

Interim Report

January – June 2023

MSEK	3 months, April–June			6 months, Jan–Jun			12 months		
	2023	2022	%	2023	2022	%	Jul 2022– Jun 2023	2022	%
Net sales	2,075	1,991	4%	4,226	3,983	6%	8,003	7,760	3%
Operating profit from continuing operations	449	362	24%	1,011	843	20%	1,534	1,366	12%
Share of profit/loss in associates	14	251	–94%	8	484	–98%	98	574	–83%
Change in value in biological assets	–279	124	–325%	26	213	–88%	312	499	–37%
Operating profit	205	756	–73%	1,068	1,562	–32%	1,971	2,465	–20%
Profit/loss before tax	149	731	–80%	965	1,513	–36%	1,791	2,339	–23%
Profit/loss for the period	121	632	–81%	768	1,301	–41%	1,446	1,979	–27%
Cash flow from operating activities	485	354	37%	703	780	–10%	988	1,065	–7%
Earnings per share, SEK	1.03	5.34	–81%	6.49	10.99	–41%	12.21	16.71	–27%

KPIs¹⁾, Group

MSEK	6 months, Jan–Jun		12 months	
	2023	2022	Jul 2022– Jun 2023	2022
Net debt/equity ratio, multiple (target 0.05–0.30)	0.11	0.12	0.11	0.11
Return on adjusted operating capital (excl. deferred tax), % (target >2.5%) ^{1) 2)}	4.1	5.9	4.1	4.9
Return on adjusted operating capital excluding equity participation in associates (& deferred tax), % (target >2.5%) ^{1) 2)}	4.1	3.7	4.1	3.6
Return on equity, % ²⁾	2.2	2.8	2.2	3.1
Interest coverage ratio, times ^{2) 3)}	8.2	19.5	8.2	14.5
Equity ratio, %	69	68	69	69
Net interest-bearing debt, MSEK	7,177	7,630	7,177	7,433
Average number of employees	861	806	861	810
Total delivery volume, thousand m ³ sub	4,876	5,564	9,672	10,360

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.

Good demand and high prices

“A continuation of high prices has had a positive impact on our earnings for the first half of the year”

1 April–30 June 2023

- Net sales increased by 4 per cent to MSEK 2,075 (1,991). Timber prices increased by an average of 15 per cent, while delivery volumes decreased by 11 per cent.
- Operating profit increased by 24 per cent and amounted to MSEK 449 (362). Higher timber prices have been offset by lower volumes from Sveaskog's own forest, as well as increased costs for felling.
- Share of profits of associates amounted to MSEK 14 (251), mainly due to worse market conditions for Setra Group.
- The reported net change in value of biological assets amounted to MSEK –279 (124).
- Profit for the quarter amounted to MSEK 121 (632), equivalent to SEK 1.03 (5.34) per share.

1 January–30 June 2023

- Net sales increased by 6 per cent to MSEK 4,226 (3,983). Timber prices increased by an average of 17 per cent, while delivery volumes decreased by 12 per cent. Other sales increases are mainly attributable to concessions for wind power.
- Operating profit increased by 20 per cent and amounted to MSEK 1,011 (843). Higher timber prices and revenues from wind power concessions were offset by lower volumes from own forest and higher felling and forest management costs.
- Share of profits of associates amounted to MSEK 8 (484), mainly due to worse market conditions for Setra Group.
- The reported net change in value of biological assets amounted to MSEK 26 (213).
- Profit for the period amounted to MSEK 768 (1,301), equivalent to SEK 6.49 (10.99) per share.

Significant events

- Extensive interest in Sveaskog's issue of green bonds.
- Steps taken to reduce the risk of fires associated with droughts.

CEO's comments

Strong earnings and high timber prices



“Continued good demand for wood raw materials”

The overall economic situation continues to be strained and the recession is worrying both timber and pulpwood customers. However, despite weaker market conditions for customers, we see no declining demand for wood raw materials. The supply of timber, pulpwood and forest-based biofuels is generally lower than expected in Sweden, which increases interest in securing delivery volumes from Sveaskog. Despite the market situation, prices have risen to record levels on pulpwood as well as sawlogs due to the wood shortage and increased demand for energy wood. The Swedish forest industry also has a competitive advantage thanks to the weaker Swedish currency.

A good first half of 2023

A continuation of high prices has had a positive impact on our earnings for the first half of the year. Operating profit for the first six months amounted to MSEK 1,011, which was MSEK 168, or 20 per cent, higher than the corresponding period in 2022. However, higher timber prices are offset by lower volumes from Sveaskog's own forests and increased costs for felling, road maintenance and forest and nature conservation, among other things. In order to counter the earnings decreases from lower felling levels, we are reviewing potential improvements and efficiency enhancements. The lease revenues from wind power, which were significantly higher than last year, also contributed to the positive earnings.

The average price of timber deliveries from our own forest was 21 per cent higher than the corresponding period last year, timber prices were 10 per cent higher and pulpwood prices were 52 per cent higher.

Extensive interest in our green framework

At the end of March, we renewed our green framework for sustainable investments and third parties have assessed that it is in line with the EU's new taxonomy. Sveaskog was thereby the first forest company in Europe with a green financial bond framework compatible with the EU taxonomy. This has been positively received by the market and at the introduction and start of borrowing, interest from investors reached record heights – among the largest ever for a corporate issuer in the Swedish bond market. By offering green bonds, which is in line with our sustainability work, Sveaskog meets both new investors and can increase our available capital for future-oriented investments.

Continued commitment to the forest

Interest in the forest continues to be high and during the first six months of the year, the debate about the Swedish forest continued. Focus has been on domestic forest policy, Sweden's climate targets, bioenergy and coexistence with the reindeer industry, as well as current and future EU directives. The Swedish Presidency ended on 30 June and resulted in a number of important directives that will affect forestry in the future. We are working together with our owners and colleagues in the industry for an effective and beneficial implementation. The Government is also preparing a new forest commission, including how forest policy should be adapted to EU policy. In parallel, Sveaskog is continuing to work to increase transparency in forestry and to promote a constructive dialogue with the general public, customers, contractors and decision-makers – not least due to the reduced felling volumes in Norrbotten. We also hold ongoing dialogues with nature conservation organisations on future forestry and conservation issues. 68 per cent of our land is used for reindeer husbandry. One of our priorities is to develop joint planning as well as forestry that takes reindeer husbandry into consideration, but unfortunately, at the moment, we have not reached as far in the dialogues with reindeer industry representatives as we had hoped.

¹ Forest Stewardship Council

“As the country’s largest forest owner, we are an important player both for our country and for the Swedish forest industry.”

Research and cooperation

New technology and the climate crisis are driving development in society. Climate change poses new challenges through changing conditions in the form of warmer and drier weather, but it is also driving development with sustainability in mind. An example of the latter is the company FerroSilva, which, in collaboration with Sveaskog and actors such as the KTH Royal Institute of Technology, Chalmers University of Technology and Ovako, has developed a completely new process for the production of fossil-free sponge iron for the production of iron. As Sweden's largest forest owner and one of the country's largest raw material suppliers to the forest industry and the energy sector, it feels good to contribute to both wood raw materials and residual products from our forestry being utilised and to the strengthening of Sweden's steel industry.

Our commitment to research related to our business continues. One example of such research projects is the elk marking project Viltsamverkan in the wake of fire in the fire area in Central Sweden. Another relates to the growth of soil lichens and hanging lichens in Norrland.

Measures to address the increased fire risk

The dry climate means an increased fire risk on virtually all of our land holdings. We have learned from the “summer of fire” of 2018 and reviewed our fire preparedness before the summer season. As part of the preventive work, we have established a fire group at national level that analyses the fire risk forecasts and can quickly decide on any measures. We have also

invested in a drone with thermal cameras that can “see” through the smoke, giving us a better picture of an ongoing fire than the naked eye. In connection with the drought in June, our preparedness intensified.

Celebrating ecoparks from north to south

This year it is 20 years since we opened our first ecopark at Omberg in Östergötland. Several have been added since. The most recent was the Ecopark Öjesjöbrännan in Västmanland that was inaugurated in 2016. Today, visitors can enjoy magnificent and diverse nature in Sveaskog's 37 ecoparks throughout Sweden. The ecoparks, which make up a unique combination of farming, management and conservation, are part of Sveaskog's major conservation initiative. With them, we want to contribute to preserving and developing areas of conservation value in combination with sustainable forestry and opportunities for recreation. The idea of the ecoparks dates back to the 1990s and Sveaskog's decision to be the first Swedish forest company to join FSC¹. As a result of joining, we decided in 2002 that one fifth of our productive forest land would be set aside for nature conservation. “The initiative was groundbreaking and was honoured with the World Wildlife Fund's “Gift to the Earth” award in 2002.

