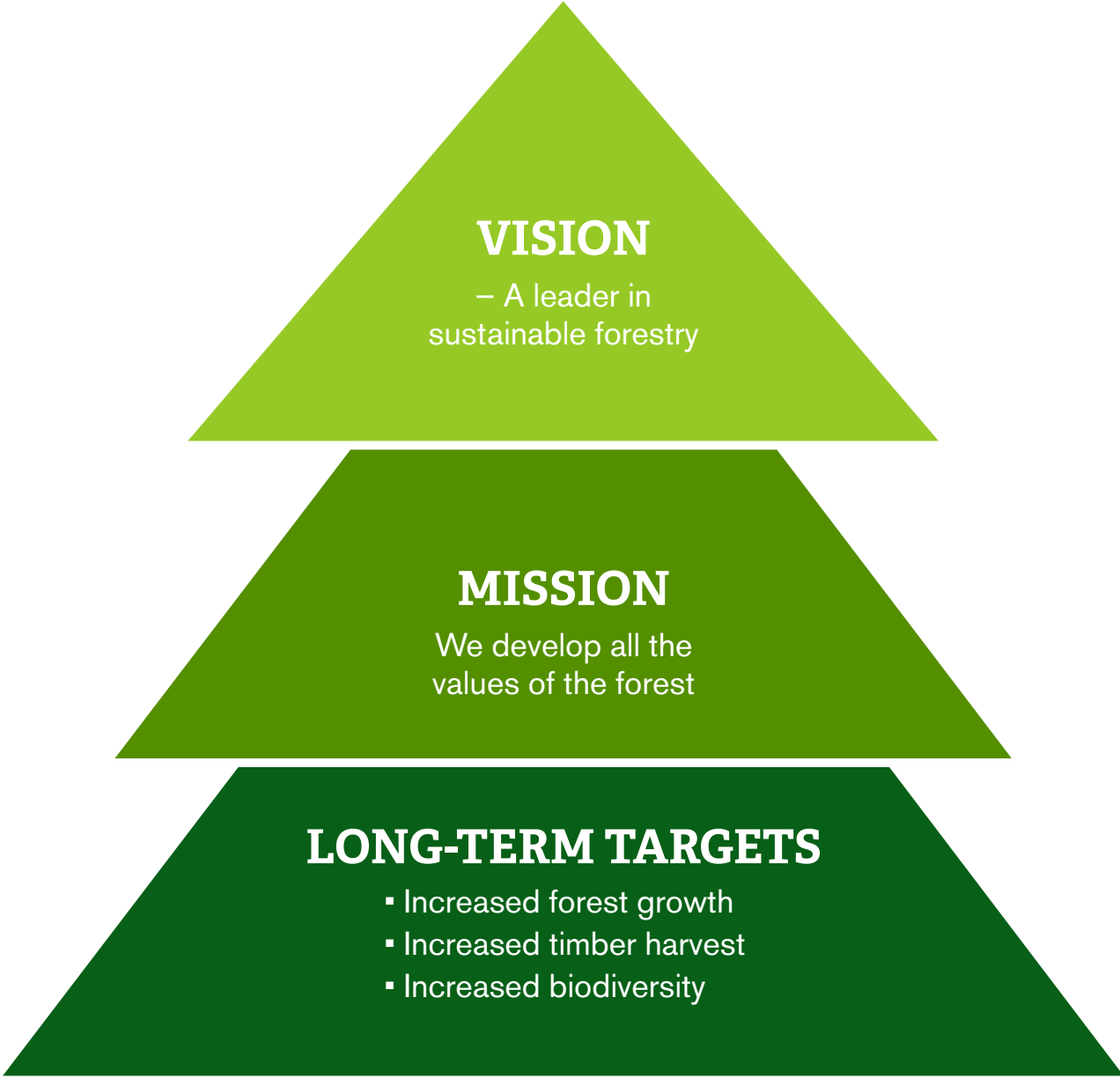
➤ **Profit for the period** amounted to MSEK 1,087 (827), equivalent to SEK 9.18 (6.98) per share.

# About Sveaskog

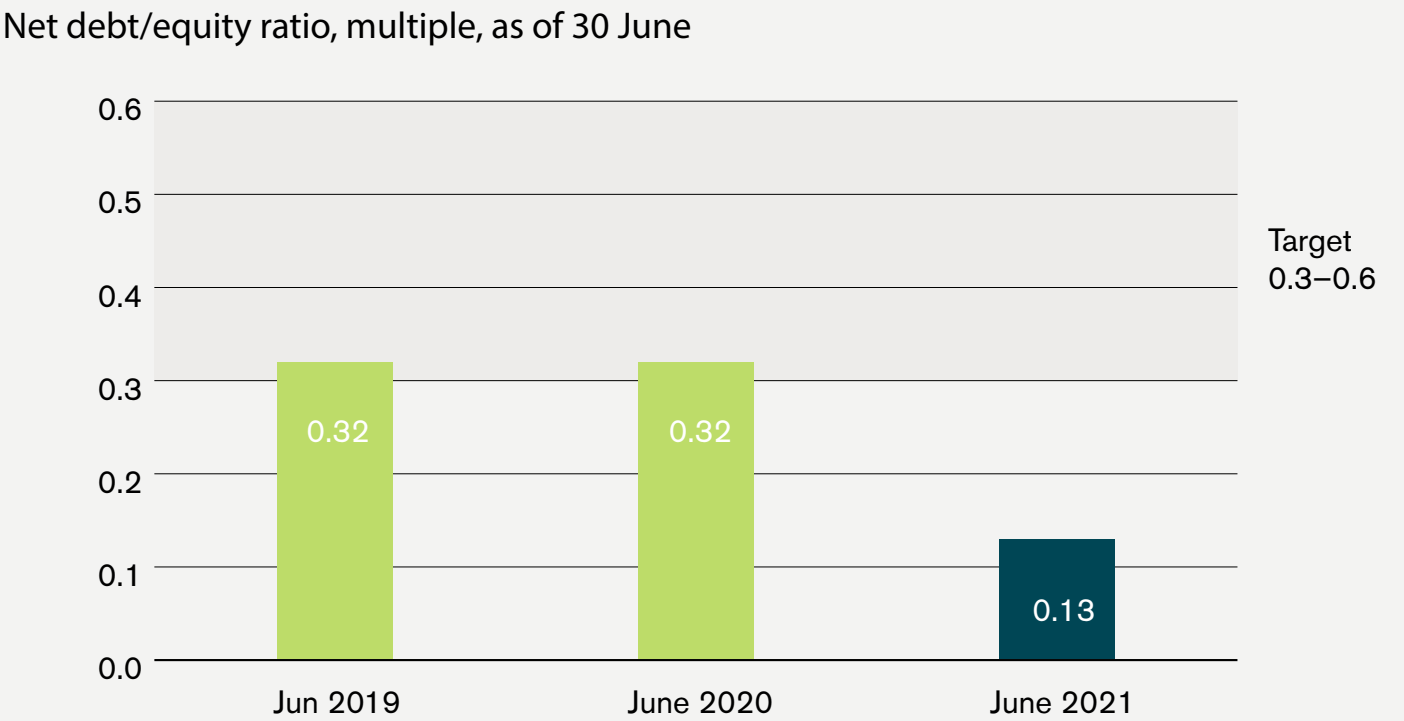
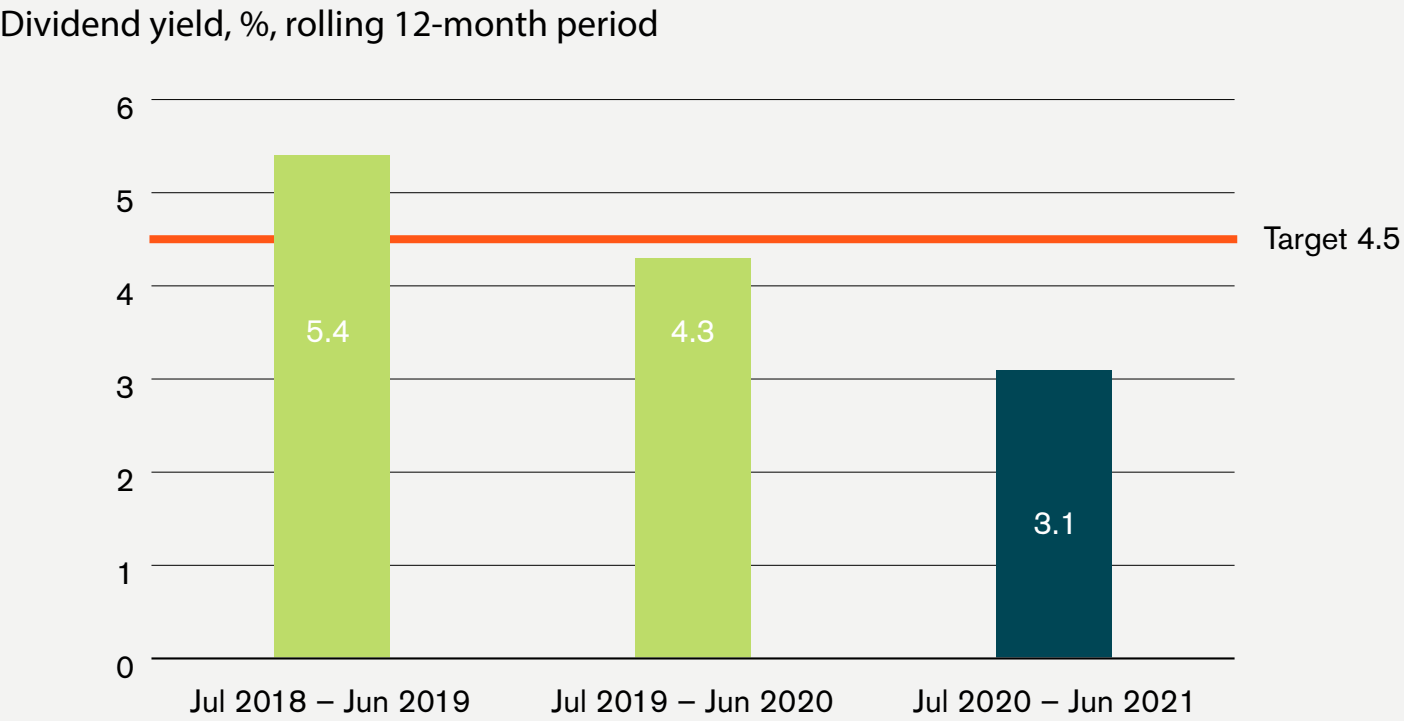
Sveaskog, a state-owned company, is the largest forest owner in Sweden. The company owns 14 per cent of Sweden's forests, operates in approximately 170 municipalities and has over 800 employees around the country.

