

Interim Report

January – September 2023

MSEK	3 months, July–Sept			9 months, Jan–Sept			12 months		
	2023	2022	%	2023	2022	%	Oct 2022– Sept 2023	2022	%
Net sales	1,647	1,733	-5%	5,873	5,716	3%	7,917	7,760	2%
Operating profit from continuing operations	219	269	-19%	1,230	1,112	11%	1,484	1,366	9%
Share of profit/loss in associates	13	118	-89%	21	602	-97%	-7	574	-101%
Change in value in biological assets	-86	107	-180%	-60	320	-119%	119	499	-76%
Operating profit	148	497	-70%	1,216	2,059	-41%	1,622	2,465	-34%
Profit/loss before tax	85	461	-82%	1,050	1,974	-47%	1,415	2,339	-40%
Profit/loss from continuing operations	72	390	-82%	839	1,691	-50%	1,127	1,979	-43%
Profit/loss from operations subject to dividend	-28	-	N/A	-27	-	N/A	-27	-	N/A
Profit/loss for the period	44	390	-89%	812	1,691	-52%	1,100	1,979	-44%
Cash flow from operating activities	-62	38	-263%	640	818	-22%	887	1,065	-17%
Earnings per share, SEK	0.37	3.29	-89%	6.86	14.28	-52%	9.29	16.71	-44%

KPIs¹⁾, Group

MSEK	9 months, Jan–Sept		12 months	
	2023	2022	Oct 2022– Sept 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)}	3.8	5.6	3.8	4.9
Return on adjusted operating capital excluding equity participation in associates (& deferred tax), % (target >2.5%) ^{1) 2)}	3.9	3.8	3.9	3.6
Return on equity, % ²⁾	1.7	2.6	1.7	3.1
Interest coverage ratio, times ^{2) 3)}	6.4	18.3	6.4	14.5
Equity ratio, %	69	68	69	69
Net interest-bearing debt, MSEK	7,324	7,728	7,324	7,433
Average number of employees	837	773	837	810
Total delivery volume, thousand m ³ sub	6,743	7,778	9,326	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.

Timber prices continue to rise

“Lower volumes negatively impacted the quarterly earnings.”

1 July – 30 September 2023

- Net sales decreased by 5 per cent to MSEK 1,647 (1,733). Timber prices increased by an average of 10 per cent, while delivery volumes decreased by 15 per cent, mainly as a result of a lower planned production rate.
- Operating profit declined by 19 per cent and amounted to MSEK 219 (269). Lower earnings are attributed to lower volumes from Sveaskog's own forest, and increased costs for felling and processing.
- Share of profits of associates amounted to MSEK 13 (118), mainly due to worse market conditions for Setra Group.
- The reported net change in value of biological assets amounted to MSEK -86 (107).
- Profit for the quarter amounted to MSEK 44 (390), equivalent to SEK 0.37 (3.29) per share.

1 January – 30 September 2023

- Net sales increased by 3 per cent to MSEK 5,873 (5,716). Timber prices increased by an average of 15 per cent, while delivery volumes decreased by 12 per cent, mainly as a result of a lower planned production rate.
- Operating profit increased by 11 per cent and amounted to MSEK 1,230 (1,112). 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 21 (602), mainly due to worse market conditions for Setra Group.
- The reported net change in value of biological assets amounted to MSEK -60 (320).
- Profit for the period amounted to MSEK 812 (1,691), equivalent to SEK 6.86 (14.28) per share.

Significant events

- The storm Hans struck Sveaskog hard and about 500,000 m³sub were felled.
- Sveaskog is investing in an AI company and becoming a part-owner of Nordic Forestry Automation (NFA).

CEO's comments

Stable earnings and continued high timber prices



“Continued good demand for wood raw materials.”

The third quarter of the year was eventful. By the time we entered the quarter, we had taken action in response to the increased fire risk caused by the dry weather in the early summer. However, the summer continued without any major forest fires. In the beginning of August, we were hit by the ravages of storm Hans in Västerbotten and a month later dead wild boar were found to be infected with swine fever on Sveaskog's land in Västmanland. We have worked with determination to deal with the consequences of these events.

Sveaskog continued to have good demand for forest raw materials, despite a surrounding situation characterised by inflation and a weaker economy. Swedish sawmills have benefited from the weak SEK exchange rate and, unlike their European colleagues, have not reduced their production rate. Access to timber was generally low, which meant that price levels continued to rise. The Swedish sawmills are now investing to increase their efficiency and competitiveness and we expect a challenging market situation with some consolidation in the industry in the coming years. The current world situation and higher interest rates mean that we see a clear slowdown in new construction in the European market, which has a negative impact on the demand for timber. The market conditions in the pulp and paper industry have also weakened during the year and several of Sveaskog's customers have restricted production in order to counter weaker demand. However, continued supply shortages meant that pulpwood prices increased during the period. We continue to experience a strong interest in biofuel deliveries, with good price development as a result.

Continued high prices

The continued high price level of our products has had a positive impact on our earnings. Operating profit for the first nine months amounted to MSEK 1,230, which was MSEK 118 or 11 per cent, higher than for the same period in 2022. However, higher timber prices are offset by lower volumes from Sveaskog's own forests and increased costs for felling and forest management. 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 20 per cent higher than the corresponding period last year, timber prices were 10 per cent higher and pulpwood prices were 46 per cent higher.

The storm Hans hit Sveaskog hard

As the largest landowner in the area ravaged by the storm Hans, Sveaskog was hit hard, mainly in Malå municipality but also in Norsjö, Skellefteå and Sorsele municipality. A total of 6,500 hectares of Sveaskog's land are affected, of which 3,500 hectares are heavily affected. At most, we will have 30 teams on site in the area during the autumn and periodically 70 timber truck loads of timber went out. Our goal is to be completely finished with the efforts in June 2024 and we are working hard to make use of the majority of the timber in the autumn. In the storm area, we use unique technology for planning and logistics. For the first time in Swedish forestry, a combination of satellite images and drone images is being used in the planning of the cleaning work, which allows us to work both more efficiently and more safely.

Measures in the area struck by swine fever

In September, African swine fever was found in a sample from a dead wild boar on Sveaskog's land in Fagersta Municipality. We have implemented a number of measures since. All production, planning and hunting covered by the restrictions has been handled in accordance with authority regulations and no transports of timber or biofuel leave the area for our customers. Sveaskog is assisting in every way we can to limit the spread of infection.