As the country's largest forest owner and state-owned forest company, we are an important player both for our country and for the Swedish forest industry. I am proud that we take a great responsibility for developing sustainable forestry and I see it as my most important task to future-proof Sveaskog and our business in a troubled and changing world. I have the benefit of my colleagues' high level of competence and extensive commitment to help me.

Finally, I would like to thank all our employees for the good results and our customers, entrepreneurs and partners for their good cooperation. I wish you all a nice summer!

Erik Brandsma
President and CEO

Market situation and wood deliveries

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

Weaker market with sustained demand

The global markets for timber, pulp and paper weakened during the first half of the year, which means tougher conditions for many of Sveaskog's customers. Compared to European colleagues, the Swedish forest industry has competitive advantages where a weaker currency is the biggest difference. Despite weaker market conditions for its customers, Sveaskog sees no declining demand for wood raw materials. The supply of timber, pulpwood and forest-based biofuels is generally lower than expected in Sweden, which increases interest in securing delivery volumes.

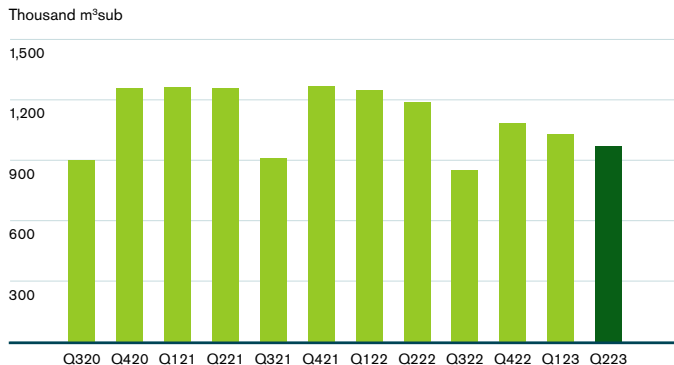


Sawmills

The sawmill production in Sweden was lower during the beginning of 2023 compared to the same period last year and it is mainly the production of spruce timber products that is decreasing. Orders received took off during the first quarter but slowed down during the second quarter. Sveaskog's timber customers describe the market situation of their products as short-term and uncertain. Despite the weakening of the sawn timber market, the ambition of the vast majority of Swedish sawmills is to have full production during the second half of the year. The supply of timber is generally still low in Sweden and with the production ambitions of sawmills, the timber supply can become a production-limiting factor. Sveaskog's reliability regarding timber deliveries is very high and many sawmills value deliveries from Sveaskog very high.

During the second quarter, Sveaskog delivered 973 thousand m³sub (1,188) of sawlogs, which is a decrease of 18 per cent from the same period last year. For the period July 2022 to June 2023, deliveries amounted to 3,940 thousand m³sub (4,617).

DELIVERY VOLUME SAWLOGS

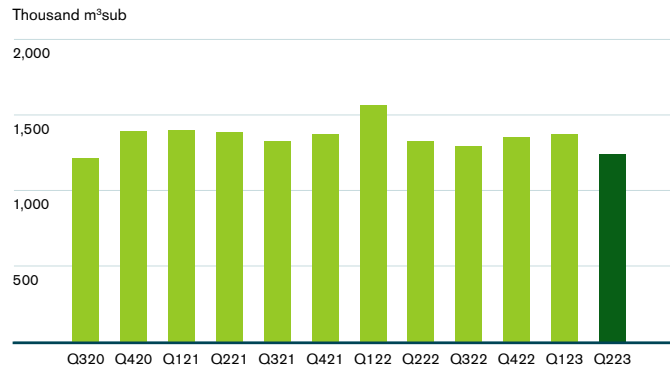


Pulp and paper industry

The price levels of pulp and packaging weakened in the second quarter. The drop in prices is deemed to be due to lower global demand boosted by stock reduction at buyers. A small number of Sveaskog's pulpwood customers have, as a result of the weaker market conditions, chosen to limit production, but the vast majority continue to choose to produce to capacity. In general, the stock levels of pulpwood are in balance, but the supply of pulpwood is lower than normal, while the interest in wood raw materials for energy production is high. Therefore, several purchasers have adjusted their official pulpwood price lists up to record levels in the second quarter.

In the second quarter, Sveaskog delivered 1,244 thousand m³sub (1,327) of pulpwood and woodchips, which is a decrease of 6 per cent from the same period last year. For the period July 2022 to June 2023, deliveries amounted to 5,264 thousand m³sub (5,594).

DELIVERY VOLUME PULPWOOD AND WOODCHIPS

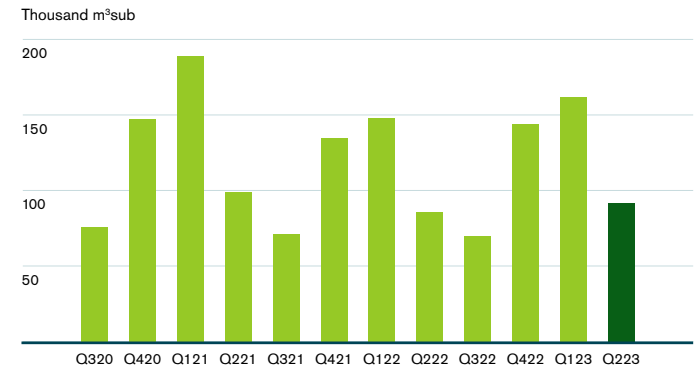


Biofuel

The market for forest biofuel, such as GROT (branches and treetops), is regional and local where 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. Seasonally adjusted stocks of biofuel are very low across Sweden. Sveaskog is no exception and the production of branches and tree tops, for example, is lower than for the same period last year, which affects the possibilities for Sveaskog to meet customer demand. Interest from both Swedish and European customers in signing contracts for biofuel deliveries for the upcoming fuel season remains high.

During the second quarter, Sveaskog delivered 92 thousand m³sub (86) of biofuel, which is an increase of 7 per cent on the same period last year. For the period July 2022 to June 2023, deliveries amounted to 468 thousand m³sub (440).

DELIVERY VOLUME BIOFUEL



Strategic targets 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.

Sveaskog's sustainable forestry programme

As part of achieving the strategic goals, Sveaskog launched a sustainable forestry programme in 2021 which focuses on three overarching areas of the forest landscape – the Managed Forests, the Water in the Forest, and the High Conservation Value Forests.



The managed forests

In the managed forest used, Sveaskog will work systematically and on a large scale for increased consideration and investigate how a limitation of the size of clearings can be done in order to best contribute to the establishment of a green infrastructure.



The water in the forest

In the coming years, Sveaskog will restore wetlands and restore continuous running watercourses. This will have a major impact on species that need running water and contribute to strengthening the forest land's ecosystems, while helping to bind carbon into the ground and combat the effects of climate change.



High conservation value forests

In Sveaskog's high conservation value forests, there is to be a special focus on deciduous and valuable hardwood forests, of which there is a major shortage. Sveaskog is now more than doubling its efforts to restore good ecological structures and living conditions.

Success factors

In order to achieve the strategic objectives, Sveaskog has identified a number of success factors where the sustainable forestry programme exists within “Initiatives relating to forests and forestry” and “Increased ecological values of our land holdings”.

Strong partnerships and collaborations

Extensive interest in Sveaskog's issue of green bonds

In the first quarter, we announced that we renewed our green framework for sustainable investments and that third parties have assessed that it is in line with the EU's new taxonomy. In the second quarter, Sveaskog issued MSEK 1,500 under the new framework. “The issue was positively received by the market and interest from the investors reached record heights. By offering green bonds, Sveaskog meets both new investors and can increase our available capital for future-oriented investments.

2030 Agenda



Sweden's environmental quality targets



Goal 15: A Good Built Environment

Success factors

Investments in forests and forestry



The managed forests

Optimal seedling choice for a changing climate

A changing climate affects basic conditions for saplings and trees. Processed sapling material for increased growth in the forest is an important part of modern forestry and in new planting, we choose saplings with well-developed properties, optimal for the site and well-adapted to the climate of today and the future. Thus, they have greater resilience to various kinds of pest attacks. In Götaland, 140,000 birches were planted during the quarter. In order to give the birches the best conditions, they are planted as early as possible during the planting season and hopefully the saplings overcame the challenge of the dry spring and early summer weather. In Southern Norrland, 20,000 larch trees and 6,880 birches were planted during the quarter.