Sveaskog's core business is utilisation of the forest, and we supply 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 throughout the entire world. Sveaskog also deals in land and develops the forest as a place for fishing, hunting and other outdoor experiences.

Sveaskog is to be a leader in the development of sustainable forestry. This involves, among other things, sustainable and secure deliveries of renewable raw materials to our customers, and contributing to both Agenda 2030 and national environmental and climate goals. Sveaskog manages the forest with the ambition of developing economic, ecological and social values. Our forests are certified according to both FSC and PEFC standard, and we require certification 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



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**

As part of its financial targets, Sveaskog aims to pay a regular dividend representing 65–90 per cent of consolidated earnings after tax excluding non-cash changes in the value of standing timber before tax. Dividends are paid provided that the Group's capital structure target (net debt/equity ratio) after the dividend falls within the target range, and taking account of the Group's strategy and investment needs.

	2018	2019	2020
Dividend, MSEK	1,100	1,100	850
Percentage of basis for dividends, %	82	88	89

# CEO's comments

## Rising timber prices

Our operating profit during the first half of the year profit amounted to MSEK 790 (676); the increased profit is primarily due to a new method for valuing forest assets. The new method means that costs for reforestation, MSEK 127, from this year are recognised in the item change in value of forest assets. Apart from the new method, the profit is in line with the previous year. The average price of timber deliveries from own forests is slightly higher than the corresponding period last year when timber prices are higher while pulpwood prices are lower. Our deliveries in the first half of the year amounted to 5.59 million m<sup>3</sup>sub. This is one per cent lower than the corresponding period last year, which amounted to 5.64 million m<sup>3</sup>sub.

## Continued good market

The market situation remains very good for the Swedish forest industry, especially for sawmills where prices for sawn timber products have exceeded previous price records by a margin; furthermore, prices are continuing to rise. Stocks of wood products are very low. The prices of market pulp are at a record level but stable, and in some markets prices have fallen slightly. The very stable market situation for sawn timber products will have a positive effect on timber prices before the autumn. Despite very good profitability in the pulp industry, the price of pulpwood

has remained fairly stable during the first half of the year due to a large supply of pulpwood and cellulose chips.

## Approval of sustainable forestry programme

In April, Sveaskog's Board of Directors approved a sustainable forestry programme. Sveaskog wants to use the programme to combine continued high-volume and reliable timber delivery with large-scale efforts to increase biodiversity. We want to contribute in a meaningful way to achieving the Swedish environmental goals, the Paris Agreement and the EU's biodiversity goals. The activities we carry out aim to increase biodiversity and increase resilience to climate impact in forests and forest land.

When Sveaskog started work on the long-term focus in the winter of 2020, one of the starting points was that the threat to the world's biodiversity is as acute as the climate threat and that climate action cannot take precedence over biodiversity action. Forest land with reinforced biodiversity is also more sensitive to climate change.

As a first phase, we have decided to implement measures in three parts of the forest landscape over the next five years: The managed forests, the water in the forest and the high conservation value forests. These measures will be followed up on an ongoing basis and reported. Read more on page 7 and what we have done during the quarter on page 8.

**“Program for sustainable forestry with large-scale efforts for increased biodiversity.”**



**Sveaskog starts a finance company to support forest contractors**

Sweden’s forest contractors need custom financing solutions in order to develop a capital-intensive industry. To do this, we at Sveaskog have established a finance company with the aim of offering contractors leasing of forestry machines. Our new long-term focus creates the conditions for sustainable forestry. One important criterion is that there are economically viable forest contractors working with modern, efficient and gentle technology.

**Comments on and background to nature conservation areas and sold land**

During the spring, questions were asked about Sveaskog’s nature conservation areas and the claim that we include sold land in our nature conservation areas. I want to make it clear that what we report to the authorities is only land that Sveaskog owns. However, there was an error in what we published on our website, sveaskog.se. A map function displayed incorrect data and files with ecological landscape plans con-

tained data that had not been updated. Neither the map function nor the files form the basis of the statistics reported by Sveaskog.

**The coronavirus pandemic affects the way we work**

We have been dealing with the coronavirus pandemic for a little over a year. Last spring, we faced great uncertainty and planned for a number of different scenarios. It is a fact that the pandemic has lasted longer than we could have foreseen and has resulted in a different way of working. Our core business has been able to conducted during this period without major impact.

**Per Matses,  
President and CEO**







# Market situation and wood deliveries

The markedly strong market situation for sawmills and the pulp and paper industry continued during the second quarter of the year. In particular, sawn timber products are showing a very strong demand and price trend, with price record after price record being broken. Production in the sawmill industry is at the level permitted by capacity, and stocks are at a record low. The market is being driven by a big global construction boom in terms of both professional construction and the DIY market.

## Sawmills

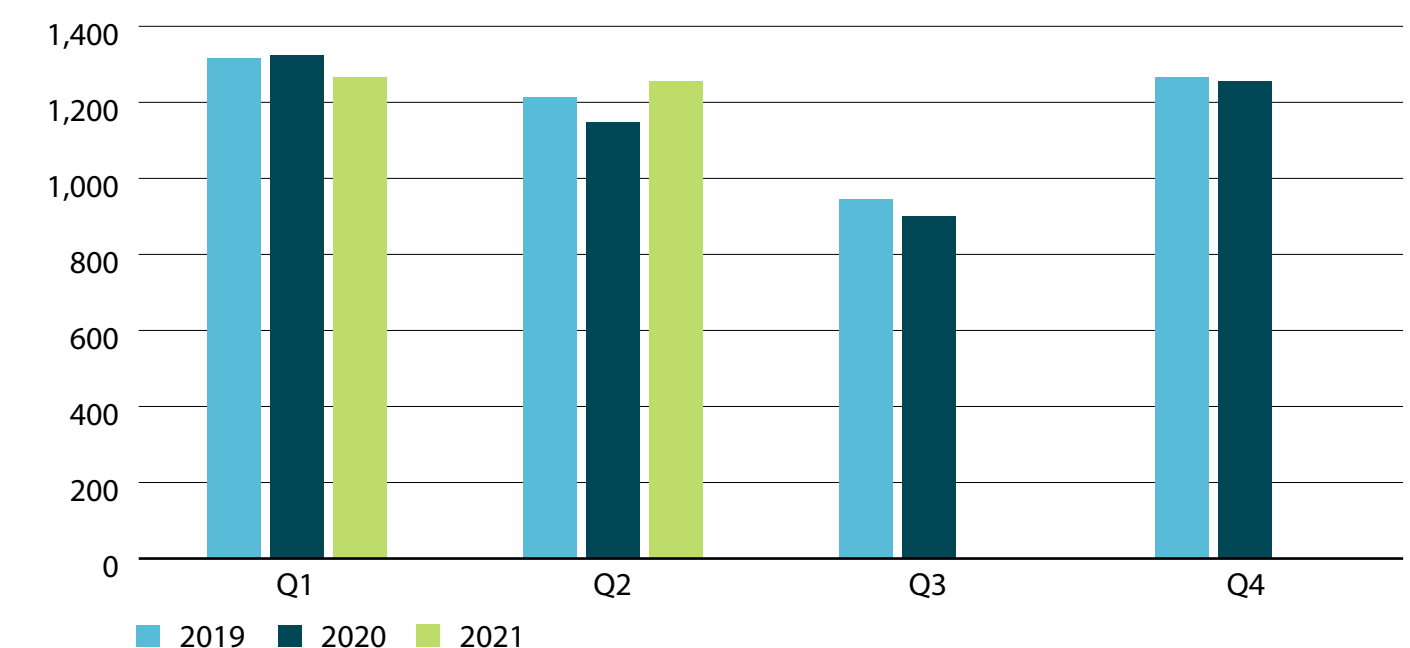
The market trend that started last year, with increasing demand for sawn timber products, has continued throughout the first half of the year and is now at an all-time high. In addition, according to the forest industries, 8 out of 10 sawmill companies surveyed believe that the price will continue to rise over the next three months. The sawmills' order books are filled well into the fourth quarter and there is nothing to indicate a slowdown. Stimulus packages in various countries as a result of the coronavirus pandemic have boosted construction, and the DIY market is experiencing very strong demand due to private customers prioritising home improvements to a greater extent while it has not been possible to travel for holidays. The US market has been the driving force behind this development, especially for spruce products. Several other markets that are important for the Swedish sawmill industry, such as the UK, the rest of Europe and the Middle East/North Africa, are also

showing high demand, which has led to pine products mirroring spruce products in the price trend.

