

# Interim Report

## January – March 2023

MSEK	3 months, Jan-Mar			12 months		
	2023	2022	%	Apr 2022– Mar 2023	2022	%
Net sales	2,151	1,992	8%	7,919	7,760	2%
Operating profit from continuing operations	562	481	17%	1,447	1,366	6%
Share of profit/loss in associates	-6	233	-103%	335	574	-42%
Change in value in biological assets	305 <sup>4)</sup>	89	243%	715	499	43%
Operating profit	863	806	7%	2,522	2,465	2%
Profit before tax	816	782	4%	2,373	2,339	1%
Profit/loss for the period	647	669	-3%	1,957	1,979	-1%
Cash flow from operating activities	218	426	-49%	857	1,065	-20%
Earnings per share, SEK	5.46	5.65	-3%	16.52	16.71	-1%

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

MSEK	3 months, Jan-Mar		12 months	
	2023	2022	Apr 2022– Mar 2023	2022
Net debt/equity ratio, multiple (target 0.05–0.30)	0.11	0.11	0.11	0.11
Return on adjusted operating capital (excl. deferred tax), % (target >2.5%) <sup>1) 2)</sup>	4.5	5.8	4.5	4.9
Return on adjusted operating capital excluding equity participation in associates (& deferred tax), % (target >2.5 %) <sup>1) 2)</sup>	3.8	3.8	3.8	3.6
Return on equity, % <sup>2)</sup>	3.0	2.7	3.0	3.1
Interest coverage ratio, times <sup>2) 3)</sup>	11.1	18.1	11.1	14.5
Equity ratio, %	69	69	69	69
Net interest-bearing debt, MSEK	7,231	7,008	7,231	7,433
Average number of employees	815	758	815	810
Total delivery volume, thousand m <sup>3</sup> sub	2,567	2,963	9,965	10,360

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

<sup>2)</sup> Rolling 12 months.

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

<sup>4)</sup> See Note 2.

## Pulpwood market remains strong

“A good start to the year with higher prices mainly for pulpwood, but also for timber.”

### 1 January – 31 March 2023

- Net sales increased by 8 per cent to MSEK 2,151 (1,992). Timber prices increased by an average of 22 per cent, while delivery volumes decreased by 13 per cent. Other sales increases are mainly attributable to concessions for wind power.
- Operating profit increased by 17 per cent and amounted to MSEK 562 (481). 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 -6 (233), mainly due to worse market conditions for Setra Group.
- The reported net change in value of biological assets amounted to MSEK 305 (89).
- Profit for the quarter amounted to MSEK 647 (669), equivalent to SEK 5.46 (5.65) per share.

### Significant events

- A new green bond framework integrated with the EU taxonomy.
- Reduced regeneration felling in Norrbotten.

CEO's comments

# Troubled market, but with future opportunities



"We operate in an important industry that affects the conditions of the country's development."

The forest industry is one of Sweden's most influential industries and creates employment throughout the country. Despite an economy marked by inflation, a banking crisis, higher energy costs and geopolitical tensions, the market situation remains good. The sawmills have a good production rate, while the markets for pulp, paper and packaging slowed down during the quarter. The biofuel season in the energy sector is coming to an end and can be summarised as extreme, with demand and price increases that have not previously been seen.

### **A good start to 2023**

Our performance has been positively affected by the predominantly positive market situation. Operating profit for the first quarter amounted to MSEK 562, which is MSEK 81, or 17 per cent, higher than the corresponding period in 2022. This is due, among other things, to higher timber prices and increased income from wind power concessions. The average price of timber deliveries from our own forest is 22 per cent higher than the corresponding period last year, timber prices are 10 per cent higher while pulpwood prices are more than 50 per cent higher. Higher timber prices have been offset by lower timber volumes from Sveaskog's own forest, as well as increased costs for felling and forest management.

### Volume reductions in Norrbotten

In January, Sveaskog announced that we would reduce regeneration felling in Norrbotten in 2023 because we did not get as far as we wanted in the dialogue with the reindeer industry and the affected Sami villages. We are aware of the consequences of this for northern Sweden and are seeking a dialogue directly with the contractors, transporters, industries and municipalities involved. We understand the need to be able to plan long-term, a consideration we have taken into account in the resource negotiations. Some contractors and transport companies received notice of a decrease in volumes, and when in time they are expected, and contracts with two contractors and a transport company were terminated in the quarter. The reductions have also led to a reduction in personnel requirements in our own felling teams and the employees concerned will work temporarily with, for example, planning and inventories. I am convinced that all other actionable options would have been worse in the long term and we are working to reverse the declining volume trend in Norrbotten.

### Sveaskog the first forest company to include the EU taxonomy

In March, we replaced our green framework for sustainable investments from 2017. The new framework is developed in line with the EU taxonomy and thus takes into account the EU's proposed standard for green bonds. Sveaskog is thereby the first European forest company to fully integrate the taxonomy into its framework for green bonds, something I am very proud of. Through our framework, we create better conditions for green investments

## “Sveaskog climbs the list of sustainable brands in Sweden.”

in the forest and strengthen our competitiveness. In subsequent borrowing, interest was record high from investors and among the largest for a corporate issuer ever in the Swedish bond market.

### Sweden's largest sport fishing celebration

On 25 March, it was time for one of the surest signs of spring in southern Sweden, the first day of salmon fishing in the Mörrumsån river. The large, wild stock of salmon makes Kronolaxfisket at Mörrum unique and we work actively with fishery management to safeguard the salmon and trout stocks. The tradition of fishing for salmon in the Mörrumsån river dates back to the 13th century and today we operate Mörrums Kronolaxfiske as a knowledge centre for fishing and fishery management with research in collaboration with universities and colleges.

### Sector winner in the Sustainable Brand Index 2023

Sveaskog was named Sweden's most sustainable brand in the industry category “forest owners”, according to Europe's largest independent brand

study on sustainability, the Sustainable Brand Index. The ranking of brands in the Swedish market is based on how consumers perceive them – on the basis of different sustainability aspects. Sveaskog is climbing the list of sustainable brands in Sweden, which is gratifying considering the transition work towards the more varied and sustainable forestry we have begun.

### Protection of unique natural mountain forests

In the quarter, we also announced that, through an agreement with the Swedish Environmental Protection Agency, we are providing 100,000 hectares of natural mountain forests with long-term protection. The joint effort will preserve the biological values and natural ecosystems of the unique forest environments. At the same time, the protection creates good opportunities for outdoor activities and nature tourism from Norrbotten in the north to Dalarna in the south. Much of the forests were previously voluntarily set aside by Sveaskog, but now a more continuous area of natural mountain forest has a formal and long-term protection.

The year will be marked by the efforts we are making to future-proof our development. This is why it feels reassuring to have started the year with a strong quarter.

**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, with the European market being the most important one. 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.

During the quarter, prices of paper and paperboard continued in a negative trend. Pulp prices also fell slightly but remained at historically high levels. The prices of sawn timber stabilised after a sharp drop in prices at the end of 2022, but despite the drop in prices, the price levels for Swedish timber exports are higher than before the pandemic. During the quarter, activity in Swedish forestry in terms of area declared for felling increased. During the quarter, several purchasing parties adjusted up the market price lists, which are often the basis for purchasing forest raw materials from private forest owners.

