

Year-end report

January–December 2022

“Continued increase in timber prices despite volume decrease from own forest.”

Net sales

MSEK 7,760

Operating profit from continuing operations

MSEK 1,366

Profit for the period

MSEK 1,979



1 OCTOBER–31 DECEMBER 2022

- **Net sales increased** by 8 per cent to MSEK 2,044 (1,888). Timber prices increased by an average of 16 per cent, while delivery volumes decreased by seven per cent. Transfers, seedlings and other sales decreased by one per cent.
- **The operating profit** decreased by 18 per cent to MSEK 254 (308). Higher timber prices have been offset by lower volumes from Sveaskog's own forest, as well as increased costs for felling and roads. And a worse result in nursery operations.
- **Share of profit or loss of associates** amounted to a loss of MSEK 28 (profit: 167).
- **The reported net change** in value of biological assets amounted to MSEK 179 (–610).
- **Profit for the quarter** amounted to MSEK 288 (loss: 92), equivalent to SEK 2.43 (–0.78) per share.

1 JANUARY – 31 DECEMBER 2022

- **Net sales increased** by 12 per cent to MSEK 7,760 (6,920). Timber prices increased by an average of 15 per cent, while delivery volumes decreased by three per cent.
- **Operating profit increased** by ten per cent to MSEK 1,366 (1,341). Higher timber prices were offset by lower volumes from own forest and higher felling and road costs.
- **Share of profits of associates** amounted to MSEK 574 (667).
- **The reported net change in value** of biological assets amounted to MSEK 499 (–196).
- **Profit for the period amounted to** MSEK 1,979 (1,494), equivalent to SEK 16.71 (12.62) per share.

SIGNIFICANT EVENTS

- Russia's invasion of Ukraine continues to affect Sveaskog with increased costs mainly for felling, but also with increased timber revenues.

MSEK	3 months Oct–Dec			12 months		
	2022	2021	%	2022	2021	%
Net sales	2,044	1,888	8%	7,760	6,920	12%
Operating profit from continuing operations	254	308	–18%	1,366	1,341	2%
Share of profit/loss of associates	–28	167	–117%	574	667	–14%
Change in value in biological assets	179	–610	n/a	499	–196	n/a
Operating profit/loss	406	–129	n/a	2,465	1,842	34%
Profit/loss before tax	365	–159	n/a	2,339	1,709	37%
Profit/loss for the period	288	–92	n/a	1,979	1,494	32%
Cash flow from operating activities	247	245	1%	1,065	1,033	3%
Earnings per share, SEK	2.43	–0.78	n/a	16.71	12.62	32%

KPIs¹, Group

	12 months	
	2022	2021
Net debt/equity ratio, multiple (target 0.05–0.30)	0.11	0.12
Return on adjusted operating capital (excl. deferred tax), % (target >2.5%) ^{1,2}	4.9	5.2
Return on adjusted operating capital excluding equity participation in associates (& deferred tax), % (target >2.5 %) ^{1,2}	3.6	3.6
Return on equity, % ²	3.1	2.4
Interest coverage ratio, multiple ^{2,3}	14.5	15.1
Equity ratio,%	69	68
Net interest-bearing debt, MSEK	7,433	7,438
Average number of employees	810	825
Total delivery volume, thousand m ³ sub	10,360	10,682

1) Adjusted operating capital excludes the land value and the deferred tax payable on it.

2) Rolling 12 months.

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

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 around 800 employees throughout the country.

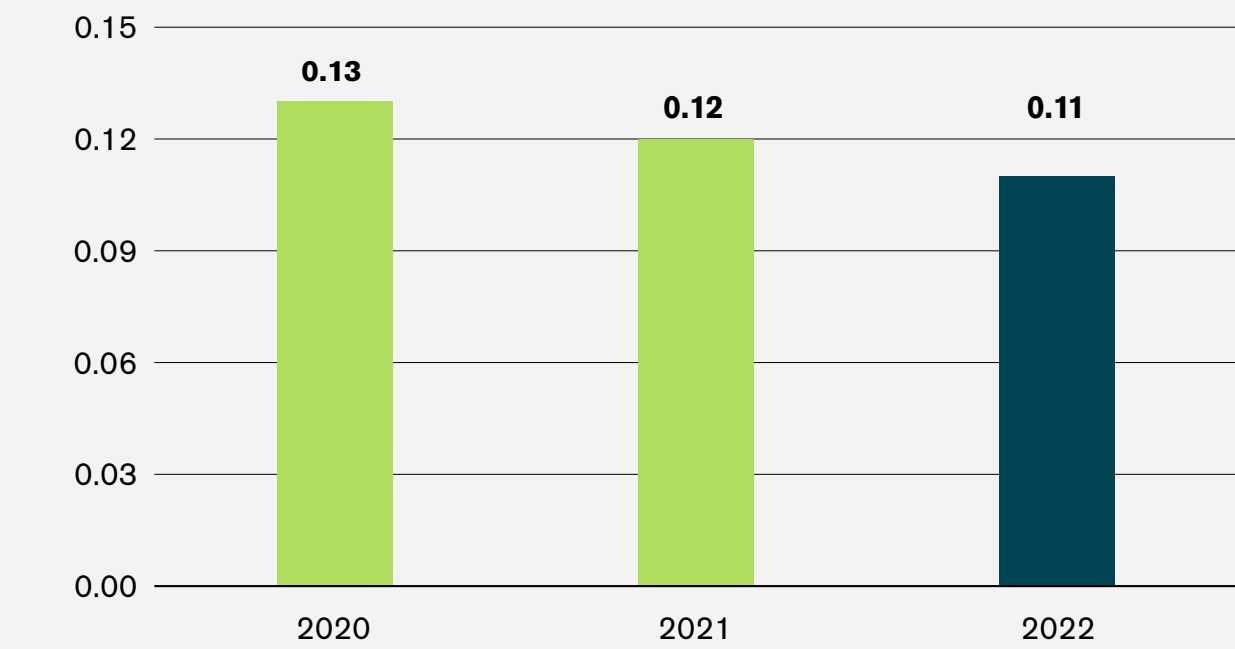
Sveaskog's core business is to manage the forest, and provide timber, pulpwood, wood chips, biofuel, seedlings and forest services. Sveaskog supplements the supply from its own forest with purchases from other forest owners, trading and imports. Our customers are primarily found within the Swedish forest industry, and they export all over the world. In addition, Sveaskog makes land and alternative energy 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 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.

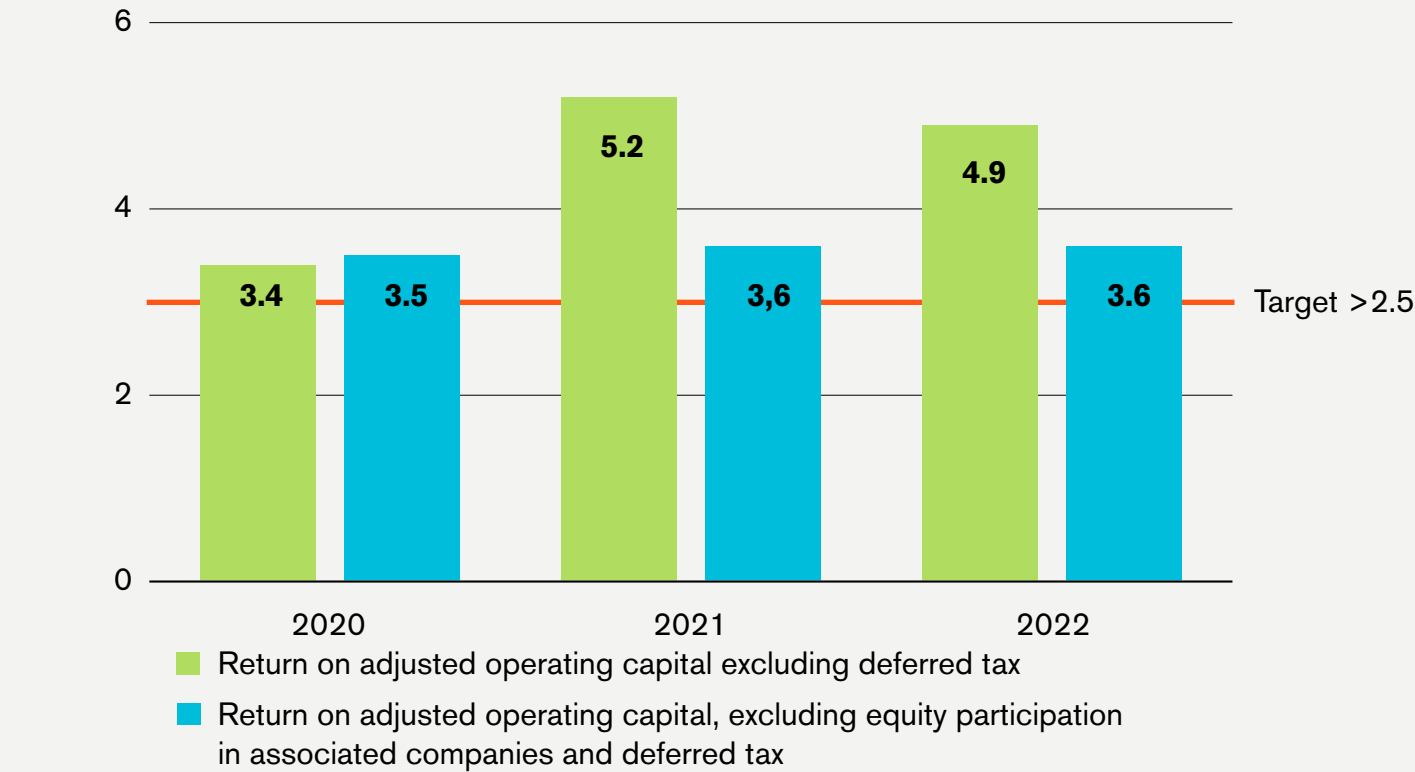


Sveaskog's financial targets¹

Net debt/equity ratio, multiple



Return on adjusted operating capital, %, rolling



Dividend

Sveaskog has new financial targets¹. Ordinary dividends shall amount to between 70 and 100 per cent of the Group's profit after tax, excluding non-cash changes in value of standing timber and profit participation from associates. In addition, 100 per cent of the dividends received by the company in the previous year from the associated companies.