Given this development, the demand for timber is very strong, with price increases during the autumn as a result.

The biggest challenge for sawmills right now is finding sufficient outlets for sawdust. The price of the by-products is falling and the need to find new customers, for example for export, or in the worst case store these products if this is possible, is great. There are examples of sawmills that have been forced to limit production due to this.

**Delivery volume, sawlogs, thousand m<sup>3</sup>sub**



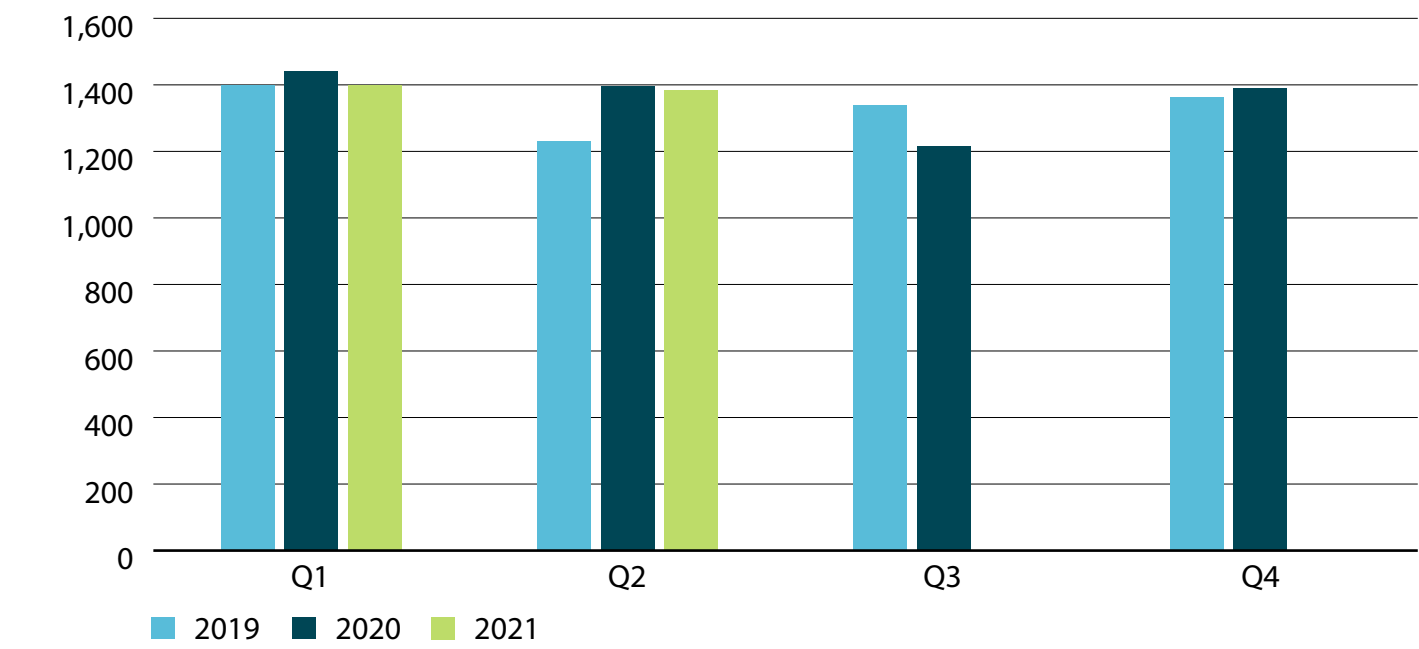
During the second quarter, Sveaskog delivered 1,257 thousand m<sup>3</sup>sub (1,148) of sawlogs, an increase of nine per cent on the same period last year. For the period July 2020 to June 2021, deliveries amounted to 4,680 thousand m<sup>3</sup>sub (4,686).



The pulp and paper industry

The pulp and paper industry is also showing a strong trend, especially with regard to market pulp. Printing and writing paper continue to show a negative trend and this has only accelerated during the pandemic due to increased digitalisation. The price trend for market pulp has been strong since before the beginning of the year; the price increase is around 40 per cent and is now stabilising at a high level. China has an important role to play in terms of the price of market pulp on the world market, and the situation there is unpredictable. The price of sack paper has also shown a good trend, with a big construction boom, among other things, contributing due to high demand for cement delivered in paper sacks.

Delivery volume, pulpwood and woodchips, thousand m³sub



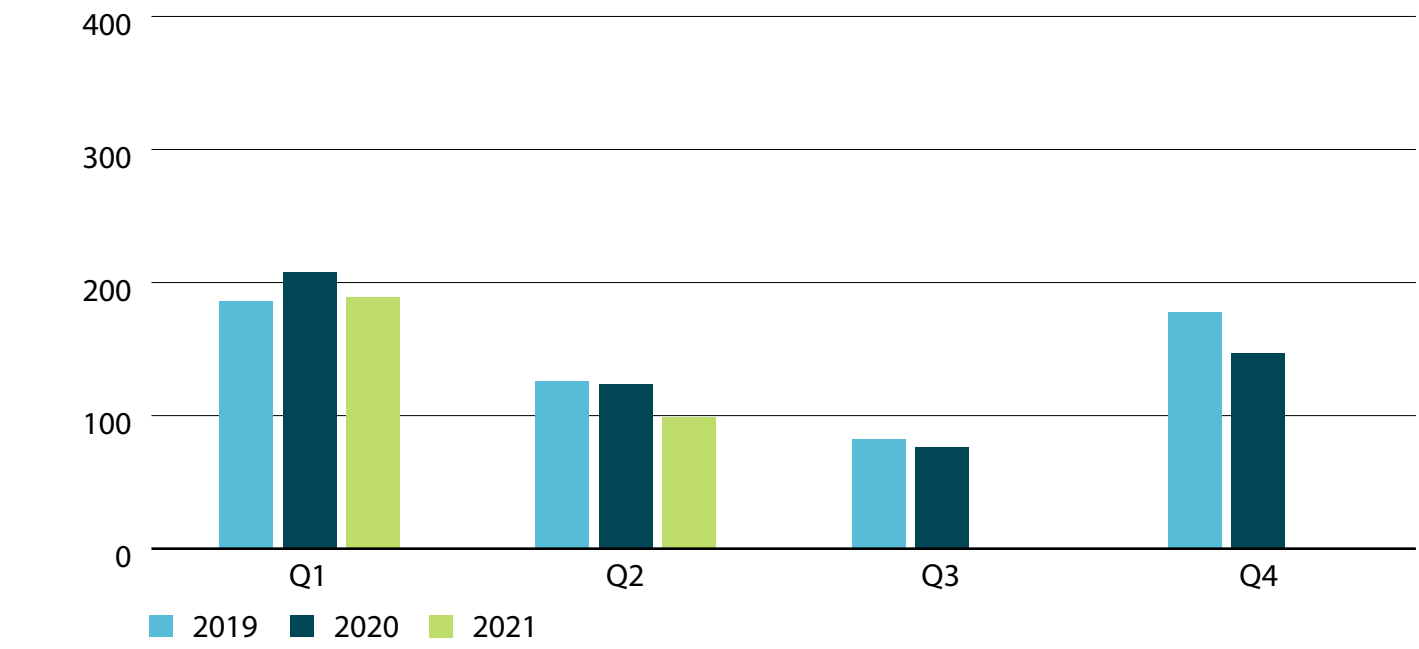
In the second quarter, Sveaskog delivered 1,384 thousand m³sub (1,395) of pulpwood and woodchips, which is a decrease of one per cent on the same period last year. For the period July 2020 to June 2021, deliveries amounted to 5,392 thousand m³sub (5,538).

The biofuel market

The biofuel market is characterised by a surplus due to high sawmill activity, which generates a lot of sawdust, and spruce bark drill damage, which generates large quantities of damaged timber that becomes fuel wood. These by-products must find outlets on the market. In addition, a trend can be noted where biofuel use is reduced as a result of increased waste incineration, increased competition from heat pumps, energy-efficiency improvements and milder winters.

This pushes down the volume and price of forest fuel, especially branches and tree tops. However, some tree-top customers want to continue to use tree tops to have a functioning fuel supply even in times of reduced sawmill activity with smaller volumes of by-products. To reduce the surplus of fuel wood in areas affected by spruce bark drill, Sveaskog has entered into agreements with customers in both the fibre industry in Norrland and the sawmill industry in Germany, where there is a demand for wood damaged by the spruce bark drill.