Measure	Outcome full year 2022	Outcome acc. June 2023	Target full year 2023	Target 2027
Birch, planted annual area (hectares/year)	164	179	215	760
Siberian larch, planted annual area (hectares/year)	120	13	240	410

Continuous cover forestry in the managed parts of the most visited ecoparks

During the second quarter, an excursion was carried out with the forestry unit in the Omberg ecopark. During the excursion, discussions were held on the difficulties in continuous cover forestry that arise in combination with the conversion to deciduous forest. As a result of the plans for new national parks, the number of forestry measures in the five most visited ecoparks

was low in the second quarter. Instead, selective felling was carried out in areas outside our ecoparks. In Rogberga outside Jönköping, 13 hectares were harvested with continuous cover methods, in the form of group selection and shelterwood. In some well-visited forest areas in the Svealand region, we have planned during the quarter for a transition to continuous cover methods, which is in accordance with the wishes of the general public and stakeholders.

Initiatives for improved coexistence with the reindeer industry

Since 68 per cent of our land is used for reindeer husbandry, it is important for us to develop both the joint planning process and our forestry methods. The FSC standard focuses on an early joint action plan. During the co-planning of the quarter, a greater variety of forestry methods was discussed with the aim of enabling Sveaskog to return to previous felling levels.

In the quarter, many co-planning efforts were carried out and the understanding of the needs of each other's industries is increasing. Through the co-planning website samplanering.se, both Sveaskog and the Sami villages have the opportunity to share needs and ideas that can facilitate the respective industry's use of the land.

Sveaskog has now developed instructions for a systematic lichen inventory on our lands. The instructions will be evaluated during the 2023 field season within the regions Norrbotten and Västerbotten. The inventory will focus primarily on the possibility of following the development of the lichen areas over time and how it changes from a landscape perspective.

Sveaskog is a party to the Government's mission of "The State as a role model for sustainable forestry", which focuses on developing alternative cultivation methods that show greater consideration of the availability of reindeer grazing. In June, we conducted an excursion together with the Swedish Forest Agency, the Building and Planning Board, the Sami Parliament and the Swedish Confederation of Sami Nations (SSR) to develop the methods within the Government mission.

More clearing and thinning in the reindeer husbandry area

As part of the work to improve the coexistence between the reindeer industry and forestry, Sveaskog is implementing measures that are adapted to benefit the reindeer industry. Making adjustments during thinning and cleaning is good for both reindeer and the reindeer herders' ability to move in the landscape, and can also be good for the growth of reindeer lichens. In 2023, these measures were implemented on 450 hectares. Many of these areas of action are the outcome of the forward-looking dialogue between Sveaskog and representatives from the Sami villages.

Approximately 500 hectares of cleanings, in a total of 15 different departments, were carried out in dense forests during May and June in Västerbotten and Norrbotten. This provides good conditions for future thinning in these areas.

Measure	Outcome full year 2022	Outcome acc. June 2023	Target full year 2023	Target 2027
Actioned extended area of cleaning (hectares)	2,479	490	5,025	5,100

Measure	Outcome full year 2022	Outcome acc. June 2023	Target full year 2023	Target 2027
Actioned extended area of thinning (hectares/year)	385	49	200	1,200

2030 Agenda



Sweden's environmental quality targets



Goal 1: Reduced climate impact
Goal 12: Sustainable Forests

Success factors

Increased ecological values of land holdings



The water in the forest

Wetland programme with 100 new wetlands

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

Measure	Outcome full year 2022	Outcome acc. June 2023	Target full year 2023	Target 2027
Number of restored wetlands (acc. from 2021)	33	39	40	120

Re-wetting of ditched peat and wetlands can be an important measure in climate work. During the quarter, the collaboration project with the County Administrative Board of Örebro regarding restoration of meandering¹ and re-wetting of Ekemoängen Aspaån was carried out. The aim of the project is to increase biodiversity and a more natural flow regime for the body of water and restore the negative effects of historical stone clearing on the area's natural environment. In total, more than seven hectares of wetland have been recreated.

¹ Recreating more natural conditions of previously straightened streams.

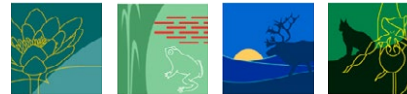
By re-meandering the section through Ekemoängen, the river is extended through the area. The main stream of the river is now a two-kilometre-long winding stream, instead of 720 metres of parallel ditches. Extension means that a large area of new biotope in the watercourse has been recreated.

With the filling of the ditches, the water can find its way through the area naturally. As a result, the water is greatly delayed in the area and the delay evens out flow peaks that arise during heavy rainfall and snow melting while at the same time creating natural assets through the formation of wetland and swamp forest environments.

2030 Agenda



Sweden's environmental quality targets



- Goal 8: Flourishing Lakes and Streams
- Goal 11: Thriving Wetlands
- Target 14: A Magnificent Mountain Environment
- Target 16: A Rich Diversity of Plant and Animal Life



Restored wetland.

Success factors



High conservation value forests

Harmonisation with national targets and EU goals

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

Measure	Outcome full year 2022	Outcome acc. June 2023	Target full year 2023	Target 2027
Formally set aside area, acc. (hectare)	0	48,000*	40,000	100,000

* Refers to the mountain forest package

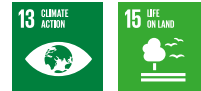
Extended nature conservation programme

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

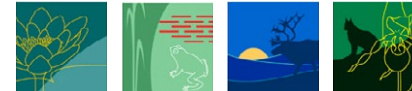
Measure	Outcome full year 2022	Outcome acc. June 2023	Target full year 2023	Target 2027
Nature conservation performed (hectare/year)	781	256	1,500	2,150

Within the framework of our investments in nature conservation, nature conservation burnings are carried out. During the quarter, nature conservation burning in Ejheden in Dalarna and point burnings of pine in Ekopark Skatan in Västerbotten were carried out. Setting nature conservation fires in a controlled manner benefits, among other things, wood-dwelling insects, which depend on the substrates that a fire creates. In the past, fires from natural causes in the forests were left to work themselves out and areas of up to a few hundred thousand hectares burned every summer.

2030 Agenda



Sweden's environmental quality objectives



Goal 8: Flourishing Lakes and Streams
 Goal 11: Thriving Wetlands
 Target 14: A Magnificent Mountain Environment
 Target 16: A Rich Diversity of Plant and Animal Life

A strong corporate culture

Gender Equality Council in the forest sector

Gender equality is an important issue for both Sveaskog and the industry at large. The forest sector's Gender Equality Council, which was founded last year, is the first example in Sweden of a whole industry joining forces to work together to promote gender equality. The aim of the Council is to achieve a gender-equal forest sector and representatives of all parts of the forest sector are included. The unique initiative is now beginning to take a clear shape and the Council meeting on 25 April decided how to continue the work for a gender-equal forestry sector in concrete terms.

2030 Agenda



Acceptance of and confidence in our forestry

Confidence in Sveaskog is growing

Confidence in Sveaskog is growing according to the reputation survey that Kantar Public conducts twice a year and includes a large number of Swedish company brands. In total, almost 13,000 Swedes answered questions about different companies. Sveaskog's results show a slight improvement compared to last spring and awareness is increasing in all target groups. The survey also shows that those who know Sveaskog well have a higher level of confidence than those who do not know the company as well.

2030 Agenda





Case

Extended nature conservation programme

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

Suitable environments created for the rare small scabious mining bee

Together with the County Administrative Board of Kronoberg, Sveaskog has cleaned and uncovered two large, sandy areas to create environments suitable for the rare small scabious mining bee. These measures were implemented in the autumn of 2022 but were completed with protective fencing and large

stones during the second quarter in the spring of 2023. These are examples of how we are working with the extended nature conservation programme.

Information boards about the measures for the benefit of the wild small scabious mining bee were also set up in Böksholm and Förda.

← The exposed area for the small scabious mining bee.