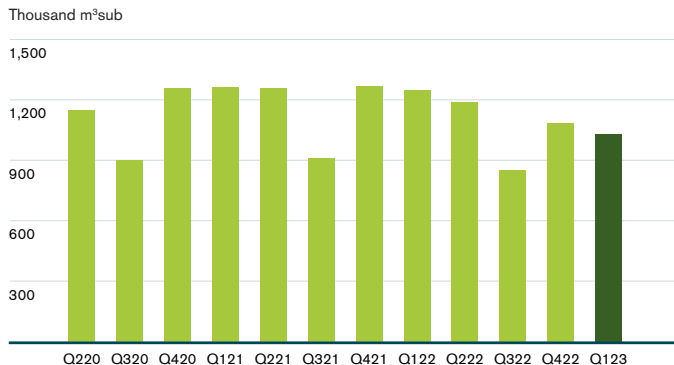


### Sawmills

The prices in Swedish kronor for timber products stabilised at historically high levels during the first quarter. Orders received by the wood mechanical industry improved and optimism grew among sawmills during the quarter. The sawmills benefited from the weak SEK exchange rate. 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. This is now visible in official statistics for construction in Europe, which is a negative signal for the timber market. The supply of timber is low in much of Sweden, in particular southern Sweden where sawmills have had to adapt production to the supply of timber. Sveaskog's customers in the sawmill segment are generally in favour of increased delivery volumes of timber if these possibilities exist.

In the first quarter, Sveaskog delivered 1,032,000 m<sup>3</sup>sub (1,250,000) of sawlogs, a decrease of 17 per cent from the same period last year. For the period April 2022 to March 2023, deliveries totalled 4,155,000 m<sup>3</sup>sub (4,686,000).

#### DELIVERY VOLUME SAWLOGS

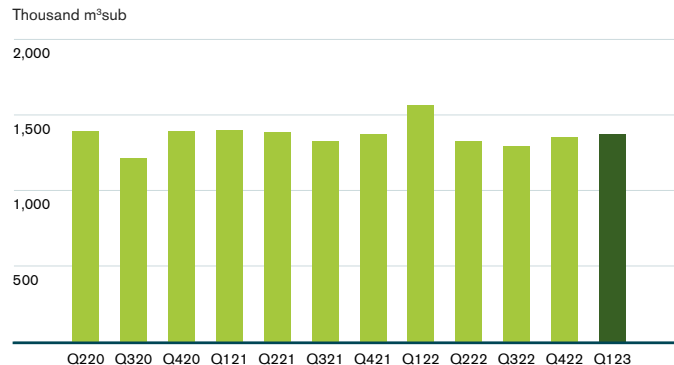


### Pulp and paper industry

Pulp prices fell slightly in the first quarter from record highs. For paper and paperboard, prices and demand were curbed as a result of the economic slowdown. The supply of wood raw materials continued to be scarce in much of Sweden, which led to Sveaskog receiving continued requests for increased pulpwood deliveries. Several purchasing parties adjusted up the price of pulpwood in the official price lists during January, which often form the basis for business with private forest owners. Sveaskog also raised the price lists and has the highest pulpwood prices in several areas across the country.

In the first quarter, Sveaskog delivered 1,373,000 m<sup>3</sup>sub (1,565,000) of pulpwood and woodchips, which is 12 per cent lower than the same period last year. For the period April 2022 to March 2023, deliveries totalled 5,347,000 m<sup>3</sup>sub (5,651,000).

#### DELIVERY VOLUME PULPWOOD AND WOODCHIPS

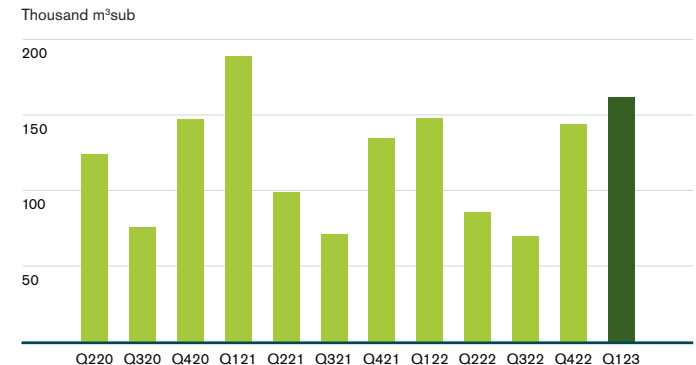


### The biofuel market

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. The season for biofuel deliveries is coming to an end, a season characterised by a very high demand for wood-based biofuel and strong price increases. Sveaskog already sees extensive interest from Swedish and European customers in signing contracts for deliveries for the coming fuel season. The stock of biofuel on the road is low for the season, which may have a negative impact on the delivery volumes of the coming season.

In the first quarter, Sveaskog delivered 162,000 m<sup>3</sup>sub (148,000) of biofuel, an increase of nine per cent on the same period last year. For the period April 2022 to March 2023, deliveries totalled 462,000 m<sup>3</sup>sub (453,000).

#### 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 the success factors “initiatives relating to forests and forestry” and “increased ecological values of our land holdings”.

### Strong partnerships and collaborations

#### The first forest company with a green bond framework in line with the EU taxonomy

During the quarter, Sveaskog renewed its green framework for sustainable investments and third parties have assessed that it is in line with the EU's new taxonomy. Sveaskog is thereby the first forest company in Europe with a green financial bond framework compatible with the EU taxonomy. With this, Sveaskog is creating better conditions for new green investments in the forest and strengthening the company's competitiveness – from an EU perspective.

#### Sveaskog raised timber prices again

The need for green raw materials in industry remains high. Sveaskog's customers demand increased deliveries. In January, we increased the prices for private forest owners who sell their timber to Sveaskog in two rounds. As Sweden's largest forest owner, Sveaskog wants to contribute to active forestry among smaller forest owners as well and to strengthen the value of the Swedish forest.

#### 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

Sveaskog's organisation was strengthened at the beginning of the year in order to be even better able to live up to our ambitions in sustainable forestry. The forestry unit has been expanded with a number of specialist functions, including a forest management specialist with a PhD tasked to adapt our forest management to future climate change through new strategies for, among other things, biotope adaptation, tree species selection and regeneration methods.

#### Continuous cover forestry in the most visited ecoparks

Sveaskog is shifting to continuous cover forestry, such as mosaic or group selection harvesting, in the managed parts of the public ecoparks in Omberg and Raslängen, among others. In 2023, the Swedish Environmental Protection Agency is conducting an investigation into the formation of a national park in three of the ecoparks included in the sustainable forestry programme: Hornsland, Halle- and Hunneberg and Böda. Because of this, the measures in these three ecoparks will be very limited in 2023.

#### Initiatives for improved coexistence with the reindeer industry

Sveaskog endeavours to ensure functioning multiple-use forestry. In order to better coordinate the overall planning for forestry in coexistence with reindeer grazing, Sveaskog wants to establish joint landscape planning in dialogue with reindeer husbandry. The integrated process involves early and joint action planning. In the first quarter, co-planning

was started with several of Sweden's Sami villages. In order to facilitate the co-planning processes, the Sami villages have access to co-planning materials and information about the forest in the digital tool samplanering.se and a programme was developed offering cost compensation when participating in consultation and co-planning.

#### More clearing and thinning in the reindeer husbandry area

Throughout Northern Sweden, where Sveaskog coexists with reindeer herding, Sveaskog will carefully clean and thin to benefit terrestrial lichens (which are the reindeer's primary food source). 30 hectares of increased thinning was carried out in the first quarter, including in Arvidsjaur, Älvsbyn and Jörn in addition to the approximately 4,000 hectares carried out under regular thinning programme.