Delivery volume biofuel, thousand m³sub



During the second quarter, Sveaskog delivered 99 thousand m³sub (124) of biofuel, which is a decrease of 20 per cent on the same period last year. For the period July 2020 to June 2021, deliveries amounted to 510 thousand m³sub (591).





# Sveaskog launches sustainable forestry programme

Sveaskog wants to be a leader in sustainable forestry with the ambition of spearheading the EU-wide strategy for biodiversity in Sweden. Sveaskog wants to contribute in a meaningful way to achieving the Swedish environmental goals, the Paris Agreement and the EU's climate goals.

A warmer climate entails an increased risk of damage to the forest due to storms, droughts and fires, which in turn entails a risk of increased insect infestations. Several species of ungulates that migrate further north are another example of the effects of a changing climate. To meet climate change, Sveaskog must develop forestry and strengthen biodiversity.

Sveaskog's long-term focus means a paradigm shift. We work with concrete measures to adapt the climate to the forest, secure timber deliveries and increase biodiversity - in the short and long term.

As a first phase, Sveaskog has launched a sustainable forestry programme that focuses on three main areas of the forest landscape: the managed forests, the water in the forest and the high conservation value forests. In this way, Sveaskog will continue to supply raw materials while contributing to national environmental goals, Agenda 2030 and EU climate and biodiversity goals, all in accordance with the state's ownership policy.

## Sustainable forestry programme



### The managed forests

- Optimal plant choice for a changing climate
- New programme for functional ecology considerations
- Continuous cover forestry in the managed parts of the most visited ecoparks
- Initiatives for improved coexistence with the reindeer husbandry industry
- More cleaning and thinning in the reindeer husbandry area
- Limited continuous cover forestry in some areas and locations based on landscape impact



### The water in the forest

- Wetland program: 100 new wetlands
- Restore 10 running watercourses



### The high conservation value forests

- Harmonisation with national and EU goals
- Extended nature conservation programme
- Increased investment in deciduous forests
- Continuity forests in Northwest Sweden

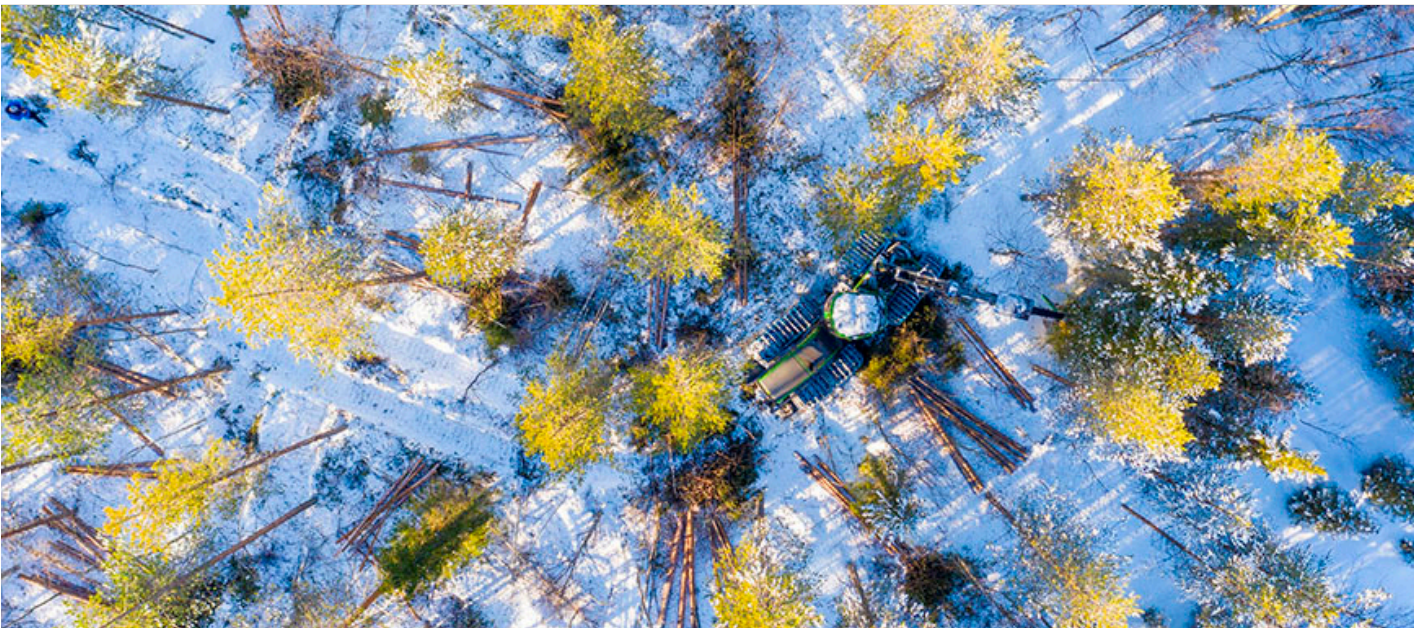
Read more on our website [www.sveaskog.se](http://www.sveaskog.se)



# Sveaskog and sustainable forestry

## – Activities during the quarter

Sveaskog has a long-term strategy to assume a leading position in the field of sustainable forestry, with the following main strategic targets: increased forest growth, increased biodiversity and increased timber harvest. These are targets that contribute to sustainable development, both nationally and internationally.



### The managed forests

#### Investment in deciduous forest

In Götaland, 65 hectares, or 140,000 deciduous plants, have been planted. Of these, 130,000 are birch. In Kolleberga in Skåne, 25,000 birch seedlings were planted across six objects during the second quarter, with the rest spread across Götaland. Mainly pure birch stands, from small to slightly larger, where most are production forests.

In Åsele in Västerbotten, as in several other places, Sveaskog has saved deciduous trees for natural regeneration during regeneration felling. Deciduous trees, together with other considerations for nature and the newly planted pines, form a varied forest that is better able to withstand various climate changes.

In Ekopark Fjätälven in southern Norrland Sveaskog has ensured variation in the forest landscape by creating objects with dead wood

with girdling and high stumps to benefit species that depend on dead trees for their survival. One species that benefits from dead wood is, for example, the three-toed woodpecker, which is an umbrella species. An umbrella species is species that is an “umbrella” for other sensitive species, and by taking measures to conserve the umbrella species, other sensitive species are also protected.

#### New tool for integrated planning

Most of Sveaskog’s forest land in Northern Sweden is in reindeer-herding areas. In order to improve the dialogue with the reindeer husbandry industry, a new digital tool (samplanering.se) has been developed. It provides a basis for joint landscape planning and will be developed in collaboration with the reindeer husbandry industry. Training in the tool samplanering.se has begun for Sveaskog’s own staff. Introduction will take place continuously in the Sámi villages in connection with the implementation of integrated planning.



### The water in the forest

#### Wetlands

During the quarter, we planned and consulted with authorities for a large wetland object in Österfärnebo in Gästrikland and for seven wetland objects in Malingsbo-Kloten in the borderland between Dalarna and Västmanland in order to start work during the summer.

#### European water project

Sveaskog is an active partner in the EU project Ecostreams for LIFE. The project started in 2021 and will continue until 2026. It is run by the County Administrative Boards of Jämtland, Västernorrland and Västerbotten. A number of different water systems are included in the project, and during the quarter Sveaskog planned activities to address a number of migration barriers in watercourses that are part of the Öre River with tributaries.



### High conservation value forests

#### Controlled burns

At the beginning of the summer, Sveaskog carried out two controlled burns in Ejheden Ekopark, located in Dalarna, covering a total of 106 hectares. Ejheden’s pine-dominated forests are very suitable for nature conservation using fire, and since it is an ecopark, this can also be done over large areas. The burns in 2021 are a good continuation of the large controlled burn carried out in the ecopark in 2018, which at that time was one of the largest controlled burns ever carried out in Sweden.