Information board in Böksholm. →



The Sveaskog Group

Condensed income statement

MSEK	3 months, April–June		6 months, Jan–Jun		12 months	
	2023	2022	2023	2022	Jul 2022– Jun 2023	2022
Net sales (Note 1)	2,075	1,991	4,226	3,983	8,003	7,760
Other operating income (Note 1)	19	13	54	55	90	91
Raw materials and consumables	-659	-615	-1,399	-1,259	-2,688	-2,548
Change in inventories	-55	-62	-2	-58	108	52
Other external expenses	-713	-769	-1,458	-1,496	-3,195	-3,233
Staff costs	-177	-158	-330	-306	-627	-603
Depreciation/amortisation	-41	-38	-80	-76	-157	-153
Operating profit from continuing operations	449	362	1,011	843	1,534	1,366
Capital gains on property disposals	21	19	23	22	27	26
Share of profit/loss in associates	14	251	8	484	98	574
Operating profit before change in value in biological assets	484	632	1,042	1,349	1,659	1,966
Change in value in biological assets (Note 2)	-279	124	26	213	312	499
Operating profit	205	756	1,068	1,562	1,971	2,465
Financial items	-56	-25	-103	-49	-180	-126
Profit before tax	149	731	965	1,513	1,791	2,339
Tax	-28	-99	-197	-212	-345	-360
Profit/loss for the period/year	121	632	768	1,301	1,446	1,979
Earnings per share in SEK before and after dilution	1.03	5.34	6.49	10.99	12.21	16.71
– calculated based on average number of shares, million	118.4	118.4	118.4	118.4	118.4	118.4

Statement of comprehensive income

MSEK	3 months, April–June		6 months, Jan–Jun		12 months	
	2023	2022	2023	2022	Jul 2022– Jun 2023	2022
Profit/loss for the period/year	121	632	768	1,301	1,446	1,979
Other comprehensive income						
<i>Components that will not be reversed in profit or loss</i>						
Change in value in land assets (Note 2)	18	2	17	2	3,620	3,605
Tax on change in value in land assets	-7	0	-1	0	-744	-743
Actuarial gains/losses relating to pensions	-	-	-	-	66	66
Tax on actuarial gains/losses	-	-	-	-	-14	-14
<i>Components that may be reversed in profit or loss</i>						
Translation differences	2	1	3	2	6	5
Other comprehensive income from associates	-20	30	-45	57	-70	32
Tax on other comprehensive income from associates	5	-6	10	-12	16	-6
Change in fair value of cash flow hedges for the year	3	24	-4	56	4	65
Changes in the fair value of cash flow hedges transferred to profit or loss for the year	0	0	0	1	0	1
Tax attributable to cash flow hedges	-1	-5	1	-12	-1	-14
Total other comprehensive income for the period/year, net after tax	0	46	-19	94	2,883	2,997
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	121	678	749	1,395	4,329	4,976

The Sveaskog Group

Comments on the income statement

1 April–30 June 2023

Net sales Net sales increased by 4 per cent to MSEK 2,075 (1,991). Prices of wood raw materials increased by an average of 15 per cent, while total delivery volumes decreased by 11 per cent.

Sales of wood raw materials amounted to 2,309 thousand cubic metres (m³sub) (2,601).

Operating profit Operating profit increased by 24 per cent and amounted to MSEK 449 (362). Higher timber prices have been offset by lower volumes from Sveaskog's own forest, as well as increased costs for felling.

Capital gains from the sale of property amounted to MSEK 21 (19). Share of profits in associates amounted to MSEK 14 (251). The net change in the carrying amount of biological assets amounted to MSEK –279 (124), the negative value reflects an adjustment of incorrect parameters from the first quarter. After the change in value in biological assets, the operating profit amounted to MSEK 205 (756). Net financial items in the quarter were an expense of MSEK 56 (25). Profit before tax amounted to MSEK 149 (731). Tax amounted to MSEK –28 (–99). Profit for the quarter decreased to MSEK 121 million (632).

1 January–30 June 2023

Net sales Net sales increased by 6 per cent to MSEK 4,226 (3,983). Prices of wood raw materials increased by an average of 17 per cent, while total delivery volumes decreased by 12 per cent.

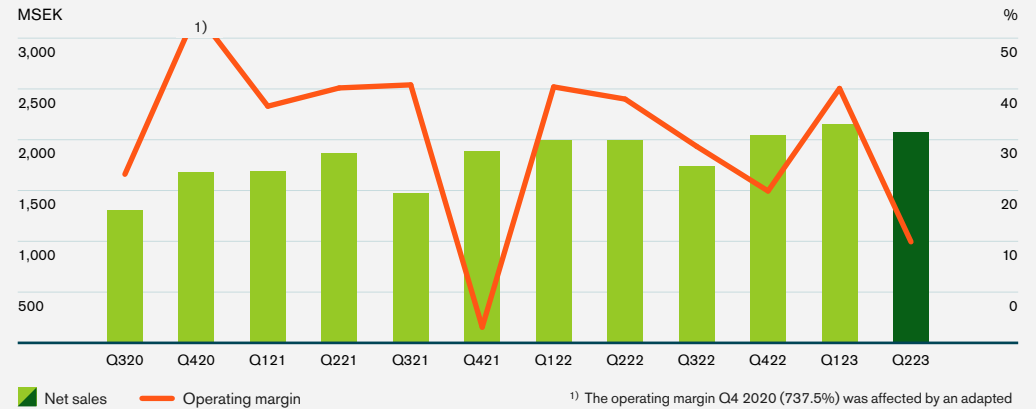
Other sales increases are mainly attributable to concessions for wind power.

Sales of wood raw materials amounted to 4,876 thousand cubic metres (m³sub) (5,564).

Operating profit Operating profit increased by 20 per cent and amounted to MSEK 1,011 (843). Higher timber prices and revenues from wind power concessions were offset by lower volumes from own forest and higher felling and forest management costs.

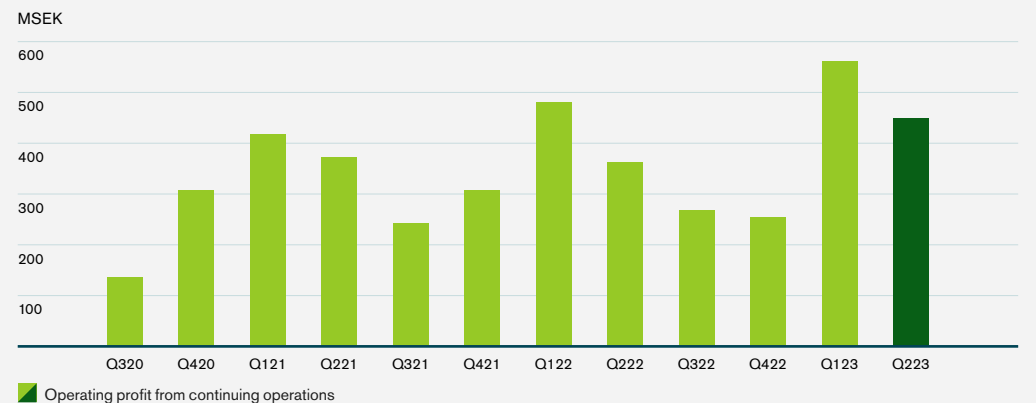
Capital gains from the sale of property amounted to MSEK 23 (22). Share of profits in associates amounted to MSEK 8 (484). The net change in the carrying amount of biological assets amounted to MSEK 26 (213). After changes in value in biological assets, the operating profit amounted to MSEK 1,068 (1,562). Net financial items during the first half of the year were an expense of MSEK 103 (49). Profit before tax amounted to MSEK 965 (1,513). Tax amounted to MSEK –197 (–212). Profit for the period decreased to MSEK 768 (1,301).

NET SALES AND OPERATING MARGIN



¹⁾ The operating margin Q4 2020 (737.5%) was affected by an adapted method for the valuation and recognition of forest assets.