Measure	Outcome full year 2022	Outcome Q1 2023	Target full year 2023	Target 2027
Actioned extended area of thinning (hectares/year)	385	30	200	1,200

#### 2030 Agenda



#### Sweden's environmental quality targets



Goal 1: Reduced climate impact  
Target 12: Sustainable Forests

### 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 Q1 2023	Target full year 2023	Target 2027
Number of restored wetlands (acc. from 2021)	33	37	40	120

During the month of March, the project TRIWA LIFE or The Torne River International Watershed LIFE, which is a cooperation project with Finland, started with the aim of restoring the natural environment in tributary flows to the Torne River. The project will contribute to the objective of "good or high ecological status" in watercourses under the EU Water Framework Directive. The project will be carried out between 2023 and 2030 and Sveaskog will, among other things, fix obstacles to hiking and restore wetlands by backfilling and plugging ditched wetlands. Sveaskog is one of several partners in the project.

## 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 Q1 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

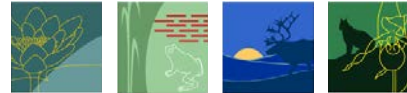
Sveaskog is increasing the annual area of nature conservation (NC) from about 1,000 hectares at the present. The measures referred to range from felling conifers to benefit deciduous trees in older forests, cleaning/thinning in younger forests, and flooding or burning forests, to selective measures such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

Measure	Outcome full year 2022	Outcome Q1 2023	Target full year 2023	Target 2027
Nature conservation performed (hectare/year)	781	158	1,500	2,150

#### 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

## Efficient and considerate delivery

### Tracked forwarder – a technological leap in a sustainable direction

During the quarter, a prototype of the Centipede tracked forwarder was tested in winter conditions on Sveaskog's land outside Malå and around Lycksele in Västerbotten. The Centipede is developed to provide lower ground pressure, increased productivity and a better driver working environment. The machine has a newly developed track system with a large support surface towards the ground and a fully suspended chassis that handles the unevenness of the ground. Eight forest companies and the machine manufacturer Komatsu Forest are participating in the development project.

#### 2030 Agenda



#### Sweden's environmental quality targets



Goal 1: Reduced climate impact  
 Goal 15: A Good Built Environment

## A strong corporate culture

### Trainee programme in Digitalisation and IT

In January, Sveaskog carried out an advertising campaign to attract IT trainees to work on developing issues in digitalisation and forestry. We are looking for people who recently graduated with a university degree as a systems scientist, engineer or the equivalent, who have worked in IT for one or two years. We had 80 applicants to four positions. All four people are now selected and will begin their trainee training in August.

#### 2030 Agenda



## Acceptance of and confidence in our forestry

### Sveaskog is the sector winner in the Sustainable Brand Index 2023

Sveaskog has once again been named Sweden's most sustainable brand in the industry category "forest owners", according to Europe's largest independent brand study on sustainability, the Sustainable Brand Index, presented in March. The ranking of brands in the Swedish market is based on how consumers perceive them based on different sustainability aspects. On the full list of sustainable brands in Sweden, Sveaskog climbs to 75, the company's best result for the past three years.

#### 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.**

At the end of March, a point burning of just over three hectares was carried out in the northern part of Ekopark Skatan in Västerbotten and it took about four

hours to implement. The stock is located within an important reindeer grazing area, making a conventional nature conservation burning difficult to implement without damaging reindeer grazing. Point burning is therefore carried out on snow-covered ground. The method involves stacking something combustible, in this case so-called portable bonfires, against the tree you want to burn and igniting it. The effect is, hopefully, a fire wound that leads to tar-soaked wood and a substrate that will remain in the forest for a long time.

← The result three months after point burning. The picture was taken in an area that was burned during the early spring of 2022.

Lighting fires against pine trees. →



# The Sveaskog Group

## Condensed income statement

MSEK	3 months, Jan-Mar		12 months	
	2023	2022	Apr 2022– Mar 2023	2022
Net sales (Note 1)	2,151	1,992	7,919	7,760
Other operating income (Note 1)	35	42	84	91
Raw materials and consumables	-740	-644	-2,644	-2,548
Change in inventories	53	4	101	52
Other external expenses	-745	-727	-3,251	-3,233
Staff costs	-153	-148	-608	-603
Depreciation/amortisation	-39	-38	-154	-153
<b>Operating profit from continuing operations</b>	<b>562</b>	<b>481</b>	<b>1,447</b>	<b>1,366</b>
Capital gains on property disposals	2	3	25	26
Share of profit/loss in associates	-6	233	335	574
<b>Operating profit before change in value in biological assets</b>	<b>558</b>	<b>717</b>	<b>1,807</b>	<b>1,966</b>
Change in value in biological assets (Note 2)	305	89	715	499
<b>Operating profit</b>	<b>863</b>	<b>806</b>	<b>2,522</b>	<b>2,465</b>
Financial items	-47	-24	-149	-126
<b>Profit before tax</b>	<b>816</b>	<b>782</b>	<b>2,373</b>	<b>2,339</b>
Tax	-169	-113	-416	-360
<b>Profit/loss for the period/year</b>	<b>647</b>	<b>669</b>	<b>1,957</b>	<b>1,979</b>
Earnings per share in SEK before and after dilution	5.46	5.65	16.52	16.71
– calculated based on average number of shares, million	118.4	118.4	118.4	118.4

## Statement of comprehensive income

MSEK	3 months, Jan-Mar		12 months	
	2023	2022	Apr 2022– Mar 2023	2022
<b>Profit/loss for the period/year</b>	<b>647</b>	<b>669</b>	<b>1,957</b>	<b>1,979</b>
<b>Other comprehensive income</b>				
<i>Components that will not be reversed in profit or loss</i>				
Change in value in land assets (Note 2)	-1	0	3,604	3,605
Tax on change in value in land assets	6	0	-737	-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	1	1	5	5
Other comprehensive income from associates	-25	27	-20	32
Tax on other comprehensive income from associates	5	-6	5	-6
Change in fair value of cash flow hedges for the year	-7	32	26	65
Changes in the fair value of cash flow hedges transferred to profit or loss for the year	0	1	0	1
Tax attributable to cash flow hedges	2	-7	-5	-14
<b>Total other comprehensive income for the period/year, net after tax</b>	<b>-19</b>	<b>48</b>	<b>2,930</b>	<b>2,997</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>	<b>628</b>	<b>717</b>	<b>4,887</b>	<b>4,976</b>

## The Sveaskog Group

### Comments on the income statement

#### 1 January – 31 March 2023

**Net sales** Net sales increased by 8 per cent to MSEK 2,151 (1,992). Prices of wood raw materials increased by an average of 22 per cent, while total delivery volumes decreased by 13 per cent.