# The Sveaskog Group

## Condensed income statement

	3 months, Apr–Jun		6 months, Jan–Jun		12 months	
MSEK	2021	2020	2021	2020	Jul 2020– Jun 2021	2020
Net sales (Note 1)	1,867	1,808	3,560	3,609	6,548	6,597
Other operating income (Note 1)	33	25	71	68	104	101
Raw materials and consumables	-551	-505	-1,089	-1,050	-2,015	-1,976
Change in inventories	-85	-152	-17	-89	200	128
Other external costs	-689	-774	-1,340	-1,481	-2,849	-2,990
Personnel costs	-169	-154	-326	-304	-613	-591
Depreciation	-34	-38	-69	-77	-141	-149
Operating profit from continuing operations	372	210	790	676	1,234	1,120
Capital gains on property disposals	21	58	24	109	78	163
Share of profit/loss of associates	175	12	255	25	287	57
Operating profit before change in value of forest assets	568	280	1,069	810	1,599	1,340
Change in value of forest assets (Note 2)	183	154	301	307	12,475	12,481
Operating profit	751	434	1,370	1,117	14,074	13,821
Financial items	-32	-40	-67	-71	-149	-153
Profit before tax	719	394	1,303	1,046	13,925	13,668
Tax	-112	-82	-216	-219	-2,798	-2,801
Profit/loss for the period/year	607	312	1,087	827	11,127	10,867
Earnings per share in SEK before and after dilution	5.13	2.64	9.18	6.98	93.98	91.78
– 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, Apr–Jun		6 months, Jan–Jun		12 months	
MSEK	2021	2020	2021	2020	Jul 2020– Jun 2021	2020
Profit/loss for the period/year	607	312	1,087	827	11,127	10,867
Other comprehensive income						
Components that will not be reversed in profit or loss						
Change in value in land assets (Note 2)	0	–	0	–	32,949	32,949
Tax on change in value in land assets	0	-	11	–	–6,786	–6,797
Actuarial gains/losses relating to pensions	–	–	–	–	–10	–10
Tax on actuarial gains/losses	–	–	–	–	2	2
Components that may be reversed in profit or loss						
Currency differences	0	-2	1	0	–1	-2
Other comprehensive income from associates	9	34	-16	-1	-1	14
Tax on other comprehensive income from associates	-2	-8	4	0	1	-3
Cash flow hedges	5	-2	18	-11	28	-1
Tax attributable to cash flow hedges	-1	0	-4	2	-6	0
Total other comprehensive income for the period/year, net after tax	11	22	14	-10	26,176	26,152
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	618	334	1,101	817	37,303	37,019



# The Sveaskog Group

## Comments on the income statement

### 1 April – 30 June 2021

#### Net sales

Net sales increased by three per cent to MSEK 1,867 (1,808). Total delivery volumes increased by three per cent, while average prices of wood raw materials remained unchanged. The sales of wood raw materials amounted to 2,740 thousand cubic metres (m³sub) (2,667).

#### Earnings

Operating profit increased by 77 per cent to MSEK 372 (210). The change is primarily attributable to a higher volume from Sveaskog's own forest and a new method for valuing forest assets that was introduced at the end of the year. The new method means that costs for reforestation, MSEK 120, from this year are recognised in the item change in value of forest assets and are an adaptation of the accounting method that other large forest companies apply. Despite the new method, the underlying profit is higher than the previous year. Higher prices from Sveaskog's own forest have been offset by increased costs for forests management and nature conservation (see more on page 11).

Capital gains from property sales were MSEK 21 (58). Share of profits of associates amounted to MSEK 175 (12), the improvement compared with the previous year is mainly due to an improved result in the associated company Setra. The net change in the reported value of standing timber amounted to MSEK 183 (154). After the change in value of forest assets, operating profit amounted to MSEK 751 (434). Financial items in the quarter were net MSEK -32 (-40). Profit before tax amounted to MSEK 719 (394). Tax amounted to MSEK -112 (-82). Profit for the quarter increased by 95 per cent to MSEK 607 (312).

### 1 January – 30 June 2021

#### Net sales

Net sales decreased by one per cent to MSEK 3,560 (3,609). Total deliveries were down by one per cent, while average prices of wood raw materials remained unchanged. The sales of wood raw materials amounted to 5,595 thousand cubic metres, (m³sub) (5,641).

#### Earnings

Operating profit increased by 17 per cent to MSEK 790 (676). The improvement is primarily due to a new accounting method for valuing forest assets introduced at the end of the year. The new method means that costs for reforestation, MSEK 127, from this year are recognised in the item change in value of forest assets. Apart from the new method, the profit is in line with the previous year. Higher prices from Sveaskog's own forest have been offset by increased costs for forests management and nature conservation (see more on page 11).

Capital gains from property sales were MSEK 24 (109). Share of profits of associates amounted to MSEK 255 (25), the improvement compared to the previous year is mainly due to an improved result in the associated company Setra. The net change in the reported value of standing timber amounted to MSEK 301 (307). After the change in value of forest assets, operating profit amounted to MSEK 1,370 (1,117). Net financial items during the first half of the year were MSEK -67 (-71). Profit before tax amounted to MSEK 1,303 (1,046). Tax amounted to MSEK -216 (-219). Profit for the period increased by 31 per cent to MSEK 1,087 (827).



# The Sveaskog Group

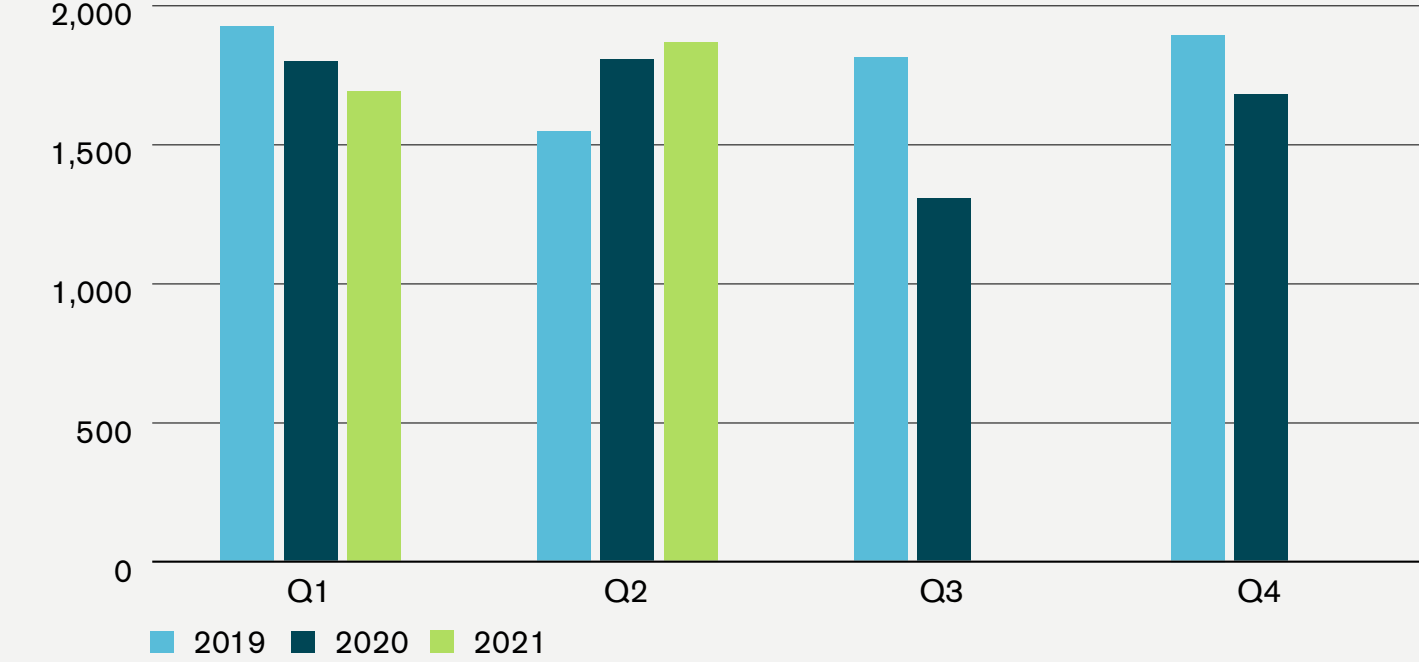
Change in net sales, MSEK

	Q2	Jan–Jun
2020	1,808	3,609
Price, wood raw materials	1	-7
Delivery volume, wood raw materials	52	-37
Concessions, seedlings and other sales	6	-5
2021	1,867	3,560

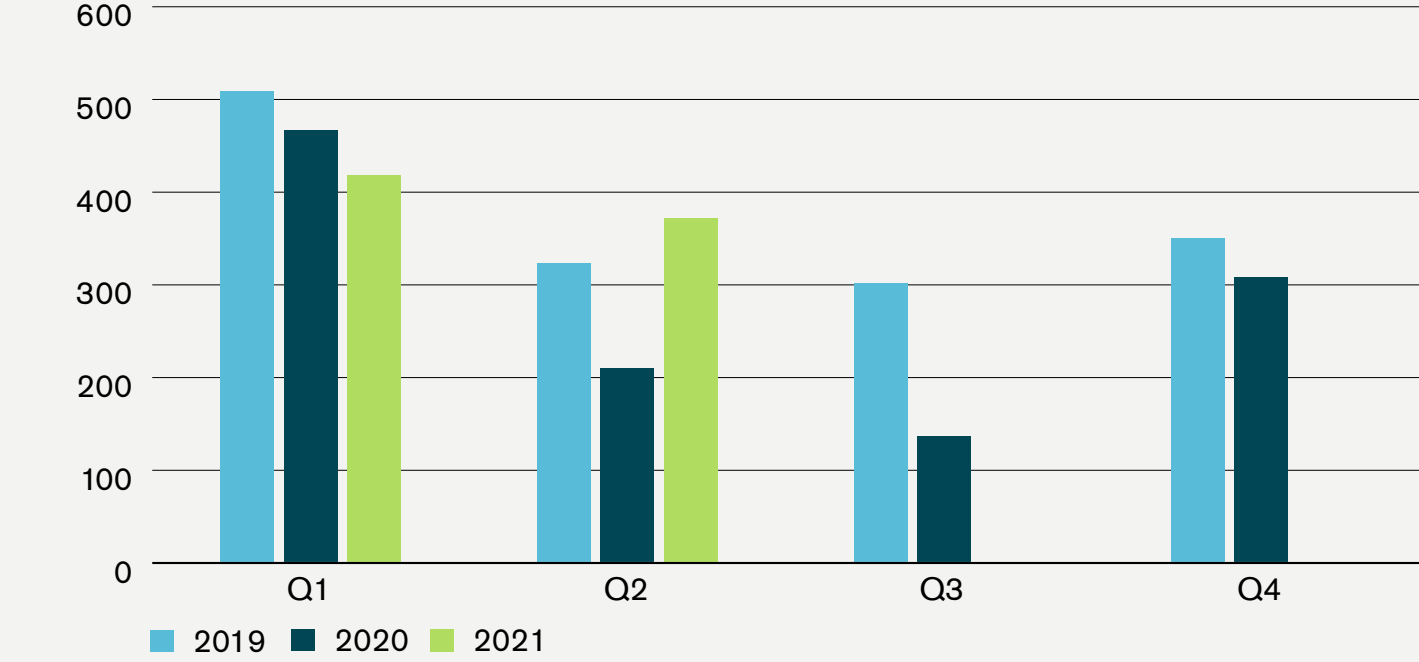
Change in operating profit from continuing operations, MSEK