OPERATING PROFIT FROM CONTINUING OPERATIONS

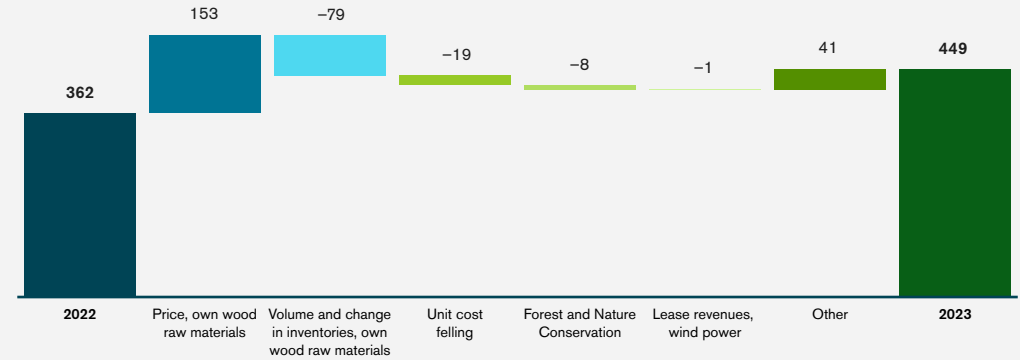


The Sveaskog Group

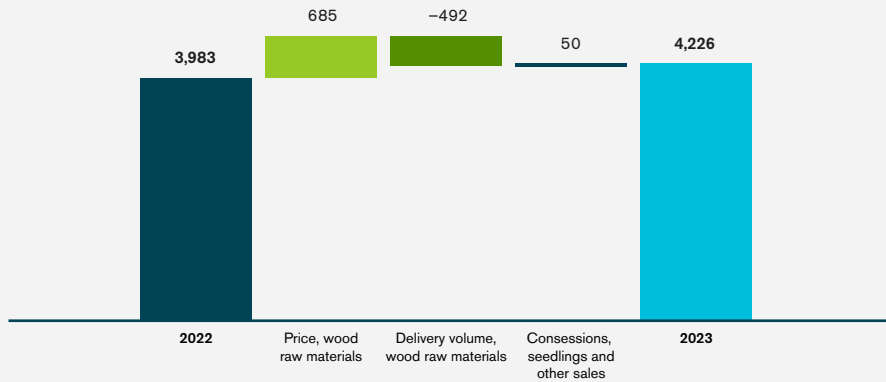
CHANGE IN NET SALES, Q2, MSEK



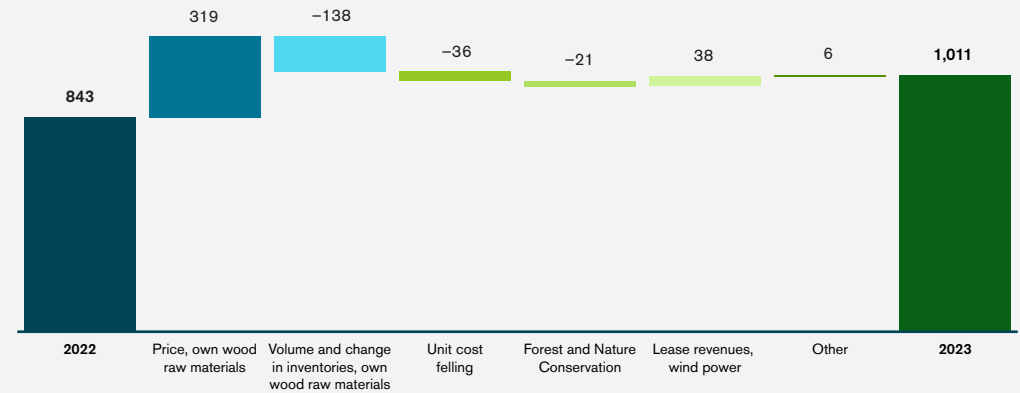
CHANGE IN OPERATING PROFIT, Q2, MSEK



CHANGE IN NET SALES, JANUARY-JUNE, MSEK



CHANGE IN OPERATING PROFIT, JANUARY-JUNE, MSEK



The Sveaskog Group

Condensed balance sheet

MSEK	30 June 2023	30 June 2022	31 Dec 2022
Assets (Note 3)			
Non-current assets			
Intangible assets	153	161	157
Forest assets (Note 2, 3)	89,003	85,760	88,862
– of which land assets	41,695	38,706	41,689
– of which biological assets	47,308	47,054	47,173
Other property, plant and equipment	628	590	594
Right-of-use assets	163	141	127
Non-current financial assets, non-interest-bearing	1,411	1,626	1,671
Long-term interest-bearing receivables	51	5	15
Total non-current assets	91,409	88,283	91,426
Current assets			
Inventories	596	573	649
Tax assets	130	236	67
Trade receivables	1,395	1,218	1,355
Other receivables	485	448	457
Cash and cash equivalents	1,189	1,475	799
Assets held for dividend ¹⁾	653	–	627
Total current assets	4,448	3,950	3,954
TOTAL ASSETS	95,857	92,233	95,380

¹⁾ Assets held for dividends are the consolidated value of the 11,045 hectares of unprotected productive forest land that, together with a further 13,955 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.

MSEK	30 June 2023	30 June 2022	31 Dec 2022
Equity and liabilities			
Equity	63,366	62,611	66,192
Non-current liabilities (Note 3)			
Interest-bearing liabilities and provisions	7,674	5,529	4,946
Lease liabilities, non-current	124	94	90
Other liabilities and provisions	19,361	18,814	19,351
Total non-current liabilities	27,159	24,437	24,387
Current liabilities (Note 3)			
Interest-bearing liabilities and provisions	578	3,438	3,171
Leasing liabilities, current	42	49	40
Tax liabilities	215	202	98
Trade payables	1,006	955	1,039
Other liabilities and provisions	359	541	329
Liabilities attributable to assets held for dividend	132	–	124
Total current liabilities	2,332	5,185	4,801
Total liabilities	29,491	29,622	29,188
TOTAL EQUITY AND LIABILITIES	95,857	92,233	95,380

Condensed statement of changes in equity

MSEK	Jan–June 2023	Jan–June 2022	Full year 2022
Opening equity, 1 January	66,192	62,516	62,516
Total comprehensive income	749	1,395	4,976
Dividend paid according to Annual General Meeting resolution	–575	–1,300	–1,300
CLOSING EQUITY AT END OF PERIOD/YEAR	66,366	62,611	66,192

The Sveaskog Group

Condensed cash flow statement

MSEK	Jan–June 2023	Jan–June 2022	Full year 2022
Operating activities			
Operating profit	1,068	1,562	2,465
Non-cash items etc.	-79	-770	-1,168
Interest received, etc.	15	1	6
Interest paid	-118	-52	-115
Tax paid	-122	-148	-178
Cash flow from operating activities before changes in working capital	764	593	1,010
Changes in working capital	-61	187	55
Cash flow from operating activities	703	780	1,065
Investing activities			
Investment in non-current assets	-118	-66	-298
Investments in shares and participations	-3	-	0
Dividends from associates	238	315	340
Sale of non-current assets	57	70	109
Sale of shares and participations	0	2	2
Increase in interest-bearing receivables	-36	0	-10
Cash flow from investing activities	138	321	143
Financing activities			
Dividend paid	-575	-1,300	-1,300
Borrowings	4,200	3,750	6,450
Repayment of loans	-4,076	-3,247	-6,730
Cash flow from financing activities	-451	-797	-1,580
CASH FLOW FOR THE PERIOD/YEAR	390	304	-372
Cash and cash equivalents at the beginning of the year	799	1,171	1,171
Cash and cash equivalents at the end of the period/year	1,189	1,475	799

Comments on the balance sheet and cash flow

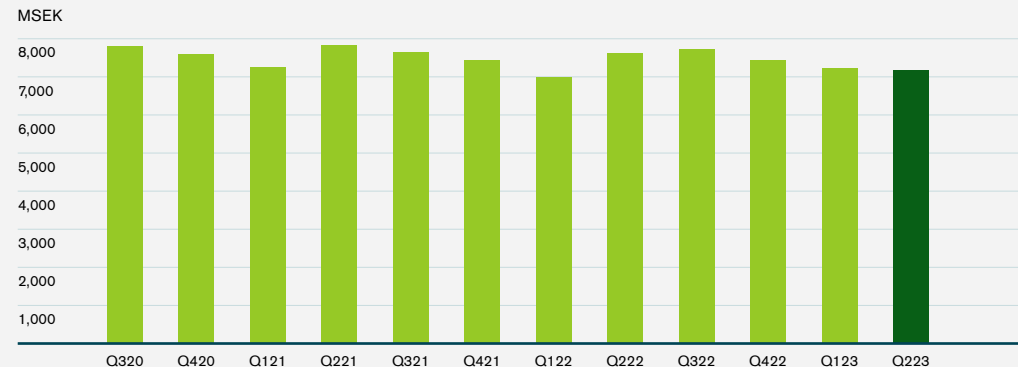
Cash flow from operating activities during the period was MSEK 703 (780). The decrease is mainly due to changes in working capital. Investments in non-current assets, mainly forest properties and forest machines, amounted to MSEK 118 (66) while investments in shares amounted to MSEK 3 (0). Sales of non-current assets, mainly forest properties, amounted to MSEK 57 (70). Dividends from associates have been received amounting to MSEK 238 (315) and sales of shares amounted to MSEK 0 (2). A dividend of MSEK 575 (1,300) was paid to the owner.

Sveaskog's net interest-bearing debt amounted to MSEK 7,177 (7,630) as of 30 June. At the end of the period, the loan portfolio consisted mainly of loans issued under Sveaskog's MTN programme and a Swedish commercial paper programme. The loan volume under the Swedish commercial paper programme amounted to MSEK 1,300 (1,300), which is refinanced on an ongoing basis. The outstanding volume under the MTN programme at 30 June was MSEK 5,940 (6,540), of which green bonds accounted for MSEK 4,800 (5,400). The lowest average net fixed interest period during the period was around 23 months (24).

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

The interest coverage ratio was 8.2 (19.5) and the gross borrowing cost was 2.49 (0.77) per cent.