“We put our business in a broader context and are keen to manage the conflicts of interest that exist in the forest.”

The forest – part of the climate and society debate

The forest remains in focus and many discussions are ongoing on how it can contribute to solving the climate challenges. Sveaskog is closely monitoring both the EU's and Sweden's forestry policy. We put our business in a broader context and are keen to manage the conflicts of interest that exist in the forest. The renewed effort regarding of the reindeer herding issue is one piece of the puzzle in this and at the end of the quarter I personally met representatives of four Sami villages in Norrbotten for continued dialogue. I am pleased with the progress we are making, but I am still concerned about the locked situation in some of the consultations.

Autumn means hunting season and many of the country's hunters are involved in the moose issue. The hunt on Sveaskog's lands should be attractive to hunters while at the same time being an important tool for keeping the wild game populations in balance. By co-managing forest and game, we create the conditions for both timber production and healthy deer and moose populations. Sveaskog collaborates with landowners, hunters, hunting organisations and authorities to develop various hunting offers and ensure that the forest develops reasonably despite the pressure from grazing moose and other game.

Investments in skills supply

New knowledge is important for our development and supply of skills. The latter is an important strategic issue in order to secure the company's delivery capacity. In August, we welcomed four new trainees with a focus on

digitalisation and IT within the framework of our trainee programme. In September, the Swedish University of Agricultural Sciences (SLU) announced a professorship for future forestry funded by Sveaskog. And earlier this year, we decided to support SLU with funding for a professorship and a post-doc position linked to ecological effects of nature conservation fires in the Ejhedens Ecopark.

Long-term cooperation with the Swedish Biathlon Federation

Sveaskog has started a long-term collaboration with the Swedish Biathlon Federation to promote regrowth in Swedish biathlon. The collaboration extends over four seasons, to the end of 2027. Biathlon is one of our most popular sports, with a successful team consisting of both men and women. Sveaskog is active throughout the country and spending time in the forest is close to our heart. Through our local roots, we want to help increase accessibility and improve the opportunity for young people to practice biathlon as a sport.

Motivated and committed employees

In September, Sveaskog's employees were given the opportunity to contribute to the development of our culture and working environment by participating in the annual employee survey. Both the overall result and the response rate increased compared to last year. I am particularly proud and pleased that the employees' satisfaction and commitment, which we measure using the global standard eNPS (Employee Net Promoter Score) method, has increased significantly since last year's measurement and is now above average for Sweden.

In conclusion, I would like to thank all our employees for their huge commitment and hard work and our customers, entrepreneurs and partners for their good cooperation.

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.

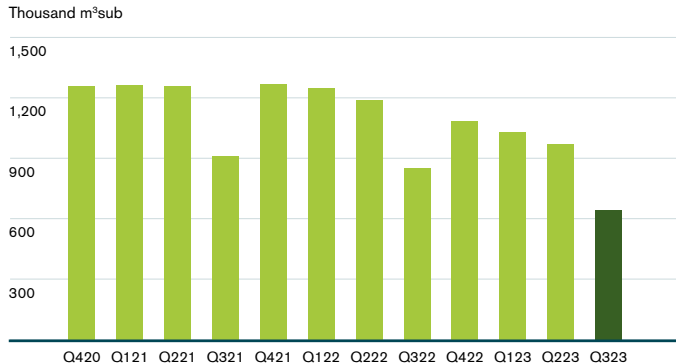


Sawmills

Swedish sawmills are benefiting from the weak SEK exchange rate and, unlike their European colleagues, have not slowed production due to lower demand. Prices in the export markets for sawn timber have stabilised following a sharp drop in prices that began in the autumn of 2022. In a historical perspective, timber prices are at a high level. Several of Sveaskog's timber customers are experiencing great uncertainty regarding the development of the timber markets and fear that the near future will be financially challenging. Exceptions to this pessimistic view exist can be found among a number of customers who are experiencing continued stable order intake and continued satisfactory profitability. In the longer term, the global demand for timber is predicted to increase and bring good conditions for the Swedish sawmill industry. Access to timber is generally still low in Sweden and with the unchanged production ambitions of sawmills, the price levels of timber continued to rise in the third quarter. As a result of Sveaskog's reduced felling levels, almost all Sveaskog's timber customers have now received lower delivery volumes of timber, which for some customers also meant some adaptation to their business.

During the third quarter, Sveaskog delivered 642 thousand m³sub (851) of sawlogs, which is a decrease of 25 per cent from the same period last year. For the period October 2022 to September 2023, deliveries totalled 3,731 thousand m³sub (4,556).

DELIVERY VOLUME SAWLOGS

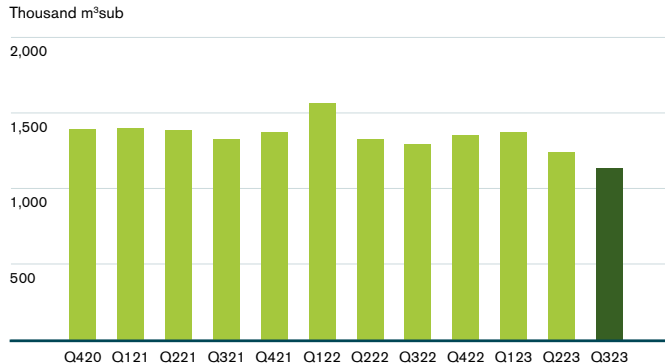


Pulp and paper industry

The market conditions for Sveaskog's customers in the pulp and paper industry segment have deteriorated clearly during 2023. Falling demand due to stock reductions among buyers and generally weaker private consumption are the main reasons for the deterioration. Several of Sveaskog's customers have also restricted production in order to counter the weaker demand. Despite production restrictions, the balance between the supply and demand of pulpwood weighs over towards a shortage of pulpwood. The supply of pulpwood in the Baltic Sea region has not recovered from the missing Russian volumes and the stock levels of wood can be described as lower than normal. - Pulpwood prices continued to rise in the third quarter.