	2021	2022
Dividend, MSEK	1,300	1,150 ²
Percentage of basis for dividends, %	88	100

1) Sveaskog's new financial targets were decided at an Extraordinary General Meeting on 31 August 2022 and are valid from the same date.
2) The Board's proposal to the Annual General Meeting.

CEO's comments

Strong market continues

The fourth and final quarter of the year, like the year in general, was affected by the war in Ukraine and its aftermath. The external unrest has led, among other things, to a strained energy situation, a shortage of inputs and also some shortages of raw materials. The forecasts indicate a slowdown in growth due to, among other things, high inflation and rising interest rates. This slowdown has also been confirmed by our timber customers as timber prices continued to drop along with demand. Despite notifications of production reductions, the demand for timber deliveries from Sveaskog has been very good and the availability of timber has been scarce in much of Sweden. Profitability remains good for the Nordic pulp and paper industry, which, combined with lower wood availability in the Baltic Sea region, has a positive impact on pulpwood prices. The strained energy situation in Europe has increased interest in biofuels.

Strong earnings

Anxiety in the rest of the world and high inflationary pressure remain, leading to increased felling costs, among other things. We expect reduced felling volumes as early as this year. The earnings trend is nonetheless positive, mainly due to the positive development of market prices. Operating profit for the year amounted to MSEK 1,366, which is an improvement of two per cent compared to the previous year. The

average price of timber deliveries from our own forest is 12 per cent higher than the corresponding period last year, timber prices are 13 per cent higher and pulpwood prices are 11 per cent higher.

Long-term planning and continuous change

Forestry is in constant change and Sveaskog is affected by the expectations, needs and wishes of the outside world and, of course, by new laws and regulations. Understanding developments in the world around us is a prerequisite for properly positioning ourselves and for being proactive in the market. At the same time, we need continuity and this is established in our long-term focus, the sustainable forestry programme, and in the business plan for the next three years. During 2022, focus was on building a solid foundation on which Sveaskog's operations can be developed further. The foundation includes the objectives of our owner, including the new financial targets set at the Annual General Meeting in August, the new felling estimates and an organisation that benefits from our clear ambition of “*one Sveaskog*” to increase competence and competitiveness.

Nature conservation measures and investments in value-generating forestry contribute to our ambition of being a leader in sustainable forestry in Sweden. During the spring, we worked intensively to develop our procedures and calibrated our conservation value assessment to ensure that Sveaskog's methodology is in line with the Swedish Forest

“Sveaskog wants to develop a more varied forestry on its land”

Agency's working methods. We thereby successfully remedied the deviations in the FSC report in 2021 and during the audit in 2022, we had only a few minor deviations that will lead to improvements in our working methods.

Sveaskog's operations depend heavily on areas that are jointly cultivated with reindeer husbandry. 68 per cent of our total stocks are in reindeer grazing areas. We strive for a constructive dialogue with all Sami villages and, over the past year, have prepared an action plan, developed skills and allocated dedicated resources to find the way forward for forestry adapted to reindeer husbandry, together with the affected Sami villages. In addition, priority has been given to clearing and thinning, which are important measures for reindeer grazing and accessibility. As part of our initiative to promote forestry in co-existence with reindeer husbandry, we announced during the quarter that from

2023 we will introduce a cost compensation for participation in consultation and co-planning. We want to show respect for the fact that representatives from reindeer husbandry who participate in the consultations are unable to carry out their business and therefore offer the opportunity to receive some cost compensation.

Selective-felling forestry versus even-age forestry

Sweden's current forestry is actively discussed. Today, we generally have two variants: even-age forestry with nature conservation and allocations. Sveaskog wants to develop a more varied forestry on the company's land with a variation in the type of felling that is focused on balancing different interests, such as biodiversity, carbon capture, suburban forests and, forests with consideration to reindeer husbandry. We have a long experience of selective-felling methods and we apply these, above all, in our ecoparks. For us, selective-felling forestry is an important tool for developing a more varied forestry, not a goal in itself. We apply selective-felling methods and more varied forestry to achieve objectives related to, for example, increased biodiversity.

During 2022, we harvested different stocks with selective-felling methods in Ekopark Böda on Öland and a forest infested with engraver beetles in Ekopark Hornsö. These are smaller fellings in ordinary production-class forests of no high conservation value. All of them are done in dialogue with the County Administrative Board and follow the ecopark plan that regulates the management of the ecopark.

Winner of "Sustainable Project of the Year"

In December, we received an award at the CIO Awards for the AI tool KingPin in the Sustainable Project of the Year category. KingPin, which we developed in collaboration with ForestX and Tenfifty, increases our ability to streamline forest production as we can better simulate and optimise the outcome of felling and marking for cross-cutting of each specific tree and match it to customers' specific purchase needs.

I eagerly look forward to more of this kind of development in our operations in the wake of digitalisation.

A year as CEO within a changing industry

The forestry industry is undergoing a transition. Many interests converge when profitable, varied and value-generating forestry is on the agenda. There are calls in the EU pushing for Sweden to reduce its even-age forestry and to use selective-felling methods, while at the same time the wood raw material is needed and in demand. The balance between different interests and regulations, both nationally and internationally, leads to changed expectations and new frameworks. We need to understand this dynamic and position ourselves as a leader within sustainable forestry. Now at the end of my first year, I can see that we are getting better at combining our ambitions and goals with the conditions and expectations of the outside world. With 2022 behind us, we have laid a strong foundation for 2023.

In Sweden, we all have a relationship with the forest – and this is to an extent that few of our fellow Europeans experience. This means that we have a great responsibility to manage the forest properly and for many generations to come. Active forestry also contributes to regional development for large parts of Sweden. We are at the beginning of an important and crucial development for the forest in Sweden and it is my ambition to consolidate and strengthen the trust from society that we need in order to optimally manage our forests. Combined with this trust, I can note that with the enormous competence and strong commitment of everyone at Sveaskog, we have good prospects of successfully entering our next phase of development.

I would like to thank all of our committed colleagues, partners, customers, suppliers and all other stakeholders for this quarter and I am looking forward to more rewarding and forward-looking dialogues!

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. Paper, pulp and wood products are traded on the global market. In this way, changes in supply, demand and flows in the world markets have a major impact on the Swedish forest industry.

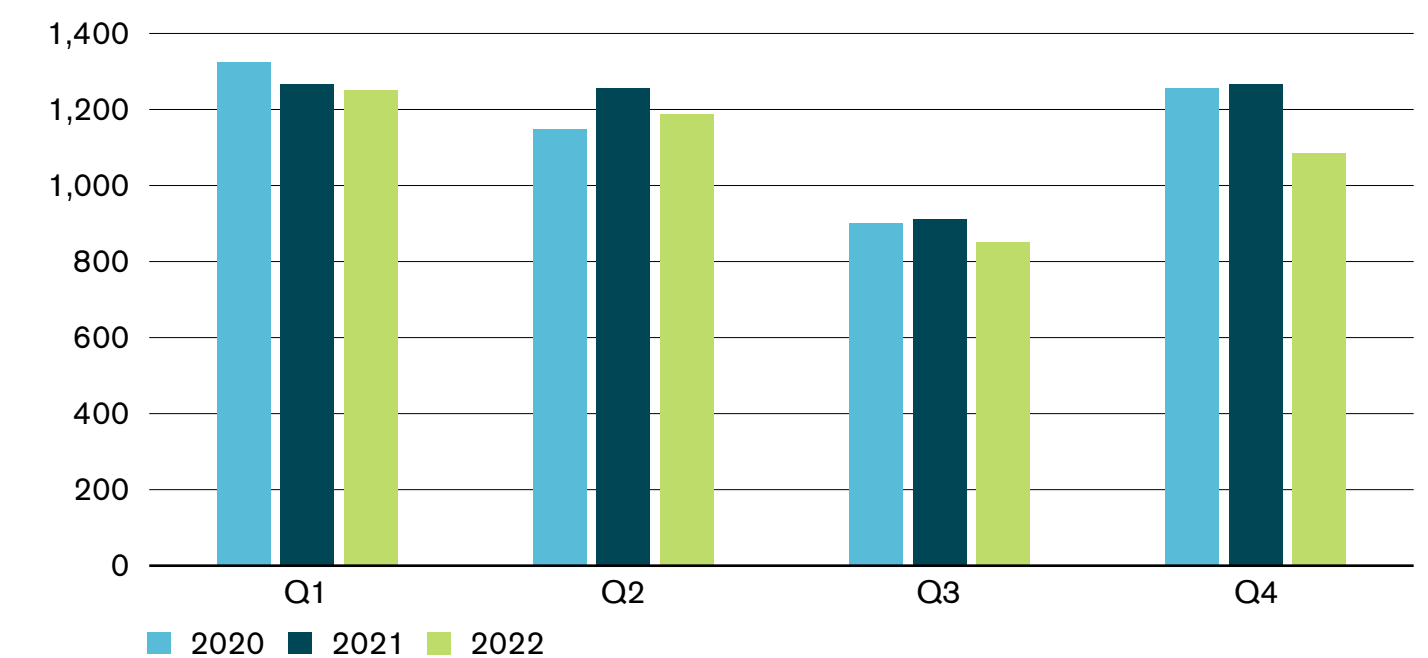
As a result of the general economic slowdown, prices on paper and paperboard are now falling, albeit from high levels. However, pulp prices remain at record high levels. The prices of sawn timber are falling rapidly as a result of lower activity in the construction industry and generally high levels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

Sawmills

Prices for Swedish timber products continued to fall in the fourth quarter. However, orders received by the wood mechanical industry recovered at the end of the quarter. European households under

pressure from increased cost of living are spending minimally in the DIY market and higher interest rates are putting a damper on new construction. A light in the dark for wood products is export business to the United States, which has taken off in parallel with Europe slowing down. In the longer term, the forecast for sawn timber remains positive, mainly driven by increased use of wood in climate-smart construction. Sveaskog's customers in the sawmill segment therefore anticipate increased volumes due to increased demand from their customers.