NET INTEREST-BEARING DEBT



Parent company

Condensed income statement

MSEK	3 months, April–June		6 months, Jan–Jun		12 months	
	2023	2022	2023	2022	Jul 2022– Jun 2023	2022
Operating income	12	10	24	22	47	45
Operating expenses	–1	0	–2	–1	–4	–3
Operating profit	11	10	22	21	43	42
Financial items	–93	–45	–167	–89	–281	–203
Profit/loss before appropriations and tax	–82	–35	–145	–68	–238	–161
Group contributions	–	–	–	–	390	390
Provisions to untaxed reserves	–	–	–	–	–76	–76
Profit before tax	–82	–35	–145	–68	76	153
Tax	17	7	30	14	–31	–47
PROFIT/LOSS FOR THE PERIOD/YEAR	–65	–28	–115	–54	45	106

Condensed balance sheet

MSEK	30 June 2023	30 June 2022	31 Dec 2022
Assets			
Non-current assets			
Property, plant and equipment	36	38	37
Total property, plant and equipment	36	38	37
Non-current financial assets			
Shares in Group companies	24,984	24,934	24,984
Receivables from Group companies, interest-bearing	399	799	499
Total non-current financial assets	25,383	25,733	25,483
Total non-current assets	25,419	25,771	25,520
Current assets			
Current receivables etc., non-interest bearing	107	90	52
Receivables from Group companies, non-interest-bearing	4	1	392
Receivables from Group companies, interest-bearing	408	900	301
Cash and cash equivalents	0	0	0
Total current assets	519	991	745
TOTAL ASSETS	25,938	26,762	26,265
Equity and liabilities			
Equity	14,701	15,231	15,391
Untaxed reserves	308	232	308
Non-current liabilities			
Interest-bearing non-current liabilities	7,472	5,232	4,732
Total non-current liabilities	7,472	5,232	4,732
Current liabilities			
Liabilities to Group companies, interest-bearing	2,787	2,563	2,590
Other liabilities, interest-bearing	544	3,398	3,138
Liabilities to Group companies	–	–	0
Other liabilities and provisions	126	106	106
Total current liabilities	3,457	6,067	5,834
TOTAL EQUITY AND LIABILITIES	25,938	26,762	26,265

Parent company

Condensed statement of changes in equity

MSEK	Jan–June 2023	Jan–June 2022	Full year 2022
Opening equity, 1 January	15,391	16,585	16,585
Dividend paid according to Annual General Meeting resolution	–575	–1,300	–1,300
Profit for the year	–115	–54	106
CLOSING EQUITY AT END OF PERIOD/YEAR	14,701	15,231	15,391

Condensed cash flow statement

MSEK	Jan–June 2023	Jan–June 2022	Full year 2022
Cash flow from operating activities	–161	3,061	3,840
Cash flow from investing activities	3	402	356
Cash flow from financing activities	158	–3,463	–4,196
CASH FLOW FOR THE PERIOD/YEAR	0	0	0
Cash and cash equivalents at the beginning of the year	0	0	0
Cash and cash equivalents at the end of the period/year	0	0	0

Sveaskog Group and associates



SALES JAN-JUNE 2023, MSEK

4,226

OPERATING PROFIT JAN-JUNE 2023, MSEK

1,011

Parent company

Sveaskog AB (Publ.), which is 100 per cent owned by the Swedish state, owns and manages forest properties and shares in subsidiaries and is responsible for Group-wide financing. For Sveaskog AB (publ.), operating income for the period January-June amounted to MSEK 24 (22), of which MSEK 2 (2)

was accounted for by capital gains from sales of forest land. The loss after financial items amounted to MSEK 145 (68). 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.

SVEASKOG'S SHARE OF PROFIT/LOSS FROM ASSOCIATES Q2 2023, MSEK

14

- Setra Group, -1
- SunPine, 11
- ShoreLink, 4

SVEASKOG'S SHARE OF PROFIT/LOSS FROM ASSOCIATES ACCUMULATED JAN-JUNE 2023, MSEK

8

- Setra Group, -20
- SunPine, 26
- ShoreLink, 2



Sveaskog's holding 50 per cent of the shares

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 profit/loss in the associate is recognised in the consolidated income statement. Net sales for the period January-June amounted to MSEK 2,782 (3,626). The operating profit/loss amounted to a loss of MSEK 54 (profit: 1,044). 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 MSEK 428 to a loss of MSEK 20 (profit: 408). Sveaskog's share of Setra's other comprehensive income amounted to a loss of MSEK 35 (profit: 45).



Sveaskog's holding 25.1 per cent of the shares

SunPine AB

Sveaskog owns 25.1 per cent of the shares of the biorefinery SunPine AB. The share of profit/loss in the associate is recognised in the consolidated income statement. Net sales for the period January-June amounted to MSEK 1,899 (1,617). The operating profit amounted to MSEK 128 (372). The deterioration in earnings is primarily an effect of an increased fluctuation in the oil market. Sveaskog's share of the company's profit decreased by 64 per cent to MSEK 26 (72).



Sveaskog's holding 24.1 per cent of the shares

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 January-June 2023 reports the share of the associate's profit/loss for the period December 2022 to May 2023, while the figures for the previous year cover the period from December 2021 to May 2022. Net sales for this period amounted to MSEK 156 (155) and the operating profit for the same period amounted to MSEK 4 (19). Sveaskog's share of profit/loss in the company amounted to MSEK 2.4 (3.5).

Associates	Revenue	Operating profit	Share of profit/loss including any internal profit	Share of profit in other comprehensive income	Refers to period
Setra Group	2,782	-54	-20	-35	Jan-June 2023
SunPine	1,899	128	26	N/A	Jan-June 2023
ShoreLink	156	4	2	N/A	Dec 2022-May 2023

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 principles for forest assets are described in detail in Sveaskog's Annual Report 2022, Note 14 on pages 81–83. For the period January–June 2023, see Note 2 in this interim report.

NOTE 1 | Revenues from contracts with customers

MSEK	Jan–June 2023	Jan–June 2022	July 2022– June 2023	Full year 2022
Sawlogs	1,741	1,933	3,398	3,590
Pulpwood and woodchips	1,919	1,502	3,708	3,291
Biofuel	80	67	139	126
Seedlings	186	178	316	308
Other	90	135	198	243
Total income from contracts with customers	4,016	3,815	7,759	7,558
Of which IFRS 15 in net sales	4,016	3,813	7,758	7,555
Lease income	210	170	245	205
Total net sales	4,226	3,983	8,003	7,760
Of which IFRS 15 in other operating income	0	2	1	3
Capital gains etc.	54	53	89	88
Total other operating income	54	55	90	91
Date of revenue recognition				
Goods transferred to customers on a specific date	3,977	3,787	7,635	7,445
Goods and services transferred to customers over time	39	28	124	113
Contract assets and contractual liabilities				
Contract assets	16	28	16	26
Contract liabilities	1	–	1	0

Sveaskog has unfulfilled performance obligations for sales contracts with a term of more than 12 months of MSEK 2,952 (7,677). 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 3,672 (9,297) reported for last year, MSEK 715 (1,508) referred to January–June 2023.

NOTE 2 | Valuation of forest assets

Sveaskog's total land holdings amount to 3.89 million hectares, of which 3.03 million hectares 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 amount of forest land is calculated as the difference between the total value of forest assets and biological assets. This value reflects future revenue from non-harvesting of now standing trees, such as letting for wind power, extracting from rock quarries, hunting leases, concession revenue and harvesting of future generations of trees and is recognised via other total earnings.

The carrying amount of Sveaskog's forest assets as of 30 June 2023 has been calculated at MSEK 89,003 (85,760), of which MSEK 47,308 (47,054) refers to the fair value of the biological asset and MSEK 41,695 (38,706) refers to the fair value of the land. The change in the balance sheet since the previous year-end is MSEK 141 (330) and is shown on the table on the next page. The parameters included in the model for calculating the fair value are updated annually.

Notes

Significant judgements and estimates

One production cycle for biological assets is estimated by Sveaskog to amount to an average of 70 to 100 years and is divided into Sveaskog's five regions. 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 at right) is applied. The inflation assumptions in the model are based on estimated future development during the valuation period. Cash flow before tax is discounted at an interest rate of 4.5 per cent (4.5). Sveaskog's Board of Directors assesses that this interest rate corresponds to the long-term cost of capital for an investment in forest assets and that is not affected by short-term fluctuations in market rates. According to current felling estimates, which date from 2022 and are based on a forest optimisation model, felling will amount to approximately 5.1 million m³sub per year (6.3). This level is estimated to increase steadily until 2033, to then remain at a level of approximately 6.8 million m³sub (6.8) until 2037. The level is then estimated to decrease slightly to approximately 6.3 million 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 tree tops, which are primarily used as fuel wood. This volume is not included in the valuation.