In the third quarter, Sveaskog delivered 1,137 thousand m³sub (1,292) of pulpwood and woodchips, which is a decrease of 12 per cent from the same period last year. For the period October 2022 to September 2023, deliveries totalled 5,108 thousand m³sub (5,558).

DELIVERY VOLUME PULPWOOD AND WOODCHIPS



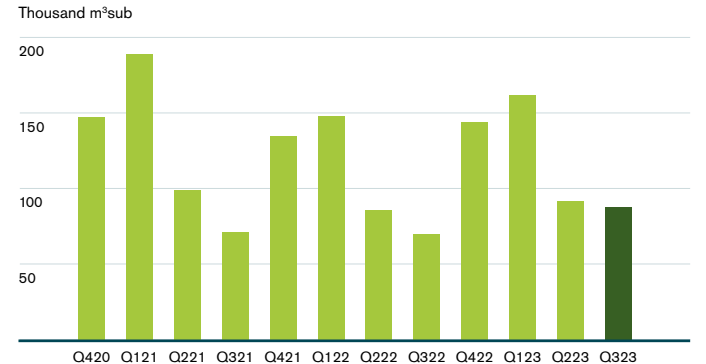
The biofuel market

The market for forest biofuel, such as GROT (branches and tree tops), 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. Interest in biofuel deliveries remains very high and price levels for fuel chips and energy wood have developed well during the year.

The increase in the price of biofuels is largely dependent on a lower supply of fuel. During the year, Sveaskog's production of biofuel has been limited as a result of the fact that felling residues had to be used to a greater extent than normal to increase the carrying capacity of forest machinery.

During the third quarter, Sveaskog delivered 88 thousand m³sub (70) of biofuel, which is an increase of 26 per cent on the same period last year. For the period October 2022 to September 2023, deliveries totalled 486 thousand m³sub (439).

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 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

Sveaskog finances professorship for future forestry

Sveaskog has decided to support the Swedish University of Agricultural Sciences (SLU) with a professorship in future forestry. In parallel, SLU is contributing a doctoral student position. SLU has conducted a thorough study of strategic initiatives to ensure competence in future sustainable forest management and Sveaskog will also support SLU with funding for a professorship and a post-doctoral position linked to ecological effects of nature conservation fires in the Ejhedden Ecopark.

More and more assets are emerging in the forest and interdisciplinary methods are needed to study many of the issues that are of interest to society. New knowledge is important for Sveaskog's development and skills supply and we have major challenges with a changing climate, developed biodiversity and more variation in our use. Therefore, high-level research is needed.

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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

Climate change affects the fundamental 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 specially developed properties that are optimal for the site and well-adapted to the climate of both today and the future. Thus, they have greater resilience to various kinds of pest attacks.

New construction of the FyrO seed farms is continuing according to plan. Work on expansion of larch seed farms in the north is ongoing and during the year, grafts have been produced by the Forestry Research Institute of Sweden (Skogforsk). The new co-owned birch seed cultivation in greenhouses at the Skogforsk Research Station in Sävar is developing well.

In Svealand, 150,000 birches have been planted, including in Stjärnsund in the Askersund area. Previously, spruce grew in the area, but since there was a major engraver beetle infestation, we are now switching tree species to birch. Part of the area borders on Lake Floen and there will now be more daylight openings between the water and the road. The birch thrives well in the clay soil in the area and it is game-treated to not be grazed down. In Region Svealand, 50,000 larch trees have also been planted and game treated, including in an area at Svalde in Närkesberg.

Measure	Outcome full year 2022	Outcome acc. Sept 2023	Target full year 2023	Target 2027
Birch, planted annual area (hectares/year)	164	199	226	760
Siberian larch, planted annual area (hectares/year)	120	77	107	410



Birch planting at Askersund. Photo Jan Karlsson

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

During the third quarter, some new continuous cover areas have been planned, including seven hectares of continuous cover in the Piteälven Ecopark in Norrbotten, and a total of eleven hectares in different locations in Skåne. As a result of the plans for new national parks, no new continuous cover fellings were carried out in the third quarter in the five most visited ecoparks.

Initiatives for improved coexistence with the reindeer industry

Since nearly 70 per cent of our land is jointly used with reindeer husbandry, it is important for us to develop both the joint planning process and our forestry methods. The FSC standard comprises a focus on an early joint action plan. During the third quarter's joint planning, a greater variety of forestry methods has been discussed. Our aim is to be able to adapt parts of the cultivation to the needs of the reindeer industry through varied forestry.

During the quarter, testing of the systems for the ground lichen inventory was also carried out to a large extent. FSC Sweden has held workshops and excursions in co-planning in two stages. Sveaskog has been a land host and many of our employees have participated. The meetings included various actors in Swedish forestry, representatives from Sami villages and staff from FSC Sweden. The aim was to exchange experiences and develop good examples and highlight challenges related to co-planning and give the participants greater knowledge of the process in the FSC's regulations in order to enable everyone to contribute to improvements in the implementation of co-planning.

Sveaskog is a party to the Government assignment "The State as a role model for sustainable forestry". The assignment focuses on developing alternative cultivation methods that take greater account 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.

Success factors

More clearing and thinning in the reindeer husbandry area

In terms of expanded cleaning in the reindeer husbandry area, 1,212 hectares of the year's total of approximately 1,700 hectares were cleaned during the third quarter in the reindeer husbandry area. This has created good conditions for future management measures in the form of thinning. At the same time, the thinned stocks provide better accessibility in the work of reindeer husbandry and increased light inlet which is beneficial for the light-consuming ground lichens. In 2023, 352 hectares of expanded thinning have been carried out so far, of which 303 hectares were thinned during the quarter.

Measure	Outcome full year 2022	Outcome acc. Sept 2023	Target full year 2023	Target 2027
Actioned extended area of cleaning (hectares/year)	2,479	1,703	3,310	5,100

Measure	Outcome full year 2022	Outcome acc. Sept 2023	Target full year 2023	Target 2027
Actioned extended area of thinning (hectares/year)	385	352	722	1,200

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Sweden's environmental quality targets



Goal 1: Reduced climate impact
Goal 12: Sustainable Forests

Increased ecological values of land holdings



The water in the forest

Wetland programme with 100 new wetlands

At several places in Norrbotten, wetland restoration is under way. During the quarter, the County Administrative Board carried out the restoration of a eutrophic fen at Nävermyran in Älvsbyn Municipality. Sveaskog is also working with contractors to build trench plugs next to the watercourse Seipibäcken in Boden Municipality.