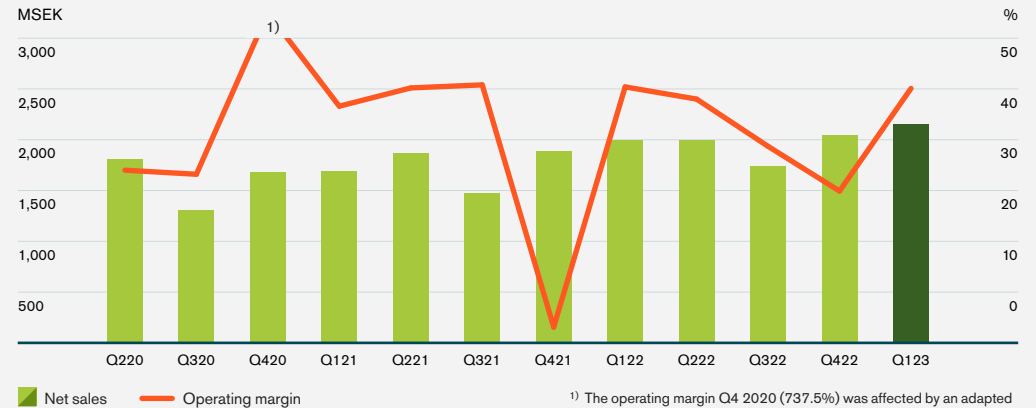
Other sales increases are mainly attributable to concessions for wind power.

Sales of wood raw materials amounted to 2,567 thousand cubic metres (m<sup>3</sup>sub) (2,963).

**Operating profit** Operating profit increased by 17 per cent and amounted to MSEK 562 (481). Higher timber prices and revenues from wind power concessions were offset by lower volumes from own forest and higher felling and forest management costs.

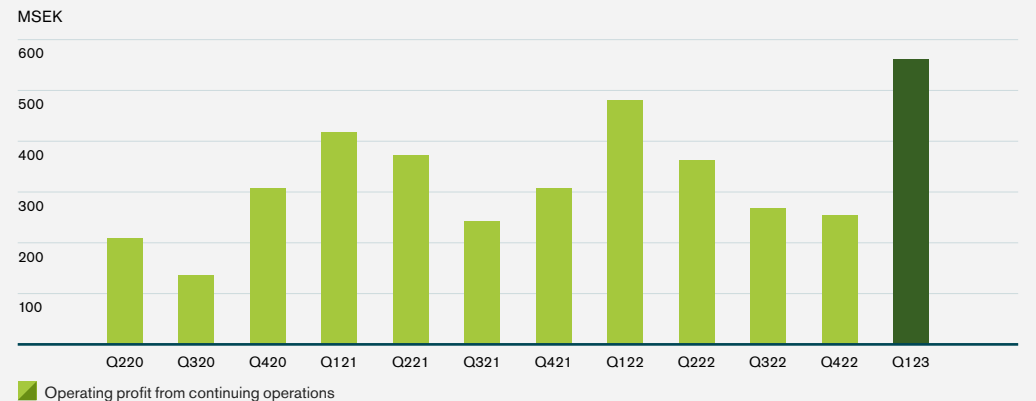
Capital gains from the sale of property amounted to MSEK 2 (3). Share of profit/loss in associates amounted to a loss of MSEK 6 (profit: 233). The net change in the reported value of biological assets amounted to MSEK 305 (89), which is mainly attributable to reduced felling of Sveaskog's own forests. After the change in value in biological assets, the operating profit amounted to MSEK 863 (806). Net financial items in the quarter were an expense of MSEK 47 (24). Profit before tax amounted to MSEK 816 (782). Tax amounted to MSEK –169 (–113). Profit for the quarter decreased to MSEK 647 million (669).

#### NET SALES AND OPERATING MARGIN



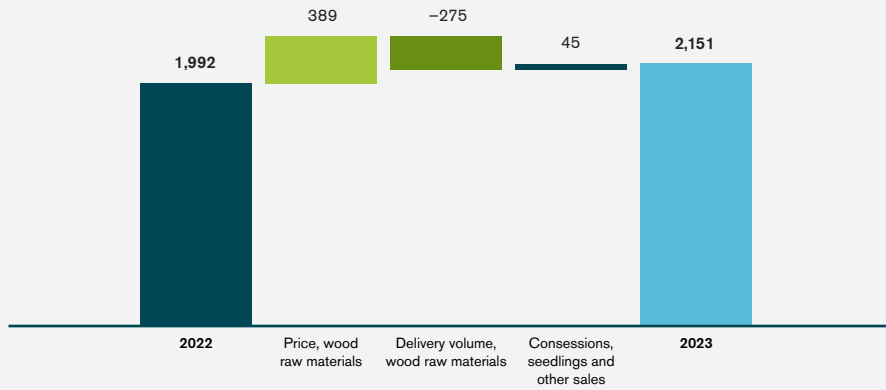
<sup>1)</sup> The operating margin Q4 2020 (737.5%) was affected by an adapted method for the valuation and recognition of forest assets.

#### OPERATING PROFIT FROM CONTINUING OPERATIONS

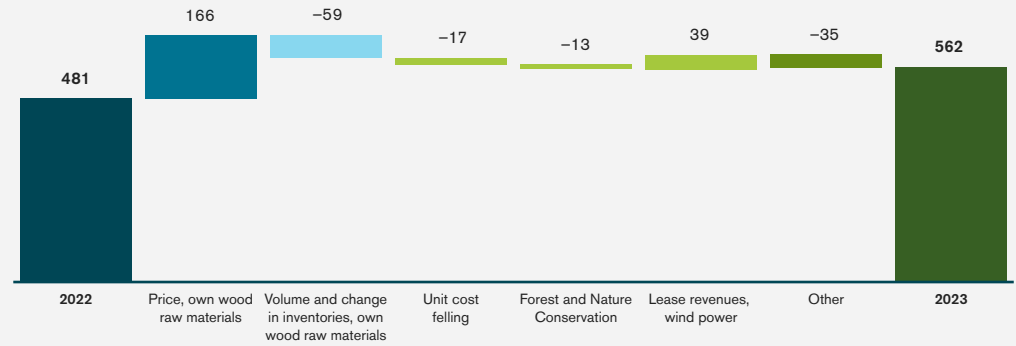


# The Sveaskog Group

CHANGE IN NET SALES, Q1, MSEK



CHANGE IN OPERATING PROFIT FROM CONTINUING OPERATIONS, Q1, MSEK



## The Sveaskog Group

### Condensed balance sheet

MSEK	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>Assets (Note 3)</b>			
<b>Non-current assets</b>			
Intangible assets	155	160	157
Forest assets (Note 2, 3)	89,139	85,572	88,862
– of which land assets	41,664	38,706	41,689
– of which biological assets	47,475	46,866	47,173
Other property, plant and equipment	600	587	594
Right-of-use assets	123	149	127
Non-current financial assets, non-interest-bearing	1,651	1,662	1,671
Long-term interest-bearing receivables	30	5	15
<b>Total non-current assets</b>	<b>91,698</b>	<b>88,135</b>	<b>91,426</b>
<b>Current assets</b>			
Inventories	716	722	649
Tax assets	72	177	67
Trade receivables	1,489	1,253	1,355
Other receivables	471	449	457
Cash and cash equivalents	1,072	1,416	799
Assets held for dividend <sup>1)</sup>	651	–	627
<b>Total current assets</b>	<b>4,471</b>	<b>4,017</b>	<b>3,954</b>
<b>TOTAL ASSETS</b>	<b>96,169</b>	<b>92,152</b>	<b>95,380</b>

<sup>1)</sup> 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	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>66,820</b>	<b>63,233</b>	<b>66,192</b>
<b>Non-current liabilities (Note 3)</b>			
Interest-bearing liabilities and provisions	4,700	5,738	4,946
Lease liabilities, non-current	91	98	90
Other liabilities and provisions	19,277	18,814	19,351
<b>Total non-current liabilities</b>	<b>24,068</b>	<b>24,650</b>	<b>24,387</b>
<b>Current liabilities (Note 3)</b>			
Interest-bearing liabilities and provisions	3,508	2,539	3,171
Leasing liabilities, current	34	54	40
Tax liabilities	271	133	98
Trade payables	958	1,011	1,039
Other liabilities and provisions	381	532	329
Liabilities attributable to assets held for dividend	129	–	124
<b>Total current liabilities</b>	<b>5,281</b>	<b>4,269</b>	<b>4,801</b>
<b>Total liabilities</b>	<b>29,349</b>	<b>28,919</b>	<b>29,188</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>96,169</b>	<b>92,152</b>	<b>95,380</b>