Delivery volume sawlogs, thousand m³fub

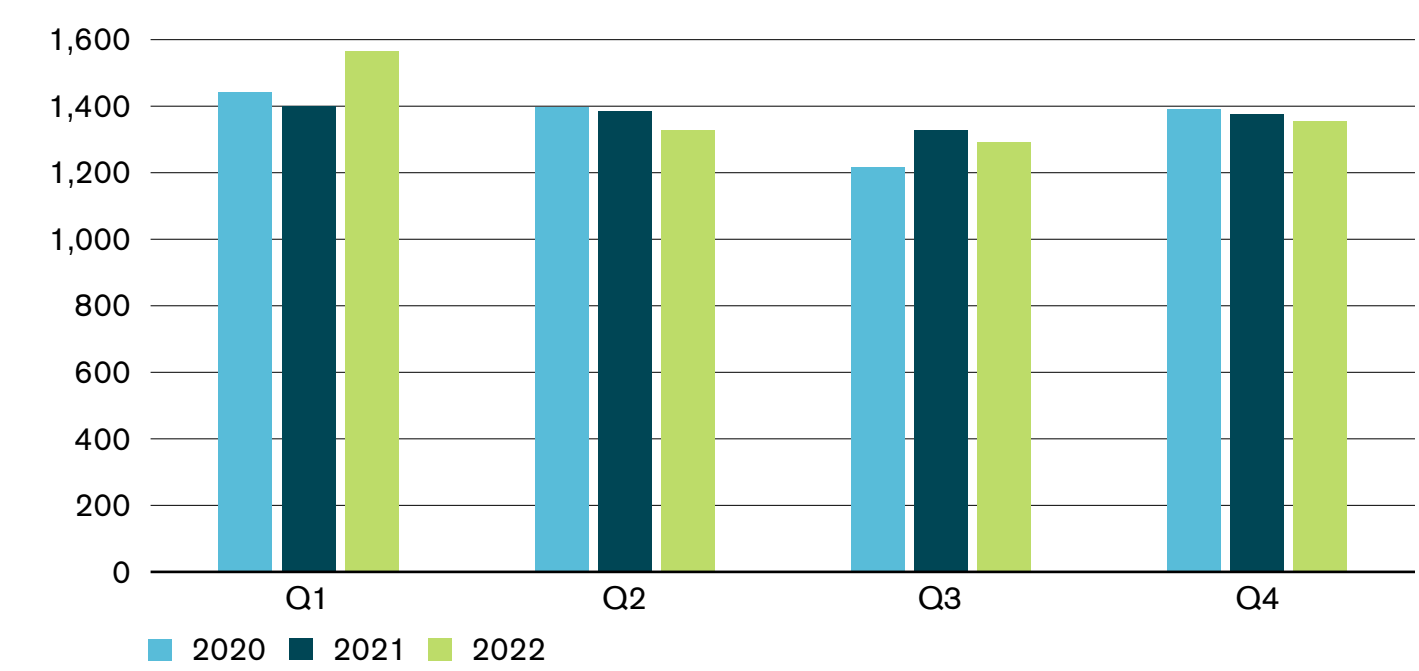


During the fourth quarter, Sveaskog delivered 1,084 thousand m³sub (1,267) of sawlogs, a decrease of 14 per cent from the same period last year. For full year 2022, deliveries totalled 4,373 thousand m³sub (4,702).

The pulp and paper industry

The record high pulp prices continued through the last quarter of the year. For paper and paperboard, prices and demand were curbed as a result of the economic slowdown. The supply of wood raw materials continues to be scarce in much of Sweden, leading Sveaskog to receive several requests for increased pulpwood deliveries during the quarter. The strong demand and limited supply of pulpwood have led to strong increases in pulpwood prices at the end of the year.

Delivery volume pulpwood and woodchips, thousand m³sub

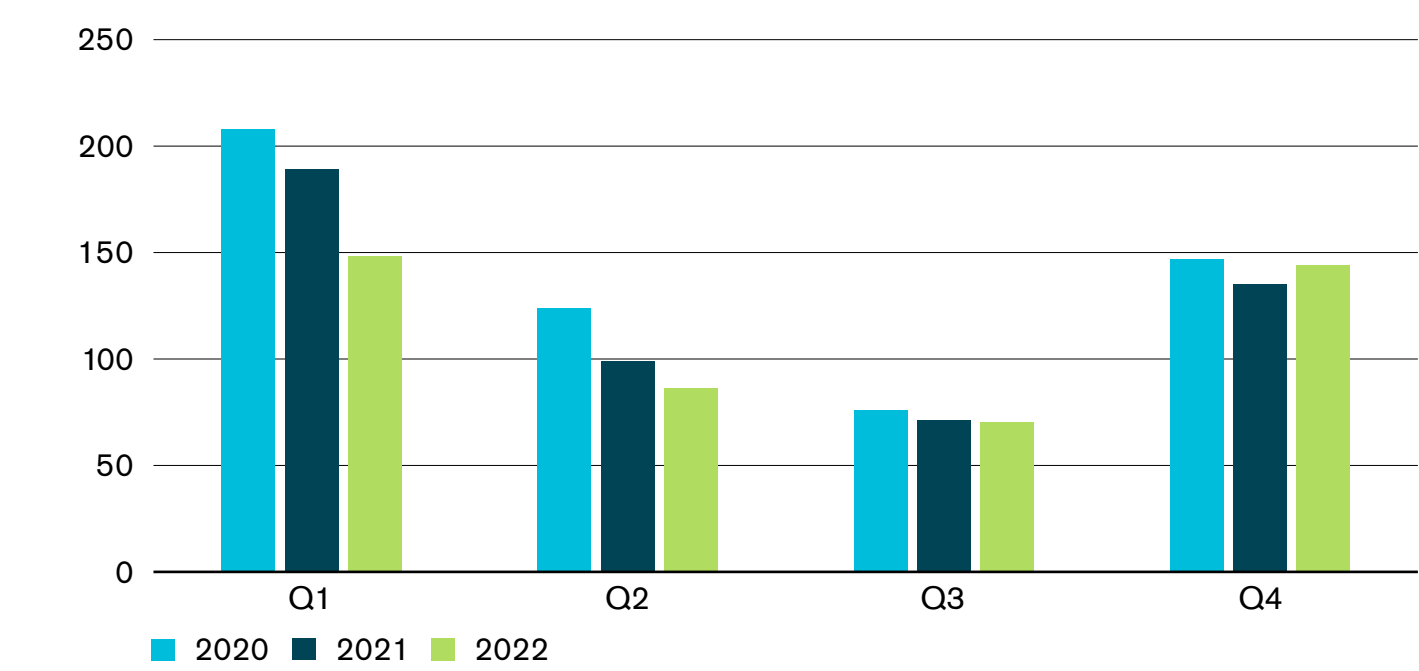


In the fourth quarter, Sveaskog delivered 1,355 thousand m³sub (1,374) of pulpwood and woodchips, which is a decrease of one per cent from the same period last year. For full year 2022, deliveries totalled 5,539 thousand m³sub (5,486).

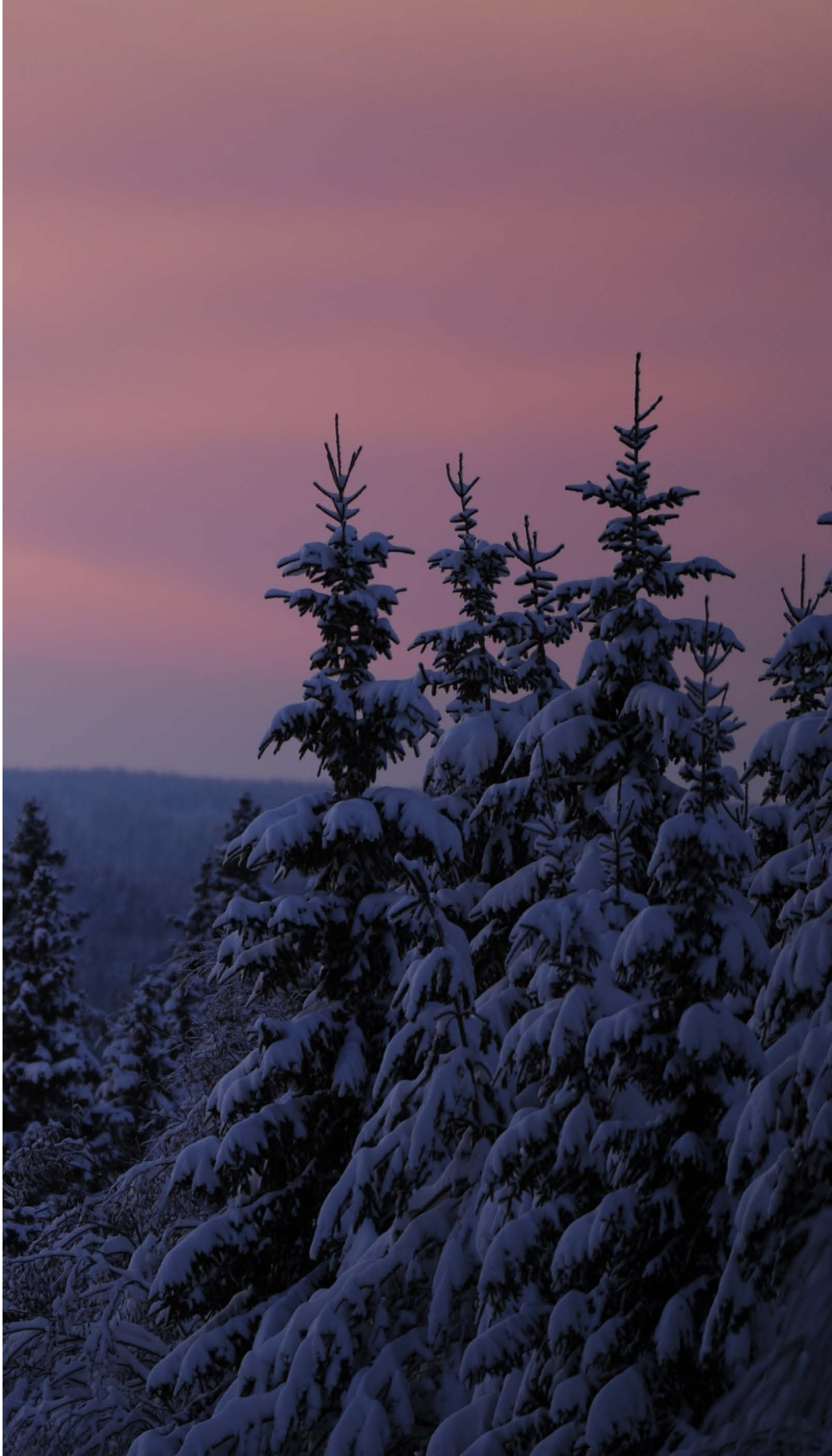
The biofuel market

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

Delivery volume biofuel, thousand m³sub



During the fourth quarter, Sveaskog delivered 144 thousand m³sub (135) of biofuel, which is an increase of seven per cent on the same period last year. For full year 2022, deliveries totalled 448 thousand m³sub (494).