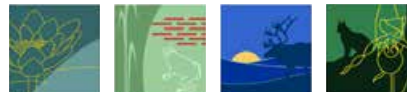
Measure	Outcome full year 2022	Outcome acc. Sept 2023	Target full year 2023	Target 2027
Number of restored wetlands (acc. from 2021)	33	56	58	120

In September, work began on felling spruce in the area of Ramnåsamossen, Lygnersvider Sättila in Västergötland. After felling, the excavator comes to construct plugs and a stone threshold. The section is approximately 12 hectares and of this, a three-acre moisture trail and two water surfaces of 0.2 and 0.3 hectares, respectively, are estimated to be formed.

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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



Success factors

Harmonisation with national targets and EU goals



High conservation value forests

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. Sept 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

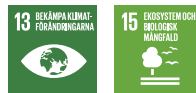
Extended nature conservation programme

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.

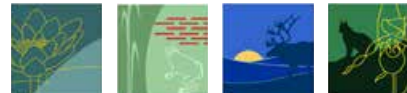
Measure	Outcome full year 2022	Outcome acc. Sept 2023	Target full year 2023	Target 2027
Nature conservation performed (hectare/year)	781	534	1,305	2,150



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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

A strong corporate culture

Trainee programme with focus on digitalisation and IT

Sveaskog wants to be an attractive employer and has interesting jobs to offer, not least in digitalisation and IT. Our trainee programme will contribute to the company's long-term skills supply and is one of several ways into Sveaskog. The trainee programme is a popular and sought-after way into the labour market for young people and in the autumn, four new trainees were accepted at Sveaskog in the IT field.

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Acceptance of and confidence in our forestry

Confidence in Sveaskog is growing

Confidence in Sveaskog is growing according to the survey that Kantar Public and includes a large number of Swedish company brands. This survey is done twice a year, once in the autumn and once in the spring. In total, just under 13,000 Swedes got to answer questions about different companies and if they know the company, they receive several follow-up questions during the spring measurement. The number of people who answered questions about Sveaskog is just under 1,300, of whom 400 were specifically in Norrbotten and Västerbotten.

Sveaskog's result was 30, which is an increase compared to last spring

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when our index was 26. The brand awareness increased slightly from 2022 and is higher in both Västerbotten and Norrbotten than the rest of the country. Brand awareness is increasing in all target groups.

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.

In the Ejheden Ecopark in Dalarna, Sveaskog has for several years carried out nature conservation burnings (in 2018, 2021, 2022, 2023) and additional nature conservation burnings are planned for 2024. During the quarter, Sveaskog and a research team at the Department of Wildlife, Fish and Environmental Studies at SLU started planning a major research study based on the burnings in the area. The study forms part of the project Effekt 20, where Sveaskog has been working with SLU for a number of years. The aim of the study is to increase knowledge about the effects of the burnings and thus about how we can create the greatest possible conservation benefit through burnings. For example, it is examined whether it has any impact on the diversity of insects if it is older, coarser or younger, weaker forest that is burned, which tree species the burnt stocks consist of, and whether fire-like measures favour insect life to the same extent as a fire. Within the project, a post-doc position is planned (a researcher who has a

PhD) who will work on the issue for two years. In the planned study areas in Ejheden Ecopark, there is a suitable variety of environments, with mainly pine and birch, the presence of both younger and older trees and areas where fires have had different fire intensity and areas with systematically implemented fire-like measures such as strip-barking (deliberate damage to trees to mimic a fire injury). Overall, this makes Ejheden Ecopark very well suited for this type of study.

Currently, two sub-studies are planned: Ecopark Ejheden:

- Substudy 1 focuses on the effects of the fire on biodiversity. Studies of the effects of the size of the trees on the insect fauna and the difference between the insect communities of birch and pine after fire are planned here. In addition, the possibility of studying the effects on bird life is also being examined.
- Substudy 2 focuses on the differences between nature conservation burnings and fire-like nature conservation measures in terms of the impact on species communities of insects (and possibly birds).

Top image, substudy 1. Bottom image, substudy 2. →
Photo: Anne-Maarit Hekkala, SLU



The Sveaskog Group

Condensed income statement

MSEK	3 months, July–Sept		9 months, Jan–Sept		12 months	
	2023	2022	2023	2022	Oct 2022– Sept 2023	2022
Net sales (Note 1)	1,647	1,733	5,873	5,716	7,917	7,760
Other operating income (Note 1)	23	8	77	63	105	91
Raw materials and consumables	-599	-616	-1,998	-1,875	-2,671	-2,548
Change in inventories	73	44	71	-14	137	52
Other external expenses	-736	-733	-2,194	-2,229	-3,198	-3,233
Staff costs	-148	-130	-478	-436	-645	-603
Depreciation/amortisation	-41	-37	-121	-113	-161	-153
Operating profit from continuing operations	219	269	1,230	1,112	1,484	1,366
Capital gains on property disposals	2	3	25	25	26	26
Share of profit/loss in associates	13	118	21	602	-7	574
Operating profit before change in value in biological assets	234	390	1,276	1,739	1,503	1,966
Change in value in biological assets (Note 2)	-86	107	-60	320	119	499
Operating profit	148	497	1,216	2,059	1,622	2,465
Financial items	-63	-36	-166	-85	-207	-126
Profit/loss before tax	85	461	1,050	1,974	1,415	2,339
Tax	-13	-71	-211	-283	-288	-360
Profit/loss from continuing operations	72	390	839	1,691	1,127	1,979
Profit/loss from activities to be distributed	-28	-	-27	-	-27	-
Profit/loss for the period/year	44	390	812	1,691	1,100	1,979
Earnings per share in SEK before and after dilution	0.37	3.29	6.86	14.28	9.29	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, July–Sept		9 months, Jan–Sept		12 months	
	2023	2022	2023	2022	Oct 2022– Sept 2023	2022
Profit/loss for the period/year	44	390	812	1,691	1,100	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)	-37	10	-38	12	3,555	3,605
Tax on change in value in land assets	-15	-1	-9	-1	-751	-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	2	3	4	5
Other comprehensive income from associates	-11	8	-56	65	-89	32
Tax on other comprehensive income from associates	2	-2	12	-14	20	-6
Change in fair value of cash flow hedges for the year	-2	12	-6	68	-9	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	0	-2	1	-14	1	-14
Total other comprehensive income for the period/year for remaining operations, net after tax	-64	26	-98	120	2,783	2,997
Change in value of land assets subject to dividend (Note 2)	0	-	19	-	19	-
Tax on change in value in land assets subject to dividend	4	-	-4	-	-4	-
Other comprehensive income from operations subject to dividend	4	-	15	-	15	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	-16	416	733	1,811	3,898	4,976

The Sveaskog Group

Comments on the income statement

1 July – 30 September 2023

Net sales Net sales decreased by 5 per cent to MSEK 1,647 (1,733). Prices of wood raw materials increased by an average of 10 per cent, while total delivery volumes decreased by 15 per cent, mainly as a result of a lower planned production rate.