	Q2	Jan–Jun
2020	210	676
Price, own wood raw materials	23	20
Volume and change in inventories, own wood raw materials	57	-5
Unit cost felling	-8	-3
Forest management and nature conservation	-21	-21
Svenska Skogsplantor	0	7
Earnings from externally procured wood raw materials	-9	-11
Other property transactions¹	0	-13
Reclassification of reforestation costs	120	127
Other	0	13
2021	372	790
1) Other property transactions relate to a combination of:		
All future concessions	2	-3
Sale of non-forest land	-2	-10
Other property transactions	0	-13

Net sales, MSEK



Operating profit from continuing operations, MSEK





# The Sveaskog Group

## Condensed balance sheet

MSEK	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS (NOTE 3)			
Non-current assets			
Intangible assets	173	147	164
Right-of-use assets	152	128	163
Forest assets (Note 2, 3)	82,849	36,856	82,430
– of which land assets	35,704	2,722	35,709
– of which biological assets	47,145	34,134	46,721
Other property, plant and equipment	595	587	597
Non-current financial assets, non-interest-bearing	1,014	773	795
Long-term interest-bearing receivables	4	4	5
Total non-current assets	84,787	38,495	84,154
Current assets			
Inventories	601	484	708
Contract assets	19	16	14
Current receivables etc., non-interest bearing	2,007	2,306	1,864
Cash and cash equivalents	1,028	836	1,231
Total current assets	3,655	3,642	3,817
TOTAL ASSETS	88,442	42,137	87,971
EQUITY AND LIABILITIES			
Equity			
59,744	23,841	59,493	
Non-current liabilities (Note 3)			
Interest-bearing liabilities and provisions	6,883	6,324	6,213
Other liabilities and provisions	18,159	8,557	18,086
Total non-current liabilities	25,042	14,881	24,299

MSEK	30 Jun 2021	30 Jun 2020	31 Dec 2020
Current liabilities (Note 3)			
Interest-bearing liabilities and provisions	1,992	2,072	2,636
Contract liabilities	0	2	1
Other liabilities and provisions	1,664	1,341	1,542
Total current liabilities	3,656	3,415	4,179
Total liabilities	28,698	18,296	28,478
TOTAL EQUITY AND LIABILITIES	88,442	42,137	87,971

## Condensed statement of changes in equity

MSEK	Jan–Jun 2021	Jan–Jun 2020	Full year 2020
Opening equity, 1 January			
59,493	23,574	23,574	
Total comprehensive income	1,101	817	37,019
Dividend paid according to Annual General Meeting resolution	-850	-550	-1,100
CLOSING EQUITY AT END OF PERIOD/YEAR	59,744	23,841	59,493



# The Sveaskog Group

## Condensed cash flow statement

MSEK	Jan–Jun 2021	Jan–Jun 2020	Full year 2020
Operating activities			
Operating profit	1,370	1,117	13,821
Non-cash items etc.	-637	-373	-12,653
Interest received, etc.	0	0	2
Interest paid	-66	-71	-138
Tax paid	-179	-203	-163
Cash flow from operating activities before changes in working capital	488	470	869
Changes in working capital	77	-417	-246
Cash flow from operating activities	565	53	623
Investing activities			
Investment in non-current assets	-101	-125	-264
Investment in shares	-6	-7	-7
Dividends from associates	24	0	12
Sale of non-current assets	129	229	331
Sale of shares	2	0	0
Cash flow from investing activities	48	97	72
Financing activities			
Dividend paid	-850	-550	-1,100
Borrowings	3,800	6,810	9,285
Repayment of loans	-3,766	-6,688	-8,763
Cash flow from financing activities	-816	-428	-578
CASH FLOW FOR THE PERIOD/YEAR	-203	-278	117
Cash and cash equivalents at the beginning of the year	1,231	1,114	1,114
Cash and cash equivalents at the end of the period/year	1,028	836	1,231

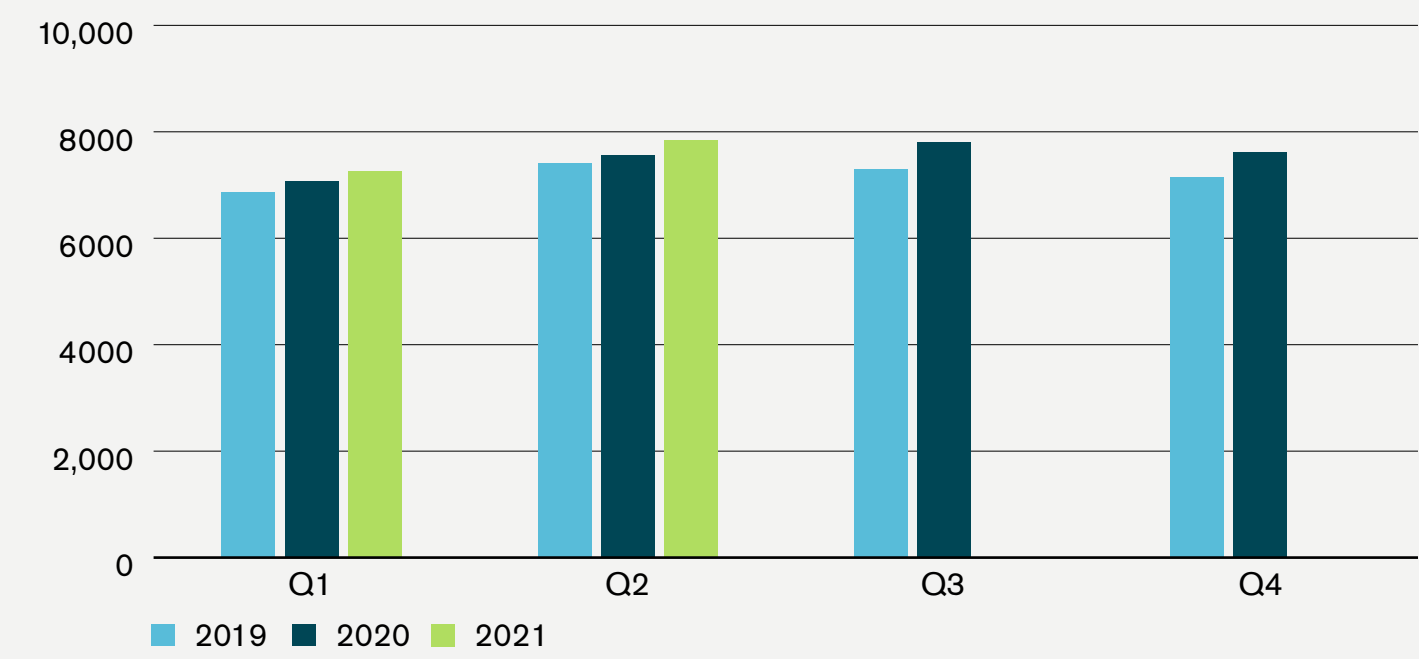
## Comments on the balance sheet and cash flow

The cash flow from operating activities for the first half of the year amounted to MSEK 565 (53). The increase is attributable to both an improved operating profit and a reduced working capital. Investments in non-current assets, mainly forest properties and forest machines, amounted to MSEK 101 (125) while investments in shares amounted to MSEK 6 (7). Sales of non-current assets, mainly forest properties, were MSEK 129 (229). Dividends from associates have been received amounting to MSEK 24 (0) and sales of shares amounting to MSEK 2 (0). Dividends to the owner have been paid amounting to MSEK 850 (MSEK 550 Q2 and MSEK 550 Q3).

Sveaskog's net interest-bearing debt amounted to MSEK 7,843 (7,556) 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 1,350 (975), which is refinanced on an ongoing basis. The outstanding volume under the MTN programme at 30 June was MSEK 6,190 (6,090), of which green bonds accounted for MSEK 4,900 (4,800). The lowest average net fixed interest period during the first half of the year was around 28 months (31).