### Condensed statement of changes in equity

MSEK	Jan–Mar 2023	Jan–Mar 2022	Full year 2022
<b>Opening equity, 1 January</b>	<b>66,192</b>	<b>62,516</b>	<b>62,516</b>
Total comprehensive income	628	717	4,976
Dividend paid according to Annual General Meeting resolution	–	–	–1,300
<b>CLOSING EQUITY AT END OF PERIOD/ YEAR</b>	<b>66,820</b>	<b>63,233</b>	<b>66,192</b>

## The Sveaskog Group

### Condensed cash flow statement

MSEK	Jan–Mar 2023	Jan–Mar 2022	Full year 2022
<b>Operating activities</b>			
<b>Operating profit</b>	<b>862</b>	<b>806</b>	<b>2,465</b>
Non-cash items etc.	-280	-332	-1,168
Interest received, etc.	5	0	6
Interest paid	-52	-24	-115
Tax paid	-64	-90	-178
<b>Cash flow from operating activities before changes in working capital</b>	<b>471</b>	<b>360</b>	<b>1,010</b>
Changes in working capital	-253	66	55
<b>Cash flow from operating activities</b>	<b>218</b>	<b>426</b>	<b>1,065</b>
<b>Investing activities</b>			
Investment in non-current assets	-37	-35	-298
Investments in shares and participations	-3	0	0
Dividends from associates	0	0	340
Sale of non-current assets	25	38	109
Sale of shares and participations	0	0	2
Increase in interest-bearing receivables	-15	0	-10
<b>Cash flow from investing activities</b>	<b>-30</b>	<b>3</b>	<b>143</b>
<b>Financing activities</b>			
Dividend paid	-	-	-1,300
Borrowings	1,400	1,600	6,450
Repayment of loans	-1,315	-1,784	-6,730
<b>Cash flow from financing activities</b>	<b>85</b>	<b>-184</b>	<b>-1,580</b>
<b>CASH FLOW FOR THE PERIOD/YEAR</b>	<b>273</b>	<b>245</b>	<b>-372</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>799</b>	<b>1,171</b>	<b>1,171</b>
<b>Cash and cash equivalents at the end of the period/year</b>	<b>1,072</b>	<b>1,416</b>	<b>799</b>

### Comments on the balance sheet and cash flow

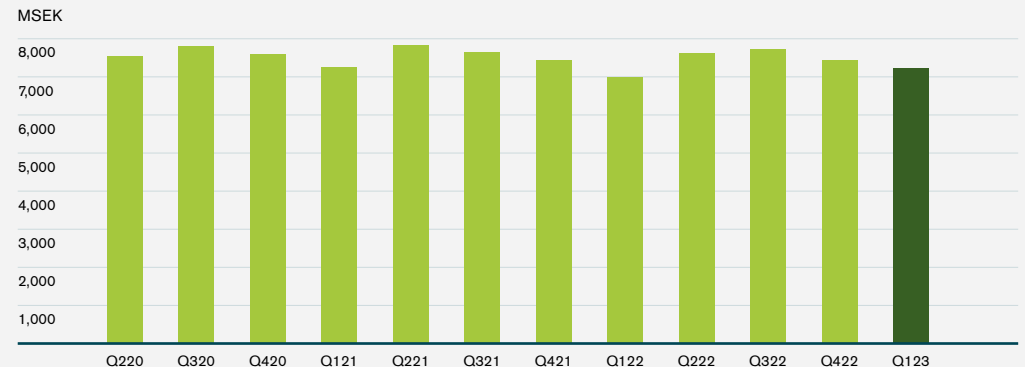
Cash flow from operating activities during the period was MSEK 218 (426). The reduction is mainly due to changes in working capital. Investments in non-current assets, mainly forest properties and forest machines, amounted to MSEK 37 (35) while investments in shares amounted to MSEK 3 (0). Sales of non-current assets, mainly forest properties, amounted to MSEK 25 (38).

Sveaskog's net interest-bearing debt amounted to MSEK 7,231 (7,008) at 31 March. 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 1,600 (1,500), which is refinanced on an ongoing basis. The outstanding volume under the MTN programme at 31 March 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 23 months (28).

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

The interest coverage ratio was 11.1 (18.1) and the gross borrowing cost was 2.37 (0.63) per cent.

#### NET INTEREST-BEARING DEBT



# Parent company

## Condensed income statement

MSEK	3 months, Jan-Mar		12 months	
	2023	2022	Apr 2022– Mar 2023	2022
Operating income	12	12	45	45
Operating expenses	-1	-1	-3	-3
<b>Operating profit</b>	<b>11</b>	<b>11</b>	<b>42</b>	<b>42</b>
Financial items	-74	-44	-233	-203
<b>Profit/loss before appropriations and tax</b>	<b>-63</b>	<b>-33</b>	<b>-191</b>	<b>-161</b>
Group contributions	-	-	390	390
Provisions to untaxed reserves	-	-	-76	-76
<b>Profit before tax</b>	<b>-63</b>	<b>-33</b>	<b>123</b>	<b>153</b>
Tax	13	7	-41	-47
<b>PROFIT/LOSS FOR THE PERIOD/YEAR</b>	<b>-50</b>	<b>-26</b>	<b>82</b>	<b>106</b>

## Condensed balance sheet

MSEK	31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible non-current assets	37	38	37
<b>Total property, plant and equipment</b>	<b>37</b>	<b>38</b>	<b>37</b>
<b>Non-current financial assets</b>			
Shares in Group companies	24,984	24,934	24,984
Receivables from Group companies, interest-bearing	399	800	499
<b>Total non-current financial assets</b>	<b>25,383</b>	<b>25,734</b>	<b>25,483</b>
<b>Total non-current assets</b>	<b>25,420</b>	<b>25,772</b>	<b>25,520</b>
<b>Current assets</b>			
Current receivables etc., non-interest bearing	77	72	52
Receivables from Group companies, non-interest-bearing	3	4,005	392
Receivables from Group companies, interest-bearing	401	0	301
Cash and cash equivalents	0	0	0
<b>Total current assets</b>	<b>481</b>	<b>4,077</b>	<b>745</b>
<b>TOTAL ASSETS</b>	<b>25,901</b>	<b>29,849</b>	<b>26,265</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>15,341</b>	<b>16,559</b>	<b>15,391</b>
<b>Untaxed reserves</b>	<b>308</b>	<b>232</b>	<b>308</b>
<b>Non-current liabilities</b>			
Interest-bearing non-current liabilities	4,492	5,432	4,732
<b>Total non-current liabilities</b>	<b>4,492</b>	<b>5,432</b>	<b>4,732</b>
<b>Current liabilities</b>			
Liabilities to Group companies, interest-bearing	2,195	5,014	2,590
Other liabilities, interest-bearing	3,425	2,500	3,138
Other liabilities and provisions	140	112	106
<b>Total current liabilities</b>	<b>5,760</b>	<b>7,626</b>	<b>5,834</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>25,901</b>	<b>29,849</b>	<b>26,265</b>