Sales of wood raw materials amounted to 1,867 thousand cubic metres (m³sub) (2,214).

Operating profit The operating profit decreased by 19 per cent to MSEK 219 (269).

Higher timber prices have been offset by lower volumes from Sveaskog's own forest, as well as increased costs for felling and processing after the storm Hans.

Capital gains from the sale of property amounted to MSEK 2 (3). Share of profits in associates amounted to MSEK 13 (118). The net change in the carrying amount of biological assets amounted to MSEK –86 (107). After the change in value in biological assets, the operating profit amounted to MSEK 148 (497). Net financial items in the quarter were MSEK –63 (–36). Profit before tax amounted to MSEK 85 (461). Tax amounted to MSEK –13 (–71). Profit/loss from operations subject to dividend amounted to a loss of MSEK 28 (–). Profit for the quarter decreased to MSEK 44 million (390).

1 January – 30 September 2023

Net sales Net sales increased by 3 per cent to MSEK 5,873 (5,716). Prices of wood raw materials increased by an average of 15 per cent, while total delivery volumes decreased by 12 per cent, mainly as a result of a lower planned production rate.

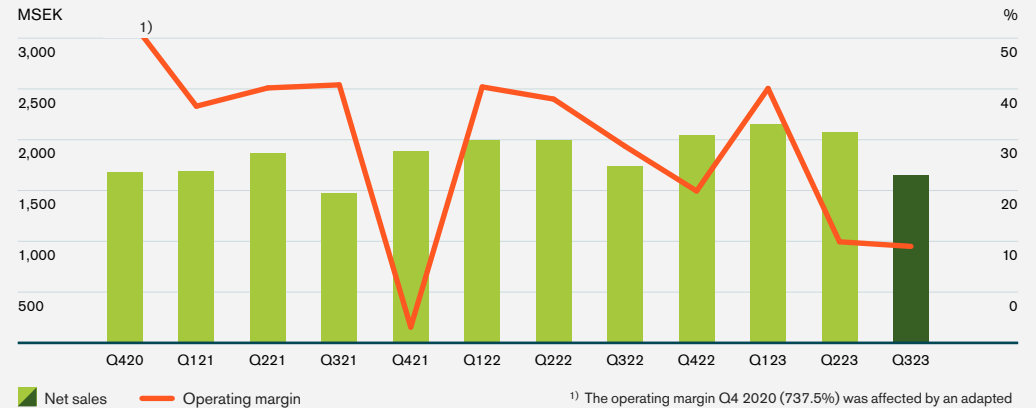
Sales of wood raw materials amounted to 6,743 thousand cubic metres (m³sub) (7,778).

Operating profit Operating profit increased by 11 per cent and amounted to MSEK 1,230 (1,112).

Higher timber prices and revenues from wind power concessions were offset by lower volumes from own forest and higher felling and forest management costs.

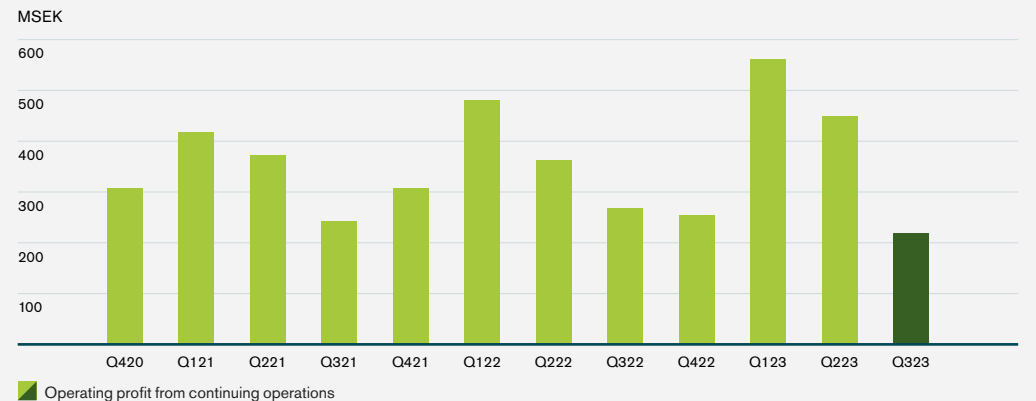
Capital gains from the sale of property amounted to MSEK 25 (25). Share of profits in associates amounted to MSEK 21 (602). The net change in the carrying amount of biological assets amounted to MSEK –60 (320). After changes in value in biological assets, the operating profit amounted to MSEK 1,216 (2,059). Net financial items during the period were MSEK –166 (–85). Profit before tax amounted to MSEK 1,050 (1,974). Tax amounted to MSEK –211 (–283). Profit/loss from operations subject to dividend amounted to a loss of MSEK –27 (–). Profit for the period decreased to MSEK 812 (1,691).