The net debt/equity ratio was 0.13 (0.32).  
The interest coverage ratio was 10.1 (9.4) and the gross borrowing cost was 1.36 (1.59) per cent.

### Net interest-bearing debt, MSEK





# Quarterly overview for the Sveaskog Group

## Income statements, MSEK

Quarterly overview	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3
Net sales	1,867	1,693	1,681	1,307	1,808	1,801	1,813	1,547
Other operating income	33	38	25	8	25	43	35	12
Operating expenses	-1,494	-1,278	-1,364	-1,141	-1,585	-1,339	-1,458	-1,220
Depreciation/amortisation and impairment	-34	-35	-34	-38	-38	-39	-40	-38
Operating profit from continuing operations	372	418	308	136	210	466	350	301
Capital gains on property disposals	21	3	48	6	58	51	87	18
Share of profit/loss of associates	175	80	28	4	12	13	-30	-6
Operating profit before change in value of forest assets	568	501	384	146	280	530	407	313
Change in value of forest assets	183	118	12,017	157	154	153	-27	154
Operating profit	751	619	12,401	303	434	683	380	467
Net financial income/expense	-32	-35	-42	-40	-40	-31	-38	-33
Profit before tax	719	584	12,359	263	394	652	342	434
Tax	-112	-104	-2,527	-55	-82	-137	-70	-94
Earnings	607	480	9,832	208	312	515	272	340

## Balance sheets, MSEK

Quarterly overview	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3
Non-current assets, non-interest-bearing	84,783	84,382	84,149	38,648	38,491	38,304	38,164	38,087
Non-current receivables, interest-bearing	4	4	5	4	4	4	4	3
Inventories	601	806	708	563	484	664	576	563
Current receivables, non-interest bearing	2,026	1,856	1,878	2,099	2,322	2,075	1,691	1,982
Cash and cash equivalents and interest-bearing receivables	1,028	1,613	1,231	978	836	1,092	1,114	1,071
Total assets	88,442	88,661	87,971	42,292	42,137	42,139	41,549	41,706
Equity	59,744	59,976	59,493	23,499	23,841	24,057	23,574	23,289
Non-interest-bearing liabilities	19,823	19,798	19,629	10,010	9,900	9,909	9,708	10,047
Interest-bearing liabilities	8,875	8,887	8,849	8,783	8,396	8,173	8,267	8,370
Total equity and liabilities	88,442	88,661	87,971	42,292	42,137	42,139	41,549	41,706

## KPIs

Financial KPIs	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3
Dividend yield, % <sup>1, 2</sup>	3.1	2.4	2.4	3.7	4.3	4.7	4.9	5.4
Net debt/equity ratio, multiple <sup>1</sup>	0.13	0.12	0.13	0.33	0.32	0.29	0.30	0.31
Equity ratio,%	68	68	68	56	57	57	57	56
Operating capital, MSEK	67,620	67,277	67,178	31,267	31,381	31,100	30,736	30,655
Return on equity, % <sup>2</sup>	26.6	25.8	26.2	5.6	6.1	6.5	6.7	12.8
Return on operating capital, % <sup>2</sup>	28.4	28.0	28.2	5.8	6.4	6.8	6.8	12.6
Capital turnover rate, operating capital, multiple	0.11	0.10	0.14	0.17	0.23	0.24	0.24	0.20
Interest coverage ratio, multiple <sup>2, 3</sup>	10.1	7.6	7.6	7.9	9.4	10.6	11.6	11.3
Operating margin, %	40.2	36.6	737.5	23.2	24.0	37.9	20.9	30.2
Net interest-bearing debt, MSEK	7,843	7,270	7,613	7,801	7,556	7,077	7,149	7,296
Average interest rate in loan portfolio, %	1.36	1.36	1.57	1.60	1.59	1.61	1.39	1.42
Average net fixed interest period, months	33	32	31	33	37	36	36	38

Other KPIs	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3
Investments, MSEK								
Business acquisitions and investments in shares	5	1	0	0	0	7	0	0
Other investments	48	53	88	51	72	52	219	63
Staff								
Number of employees at the end of the period	709	712	713	705	699	689	682	668
Average number of employees	828	778	827	801	820	791	807	780

- 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.



# Parent company

## Condensed income statement

MSEK	3 months, Apr–Jun		6 months, Jan–Jun		12 months	
	2021	2020	2021	2020	Jul 2020–Jun 2021	2020
Operating income	13	34	31	92	40	101
Operating expenses	0	0	–1	–1	–3	–3
Operating profit	13	34	30	91	37	98
Financial items <sup>1</sup>	-81	-81	-164	-161	7,666	7,669
Profit/loss before appropriations and tax	-68	-47	-134	-70	7,703	7,767
Group contributions	–	–		–	399	399
Provisions to untaxed reserves	–	–	–	–	–87	–87
Profit before tax	-68	-47	-134	-70	8,015	8,079
Tax	14	10	28	15	-43	-56
PROFIT/LOSS FOR THE PERIOD/YEAR	-54	-37	-106	-55	7,972	8,023

1) In 2020, the parent company received dividends from subsidiaries.

## Condensed balance sheet

MSEK	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS			
Non-current assets			
Tangible non-current assets	39	43	40
Total property, plant and equipment	39	43	40
Non-current financial assets			
Shares in Group companies	24,934	24,934	24,934
Receivables from Group companies, interest-bearing	800	1,200	1,200
Total non-current financial assets	25,734	26,134	26,134
Total non-current assets	25,773	26,177	26,174
Current assets			
Current receivables etc., non-interest bearing	146	178	8,604
Receivables from Group companies, interest-bearing	1,500	539	489
Cash and cash equivalents	0	0	0
Total current assets	1,646	717	9,093
TOTAL ASSETS	27,419	26,894	35,267
EQUITY AND LIABILITIES			
Equity	12,434	5,863	13,390
Untaxed reserves	157	70	157
Non-current liabilities			
Interest-bearing non-current liabilities	6,432	5,882	5,732
Total non-current liabilities	6,432	5,882	5,732
Current liabilities			
Interest-bearing liabilities and provisions	8,278	14,986	15,836
Other liabilities and provisions	118	93	152
Total current liabilities	8,396	15,079	15,988
TOTAL EQUITY AND LIABILITIES	27,419	26,894	35,267



# Parent company

## Condensed statement of changes in equity

MSEK	Jan–Jun 2021	Jan–Jun 2020	Full year 2020
Opening equity, 1 January	13,390	6,467	6,467
Dividend paid according to Annual General Meeting resolution	-850	-550	-1,100
Profit/loss for the period/year	-106	-55	8,023
CLOSING EQUITY AT END OF PERIOD/YEAR	12,434	5,862	13,390

## Condensed cash flow statement

MSEK	Jan–Jun 2021	Jan–Jun 2020	Full year 2020
Cash flow from operating activities	7,296	-763	-916
Cash flow from investing activities	13	588	591
Cash flow from financing activities	-7,309	175	325
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



# The Sveaskog Group and associated companies



**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 31 (92), of which MSEK 11 (85) was accounted for by capital gains from sales of forest land. The loss after financial items amounted to MSEK -134 (-70). 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 2,713 (2,203). The operating profit amounted to MSEK 619 (59). 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 952 per cent to MSEK 238 (25). Sveaskog's share of Setra Group's other comprehensive income amounted to MSEK -12 (-1).

**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 965 (700). The operating profit amounted to MSEK 104 (5). The profit improvement is primarily an effect of increased production through expanded capacity. Sveaskog's share of the company's profit increased by 6,833 per cent to MSEK 20.5 (0.3).

**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 2021 reports the share of the associate's profit/loss for the period September 2020 up to and including May 2021, while the figures for the previous year cover the period from September 2019 – March 2020. Net sales for this period amounted to MSEK 127 (165) and the operating loss for the same period amounted to MSEK -17 (-0.4). Sveaskog's share of the company's profit or loss amounted to MSEK -3.3 (-0.4).



# Notes

### Accounting principles

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

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

### Forest assets

Accounting policies for forest assets are described in detail in Sveaskog's Annual Report 2020, Note 14 on pages 77–80. For Q2 2021, see Note 2.

### NOTE 1 REVENUES FROM CONTRACTS WITH CUSTOMERS

MSEK	Jan–Jun 2021	Jan–Jun 2020	Jul 2020 – Jun 2021	Full year 2020
Sawlogs	1,718	1,616	3,118	3,016
Pulpwood and woodchips	1,345	1,478	2,660	2,793
Biofuel	80	81	139	140
Seedlings	211	194	318	301
Other	62	102	130	170
<b>Total revenue from contracts with customers</b>	3,416	3,471	6,365	6,420
Of which IFRS 15 in net sales	3,415	3,470	6,360	6,415
Lease income	145	139	188	182
<b>Total net sales</b>	3,560	3,609	6,548	6,597
Of which IFRS 15 in other operating income	1	1	5	5
Capital gains etc.	70	67	99	96
<b>Total other operating income</b>	71	68	104	101
<b>Date of revenue recognition</b>				
Goods and services transferred to customers on a specific date	3,375	3,407	6,270	6,302
Goods and services transferred to customers over time	41	64	95	118

Sveaskog has unsatisfied performance obligations for sales contracts with a term of more than 12 months of MSEK 3,237 (3,911). 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 15.121. 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 4,198 (4,638) reported for last year, MSEK 402 (608) referred to January–June 2021.