Strategic goals for sustainable value creation

Sveaskog strives 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 long-term 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”.

Strong partnerships and collaborations

Last autumn's stakeholder surveys show confidence in Sveaskog

As a rule, customers are satisfied with and have a high level of confidence in Sveaskog. The highest ratings are recorded among the sawlog customers, closely followed by biofuel customers. There are also geographic variations. The customers are particularly satisfied with the customer relationship, account managers, logistics managers, our competence, availability and delivery quality. Forest owners who are timber suppliers to Sveaskog are also satisfied with Sveaskog and have great confidence in Sveaskog and our timber buyers.

Sveaskog's contractors are generally satisfied with Sveaskog. There are consistently high results among construction and transport contractors, but slightly lower results from felling and forest management contractors, although a majority of them are satisfied. There are geographical variations, mainly in felling.

Agenda 2030



Sweden's environmental quality objectives

Objective 15. A Good Built Environment.

Investments in forests and forestry

Sustainable forestry programme — The managed forests

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

During the quarter, Sveaskog's selective-felling harvests were concentrated to Ekopark Böda on Öland. These are smaller fellings in ordinary production-class forests of no high conservation value. All of them are done in dialogue with the County Administrative Board of Kalmar and follow the ecopark plan that regulates the management of the ecopark.

A total of 25 hectares of pine and spruce forest have been harvested in a selective-felling manner. The most common method was to retain a screen of

pine, but selective exploitation felling was also applied in some stocks. In some areas, the main action was cutting out exotic tree species such as Weymouth pine. A lot of dead wood, which is important for insect life and forest-dwelling orchids, was also created. The result of the measures is lighter and more hardwood forests, which is in line with the ecopark plan.

Limited selective-felling forestry in some areas and locations based on landscape impact

With its forest management, Sveaskog wants to contribute to varied and ecologically functional forest landscapes.

As part of this, during 2022 Sveaskog carried out analyses of, among other things, how the size and shape of the felled areas have changed over time and in different types of landscape.

Sveaskog also works with a guide on how to more clearly integrate felled area design and landscape planning into the daily field work.

Initiatives for improved coexistence with the reindeer industry

Approximately 70 per cent of Sveaskog's land holdings coincide with the reindeer husbandry area. This means that every year Sveaskog has consultation on forestry measures with the majority of Sweden's Sami villages. In order to find solutions for both reindeer husbandry and forestry to remain long-term and viable industries on land that is shared, Sveaskog met many of the Sami villages on several occasions during the year both at indoor meetings and in the forest as well as digitally. The digital joint planing tool samplanering.se developed by Sveaskog to facilitate the consultation process was implemented during the year and is appreciated by many Sami villages. A total of 29 out of 33 Sami villages have received training in the tool. More landowners are now joining samplanering.se which can further contribute to improving the work on joint planning. During December, Sveaskog presented a programme offering cost compensation to Sami villages to facilitate the participation of Sami villages in consultation and joint planning.

Combined education paths – forest management, elk management and reindeer husbandry

During the month of November, ten small reference fences of 10 x 10 metres were built on the Betsar area, along the Lögde River north of Fredrika in Åsele Municipality. These are part of a combined education path that shows how Sveaskog's forest management programme harmonises with the elk administration's goals and the reindeer industry's needs in the area. Within the fences, one will be able to see how both tree and ground lichens can grow when they



Reference fence in the Betsar area in Västerbotten.

Selective felling to screen in Ekopark Böda on Öland.

are not grazed and the impact on the forest if the elk administration's goal of minimising grazing damage is not complied with.

More clearing and thinning in the reindeer husbandry area

Clearing and thinning favours the conditions for reindeer grazing and accessibility in reindeer husbandry work while at the same time they are important measures for forest production. In addition to the regular clearing and thinning, extended clearing was done on 2,479 hectares and extended thinning was done on 385 hectares. Increased clearing and thinning in dense and neglected forests are particularly important measures requested by the Sami villages.

Agenda 2030



Sweden's environmental quality objectives



Goal 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

Nine wetlands were completed during the quarter. A number of projects to be completed in 2023 commenced during the year.

In Västerbotten, Sveaskog, in collaboration with the County Administrative Board, restored the rich fen Björnmyran in Lycksele Municipality. There, more than 500 metres of ditches were filled in in order for the nutrient-poor but mineral-rich water to remain on the marsh and contribute to the quality of the rich fen and an increased biodiversity. The County Administrative Board's inventories show the presence of, among other things, the species long-stalked yellow-sedge and slender green feather moss, species that hopefully will benefit from the restoration measures. Approximately 0.5 hectares of the marsh is estimated to have been restored.

In Högsby Municipality, Kalmar County, a natural gravel bottom has been restored in the Sandvadsbäcken creek. The restoration has resulted in a restored wetland and the expected affected area is about ten hectares. By leaving cut hardwoods in and near the water, dead wood has been added to the area. In the

area there is a demonstration path, as part of the project “Grip on Life”, where visitors can learn more about good water conservation.

Restore ten running watercourses

In Västerbotten, three older culverts in the Öreälven basin were replaced with new, larger and better arches. These measures create free migratory paths for several aquatic species such as trout.

Skelefteå Municipality, together with Klintforsån's upper fish conservation area, fixed obstacles to migration in Klintforsån between Bergtjärnen and Stortjärnen with the aim of strengthening grayling and trout reproduction in the river. This included work on Sveaskog's property Jörnsmarken 3:9, especially at the remains of a dam downstream of Bergtjärnen. Obstructive tree parts and logs under the footbridge were removed manually and the section upstream was cleared as a floating channel. Later, new spawning gravel was also laid out. In order to strengthen the natural stock, Klintforsån's upper fish conservation area plans new releases of grayling and trout.

Sveaskog is involved in LIFE Revives (Reviving freshwater pearl mussel populations and their habitats) which is a collaborative project with the aim of



Restoration of the Björnmyran rich fen in Västerbotten.



Restored wetland Sandvadsbäcken, Högsby, Kalmar County.



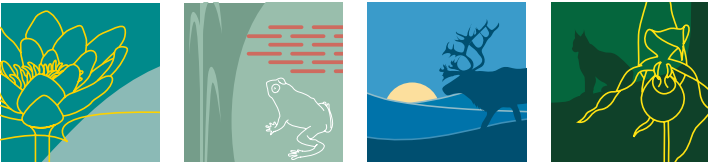
New arch downstream of Öreälven, Västerbotten.

recreating stocks of river pearl mussels and their habitats. The river pearl mussel is spreading with the help of salmon and trout. An effective measure to allow for the migration of fish may be the removal of obstacles to migration. During the year, Sveaskog fixed three obstacles as part of the project. In Ljusträskbäcken creek, Sveaskog replaced a culvert that constituted a barrier to migration during the quarter, for example.

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



Laying of spawning gravel in Klintforsån, Skellefteå Västerbotten.



Before and after remedy of migration obstacles, Ljusträskbäcken, Norrbotten.

Sustainable forestry programme – High conservation value forests

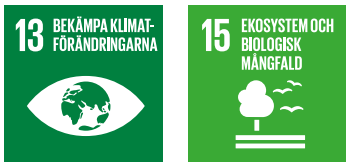
Extended nature conservation programme

During the quarter, approximately 140 hectares in the southern part of the country were fixed with nature conservation. The measures consisted mainly of felling and clearing. The aim is to preserve and increase the existing conservation value in Sveaskog’s nature conservation forests, which may be Sveaskog’s voluntary allocations or formally protected areas that are part of a conservation agreement or part of a nature reserve. The goal of nature conservation is to create better conditions for the survival and development of conservation value. In southern Sweden, conservation value is often linked to forests with a high proportion of deciduous trees. The hardwood trees may be at risk of being pushed out. Most often, it is invasive spruce that adversely affects the leaf biotopes by making the forest darker, which in turn can negatively affect the soil vegetation. Important substrates for leaf-dependent species, such as coarse and old deciduous trees, can then disappear or never have the chance to develop.

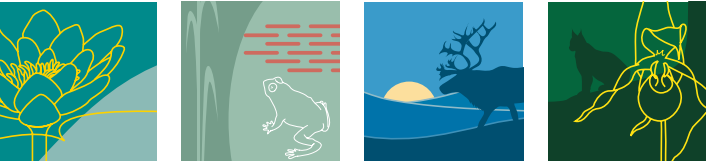
Sveaskog implements measures to bring about variation that benefits different species and species groups in the forest. Valuable spruce biotopes are preferably left without action for free development. Especially when it comes to valuable hardwoods such as ash and oak, these kinds of conservation management measures can be crucial over the long term to ensure that in the future there are large trees of these tree species. In the short term, conservation care such as adding standing and lying dead wood creates suitable substrates for mosses and mushrooms to grow on.

During the quarter, nature conservation was carried out in northern Sweden in Ekopark Käringberget. It will be a large contiguous area and the hope is that the white-backed woodpecker from the Umeå region will soon find it.

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

The Sveaskog Group

Condensed income statement

MSEK	3 months Oct–Dec		12 months	
	2022	2021	2022	2021
Net sales (Note 1)	2,044	1,888	7,760	6,920
Other operating income (Note 1)	28	61	91	140
Raw materials and consumables	–673	–597	–2,548	–2,130
Change in inventories	66	84	52	101
Other external expenses	–1,004	–939	–3,233	–2,944
Staff costs	–167	–147	–603	–599
Depreciation	–40	–42	–153	–147
Operating profit from continuing operations	254	308	1,366	1,341
Capital gains on property disposals	1	6	26	30
Share of profit/loss of associates	–28	167	574	667
Operating profit before change in value in biological assets	227	481	1,966	2,038
Change in value in biological assets (Note 2)	179	–610	499	–196
Operating profit/loss	406	–129	2,465	1,842
Financial items	–41	–30	–126	–133
Profit/loss before tax	365	–159	2,339	1,709
Tax	–77	67	–360	–215
Profit/loss for the period/year	288	–92	1,979	1,494
Earnings per share in SEK before and after dilution	2.43	–0.78	16.71	12.62
– Calculated on average number of shares, million	118.4	118.4	118.4	118.4

Statement of comprehensive income

MSEK	3 months Oct–Dec		12 months	
	2022	2021	2022	2021
Profit/loss for the period/year	288	–92	1,979	1,494
Other comprehensive income				
<i>Components that will not be reversed in profit or loss</i>				
Change in value in land assets (Note 2)	3,593	2,957	3,605	2,957
Tax on change in value in land assets	–742	–599	–743	–600
Actuarial gains/losses relating to pensions	66	7	66	7
Tax on actuarial gains/losses	–14	–1	–14	–1
<i>Components that may be reversed in profit or loss</i>				
Translation differences	2	0	5	1
Other comprehensive income from associates	–33	0	32	–15
Tax on other comprehensive income from associates	8	0	–6	4
Change in fair value of cash flow hedges for the year	–3	9	65	33
Changes in the fair value of cash flow hedges transferred to profit or loss for the year	0	–	1	–
Tax attributable to cash flow hedges	0	–2	–14	–7
Total other comprehensive income for the period/year, net after tax	2,877	2,371	2,997	2,379
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	3,165	2,279	4,976	3,873

The Sveaskog Group

Comments on the income statement

1 October – 31 December 2022

Net sales

Net sales increased by 8 per cent to MSEK 2,044 (1,888). Prices of wood raw materials increased by an average of 16 per cent, while total delivery volumes decreased by seven per cent. Transfers, seedlings and other sales decreased by one per cent.