NET SALES AND OPERATING MARGIN



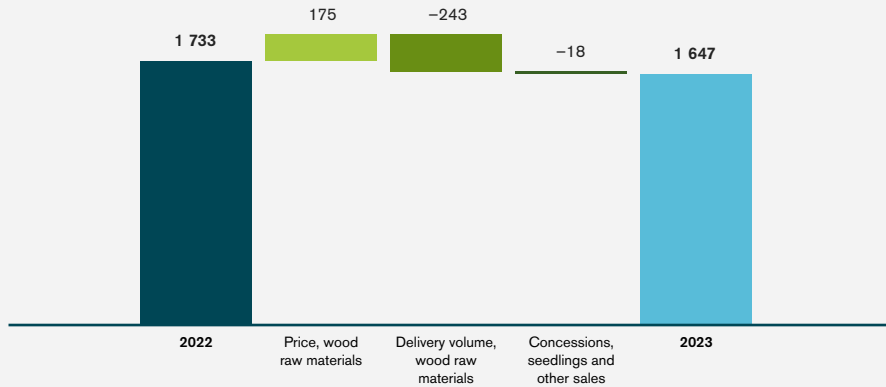
¹⁾ The operating margin Q4 2020 (73.5%) was affected by an adapted method for the valuation and recognition of forest assets.

OPERATING PROFIT FROM CONTINUING OPERATIONS



The Sveaskog Group

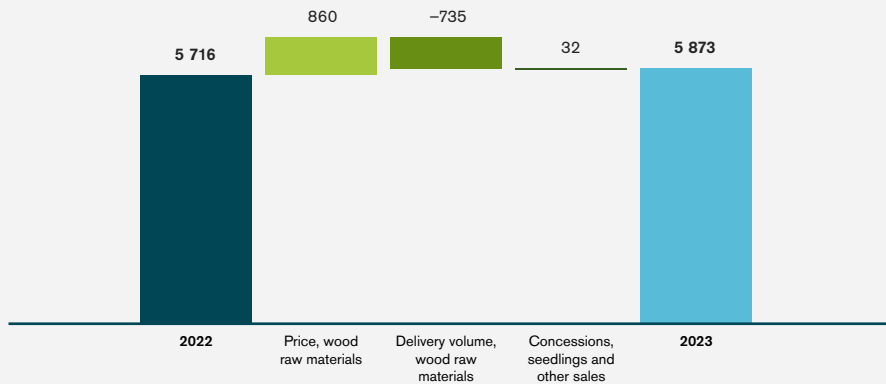
CHANGE IN NET SALES, Q3, MSEK



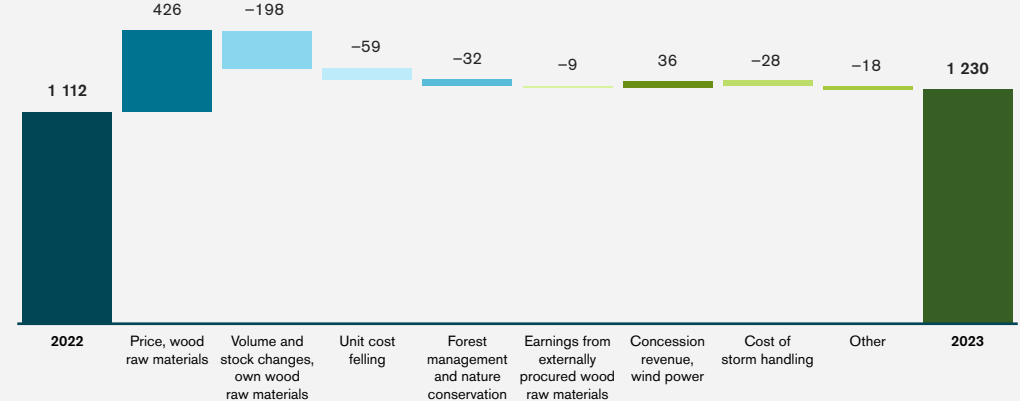
CHANGE IN OPERATING PROFIT, Q3, MSEK



CHANGE IN NET SALES, JANUARY–SEPTEMBER, MSEK



CHANGE IN OPERATING PROFIT, JANUARY–SEPTEMBER, MSEK



The Sveaskog Group

Condensed balance sheet

MSEK	30 Sept 2023	30 Sept 2022	31 Dec 2022
Assets (Note 3)			
Non-current assets			
Intangible assets	151	159	157
Forest assets (Note 2, 3)	89,015	86,073	88,862
– of which land assets	41,687	38,842	41,689
– of which biological assets	47,328	47,231	47,173
Other property, plant and equipment	669	596	594
Right-of-use assets	166	131	127
Non-current financial assets, non-interest-bearing	1,389	1,725	1,671
Long-term interest-bearing receivables	64	5	15
Total non-current assets	91,454	88,689	91,426
Current assets			
Inventories	656	635	649
Tax assets	188	293	67
Trade receivables	1,581	1,410	1,355
Other receivables	457	534	457
Cash and cash equivalents	1,024	560	799
Assets held for dividend ¹⁾	619	–	627
Total current assets	4,525	3,432	3,954
TOTAL ASSETS	95,979	92,121	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 Sept 2023	30 Sept 2022	31 Dec 2022
Equity and liabilities			
Equity	65,775	63,027	66,192
Non-current liabilities (Note 3)			
Interest-bearing liabilities and provisions	6,187	5,521	4,946
Lease liabilities, non-current	127	90	90
Other liabilities and provisions	19,410	18,838	19,351
Total non-current liabilities	25,724	24,449	24,387
Current liabilities (Note 3)			
Interest-bearing liabilities and provisions	2,054	2,638	3,171
Leasing liabilities, current	44	44	40
Tax liabilities	191	212	98
Trade payables	1,053	1,039	1,039
Liability for decided dividends	575	–	–
Other liabilities and provisions	441	712	329
Liabilities attributable to assets held for dividend	122	–	124
Total current liabilities	4,480	4,645	4,801
Total liabilities	30,204	29,094	29,188
TOTAL EQUITY AND LIABILITIES	95,979	92,121	95,380

Condensed statement of changes in equity

MSEK	Jan–Sept 2023	Jan–Sept 2022	Full year 2022
Opening equity, 1 January	66,192	62,516	62,516
Total comprehensive income	733	1,811	4,976
Dividend paid according to Annual General Meeting resolution	–1,150	–1,300	–1,300
CLOSING EQUITY AT END OF PERIOD/YEAR	65,775	63,027	66,192