## Parent company

### Condensed statement of changes in equity

MSEK	Jan–Mar 2023	Jan–Mar 2022	Full year 2022
Opening equity, 1 January	15,391	16,585	16,585
Dividend paid according to Annual General Meeting resolution	–	–	–1,300
Profit for the year	–50	–26	106
<b>CLOSING EQUITY AT END OF PERIOD/YEAR</b>	<b>15,341</b>	<b>16,559</b>	<b>15,391</b>

### Condensed cash flow statement

MSEK	Jan–Mar 2023	Jan–Mar 2022	Full year 2022
Cash flow from operating activities	–44	8	3,840
Cash flow from investing activities	2	402	356
Cash flow from financing activities	42	–410	–4,196
<b>CASH FLOW FOR THE PERIOD/YEAR</b>	<b>0</b>	<b>0</b>	<b>0</b>
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



NET SALES, MSEK

2,151

OPERATING PROFIT, MSEK

562

## 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-March amounted to MSEK 12 (12), of which MSEK 1 (2) was

accounted for by capital gains from sales of forest land. The loss after financial items amounted to MSEK 63 (33). The parent company's costs consist mainly of interest expenses. The company has no employees. Operating activities are primarily carried out in the subsidiary Sveaskog Förvaltnings AB.

## SVEASKOG'S PROFIT SHARE FROM ASSOCIATES Q1 2023, MSEK



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-March totalled MSEK 1,414 (1,834). The operating loss amounted to MSEK 64 (profit: 480). 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 208 to MSEK -20 (188). Sveaskog's share of Setra's other comprehensive income amounted to MSEK -19 (-21).



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-March totalled MSEK 1,010 (841). The operating profit amounted to MSEK 74 (223). 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 66 per cent to MSEK 15 (44).



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-March 2023 reports the share of the associate's profit/loss for the period December 2022 - February 2023 and the figures for the previous year cover the period from December 2021 - February 2022. Net sales for this period amounted to MSEK 66 (13) and the operating loss for the same period amounted to MSEK 6 (profit: 1). Sveaskog's share of profit/loss in the company amounted to MSEK -1 (0).

Associates	Revenue	Operating profit	Share of profits including any internal profit	Share of profit in other comprehensive income	Refers to period
Setra Group	1,414	-64	-20	-19	Jan-Mar 2023
SunPine	1,010	74	15	N/A	Jan-Mar 2023
ShoreLink	66	-6	-1	N/A	Dec 2022 - Feb 2023

# Notes

## Accounting policies

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

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

### Forest assets

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

## NOTE 1 | Revenues from contracts with customers

MSEK	Jan–Mar 2023	Jan–Mar 2022	Apr 2022– Mar 2023	Full year 2022
Sawlogs	890	981	3,499	3,590
Pulpwood and woodchips	1,003	789	3,505	3,291
Biofuel	54	43	137	126
Seedlings	14	10	312	308
Other	67	86	224	243
<b>Total income from contracts with customers</b>	<b>2,028</b>	<b>1,909</b>	<b>7,677</b>	<b>7,558</b>
Of which IFRS 15 in net sales	2,027	1,908	7,674	7,555
Lease income	124	84	245	205
<b>Total net sales</b>	<b>2,151</b>	<b>1,992</b>	<b>7,919</b>	<b>7,760</b>
Of which IFRS 15 in other operating income	1	1	3	3
Capital gains etc.	34	41	81	88
<b>Total other operating income</b>	<b>35</b>	<b>42</b>	<b>84</b>	<b>91</b>
<b>Date of revenue recognition</b>				
Goods transferred to customers on a specific date	2,020	1,904	7,561	7,445
Goods and services transferred to customers over time	8	5	116	113
<b>Contract assets and contractual liabilities</b>				
Contract assets	20	17	20	26
Contract liabilities	1	0	1	0

Sveaskog has unfulfilled performance obligations for sales contracts with a term of more than 12 months of MSEK 3,344 (8,571). Sveaskog applies the practical exception of not disclosing the remaining performance obligations for contracts with an original term of no more than one year in accordance with IFRS 15. The obligations consist of contracted deliveries forward in time, mainly for pulpwood but also for biofuel and seedlings, where Sveaskog has undertaken to deliver a certain volume per year. The value of these obligations is somewhat uncertain since the contracts consist of several delivery contracts where the price is renegotiated each year. Of the unsatisfied performance obligations of MSEK 3,672 (9,297) reported for last year, MSEK 335 (730) referred to January–March 2023.

## NOTE 2 | Change in value, forest assets

Sveaskog's total 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 amount 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 March 2023 has been calculated at MSEK 89,139 (85,572), of which MSEK 47,475 (46,866) refers to the fair value of the standing timber and MSEK 41,664 (38,706) refers to the fair value of the land. The change in the balance sheet since the previous year-end is MSEK 277 (142) and is shown below. 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 to the 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 m<sup>3</sup>sub per year (6.3). This level is estimated to increase steadily until 2033, to then remain at a level of approximately 6.8 million m<sup>3</sup>sub (6.8) until 2037. The level is then estimated to decrease slightly to approximately 6.3 million m<sup>3</sup>sub (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 FOR FOREST ASSETS – BIOLOGICAL ASSETS AND FOREST LAND

MSEK	31 March 2023	31 March 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 <sup>1)</sup>	Normal cost <sup>1)</sup>
Nominal cost increase	2.00% per year	2.00% per year

<sup>1)</sup> 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	
<b>Opening balance, 1 January 2022</b>	<b>85,430</b>
Change during the year	142
<b>Closing value, 31 March 2022</b>	<b>85,572</b>
Deferred tax attributable to forest assets	17,563
<b>Opening value, 1 January 2023</b>	<b>89,489</b>
Change during the year	300
<b>Closing value, 31 March 2023</b>	<b>89,789</b>
Less assets held for dividend	–650
<b>Carrying amount, 31 March 2023</b>	<b>89,139</b>
Deferred tax attributable to forest assets	18,308
Less deferred tax attributable to forest assets held for dividend	–129
Carrying amount of deferred tax attributable to forest assets, 31 March 2023	18,179

### FOREST ASSETS OF WHICH BIOLOGICAL ASSETS

MSEK	
Fair values	
<b>Opening balance, 1 January 2022</b>	<b>46,722</b>
Acquisition of standing timber	1
Sales of standing timber	–5
Changes due to felling	–347
Unrealised change in fair value	495
<b>Closing value, 31 March 2022</b>	<b>46,866</b>
<b>Opening value, 1 January 2023</b>	<b>47,460</b>
Acquisition of standing timber	0
Sales of standing timber	–7
Changes due to felling	–211
Unrealised change in fair value	525
<b>Closing value, 31 March 2023</b>	<b>47,767</b>
Less assets held for dividend	–292
<b>Carrying amount, 31 March 2023</b>	<b>47,475</b>

### FOREST ASSETS OF WHICH FOREST LAND

MSEK	
Fair values	
<b>Opening balance, 1 January 2022</b>	<b>38,708</b>
Acquisition of forest land	2
Sale of forest land	–4
Unrealised change in fair value	0
<b>Closing value, 31 March 2022</b>	<b>38,706</b>
<b>Opening value, 1 January 2023</b>	<b>42,028</b>
Acquisition of forest land	0
Sale of forest land	–5
Unrealised change in fair value	–1
<b>Closing value, 31 March 2023</b>	<b>42,022</b>
Less assets held for dividend	–358
<b>Carrying amount, 31 March 2023</b>	<b>41,664</b>