Sales of wood raw materials amounted to 2,582 thousand cubic metres, (m³sub) (2,776).

Earnings

The operating profit decreased by 18 per cent to MSEK 254 (308).

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

Capital gains from the sale of property amounted to MSEK 1 (6). Share of profit or loss of associates amounted to a loss of MSEK 28 (profit: 167). The net change in the reported value of biological assets amounted to MSEK 179 (–610). After the change in value in biological assets, operating profit amounted to MSEK 406 (–129). Net financial items in the quarter were an expense of MSEK 41 (30). Profit before tax amounted to MSEK 365 (loss: 159). Tax amounted to MSEK –77 (67). Profit for the quarter rose to MSEK 288 (loss: 92).

1 January – 31 December 2022

Net sales

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

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

Earnings

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

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

Change in net sales, MSEK

	Quarter 4	Jan–Dec
2021	1,888	6,920
Price, wood raw materials	296	1,025
Delivery volume, wood raw materials	–128	–179
Concessions, seedlings and other sales	–12	–6
2022	2,044	7,760

Change in operating profit from continuing operations, MSEK

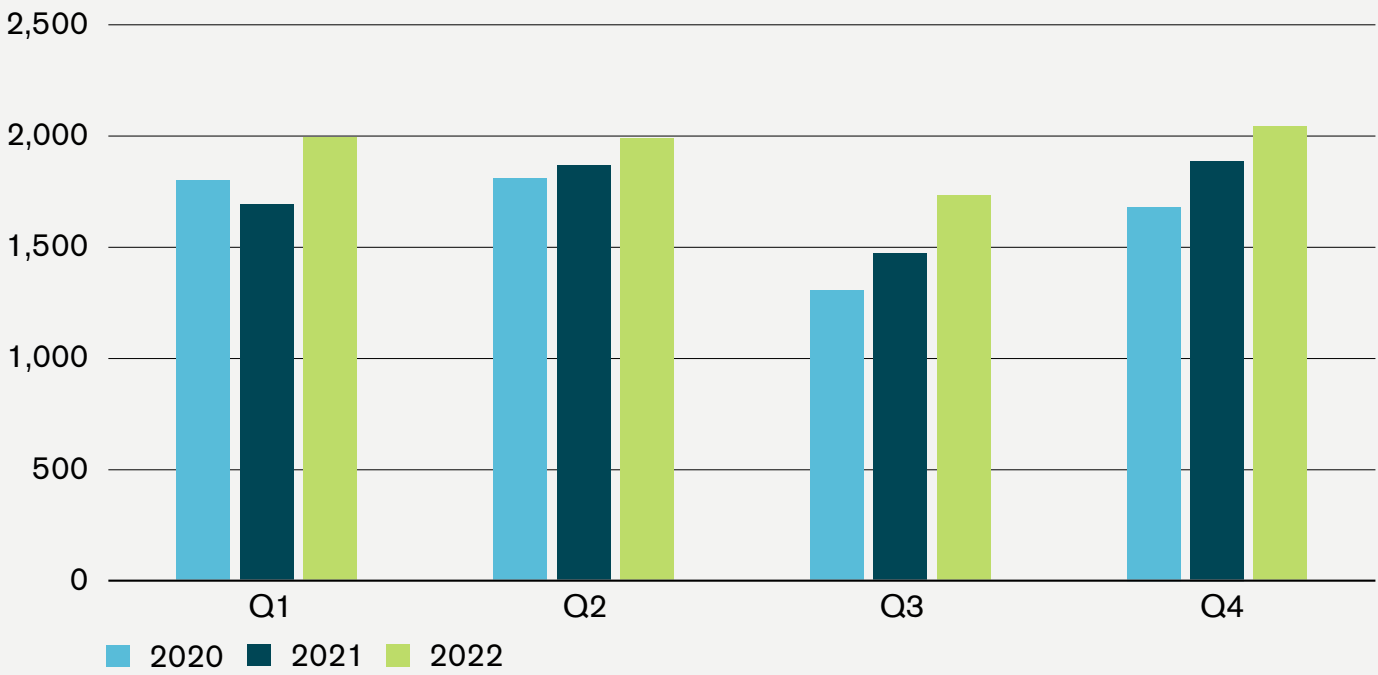
	Quarter 4	Jan–Dec
2021	308	1,341
Price, own wood raw materials	103	336
Volume and change in inventories, own wood raw materials	–48	–147
Unit cost felling	–32	–122
Road costs	–17	–51
Svenska Skogsplantor	–19	–16
Earnings from externally procured wood raw materials	–21	–6
Lease revenues, wind power	1	30
Other property transactions¹	–2	–13
Other	–19	14
2022	254	1,366

1) Other property transactions relate to a combination of:

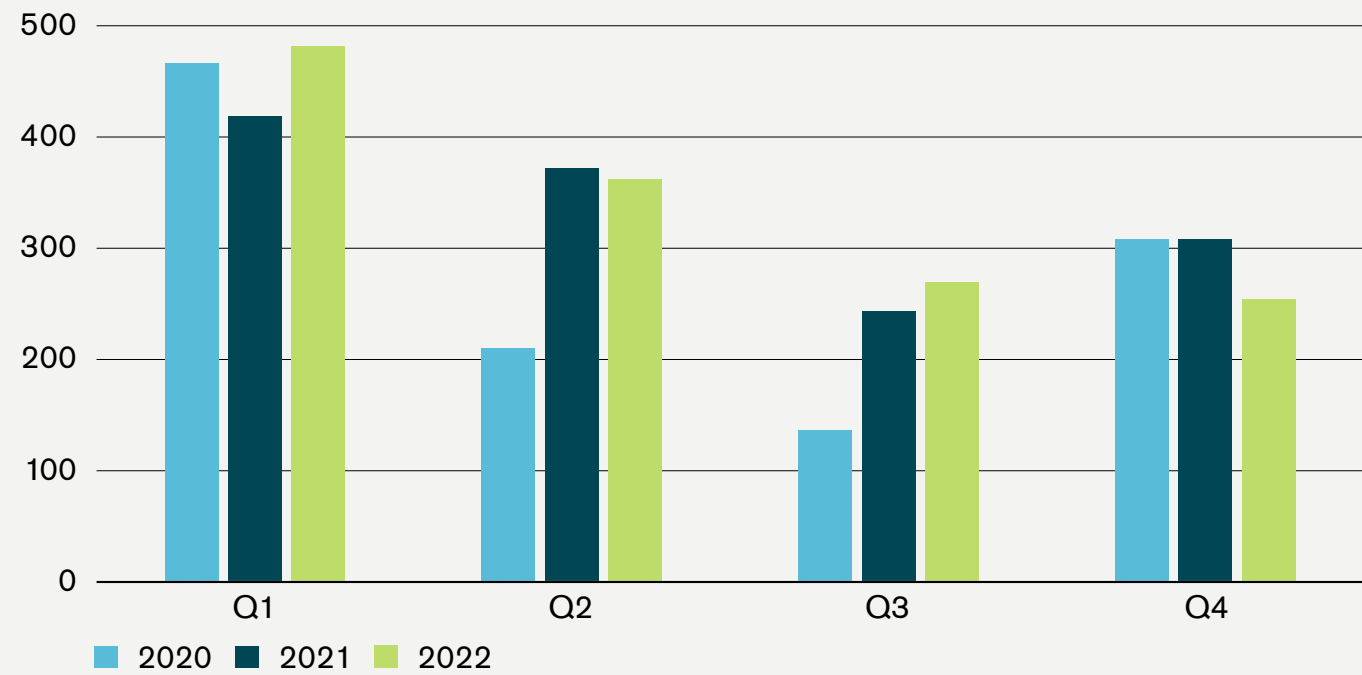
All future concessions	0	–7
Sale of non-forest land	–2	–6
Other property transactions	–2	–13

The Sveaskog Group

Net sales, MSEK



Operating profit from continuing operations, MSEK



The Sveaskog Group

Condensed balance sheet

MSEK	31 Dec 2022	31 Dec 2021
ASSETS (NOTE 3)		
Non-current assets		
Intangible assets	157	165
Forest assets (Note 2, 3)	88,862	85,430
- of which land assets	41,689	38,708
- of which biological assets	47,173	46,722
Other property, plant and equipment	594	588
Right-of-use assets	127	153
Non-current financial assets, non-interest-bearing	1,671	1,415
Long-term interest-bearing receivables	15	5
Total non-current assets	91,426	87,756
Current assets		
Inventories	649	690
Tax assets	67	101
Trade receivables	1,355	1,295
Other receivables	457	425
Cash and cash equivalents	799	1,171
Assets held for dividend *	627	–
Total current assets	3,954	3,682
TOTAL ASSETS	95,380	91,438
EQUITY AND LIABILITIES		
Equity		
Non-current liabilities (Note 3)		
Interest-bearing liabilities and provisions	4,946	5,742
Lease liabilities, non-current	90	102
Other liabilities and provisions	19,391	18,734
Total non-current liabilities	24,427	24,578

MSEK	31 Dec 2022	31 Dec 2021
Current liabilities (Note 3)		
Interest-bearing liabilities and provisions	3,171	2,712
Leasing liabilities, current	40	53
Trade payables	1,039	955
Other liabilities and provisions	387	624
Liabilities attributable to assets held for dividend	124	–
Total current liabilities	4,761	4,344
Total liabilities	29,188	28,922
TOTAL EQUITY AND LIABILITIES	95,380	91,438

* Assets held for dividends are the consolidated value of the 11,045 hectares of unprotected productive forest land that, together with a further 13,955 hectares of unprotected productive forest land that is not yet identified, will be distributed to the owner in accordance with the decision of the Swedish Parliament.