The Sveaskog Group

Condensed cash flow statement

MSEK	Jan–Sept 2023	Jan–Sept 2022	Full year 2022
Operating activities			
Operating profit	1,216	2,059	2,465
Non-cash items etc.	–98	–1,067	–1,168
Interest received, etc.	25	3	6
Interest paid	–191	–90	–115
Tax paid	–180	–206	–178
Cash flow from operating activities before changes in working capital	772	699	1,010
Changes in working capital	–132	119	55
Cash flow from operating activities	640	818	1,065
Investing activities			
Investment in non-current assets	–240	–254	–298
Investments in shares and participations	–7	0	0
Dividends from associates	266	340	340
Sale of non-current assets	79	91	109
Sale of shares and participations	0	2	2
Increase in interest-bearing receivables	–49	0	–10
Cash flow from investing activities	49	179	143
Financing activities			
Dividend paid	–575	–1,300	–1,300
Borrowings	5,050	5,250	6,450
Repayment of loans	–4,939	–5,558	–6,730
Cash flow from financing activities	–464	–1,608	–1,580
CASH FLOW FOR THE PERIOD/YEAR	225	–611	–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	1,024	560	799

Comments on the balance sheet and cash flow

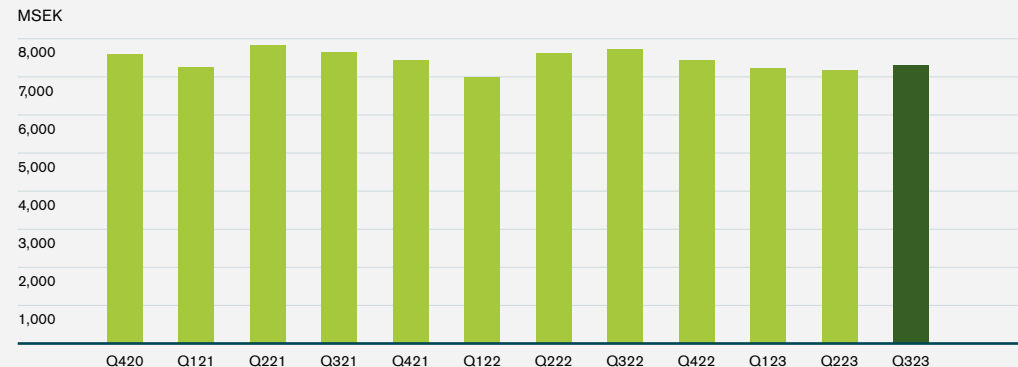
Cash flow from operating activities during the period was MSEK 640 (818). The decrease is mainly due to changes in working capital. Investments in non-current assets, mainly forest properties and forest machines, amounted to MSEK 240 (254) while investments in shares amounted to MSEK 7 (0). Sales of non-current assets, mainly forest properties, amounted to MSEK 79 (91). Dividends from associates have been received amounting to MSEK 266 (340) and sales of shares amounting to MSEK 0 (2). A dividend of MSEK 575 (1,300) was paid to the owner.

Sveaskog's interest-bearing net debt amounted to MSEK 7,324 (7,728) as of 30 September. 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 (1,500), which is refinanced on an ongoing basis. The outstanding volume under the MTN programme at 30 September was MSEK 5,940 (5,540), of which MSEK 4,800 (4,400) refers to green bonds. The lowest average net fixed interest period during the period was around 24 months (25).

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

The interest coverage ratio was 6.4 (18.3) and the gross borrowing cost was 2.67 (0.95) per cent.

NET INTEREST-BEARING DEBT



Parent company

Condensed income statement

MSEK	3 months, July–Sept		9 months, Jan–Sept		12 months	
	2023	2022	2023	2022	Oct 2022– Sept 2023	2022
Operating income	10	10	34	32	47	45
Operating expenses	0	-1	-2	-2	-3	-3
Operating profit	10	9	32	30	44	42
Financial items	-106	-48	-273	-137	-339	-203
Profit/loss before appropriations and tax	-96	-39	-241	-107	-295	-161
Group contributions	-	-	-	-	390	390
Provisions to untaxed reserves	-	-	-	-	-76	-76
Profit/loss before tax	-96	-39	-241	-107	19	153
Tax	20	8	50	22	-19	-47
PROFIT/LOSS FOR THE PERIOD/YEAR	-76	-31	-191	-85	0	106

Condensed balance sheet

MSEK	30 Sept 2023	30 Sept 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	139	112	52
Receivables from Group companies, non-interest-bearing	3	1	392
Receivables from Group companies, interest-bearing	408	900	301
Cash and cash equivalents	0	0	0
Total current assets	550	1,013	745
TOTAL ASSETS	25,969	26,784	26,265
Equity and liabilities			
Equity	14,050	15,200	15,391
Untaxed reserves	308	232	308
Non-current liabilities			
Interest-bearing non-current liabilities	5,992	5,232	4,732
Total non-current liabilities	5,992	5,232	4,732
Current liabilities			
Liabilities to Group companies, interest-bearing	2,874	3,412	2,590
Other liabilities, interest-bearing	2,019	2,593	3,138
Liabilities to Group companies	-	1	0
Debt for decided dividends	575	-	-
Other liabilities and provisions	151	114	106
Total current liabilities	5,619	6,120	5,834
TOTAL EQUITY AND LIABILITIES	25,969	26,784	26,265

Parent company

Condensed statement of changes in equity

MSEK	Jan–Sept 2023	Jan–Sept 2022	Full year 2022
Opening equity, 1 January	15,391	16,585	16,585
Dividend paid according to Annual General Meeting resolution	-1,150	-1,300	-1,300
Profit/loss for the period/year	-191	-85	106
CLOSING EQUITY AT END OF PERIOD/YEAR	14,050	15,200	15,391

Condensed cash flow statement

MSEK	Jan–Sept 2023	Jan–Sept 2022	Full year 2022
Cash flow from operating activities	-244	3,017	3,840
Cash flow from investing activities	3	402	356
Cash flow from financing activities	241	-3,419	-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–SEPT 2023, MSEK

5,873

OPERATING PROFIT JAN–SEPT 2023, MSEK

1,230

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–September totalled MSEK 34 (32), of which MSEK 3 (2) was

accounted for by capital gains from sales of forest land. The loss after financial items amounted to MSEK 241 (107). 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 SHARE OF PROFIT/LOSS FROM ASSOCIATES Q3 2023, MSEK

12

- Setra Group, –5
- SunPine, 16
- ShoreLink, 1

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

21

- Setra Group, –25
- SunPine, 43
- ShoreLink, 4



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–September amounted to MSEK 3,989 (4,969). There was an operating loss of MSEK 46 (profit: 1,275). 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 530 to a loss of MSEK 25 (profit: 505). Sveaskog's share of Setra's other comprehensive income amounted to a loss of MSEK 44 (profit: 51).