## 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	
	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022
<b>Assets</b>						
Forest assets						
Biological assets	–	–	–	–	47,475	47,460
Forest land	–	–	–	–	41,664	42,028
Interest-bearing non-current receivables	30	15	–	–	–	–
Derivative instruments	–	–	61	63	–	–
<b>Total assets</b>	<b>30</b>	<b>15</b>	<b>61</b>	<b>63</b>	<b>89,139</b>	<b>89,488</b>
<b>Liabilities</b>						
Non-current liabilities	–	–	4,594	4,578	–	–
Current liabilities	–	–	3,197	3,147	–	–
Derivative instruments	–	–	0	0	–	–
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>7,791</b>	<b>7,725</b>	<b>0</b>	<b>0</b>

#### 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–March 2023, Sveaskog issued MSEK 1,400 (1,600) under the commercial paper programme and MSEK 0 (0) 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 are causing increased fuel and spare parts costs, which increases the cost of felling. Sveaskog has a strong balance sheet and good liquidity. Sveaskog is monitoring the situation continuously and evaluating the effects.

## Significant events after the closing date

No other significant events have occurred after the closing date.

## Related-party transactions

No significant changes have occurred in relationships or transactions with related parties compared with what was described in the 2022 annual report.

I 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, 26 April 2023

Sveaskog AB (publ.) (556558-0031)

Erik Brandsma  
President and CEO

The report has been signed by the CEO on the authorisation of the Board of Directors.  
The report has not been audited.

# Quarterly overview for the Sveaskog Group

## Income statements, MSEK

Quarterly overview	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2
Net sales	2,151	2,044	1,733	1,991	1,992	1,888	1,472	1,867
Other operating income	35	28	8	13	42	61	8	33
Operating expenses	-1,585	-1,778	-1,435	-1,604	-1,515	-1,599	-1,201	-1,494
Depreciation/amortisation and impairment	-39	-40	-37	-38	-38	-42	-36	-34
<b>Operating profit from continuing operations</b>	<b>562</b>	<b>254</b>	<b>269</b>	<b>362</b>	<b>481</b>	<b>308</b>	<b>243</b>	<b>372</b>
Capital gains on property disposals	2	1	3	19	3	6	0	21
Share of profit/loss in associates	-6	-28	118	251	233	167	245	175
<b>Operating profit before change in value in biological assets</b>	<b>558</b>	<b>227</b>	<b>390</b>	<b>632</b>	<b>717</b>	<b>481</b>	<b>488</b>	<b>568</b>
Change in value in biological assets	305	179	107	124	89	-610	113	183
<b>Operating profit</b>	<b>863</b>	<b>406</b>	<b>497</b>	<b>756</b>	<b>806</b>	<b>-129</b>	<b>601</b>	<b>751</b>
Net financial income/expense	-47	-41	-36	-25	-24	-30	-36	-32
<b>Profit before tax</b>	<b>816</b>	<b>365</b>	<b>461</b>	<b>731</b>	<b>782</b>	<b>-159</b>	<b>565</b>	<b>719</b>
Tax	-169	-77	-71	-99	-113	67	-66	-112
<b>Earnings</b>	<b>647</b>	<b>288</b>	<b>390</b>	<b>632</b>	<b>669</b>	<b>-92</b>	<b>499</b>	<b>607</b>

## Balance sheets, MSEK

Quarterly overview	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2
Non-current assets, non-interest-bearing	91,668	91,411	88,684	88,278	88,130	87,751	85,191	84,783
Non-current receivables, interest-bearing	30	15	5	5	5	5	4	4
Inventories	716	649	635	573	722	690	602	601
Current receivables, non-interest-bearing	2,032	1,879	2,237	1,902	1,879	1,821	1,941	2,026
Cash and cash equivalents and interest-bearing receivables	1,072	799	560	1,475	1,416	1,171	937	1,028
Assets held for dividend	651	627	-	-	-	-	-	-
<b>Total assets</b>	<b>96,169</b>	<b>95,380</b>	<b>92,121</b>	<b>92,233</b>	<b>92,152</b>	<b>91,438</b>	<b>88,675</b>	<b>88,442</b>
Equity	66,820	66,192	63,027	62,611	63,233	62,516	60,237	59,744
Non-interest-bearing liabilities	20,887	20,817	20,801	20,512	20,490	20,308	19,832	19,823
Interest-bearing liabilities	8,333	8,247	8,293	9,110	8,429	8,614	8,606	8,875
Liabilities for assets held for dividend	129	124	-	-	-	-	-	-
<b>Total equity and liabilities</b>	<b>96,169</b>	<b>95,380</b>	<b>92,121</b>	<b>92,233</b>	<b>92,152</b>	<b>91,438</b>	<b>88,675</b>	<b>88,442</b>

## KPIs

Financial KPIs	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2
Net debt/equity ratio, times	0.11	0.11	0.12	0.12	0.11	0.12	0.13	0.13
Adjusted operating capital (excluding deferred tax), MSEK <sup>1)</sup>	40,385	39,850	39,275	38,917	38,905	38,621	38,975	38,703
Return on adjusted operating capital, % <sup>2)</sup>	4.5	4.9	5.6	5.9	5.8	5.2	5.5	4.5
Adjusted operating capital excluding equity participation in associates (and deferred tax), MSEK	38,749	38,189	37,561	37,301	37,251	37,220	37,742	37,715
Return on adjusted operating capital excluding associates, % <sup>2)</sup>	3.8	3.6	3.8	3.7	3.8	3.6	4.1	3.8
Equity ratio, %	69	69	68	68	69	68	68	68
Return on equity, % <sup>2)</sup>	3.0	3.1	2.6	2.8	2.7	2.4	2.73	26.6
Capital turnover rate, operating capital, multiple	0.11	0.11	0.10	0.11	0.11	0.11	0.09	0.11
Interest coverage ratio, times <sup>2) 3)</sup>	11.1	14.5	18.3	19.5	18.1	15.1	12.7	10.1
Operating margin, %	40.1	19.9	28.7	38.0	40.4	-6.9	40.8	40.2
Net interest-bearing debt, MSEK	7,231	7,433	7,728	7,630	7,008	7,438	7,665	7,843
Average interest rate in loan portfolio, %	2.37	1.19	0.95	0.77	0.63	1.32	1.34	1.36
Average net fixed interest period, months	23	24	25	26	28	28	28	33

Other KPIs	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2
<i>Investments, MSEK</i>								
Business acquisitions and investments in shares	3	-	-	-	-	0	0	5
Other investments	37	44	188	31	35	66	63	48
<i>Staff</i>								
Number of employees at the end of the period	752	739	727	716	713	711	705	709
Average number of employees	815	810	773	806	758	825	800	828

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

<sup>2)</sup> Rolling 12 months.