SUMMARY MODEL ASSUMPTIONS FOR FOREST ASSETS – BIOLOGICAL ASSETS AND FOREST LAND

MSEK	30 June 2023	30 June 2022
Valuation price per cubic metre of forest in SEK	5-year average	5-year average
Timber stocks per million cubic metres of forest	Forest registers as of October 2022	Forest registers as of October 2021
Discount rate	4.50%	4.50%
Revenue	10-year average	10-year average
Nominal price increase	2.00% per year	1.75% per year
Costs	Normal cost ¹⁾	Normal cost ¹⁾
Nominal cost increase	2.00% per year	2.00% per year

¹⁾ Normal cost = outcome for the current year and the previous year as well as budget for the coming year.

The 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 2022 (Note 14, pages 81–83).

TOTAL FOREST ASSETS – BIOLOGICAL ASSETS AND FOREST LAND

MSEK	
Fair values	
Opening balance, 1 January 2022	85,430
Change during the year	330
Closing value, 30 June 2022	85,760
Deferred tax attributable to forest assets	17,602
Opening value, 1 January 2023	89,489
Change during the year	167
Closing value, 30 June 2023	89,656
Less assets held for dividend	–653
Carrying amount, 30 June 2023	89,003
Deferred tax attributable to forest assets	18,415
Less deferred tax attributable to forest assets held for dividend	–132
Carrying amount of deferred tax attributable to forest assets, 30 June 2023	18,283

FOREST ASSETS OF WHICH BIOLOGICAL ASSETS

MSEK	
Fair values	
Opening balance, 1 January 2022	46,722
Acquisition of standing timber	1
Sales of standing timber	–6
Changes due to felling	–58
Unrealised change in fair value	395
Closing value, 30 June 2022	47,054
Opening value, 1 January 2023	47,460
Acquisition of standing timber	5
Sales of standing timber	–8
Changes due to felling	–423
Unrealised change in fair value	565
Closing value, 30 June 2023	47,599
Less assets held for dividend	–291
Carrying amount, 30 June 2023	47,308

FOREST ASSETS OF WHICH FOREST LAND

MSEK	
Fair values	
Opening balance, 1 January 2022	38,708
Acquisition of forest land	2
Sale of forest land	–6
Unrealised change in fair value	2
Closing value, 30 June 2022	38,706
Opening value, 1 January 2023	42,028
Acquisition of forest land	20
Sale of forest land	–8
Unrealised change in fair value	17
Closing value, 30 June 2023	42,057
Less assets held for dividend	–362
Carrying amount, 30 June 2023	41,695

Notes

NOTE 3 | Fair value

The following table shows the fair value of the Group's assets, liabilities and derivatives. -Assets and derivatives are measured at fair value on the balance sheet, while current and non-current liabilities are measured at amortised cost on the balance sheet.

MSEK	Level 1		Level 2		Level 3	
	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022
Assets						
Forest assets						
Biological assets	–	–	–	–	47,599	47,460
Forest land	–	–	–	–	42,057	42,028
Interest-bearing non-current receivables	51	15	–	–	–	–
Derivative instruments	–	–	65	63	–	–
Total assets	51	15	65	63	89,656	89,488
Liabilities						
Non-current liabilities	–	–	5,836	4,578	–	–
Current liabilities	–	–	2,033	3,147	–	–
Derivative instruments	–	–	0	0	–	–
Total liabilities	0	0	7,869	7,725	0	0

Measurement techniques used to calculate fair values in Level 1

For financial instruments for which quoted market prices are available, current prices are used for fair value measurement.

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 2022, no transfers have been made between the different levels in the hierarchy and no significant changes have been made to the measurement method, data used or assumptions.

Measurement techniques used to calculate fair values in Level 3

The valuation technique is shown in Note 2.

Issues

In January to June 2023, Sveaskog issued MSEK 2,700 (2,850) under the commercial paper programme and MSEK 1,500 (500) under the MTN programme.

Other information

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Sveaskog's 2022 annual report (pages 38–41). 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 other significant events have occurred after the closing date.

Related-party transactions

During the first half of the year, Sveaskog decided to pay a dividend of MSEK 1,300 to the owner, of which MSEK 575 has been paid. The remaining MSEK 575 will be paid in the second half of the year. Sveaskog has also received MSEK 238 (315) in dividends from the associated companies. No other significant changes have occurred in relationships or transactions with related parties since what was described in the 2022 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, 14 July 2023

Sveaskog AB (publ.) (556558-0031)

Kerstin Lindberg Göransson
Chair of the Board

Anna Belfrage
Board member

Marie Berglund
Board member

Uno Brinnen
Board member

Timo van't Hoff
Board member

Leif Ljungqvist
Board member

Måns Nilsson
Board member

Elisabet Salander Björklund
Board member

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	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3
Net sales	2,075	2,151	2,044	1,733	1,991	1,992	1,888	1,472
Other operating income	19	35	28	8	13	42	61	8
Operating expenses	-1,604	-1,585	-1,778	-1,435	-1,604	-1,515	-1,599	-1,201
Depreciation/amortisation and impairment	-41	-39	-40	-37	-38	-38	-42	-36
Operating profit from continuing operations	449	562	254	269	362	481	308	243
Capital gains on property disposals	21	2	1	3	19	3	6	0
Share of profit/loss in associates	14	-6	-28	118	251	233	167	245
Operating profit before change in value in biological assets	484	558	227	390	632	717	481	488
Change in value in biological assets	-279	305	179	107	124	89	-610	113
Operating profit	205	863	406	497	756	806	-129	601
Net financial income/expense	-56	-47	-41	-36	-25	-24	-30	-36
Profit before tax	149	816	365	461	731	782	-159	565
Tax	-28	-169	-77	-71	-99	-113	67	-66
Earnings	121	647	288	390	632	669	-92	499

Balance sheets, MSEK

Quarterly overview	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3
Non-current assets, non-interest-bearing	91,358	91,668	91,411	88,684	88,278	88,130	87,751	85,191
Non-current receivables, interest-bearing	51	30	15	5	5	5	5	4
Inventories	596	716	649	635	573	722	690	602
Current receivables, non-interest-bearing	2,010	2,032	1,879	2,237	1,902	1,879	1,821	1,941
Cash and cash equivalents and interest-bearing receivables	1,189	1,072	799	560	1,475	1,416	1,171	937
Assets held for dividend	653	651	627	-	-	-	-	-
Total assets	95,857	96,169	95,380	92,121	92,233	92,152	91,438	88,675
Equity	66,366	66,820	66,192	63,027	62,611	63,233	62,516	60,237
Non-interest-bearing liabilities	20,941	20,887	20,817	20,801	20,512	20,490	20,308	19,832
Interest-bearing liabilities	8,418	8,333	8,247	8,293	9,110	8,429	8,614	8,606
Liabilities for assets held for dividend	132	129	124	-	-	-	-	-
Total equity and liabilities	95,857	96,169	95,380	92,121	92,233	92,152	91,438	88,675

KPIs

Financial KPIs	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3
Net debt/equity ratio, times	0.11	0.11	0.11	0.12	0.12	0.11	0.12	0.13
Adjusted operating capital (excluding deferred tax), MSEK ¹⁾	39,813	40,385	39,850	39,275	38,917	38,905	38,621	38,975
Return on adjusted operating capital, % ²⁾	4.1	4.5	4.9	5.6	5.9	5.8	5.2	5.5
Adjusted operating capital excluding equity participation in associates (and deferred tax), MSEK	38,417	38,749	38,189	37,561	37,301	37,251	37,220	37,742
Return on adjusted operating capital excluding associates, % ²⁾	4.1	3.8	3.6	3.8	3.7	3.8	3.6	4.1
Equity ratio, %	69	69	69	68	68	69	68	68
Return on equity, % ²⁾	2.2	3.0	3.1	2.6	2.8	2.7	2.4	27.3
Capital turnover rate, operating capital, multiple	0.11	0.11	0.11	0.10	0.11	0.11	0.11	0.09
Interest coverage ratio, times ²⁾³⁾	8.2	11.1	14.5	18.3	19.5	18.1	15.1	12.7
Operating margin, %	9.9	40.1	19.9	28.7	38.0	40.4	-6.9	40.8
Net interest-bearing debt, MSEK	7,177	7,231	7,433	7,728	7,630	7,008	7,438	7,665
Average interest rate in loan portfolio, %	2.49	2.37	1.19	0.95	0.77	0.63	1.32	1.34
Average net fixed interest period, months	23	23	24	25	26	28	28	28

Other KPIs	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3
<i>Investments, MSEK</i>								
Business acquisitions and investments in shares	24	3	-	-	-	-	0	0
Other investments	97	37	44	188	31	35	66	63
<i>Staff</i>								
Number of employees at the end of the period	769	752	739	727	716	713	711	705
Average number of employees	861	815	810	773	806	758	825	800

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 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 deems that this KPI measures the company's return during the year on the capital that the owner has invested in the business, and thus indicates how profitable the company is for its shareholders.