Condensed statement of changes in equity

MSEK	Full year 2022	Full year 2021
Opening equity, 1 January		
Total comprehensive income	4,976	3,873
Dividend paid according to Annual General Meeting resolution	–1,300	–850
CLOSING EQUITY AT THE END OF THE YEAR	66,192	62,516

The Sveaskog Group

Condensed cash flow statement

MSEK	Full year 2022	Full year 2021
Operating activities		
Operating profit	2,465	1,842
Non-cash items etc.	−1,168	−604
Interest received, etc.	6	0
Interest paid	−115	−140
Tax paid	−178	−306
Cash flow from operating activities before changes in working capital	1,010	792
Changes in working capital	55	241
Cash flow from operating activities	1,065	1,033
Investing activities		
Investment in non-current assets	−298	−230
Investments in shares and participations	0	−6
Dividends from associates	340	24
Sale of non-current assets	109	185
Sale of shares	2	7
Increase in interest-bearing receivables	−10	−1
Cash flow from investing activities	143	−21
Financing activities		
Dividend paid	−1,300	−850
Borrowings	6,450	5,950
Repayment of loans	−6,730	−6,172
Cash flow from financing activities	−1,580	−1,072
CASH FLOW FOR THE YEAR	−372	−60
Cash and cash equivalents at the beginning of the year	1,171	1,231
Cash and cash equivalents at the end of the year	799	1,171

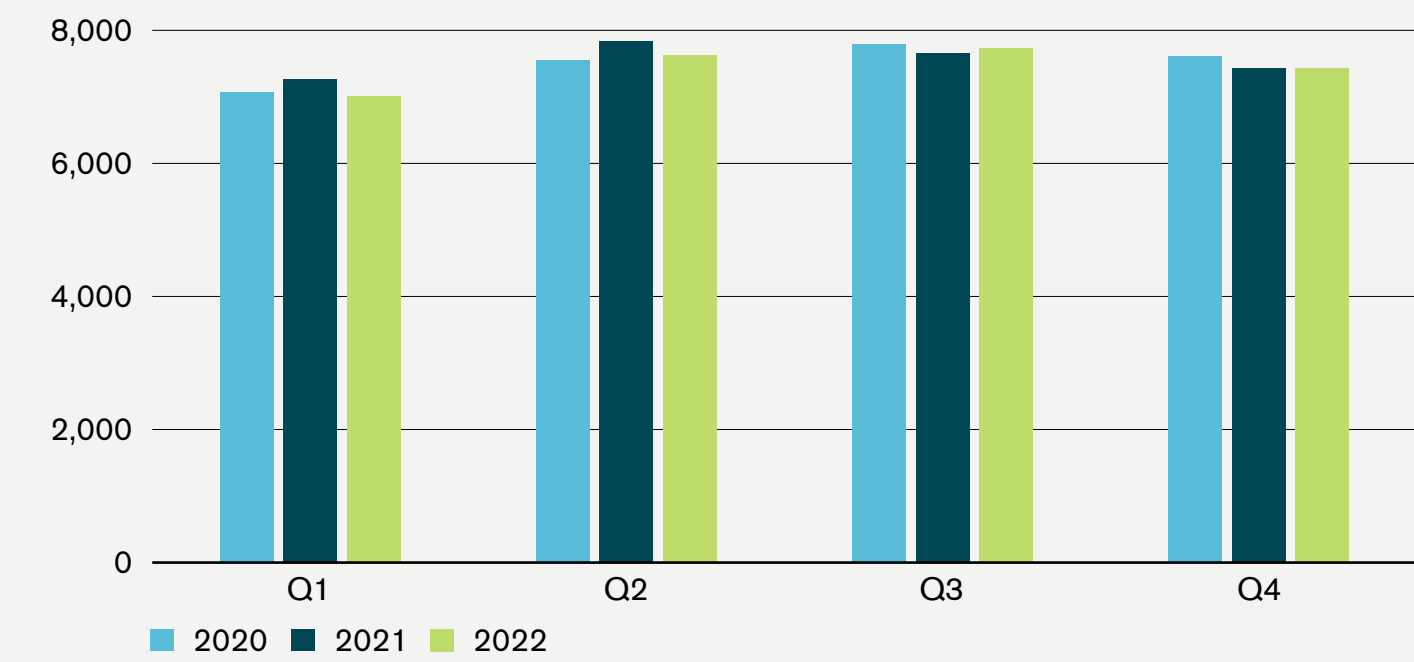
Comments on the balance sheet and cash flow

Cash flow from operating activities during the period was MSEK 1,065 (1,033). The increase is mainly attributable to increased operating profit. Investments in non-current assets, mainly forest properties and forest machines, amounted to MSEK 298 (230) while investments in shares amounted to MSEK 0 (6). Sales of non-current assets, mainly forest properties, amounted to MSEK 109 (185). Dividends from associates have been received amounting to MSEK 340 (24) and sales of shares amounting to MSEK 2 (7). A dividend of MSEK 1,300 (850) was paid to the owner.

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

The net debt/equity ratio was 0.11 (0.12).
The interest coverage ratio was 14.5 (15.1) and the gross borrowing cost was 1.19 (1.32) per cent.

Net interest-bearing debt, MSEK



Parent Company

Condensed income statement

MSEK	3 months Oct–Dec		12 months	
	2022	2021	2022	2021
Operating income	13	10	45	53
Operating expenses	–1	–1	–3	–3
Operating profit	12	9	42	50
Financial items ¹	–66	3,953	–203	3,737
Profit/loss before appropriations and tax	–54	3,962	–161	3,787
Group contributions	390	379	390	379
Provisions to untaxed reserves	–76	–75	–76	–75
Profit before tax	260	4,266	153	4,091
Tax	–69	–82	–47	–46
PROFIT/LOSS FOR THE PERIOD/YEAR	191	4,184	106	4,045

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

Condensed balance sheet

MSEK	Full year 2022	Full year 2021
ASSETS		
Non-current assets		
Tangible non-current assets	37	38
Total property, plant and equipment	37	38
Non-current financial assets		
Shares in Group companies	24,984	24,934
Receivables from Group companies, interest-bearing	499	800
Total non-current financial assets	25,483	25,734
Total non-current assets	25,520	25,772
Current assets		
Current receivables etc., non-interest bearing	52	4,448
Receivables from Group companies, non-interest-bearing	392	2
Receivables from Group companies, interest-bearing	301	429
Cash and cash equivalents	0	0
Total current assets	745	4,879
TOTAL ASSETS	26,265	30,651
EQUITY AND LIABILITIES		
Equity	15,391	16,585
Untaxed reserves	308	232
Non-current liabilities		
Interest-bearing non-current liabilities	4,732	5,432
Total non-current liabilities	4,732	5,432
Current liabilities		
Liabilities to Group companies, interest-bearing	2,590	5,653
Other liabilities, interest-bearing	3,138	2,650
Liabilities to Group companies	0	1
Other liabilities and provisions	106	98
Total current liabilities	5,834	8,402
TOTAL EQUITY AND LIABILITIES	26,265	30,651

Parent Company

Condensed statement of changes in equity

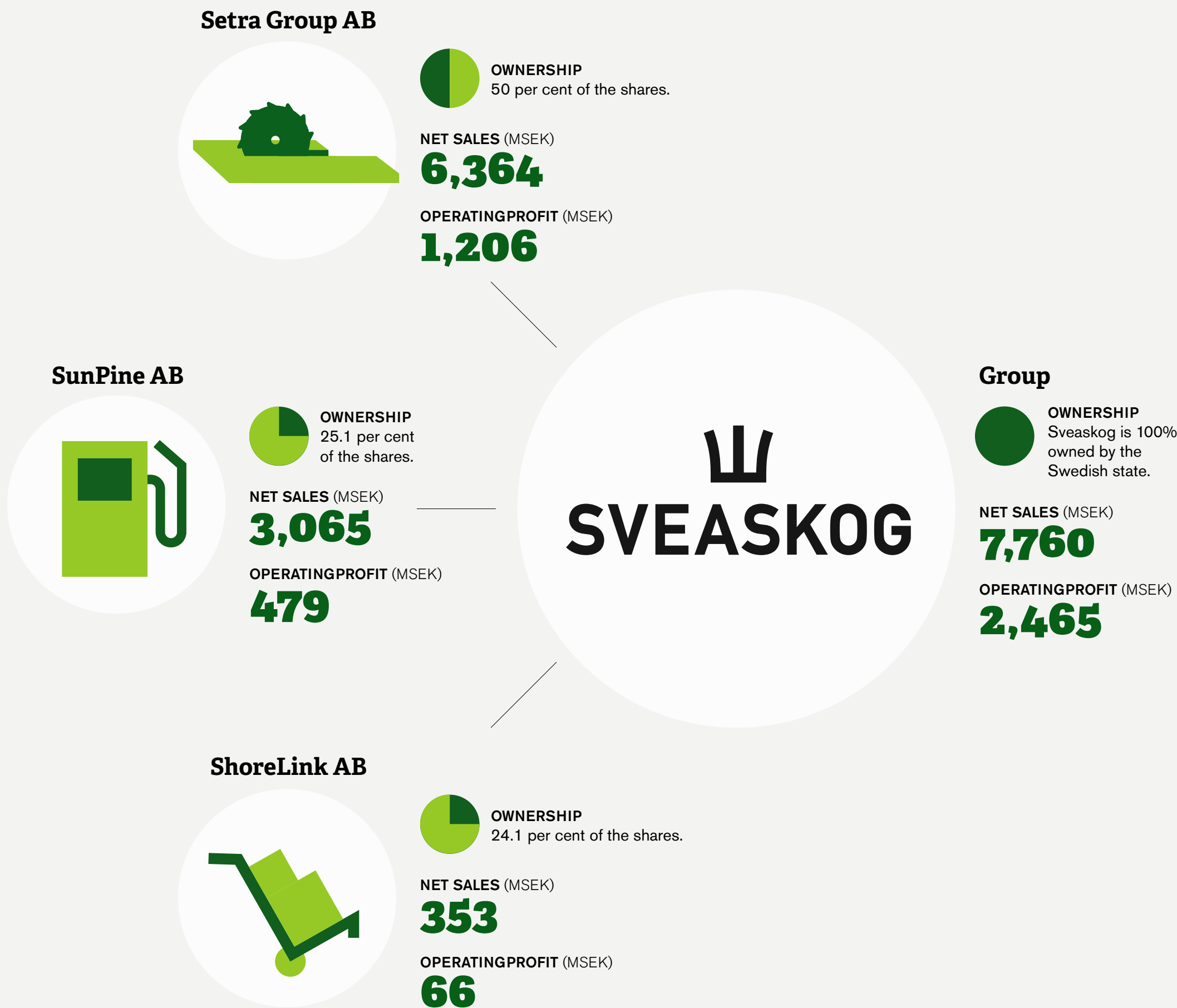
MSEK	Full year 2022	Full year 2021
Opening equity, 1 January	16,585	13,390
Dividend paid according to Annual General Meeting resolution	–1,300	–850
Profit for the year	106	4,045
CLOSING EQUITY AT THE END OF THE YEAR	15,391	16,585