<sup>3)</sup> 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:** Recognised profit after tax expressed as a percentage of average equity. The Group's definition remains unchanged compared to 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	Apr 2022– Mar 2023	Apr 2021– Mar 2022	Full year 2022
Equity OB	63,233	59,976	62,516
Equity CB	66,820	63,233	66,192
Average equity (OB + CB)/2	65,027	61,605	64,354
Profit for the year	1,957	1,683	1,979
Divided by average equity	65,027	61,605	64,354
= Return on equity, %	3.0%	2.7%	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	Apr 2022– Mar 2023	Apr 2021– Mar 2022	Full year 2022
Operating profit before change in value in biological assets	1,807	2,254	1,966
Less capital gains on property disposals	-25	-30	-26
<b>Subtotal</b>	<b>1,782</b>	<b>2,224</b>	<b>1,940</b>
Adjusted operating capital OB	38,905	38,347	38,621
Adjusted operating capital CB	40,385	38,905	39,850
Average adjusted operating capital (OB + CB)/2	39,645	38,626	39,236
Subtotal as above	1,782	2,224	1,940
Divided by average adjusted operating capital	39,645	38,626	39,236
= Return on adjusted operating capital, %	4.5%	5.8%	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	Apr 2022– Mar 2023	Apr 2021– Mar 2022	Full year 2022
Operating profit before change in value in biological assets	1,807	2,254	1,966
Less capital gains on property disposals	-25	-30	-26
Less equity participation in associates	-335	-820	-574
<b>Subtotal</b>	<b>1,447</b>	<b>1,404</b>	<b>1,366</b>
Adjusted operating capital excl. equity participations in associates OB	37,251	37,518	37,220
Adjusted operating capital excl. equity participations in associates CB	38,749	37,251	38,189
Average adjusted operating capital excl. equity interests in associates (OB + CB)/2	38,000	37,385	37,705
Subtotal as above	1,447	1,404	1,366
Divided by average adjusted operating capital, excl. equity participation in associates	38,749	37,251	37,705
= Return on adjusted operating capital excluding equity participation in associates, %	3.8%	3.8%	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	Mar 2023	Mar 2022	Full year 2022
Other liabilities and provisions	652	387	427
– of which tax liabilities	271	58	98
– of which other liabilities and provisions	381	329	329
Balance sheet total	96,169	92,152	95,380
Less interest-bearing assets (cash and cash equivalents)	–1,072	–1,416	–799
Less interest-bearing receivables (non-current)	–30	–5	–15
Less tax assets	–72	–177	–67
Less other liabilities and provisions (non-current)	–19,277	–18,814	–19,351
Less trade payables	–958	–1,011	–1,039
Less other liabilities and provisions	–381	–532	–329
= Operating capital, MSEK	74,379	70,197	73,780
Restoration of land value	–41,664	–38,706	–41,689
Restoration of land value of assets to be distributed	–358	0	–339
Deferred tax attributable to land value	7,956	7,414	8,029
Deferred tax attributable to the land value of assets to be distributed	72	0	69
<b>= Adjusted operating capital, MSEK</b>	<b>40,385</b>	<b>38,905</b>	<b>39,850</b>
Less equity participation in associates	–1,636	–1,654	–1,661
<b>= Adjusted operating capital excluding equity participations in associates, MSEK</b>	<b>38,749</b>	<b>37,251</b>	<b>38,189</b>

### 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	Mar 2023	Mar 2022	Full year 2022
Net interest-bearing debt	7,231	7,008	7,433
Divided by equity	66,820	63,233	66,192
<b>= Net debt/equity ratio, times</b>	<b>0.11</b>	<b>0.11</b>	<b>0.11</b>

### 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	Mar 2023	Mar 2022	Full year 2022
Interest-bearing assets (cash and cash equivalents and non-current receivable)	1,102	1,421	814
Interest-bearing liabilities and provisions (non-current)	–4,700	–5,738	–4,946
Lease liabilities, non-current	–91	–98	–90
Interest-bearing liabilities (current)	–3,508	–2,539	–3,171
Leasing liabilities, current	–34	–54	–40
<b>= Net interest-bearing debt, MSEK</b>	<b>–7,231</b>	<b>–7,008</b>	<b>–7,433</b>

### 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	Apr 2022– Mar 2023	Apr 2021– Mar 2022	Full year 2022
Financial items in the income statement	–149	–123	–126
– of which financial income	13	0	8
– of which financial expenses	–162	–123	–134
Operating profit before change in value in biological assets	1,807	2,254	1,966
Less capital gains on property disposals	–25	–30	–26
Plus financial income	13	0	8
<b>Subtotal</b>	<b>1,795</b>	<b>2,224</b>	<b>1,948</b>
Divided by financial expenses	162	123	134
<b>= Interest coverage ratio, times</b>	<b>11.1</b>	<b>18.1</b>	<b>14.5</b>

### Operating margin

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

### Equity ratio

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

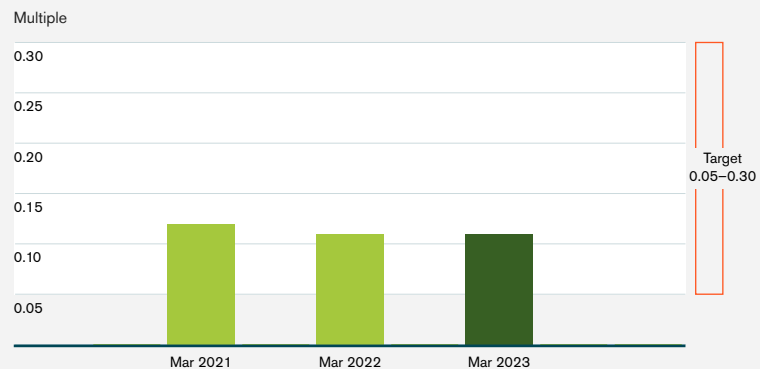
**Comment:** Sveaskog considers that this performance measure shows how large a share of the company's assets is financed with equity and indicates the company's sensitivity to interest rate fluctuations.

Equity ratio	Mar 2023	Mar 2022	Full year 2022
Equity	66,820	63,233	66,192
Divided by total assets	96,169	92,152	95,380
<b>= Equity ratio, %</b>	<b>69%</b>	<b>69%</b>	<b>69%</b>

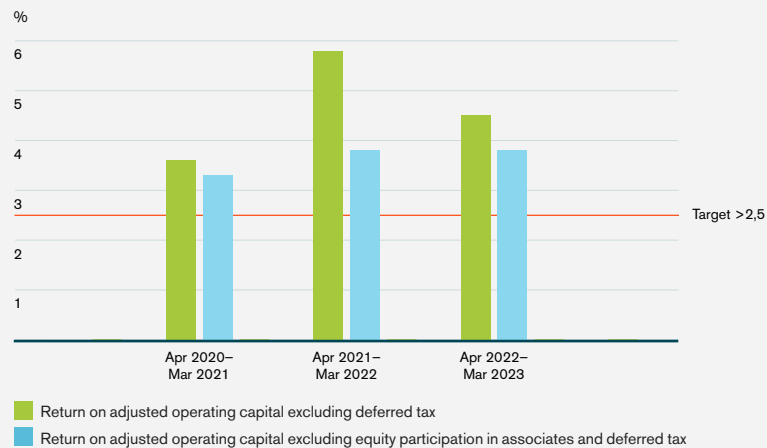


# Sveaskog's financial targets

## NET DEBT/EQUITY RATIO



## RETURN ON ADJUSTED OPERATING CAPITAL, ROLLING



## Dividend

Sveaskog has new financial targets<sup>1)</sup>. 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 <sup>2)</sup>
Percentage of basis for dividends, %	88	100

<sup>1)</sup> Sveaskog's new financial targets were decided at an Extraordinary General Meeting on 31 August 2022 and are valid from the same date.

<sup>2)</sup> The Board's proposal to the Annual General Meeting.



# 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 April – June 2023 14 July 2023
-  Interim report July – September 2023 27 October 2023
-  Year-end report 2023 26 January 2024

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

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