Return on equity	July 2022– June 2023	Jul 2021– Jun 2022	Full year 2022
Equity OB	63,233	59,976	62,516
Equity CB	66,366	62,611	66,192
Average equity (OB + CB)/2	64,800	61,294	64,354
Profit for the year	1,446	1,708	1,979
Divided by average equity	64,800	61,294	64,354
= Return on equity, %	2.2%	2.8%	3.1%

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.

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	July 2022– June 2023	Jul 2021– Jun 2022	Full year 2022
Operating profit before change in value in biological assets	1,658	2,318	1,966
Less capital gains on property disposals	-27	-28	-26
Subtotal	1,631	2,290	1,940
Adjusted operating capital OB	38,905	38,703	38,621
Adjusted operating capital CB	39,813	38,917	39,850
Average adjusted operating capital (OB + CB)/2	39,359	38,810	39,236
Subtotal as above	1,631	2,290	1,940
Divided by average adjusted operating capital	39,359	38,810	39,236
= Return on adjusted operating capital, %	4.1%	5.9%	4.9%

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.

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	July 2022– June 2023	Jul 2021– Jun 2022	Full year 2022
Operating profit before change in value in biological assets	1,658	2,318	1,966
Less capital gains on property disposals	-27	-28	-26
Less equity participation in associates	-98	-896	-574
Subtotal	1,533	1,394	1,366
Adjusted operating capital excl. equity participations in associates OB	37,251	37,715	37,220
Adjusted operating capital excl. equity participations in associates CB	38,417	37,301	38,189
Average adjusted operating capital excl. equity interests in associates (OB + CB)/2	37,834	37,508	37,705
Subtotal as above	1,533	1,394	1,366
Divided by average adjusted operating capital, excluding equity participation in associates	38,417	37,301	37,705
= Return on adjusted operating capital excluding equity participation in associates, %	4.1%	3.7%	3.6%

Alternative KPIs and definitions

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 period/year. The key performance indicator is calculated including and excluding equity participation in associates.

Comment: Sveaskog calculates adjusted operating capital for the KPI return on adjusted operating capital before and after equity participation in associates and average adjusted operating capital.

Adjusted operating capital	June 2023	Jun 2022	Full year 2022
Other liabilities and provisions	574	743	427
– of which tax liabilities	215	202	98
– of which other liabilities and provisions	359	541	329
Balance sheet total	95,857	92,233	95,380
Less interest-bearing assets (cash and cash equivalents)	-1,189	-1,475	-799
Less interest-bearing receivables (non-current)	-51	-5	-15
Less tax assets	-130	-236	-67
Less other liabilities and provisions (non-current)	-19,361	-18,814	-19,351
Less trade payables	-1,006	-955	-1,039
Less other liabilities and provisions	-359	-541	-329
= Operating capital, MSEK	73,761	70,207	73,780
Restoration of land value	-41,695	-38,706	-41,689
Restoration of land value of assets to be distributed	-362	0	-339
Deferred tax attributable to land value	8,033	7,416	8,029
Deferred tax attributable to the land value of assets to be distributed	76	0	69
= Adjusted operating capital, MSEK	39,813	38,917	39,850
Less equity participation in associates	-1,396	-1,616	-1,661
= Adjusted operating capital excl. equity participations in associates, MSEK	38,417	37,301	38,189

Asset turnover ratio

Definition: Net sales divided by average operating capital.

Net debt/equity ratio

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

Comment: Net debt/equity ratio is one of Sveaskog's financial targets. The target is a ratio in the range of 0.05–0.30. Sveaskog deems the KPI to reflect the scope for dividends and strategic investments, as well as to enable assessments of the Group's ability to fulfil its financial obligations.

Net debt/equity ratio	June 2023	Jun 2022	Full year 2022
Net interest-bearing debt	7,177	7,630	7,433
Divided by equity	66,366	62,611	66,192
= Net debt/equity ratio, times	0.11	0.12	0.11

Operating profit from continuing operations

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

Earnings per share (defined in accordance with IFRS)

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

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 remains unchanged compared to previous periods.

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

Net interest-bearing debt	June 2023	Jun 2022	Full year 2022
Interest-bearing assets (cash and cash equivalents and non-current receivable)	1,240	1,480	814
Interest-bearing liabilities and provisions (non-current)	-7,674	-5,529	-4,946
Lease liabilities, non-current	-124	-94	-90
Interest-bearing liabilities (current)	-578	-3,438	-3,171
Leasing liabilities, current	-41	-49	-40
= Net interest-bearing debt, MSEK	-7,177	-7,630	-7,433

Interest coverage ratio

Definition: Operating profit before change in value of biological assets excluding capital gains on property sales plus financial income divided by financial expenses. The Group's definition remains unchanged compared to previous periods.

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

Interest coverage ratio	July 2022– June 2023	Jul 2021– Jun 2022	Full year 2022
Financial items in the income statement	-180	-115	-126
– of which financial income	21	3	8
– of which financial expenses	-201	-117	-134
Operating profit before change in value in biological assets	1,658	2,318	1,966
Less capital gains on property disposals	-27	-28	-26
Plus financial income	21	3	8
Subtotal	1,652	2,293	1,948
Divided by financial expenses	201	117	134
= Interest coverage ratio, times	8.2	19.5	14.5

Operating margin

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

Equity ratio

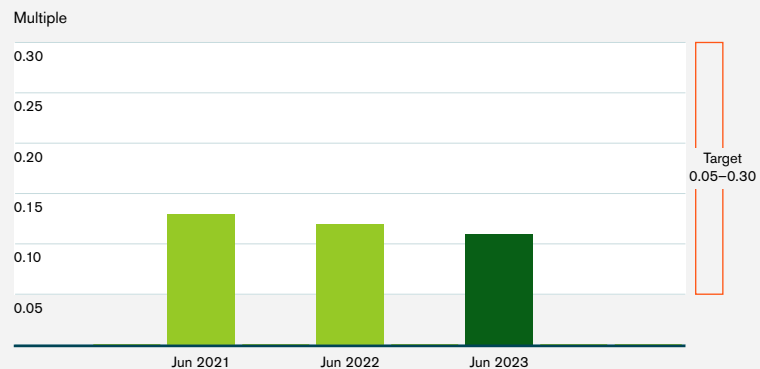
Definition: Equity divided by total assets, all calculated at the end of the period/year. The Group's definition remains unchanged compared to previous periods.

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.

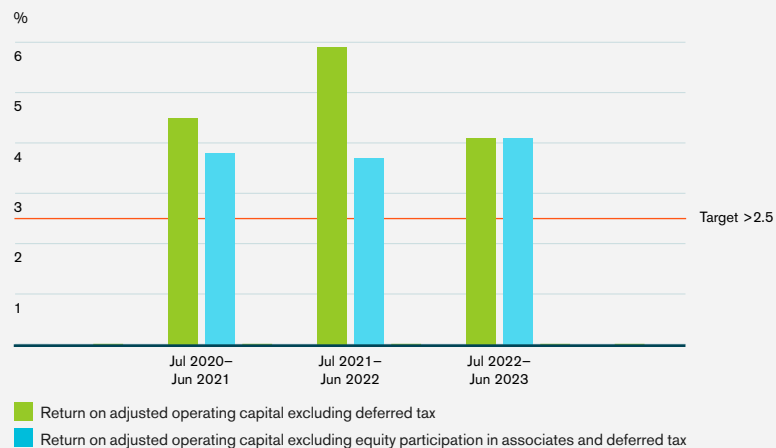
Equity ratio	June 2023	Jun 2022	Full year 2022
Equity	66,366	62,611	66,192
Divided by total assets	95,857	92,233	95,380
= Equity ratio, %	69%	68%	69%

Sveaskog's financial targets

NET DEBT/EQUITY RATIO



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
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.



About Sveaskog

Vision

A leader in sustainable forestry

Mission

We develop all the values of the forest

Long-term targets

Increased forest growth
Increased timber harvest
Increased biodiversity

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

Sveaskog's core business is to manage forest, and to 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 throughout the entire 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 wants to 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.

THE SWEDISH STATE OWNS

100%

OF THE COMPANY

OWNS

14%

OF SWEDEN'S FORESTS

ACTIVE IN

170

MUNICIPALITIES


AROUND

800

EMPLOYEES

Upcoming reports

-  Interim report January–September 2023 27 October 2023
-  Year-end report 2023 26 January 2024

 [Link to report archive at sveaskog.se](#)

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