Condensed cash flow statement

MSEK	Full year 2022	Full year 2021
Cash flow from operating activities	3,840	8,269
Cash flow from investing activities	356	15
Cash flow from financing activities	–4,196	–8,284
CASH FLOW FOR THE YEAR	0	0
Cash and cash equivalents at the beginning of the year	0	0
Cash and cash equivalents at the end of the year	0	0



Sveaskog Group and associates



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–December totalled MSEK 45 (53), of which MSEK 5 (13) was accounted for by capital gains from sales of forest land. The loss after financial items amounted to MSEK 161 (profit: 3,787). The parent company's costs consist mainly of interest expenses. The company has no employees. Operating activities are carried out primarily in the subsidiary Sveaskog Förvaltnings AB.

Setra Group AB
Sveaskog owns 50 per cent of the shares in the wood products company Setra Group AB, which is classified as an associated company. The share of the associate's profit/loss is recognised in the consolidated income statement. Net sales for the January–December period were MSEK 6,364 (5,841). The operating profit amounted to MSEK 1,206 (1,588). The decrease is attributable to lower sales due to a weaker market trend. Sveaskog's share of earnings in the company adjusted for intra-group profits decreased by 24 per cent to MSEK 468 (619). Sveaskog's share of Setra's other comprehensive income amounted to MSEK 26 (–11).

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

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

Notes

ACCOUNTING POLICIES

The year-end 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 year-end report. For the parent company the year-end 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 fourth quarter of 2022, see Note 2 in this year-end report.

NOTE 1 REVENUES FROM CONTRACTS WITH CUSTOMERS

MSEK	Full year 2022	Full year 2021
Sawlogs	3,590	3,398
Pulpwood and woodchips	3,291	2,706
Biofuel	126	134
Seedlings	308	339
Other	243	170
Total income from contracts with customers	7,558	6,747
Of which IFRS 15 in net sales	7,555	6,743
Lease income	205	177
Total net sales	7,760	6,920
Of which IFRS 15 in other operating income	3	4
Capital gains etc.	88	136
Total other operating income	91	140
Date of revenue recognition		
Goods and services transferred to customers on a specific date	7,445	6,633
Goods and services transferred to customers over time	113	114
Contract assets and contractual liabilities		
Contract assets	26	20
Contract liabilities	0	0

Sveaskog has unfulfilled performance obligations for sales contracts with a term of more than 12 months of MSEK 3,672 (9,297). 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, which is based on current prices, 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 3,016 (1,685) referred to January–December 2022.

NOTE 2 VALUATION OF FOREST ASSETS

Sveaskog's land holdings amount to 3.89 million hectares, of which 3.03 million is productive forest land. The valuation includes a total of 2.75 million hectares containing a timber supply estimated at 263 million cubic metres of forest. The difference between Sveaskog's total productive land holdings and the valuation's land holdings is the deduction of reserves, ecoparks, trial parks and voluntary provisions. The forest assets are valued at fair value at level 3 calculated on the price statistics of forest properties from Ludvig & co. The price statistics refer to the areas where Sveaskog owns forest land and are divided into ten different price areas in Sweden. Sveaskog uses a five-year average in the valuation with some adjustments.

The 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. 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. Changes in the value of biological assets, calculated as net of changes due to harvest and unrealised changes in fair value, are recognised in the income statement. The carrying value of forest land is calculated as the difference between the total value of forest assets and biological assets. This value reflects future revenues from non-harvesting of now standing trees, such as letting for wind power, extracting from rock quarries, hunting leases, concession revenues and harvesting of future generations of trees and is reported through other total earnings.

The carrying amount of Sveaskog's forest assets as of 31 December 2022 has been calculated at MSEK 88,862 (85,430), of which MSEK 47,173 (46,722) refers to the fair value of the standing timber and MSEK 41,689 (38,708) refers to the fair value of the land. The change in the balance sheet since the previous year-end is MSEK 3,432 (3,000) and is shown below. The parameters included in the model for calculating the fair value are updated annually.

Significant judgements and estimates

One production cycle for biological assets is estimated by Sveaskog to amount to an average of 100 years in northern Sweden and 80 years in southern Sweden. Cash flows are calculated on the basis of felling volumes according to Sveaskog's current felling plan and assessment of future price and cost development. Prices are based on a rolling ten-year average (2013–2022). In terms of cost development, the current standard cost (see model assumptions below) is applied. The inflation assumptions in the model are based on estimated future development during the valuation period. Cash flow before tax is discounted at an interest rate of 4.5 per cent (4.5). Sveaskog's Board of Directors assesses that

Notes

NOTE 2 VALUATION OF FOREST ASSETS, contd.

this interest rate corresponds to the long-term cost of capital for an investment in forest assets and that it is not affected by short-term fluctuations in market rates. According to current felling estimates, which date from 2022 and are based on a forest optimisation model, felling will amount to approximately 5.1 million m³sub per year (6.3). This level is estimated to increase steadily until 2033, to then remain at a level of approximately 6.8 million m³sub until 2037. The level is then estimated to decrease slightly to approximately 6.3 million m³sub (7.2–7.9). In 2022, approximately 53 per cent (54) of Sveaskog's own forest volume was sold as sawlogs to sawmills and 43 per cent (42) comprised pulpwood which was sold to the pulp and paper industry. Other volumes consisted of, for example, biofuel in the form of rejected branches and treetops, which are primarily used as fuel wood; this volume is not included in the valuation.

Summary model assumptions – biological assets and forest land

MSEK	31 Dec 2022	31 Dec 2021
<i>Total forest assets</i>		
Valuation price per cubic metre of forest in SEK	5-year average	5-year average
Timber stocks per million cubic metres of forest	Forest registers as of October 2022	Forest registers as of October 2021
<i>Biological asset</i>		
Discount rate	4.50%	4.50%
Revenues	10-year average	10-year average
Nominal price increase	2.00% per year	1.75% per year
Costs	Normal cost¹	Normal cost¹
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.

In connection with this year's financial statements, Sveaskog has increased the inflation component of the model's prices to 2 per cent (see table above; price increase nominally). The updated assumption is in line with the Swedish Parliament's inflation assumption. This change has produced a model effect that has increased the value of biological assets – growing forests by approximately MSEK 7,400.

The 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	3,000
Closing value, 31 December 2021	85,430
Deferred tax attributable to forest assets	17,532
MSEK	
Opening value, 1 January 2022	85,430
Change during the year	4,059
Closing value, 31 December 2022	89,489
Less assets held for dividend	–627
Carrying amount, 31 December 2022	88,862
Deferred tax attributable to forest assets	18,378
Less deferred tax attributable to forest assets held for dividend	–124
Carrying amount of deferred tax attributable to forest assets at 31 December 2022	18,254

Notes

NOTE 2 VALUATION OF FOREST ASSETS, contd.

Forest assets of which biological assets	
MSEK	
Fair values	
Opening value, 1 January 2021	46,721
Acquisition of standing timber	23
Sales of standing timber	–46
Changes due to felling	–1,419
Unrealised change in fair value	1,443
Closing value, 31 December 2021	46,722
Opening value, 1 January 2022	46,722
Acquisition of standing timber	30
Sales of standing timber	–17
Changes due to felling	–1,683
Unrealised change in fair value	2,408
Closing value, 31 December 2022	47,460
Less assets held for dividend	–287
Carrying amount, 31 December 2022	47,173

Forest assets of which forest land	
MSEK	
Fair value	
Opening value, 1 January 2021	35,709
Acquisition of forest land	92
Sale of forest land	–50
Unrealised change in fair value	2,957
Closing value, 31 December 2021	38,708
Opening value, 1 January 2022	38,708
Acquisition of forest land	143
Sale of forest land	–16
Unrealised change in fair value	3,193
Closing value, 31 December 2022	42,028
Less assets held for dividend	–339
Carrying amount, 31 December 2022	41,689

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	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
ASSETS						
Forest assets						
- Biological assets	–	–	–	–	47,460	46,722
- Forest land	–	–	–	–	42,028	38,708
Interest-bearing non-current liabilities	15	5	–	–	–	–
Derivative instruments	–	–	63	5	–	–
Total assets	15	5	63	5	89,488	85,430
LIABILITIES						
Non-current liabilities	–	–	4,578	5,611	–	–
Current liabilities	–	–	3,147	2,655	–	–
Derivative instruments	–	–	0	40	–	–
Total liabilities	0	0	7,725	8,306	0	0

Measurement 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 were made between the different levels in the hierarchy and no significant changes were 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–December 2022 Sveaskog issued MSEK 5,550 (4,850) 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). No other significant changes, in addition to those mentioned in this year-end report, have occurred since the publication of the annual report. 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.

Significant events after the closing date

No significant events have occurred after the closing date.

Related-party transactions

During the year, MSEK 1,300 (850) has been paid as dividends. No other significant changes have occurred in relationships or transactions with related parties since what was described in the 2021 annual report.

Dividend

As part of its financial targets, Sveaskog aims to pay a regular dividend representing in the long term 70–100 per cent of earnings after tax excluding non-cash changes in the value of the biological asset standing timber after tax and the share of profit or loss from associated companies. In addition, 100 per cent of the dividends received by the company in the previous year from the associated companies. Dividends are distributed provided that the capital structure target after dividends falls within the target range and taking into account the Group's strategy and investment needs. The Board proposes that the Annual General Meeting approve the payment of a dividend for 2022 of MSEK 1,150.