### NOTE 2 VALUATION OF FOREST ASSETS

The book value of Sveaskog's forest assets as of 30 June 2021 has been calculated at MSEK 82,849 (36,856), of which MSEK 47,145 (34,134) refers to the fair value of the standing timber and MSEK 35,704 (2,722) refers to the cost of the land. The change in the balance sheet since the previous year is MSEK 419 (233) 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 (2011-2020). 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 (5.75), 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 277 million cubic metres of forest (239), 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 m<sup>3</sup>sub per year. This level is estimated to remain relatively unchanged until 2033, after which it can be gradually increased to approximately 6.8 million m<sup>3</sup>sub by 2063. It is then expected that the level can be increased further to 7.2–7.9 million m<sup>3</sup>sub. In 2020, approximately 54 per cent (56) of the volume, Sveaskog's own forest, was sold as sawlogs to sawmills and 41 per cent (40) 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 tree tops, which are primarily used as fuel wood; this volume is not included in the measurement.

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 (2015–2019).

Timber stocks per million cubic metres of forest are based on Sveaskog's forest registers and refer to the most recent (October 2020) calculation.

*Biological assets*

Revenues (timber prices) are based on prices from a 10-year average (2011–2020) and then an estimated trend during the valuation period with a nominal price increase of 1.75 per cent (1.75) a year, but this estimated development may be 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 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 – Biological assets**

MSEK	30 June 2021	30 June 2020
Valuation price per cubic metre of forest in SEK	5 year average	–
Timber stocks per million cubic metres of forest	Forest registers as at October 2020	–
Discount rate	4.50%	5.75%
Revenues	10 year average	10 year average
Nominal price increase	1.75% per year	1.75% per year
Costs	Normal cost <sup>1)</sup>	Normal cost <sup>1)</sup>
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 2020 (note 14, pages 77–80).

**Forest assets**

MSEK	
Fair values	
Opening value, 1 January 2020	36,623
Change during the year	233
Closing value, 30 June 2020	36,856
Deferred tax attributable to forest assets	7,516
MSEK	
Fair values	
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



# Notes

**NOTE 2 VALUATION OF FOREST ASSETS, contd.**

**Biological assets**

MSEK	
Fair values	
Opening value, 1 January 2020	33,900
Acquisition of standing timber	1
Sales of standing timber	-74
Changes due to felling	-642
Changes in fair value	949
Closing value, 30 June 2020	34,134
Opening value, 1 January 2021	46,721
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

**Forest land**

MSEK	
2020 cost/2021 fair value	
Opening value, 1 January 2020	2,723
Acquisition of forest land	2
Sale of forest land	-3
Closing value, 30 June 2020	2,722
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

**NOTE 3 FAIR VALUE**

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

MSEK	Level 1		Level 2		Level 3	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
ASSETS						
Forest assets						
– Biological assets	-	–	–	-	47,145	46,721
– Forest land	-	–	–	-	35,704	35,709
Derivative instruments	-	–	3	1	–	-
Total assets	-	–	3	1	82,849	82,430
LIABILITIES						
Non-current liabilities	-	-	6,654	5,970	-	-
Current liabilities	-	-	1,907	2,566	-	-
Derivative instruments	-	-	41	73	-	-
Total liabilities	-	-	8,602	8,609	-	-

**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 2020, no transfers have been made between the different levels in the hierarchy and no significant changes have been made to the measurement method, data used or assumptions.

**Valuation techniques used to calculate fair values in Level 3**

The valuation technique is described in Note 2.

**Issues**

In January to June 2021, Sveaskog issued MSEK 2,700 (4,630) under the commercial paper programme and MSEK 1,100 (1,700) under the MTN programme.



# Other information

**Risks and uncertainties**

For a description of risks, uncertainties and risk management, please refer to Sveaskog's 2020 annual report (pages 40–43). The ongoing coronavirus pandemic is having a major impact on the global economy. 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 interim 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, MSEK 850 (MSEK 550 Q2 and MSEK 550 Q3) was paid as a dividend to the owner. No other significant changes have occurred in relationships or transactions with related parties since what was described in the 2020 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, 16 July 2021  
Sveaskog AB (publ.) (corp. ID no. 556558-0031)

Eva Färnstrand  
Chairman of the Board  
  
Kerstin Lindberg Göransson  
Director  
  
Elisabet Salander Björklund  
Director  
  
Kenneth Andersson  
Employee representative

Marie Berglund  
Director  
  
Christina Lindbäck  
Director

Per Matses  
President and CEO

Johan Kuylenstierna  
Director  
  
Leif Ljungqvist  
Director  
  
Sven Wird  
Director  
  
Sara Östh  
Employee representative

The report has not been audited.





# 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 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:** 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 2020 – Jun 2021	Jul 2019 – Jun 2020	Full year 2020
Equity OB	24,057	22,963	23,574
Equity CB	59,744	23,841	59,493
Average equity (OB + CB)/2	41,901	23,402	41,534
Profit for the year	11,127	1,439	10,867
Divided by average equity	41,901	23,402	41,534
= Return on equity, %	26.6%	6.1%	26.2%

### 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 the ratio gives a true and fair picture of the company's return excluding financial assets and financing choices.

Return on operating capital	Jul 2020 – Jun 2021	Jul 2019 – Jun 2020	Full year 2020
Operating profit	14,074	1,964	13,821
Divided by average operating capital	49,501	30,927	48,957
= Return on operating capital, %	28.4%	6.4%	28.2%

### Dividend 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 2020 – Jun 2021	Jul 2019 – Jun 2020	Full year 2020
Operating profit before change in value of forest assets	1,599	1,530	1,340
Less capital gains on property disposals	-78	-214	-163
Subtotal	1,521	1,316	1,177
Operating capital OB	31,381	30,473	30,736
Operating capital CB	67,620	31,381	67,178
Average operating capital (OB + CB)/2	49,501	30,927	48,957
Subtotal as above	1,521	1,316	1,177
Divided by average operating capital	49,501	30,927	48,957
= Dividend yield, %	3.1%	4.3%	2.4%

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

### Capital turnover rate

**Definition:** Net sales divided by average operating capital.

### Net earnings per share

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

### Net debt/equity ratio

**Definition:** Net interest-bearing debt divided by equity, calculated at the end of the period/year. The Group's definition has not been changed since 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 2021	Jun 2020	Full year 2020
Net interest-bearing debt	7,843	7,556	7,613
Divided by equity	59,744	23,841	59,493
= Net debt/equity ratio, multiple	0.13	0.32	0.13



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

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

Operating capital	Jun 2021	Jun 2020	Full year 2020
Current receivables etc., non-interest bearing	2,007	2,306	1,864
– of which advances to suppliers	221	200	187
– of which tax assets	165	235	38
– of which trade receivables, loans and other receivables	1,621	1,871	1,639
Other current liabilities	1,664	1,341	1,542
– of which tax liabilities	198	219	110
– of which trade and other payables	1,466	1,122	1,432
Balance sheet total	88,442	42,137	87,971
Less interest-bearing assets (cash and cash equivalents)	-1,028	-836	-1,231
Less interest-bearing receivables (non-current)	–4	–4	–5
Less tax assets	-165	-235	-38
Less other liabilities and provisions (non-current)	-18,159	-8,557	-18,086
Less contract liabilities	0	-2	-1
Less trade and other payables	-1,466	-1,122	-1,432
<b>= Operating capital, MSEK</b>	<b>67,620</b>	<b>31,381</b>	<b>67,178</b>

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.

Net interest-bearing debt

**Definition:** Interest-bearing liabilities minus interest-bearing assets, all calculated at the end of the period/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 2021	Jun 2020	Full year 2020
Interest-bearing assets (cash and cash equivalents and non-current receivable)	1,032	840	1,236
Interest-bearing liabilities and provisions (non-current)	-6,883	-6,324	-6,213
Interest-bearing liabilities (current)	-1,992	-2,072	-2,636
<b>= Net interest-bearing debt, MSEK</b>	<b>-7,843</b>	<b>-7,556</b>	<b>-7,613</b>

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 2020 – Jun 2021	Jul 2019 – Jun 2020	Full year 2020
Financial items in the income statement	-149	-142	-153
– of which financial income	2	-3	2
– of which financial expenses	-151	-139	-155
Operating profit before change in value of forest assets	1,599	1,530	1,340
Less capital gains on property disposals	-78	-214	-163
Plus financial income	2	-3	2
Subtotal	1,523	1,313	1,179
Divided by financial expenses	151	139	155
<b>= Interest coverage ratio, multiple</b>	<b>10.1</b>	<b>9.4</b>	<b>7.6</b>

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 period/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 2021	Jun 2020	Full year 2020
Equity	59,744	23,841	59,493
Divided by total assets	88,442	42,137	87,971
<b>= Equity ratio, %</b>	<b>68%</b>	<b>57%</b>	<b>68%</b>



# Contact

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## Financial calendar

Interim report January – June 2021	16 July 2021
Interim report January – September 2021	26 October 2021
Year-end report 2021	27 January 2022

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