

## Alternative performance measures

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.

### 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 performance measures return on operating capital and average operating capital.

	Jun 2020	Jun 2019	Full year 2019
Current receivables etc., non-interest bearing	2,306	1,889	1,677
- of which advance payments to suppliers	200	251	165
- of which tax assets	235	97	34
- of which trade receivables, loans and other receivables	1,871	1,541	1,478
Current: other liabilities	1,341	1,541	1,193
- of which tax liabilities	219	187	47
- of which trade payables and other liabilities	1,122	1,354	1,146
Total assets	42,137	41,362	41,549
Less interest-bearing assets (cash and cash equivalents)	-836	-999	-1,114
Less interest-bearing receivables (non-current)	-4	-3	-4
Less tax assets	-235	-97	-34
Less other liabilities and provisions (non-current)	-8,557	-8,435	-8,513
Less contract liabilities	-2	-1	-2
Less trade and other payables	-1,122	-1,354	-1,146
<b>= Operating capital, MSEK</b>	<b>31,381</b>	<b>30,473</b>	<b>30,736</b>

### 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.

	Jul 2019 – Jun 2020	Jul 2018 – Jun 2019	Full year 2019
Operating profit before change in value of forest assets	1,530	1,831	1,694
Less capital gains on property disposals	-214	-229	-185
Subtotal	1,316	1,602	1,509
Operating capital OB	30,473	28,943	30,440
Operating capital CB	31,381	30,473	30,736
Average operating capital (OB + CB)/2	30,927	29,708	30,588
Subtotal as above	1,316	1,602	1,509
Divided by average operating capital	30,927	29,708	30,588
<b>= Dividend yield, %</b>	<b>4.3%</b>	<b>5.4%</b>	<b>4.9%</b>

## Alternative performance measures, cont.

### 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 key ratio net debt/equity ratio.

	Jun 2020	Jun 2019	Full year 2019
Interest-bearing assets (cash and cash equivalents and non-current receivable)	840	1,002	1,118
Interest-bearing liabilities and provisions (non-current)	-6,324	-5,633	-5,642
Interest-bearing liabilities (current)	-2,072	-2,789	-2,625
<b>Net interest-bearing debt, MSEK</b>	<b>-7,556</b>	<b>-7,420</b>	<b>-7,149</b>

### 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.

	Jun 2020	Jun 2019	Full year 2019
Net interest-bearing debt	7,556	7,420	7,149
Divided by equity	23,841	22,963	23,574
<b>= Net debt/equity ratio, multiple</b>	<b>0.32</b>	<b>0.32</b>	<b>0.30</b>

### 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.

	Jul 2019 – Jun 2020	Jul 2018 – Jun 2019	Full year 2019
Operating profit	1,964	3,679	2,093
Divided by average operating capital	30,927	29,708	30,588
<b>= Return on operating capital, %</b>	<b>6.4%</b>	<b>12.4%</b>	<b>6.8%</b>

### 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.

	Jul 2019 – Jun 2020	Jul 2018 – Jun 2019	Full year 2019
Equity OB	22,963	21,249	23,145
Equity CB	23,841	22,963	23,574
Average equity (OB + CB)/2	23,402	22,106	23,360
Profit for the year	1,439	2,813	1,558
Divided by average equity	23,402	22,106	23,360
<b>= Return on equity, %</b>	<b>6.1%</b>	<b>12.7%</b>	<b>6.7%</b>

## Alternative performance measures, cont.

### 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.)

	Jul 2019 – Jun 2020	Jul 2018 – Jun 2019	Full year 2019
Financial items in the income statement	-142	-160	-130
- of which financial income	-3	-22	0
- of which financial expenses	-139	-138	-130
Operating profit before change in value of forest assets	1,530	1,831	1,694
Less capital gains on property disposals	-214	-229	-185
Plus financial income	-3	-22	0
Subtotal	1,313	1,580	1,509
Divided by financial expenses	139	138	130
<b>= Interest coverage ratio, multiple</b>	<b>9.4</b>	<b>11.5</b>	<b>11.6</b>

### 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 the 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.

	Jun 2020	Jun 2019	Full year 2019
Equity	23,841	22,963	23,574
Divided by total assets	42,137	41,362	41,549
<b>= Equity ratio, %</b>	<b>57%</b>	<b>56%</b>	<b>57%</b>