Annual General Meeting

The Annual General Meeting will be held in Stockholm on 26 April 2023. The annual report will be published on www.sveaskog.se by 15 March 2023. The printed annual report in Swedish is available in early April. The printed annual report can be ordered from Sveaskog by e-mail at info@sveaskog.se or directly downloaded from Sveaskog's website, www.sveaskog.se

The Board of Directors and CEO hereby confirm that this year-end 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, 27 January 2023
Sveaskog AB (publ.) (556558–0031)

Kerstin Lindberg Göransson Chairperson	Anna Belfrage Board member	Marie Berglund Director
Leif Ljungqvist Director		Måns Nilsson Board member
Elisabet Salander Björklund Director		Sven Wird Director
Kenneth Andersson Employee representative		Sara Östh 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 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1
Net sales	2,044	1,733	1,991	1,992	1,888	1,472	1,867	1,693
Other operating income	28	8	13	42	61	8	33	38
Operating expenses	-1,778	-1,435	-1,604	-1,515	-1,599	-1,201	-1,494	-1,278
Depreciation/amortisation and impairment	-40	-37	-38	-38	-42	-36	-34	-35
Operating profit from continuing operations	254	269	362	481	308	243	372	418
Capital gains on property disposals	1	3	19	3	6	0	21	3
Share of profit/loss of associates	-28	118	251	233	167	245	175	80
Operating profit before change in value in biological assets	227	390	632	717	481	488	568	501
Change in value in biological assets	179	107	124	89	-610	113	183	118
Operating profit	406	497	756	806	-129	601	751	619
Net financial income/expense	-41	-36	-25	-24	-30	-36	-32	-35
Profit before tax	365	461	731	782	-159	565	719	584
Tax	-77	-71	-99	-113	67	-66	-112	-104
Earnings	288	390	632	669	-92	499	607	480

Balance sheets, MSEK

Quarterly overview	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1
Non-current assets, non-interest-bearing	91,411	88,684	88,278	88,130	87,751	85,191	84,783	84,382
Non-current receivables, interest-bearing	15	5	5	5	5	4	4	4
Inventories	649	635	573	722	690	602	601	806
Current receivables, non-interest-bearing	1,879	2,237	1,902	1,879	1,821	1,941	2,026	1,856
Cash and cash equivalents and interest-bearing receivables	799	560	1,475	1,416	1,171	937	1,028	1,613
Assets held for dividend	627	-	-	-	-	-	-	-
Total assets	95,380	92,121	92,233	92,152	91,438	88,675	88,442	88,661
Equity	66,192	63,027	62,611	63,233	62,516	60,237	59,744	59,976
Non-interest-bearing liabilities	20,817	20,801	20,512	20,490	20,308	19,832	19,823	19,798
Interest-bearing liabilities	8,247	8,293	9,110	8,429	8,614	8,606	8,875	8,887
Liabilities for assets held for dividend	124	-	-	-	-	-	-	-
Total equity and liabilities	95,380	92,121	92,233	92,152	91,438	88,675	88,442	88,661

Performance measures

Financial KPIs	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1
Net debt/equity ratio, multiple ¹	0.11	0.12	0.12	0.11	0.12	0.13	0.13	0.12
Adjusted operating capital (excluding deferred tax), MSEK ¹	39,810	39,275	38,917	38,905	38,621	38,975	38,703	38,347
Return on adjusted operating capital, % ²	4.9	5.6	5.9	5.8	5.2	5.5	4.5	3.6
Adjusted operating capital excluding equity participation in associates (and deferred tax), MSEK	38,149	37,561	37,301	37,251	37,220	37,742	37,715	37,518
Return on adjusted operating capital excluding associates, % ²	3.6	3.8	3.7	3.8	3.6	4.1	3.8	3.3
Equity ratio,%	69	68	68	69	68	68	68	68
Return on equity, % ²	3.6	2.6	2.8	2.7	2.4	27.3	26.6	25.8
Capital turnover rate, operating capital, multiple	0.11	0.10	0.11	0.11	0.11	0.09	0.11	0.10
Interest coverage ratio, multiple ^{2,3}	14.5	18.3	19.5	18.1	15.1	12.7	10.1	7.6
Operating margin, %	19.9	28.7	38.0	40.4	-6.9	40.8	40.2	36.6
Net interest-bearing debt, MSEK	7,433	7,728	7,630	7,008	7,438	7,665	7,843	7,270
Average interest rate in loan portfolio, %	1.19	0.95	0.77	0.63	1.32	1.34	1.36	1.36
Average net fixed interest period, months	24	25	26	28	28	28	33	32

Other KPIs	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1
Investments, MSEK								
Business acquisitions and investments in shares	-	-	-	-	0	0	5	1
Other investments	44	188	31	35	66	63	48	53
Staff								
Number of employees at the end of the period	739	727	716	713	711	705	709	712
Average number of employees	810	773	806	758	825	800	828	778

- 1) Adjusted operating capital excludes the land value and the deferred tax payable on it.
- 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	Full year 2022	Full year 2021
Equity OB	62,516	59,493
Equity CB	66,192	62,516
Average equity (OB + CB)/2	64,354	61,005
Profit for the year	1,979	1,494
Divided by average equity	64,354	61,005
= Return on equity, %	3.1%	2.4%

Capital turnover rate

Definition: Net sales divided by average 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.

Operating profit from continuing operations

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

Operating margin

Definition: Operating profit expressed as a percentage of net sales.

Return on adjusted operating capital

Definition: Operating profit before change in value of biological assets, excluding capital gains on property sales, divided by average adjusted operating capital, excluding deferred tax. The Group's definition is new as Sveaskog has new financial targets.

Comment: This is one of Sveaskog's financial targets. The target is an average dividend yield of at least 2.5 per cent. The target reflects the return on Sveaskog's operating activities excluding the impact of forest valuations and temporary property sales.

Return on adjusted operating capital	Full year 2022	Full year 2021
Operating profit before change in value in biological assets	1,966	2,038
Less capital gains on property disposals	–26	–30
Subtotal	1,940	2,008
Adjusted operating capital OB	38,621	38,266
Adjusted operating capital CB	39,810	38,621
Average adjusted operating capital (OB + CB)/2	39,216	38,444
Subtotal as above	1,940	2,008
Divided by average adjusted operating capital	39,216	38,444
= Return on adjusted operating capital, %	4.9%	5.2%

Return on adjusted operating capital excluding equity participation in associates

Definition: Operating profit before change in value of biological assets, excluding capital gains on property sales and equity interests in associates, divided by average adjusted operating capital, excluding equity interests in associates and deferred tax. The Group's definition is new as Sveaskog has new financial targets.

Comment: This is one of Sveaskog's financial targets. The target is an average dividend yield of at least 2.5 per cent. The target reflects the return on Sveaskog's operating activities excluding the share of capital in associated companies without the impact of forest valuations and temporary property sales.

Return on adjusted operating capital excluding equity participation in associates	Full year 2022	Full year 2021
Operating profit before change in value in biological assets	1,966	2,038
Less capital gains on property disposals	–26	–30
Less equity participation in associates	–574	–667
Subtotal	1,366	1,341
Adjusted operating capital excl. equity participations in associates OB	37,220	37,498
Adjusted operating capital excl. equity participations in associates CB	38,149	37,220
Average adjusted operating capital excl. equity interests in associates (OB + CB)/2	37,685	37,359
Subtotal as above	1,366	1,341
Divided by average adjusted operating capital, excluding equity participation in associates	37,685	37,359
= Return on adjusted operating capital excluding equity participation in associates, %	3.6%	3.6%

Adjusted operating capital

Definition: Total assets excluding interest-bearing assets, tax assets and assets held for sale and the land value minus non-interest-bearing liabilities and deferred tax liabilities (except the part of the land value), all calculated at the end of the year. The key performance indicator is calculated including and excluding equity participation in associates. The Group's definition is new as Sveaskog has new financial targets.

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

Adjusted operating capital	Full year 2022	Full year 2021
Other liabilities and provisions	387	624
- of which tax liabilities	58	67
- other liabilities and provisions	329	557
Balance sheet total	95,380	91,438
Less interest-bearing assets (cash and cash equivalents)	-799	-1,171
Less interest-bearing receivables (non-current)	-15	-5
Less tax assets	-67	-101
Less other liabilities and provisions (non-current)	-19,391	-18,729
Less trade payables	-1,039	-955
Less other liabilities and provisions	-329	-557
= Operating capital, MSEK	73,740	69,920
Restoration of land value	-41,689	-38,708
Restoration of land value of assets to be distributed	-339	-
Deferred tax attributable to land value	8,029	7,409
Deferred tax attributable to the land value of assets to be distributed	69	-
= Adjusted operating capital, MSEK	39,810	38,621
Less equity participation in associates	-1,661	-1,401
= Adjusted operating capital excl. equity participations in associates, MSEK	38,149	37,220

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 already defines financial targets, but the target range has been updated to 0.05–0.30. 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	Full year 2022	Full year 2021
Net interest-bearing debt	7,433	7,438
Divided by equity	66,192	62,516
= Net debt/equity ratio, multiple	0.11	0.12

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	Full year 2022	Full year 2021
Interest-bearing assets (cash and cash equivalents and non-current receivable)	814	1,176
Interest-bearing liabilities and provisions (non-current)	-4,946	-5,747
Lease liabilities, non-current	-90	-102
Interest-bearing liabilities (current)	-3,171	-2,712
Leasing liabilities, current	-40	-53
= Net interest-bearing debt, MSEK	-7,433	-7,438

Interest coverage ratio

Definition: Operating profit before change in value of biological 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	Full year 2022	Full year 2021
Financial items in the income statement	-126	-133
- of which financial income	8	0
- of which financial expenses	-134	-133
Operating profit before change in value in biological assets	1,966	2,038
Less capital gains on property disposals	-26	-30
Plus financial income	8	0
Subtotal	1,948	2,008
Divided by financial expenses	134	133
= Interest coverage ratio, multiple	14.5	15.1

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	Full year 2022	Full year 2021
Equity	66,192	62,516
Divided by total assets	95,380	91,438
= Equity ratio, %	69%	68%

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Financial calendar

Publication of Annual Report and Sustainability Report

Interim report January – March 2023

Annual General Meeting

Interim report April – June 2023

Interim report July – September 2023

15 March 2023

27 April 2023

27 April 2023

14 July 2023

27 October 2023

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