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–September amounted to MSEK 3,039 (2,354). The operating profit amounted to MSEK 207 (455). 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 52 per cent to MSEK 43 (89).



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–September 2023 reports the share of the associate's profit/loss for the period December 2022 to August 2023, while the figures for the previous year cover the period from December 2021 to August 2022. Net sales for this period amounted to MSEK 240 (253) and the operating profit for the same period amounted to MSEK 11 (45). Sveaskog's share of profit/loss in the company amounted to MSEK 3.9 (8.5).

Associates	Revenue	Operating profit	Share of profit/loss including any internal profit	Share of profit in other comprehensive income	Refers to period
Setra Group	3,989	–46	–25	–44	Jan–Sept 2023
SunPine	3,039	207	43	N/A	Jan–Sept 2023
ShoreLink	240	11	4	N/A	Dec 2022 – Aug 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 in accordance with IAS 34 Interim Report are provided both in the 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–September 2023, see Note 2 in this interim report.

NOTE 1 | Revenues from contracts with customers

MSEK	Jan–Sept 2023	Jan–Sept 2022	Oct 2022– Sept 2023	Full year 2022
Sawlogs	2,348	2,669	3,269	3,590
Pulpwood and woodchips	2,841	2,374	3,758	3,291
Biofuel	98	83	141	126
Seedlings	259	253	314	308
Other	107	157	193	243
Total income from contracts with customers	5,653	5,536	7,675	7,558
Of which IFRS 15 in net sales	5,651	5,534	7,672	7,555
Lease income	222	182	245	205
Total net sales	5,873	5,716	7,917	7,760
Of which IFRS 15 in other operating income	2	2	3	3
Capital gains etc.	75	61	102	88
Total other operating income	77	63	105	91
Date of revenue recognition				
Goods transferred to customers on a specific date	5,581	5,474	7,552	7,445
Goods and services transferred to customers over time	72	62	123	113
Contract assets and contractual liabilities				
Contract assets	19	53	19	26
Contract liabilities	0	–	0	0

Sveaskog has unfulfilled performance obligations for sales contracts with a term of more than 12 months of MSEK 2,618 (2,964). 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 1,046 (2,238) referred to January–September 2023.

NOTE 2 | Valuation of 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 30 September 2023 has been calculated at MSEK 89,015 (86,073), of which MSEK 47,328 (47,231) refers to the fair value of the biological asset and MSEK 41,687 (38,842) refers to the fair value of the land. The change in the balance sheet since the previous year-end is MSEK 153 (643) and is shown 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 is applied (see Summary of model assumptions at right). 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 6.7 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 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	30 Sept 2023	30 Sept 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	Remaining operations	Operations subject to dividend
Fair values		
Opening balance, 1 January 2022	85,430	–
Change during the year	643	–
Closing values, 30 September 2022	86,073	–
Deferred tax attributable to forest assets	17,667	–
Opening value, 1 January 2023	88,862	626
Change during the year	153	–8
Closing values, 30 September 2023	89,015	618
Deferred tax attributable to forest assets	18,345	122

FOREST ASSETS OF WHICH BIOLOGICAL ASSETS

MSEK	Remaining operations	Operations subject to dividend
Fair values		
Opening balance, 1 January 2022	46,722	–
Acquisition of biological assets	25	–
Sale of biological assets	–11	–
Changes due to felling	–1,047	–
Unrealised change in fair value	1,542	–
Closing values, 30 September 2022	47,231	–
Opening value, 1 January 2023	47,173	287
Acquisition of biological assets	22	–
Sale of biological assets	–10	–
Changes due to felling	–636	–
Unrealised change in fair value	779	–31
Closing values, 30 September 2023	47,328	256

FOREST ASSETS OF WHICH FOREST LAND

MSEK	Remaining operations	Operations subject to dividend
Fair values		
Opening balance, 1 January 2022	38,708	–
Acquisition of forest land	131	–
Sale of forest land	–9	–
Unrealised change in fair value	12	–
Closing values, 30 September 2022	38,842	–
Opening value, 1 January 2023	41,689	339
Acquisition of forest land	46	4
Sale of forest land	–9	–
Unrealised change in fair value	–39	19
Closing values, 30 September 2023	41,687	362

Notes

NOTE 3 | Fair value

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

MSEK	Level 1		Level 2		Level 3	
	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022	30 Sept 2023	31 Dec 2022
Assets						
Forest assets						
Biological assets	–	–	–	–	47,584	47,460
Forest land	–	–	–	–	42,049	42,028
Interest-bearing non-current receivables	64	15	–	–	–	–
Derivative instruments	–	–	63	63	–	–
Total assets	64	15	63	63	89,633	89,488
Liabilities						
Non-current liabilities	–	–	5,947	4,578	–	–
Current liabilities	–	–	2,037	3,147	–	–
Derivative instruments	–	–	1	0	–	–
Total liabilities	0	0	7,985	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–September 2023, Sveaskog issued MSEK 3,550 (4,350) 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 are causing increased fuel and spare parts costs, which increases the cost of felling. Sveaskog has a strong balance sheet and good liquidity. Sveaskog continuously monitors the situation 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 period, Sveaskog decided to pay a dividend of MSEK 1,150 to the owner, of which MSEK 575 (1,300) has been paid. The remaining MSEK 575 will be paid in the fourth quarter. Sveaskog has also received MSEK 266 (340) 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, 27 October 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

Review report

To the Board of Directors of Sveaskog AB (publ), Corp. ID no. 556558-0031

Introduction

We have conducted a review of the condensed interim financial information (the interim report) for Sveaskog AB (publ) as of 30 September 2023 and the nine-month period ending on that date. Responsibility for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts Act rests with the Board of Directors and Chief Executive Officer. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We have performed our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review involves posing questions, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and significantly narrower scope than a full audit conducted in accordance with ISA and generally accepted auditing standards. The review procedures performed in a review do not

enable us to obtain a degree of certainty that would make us aware of all important circumstances that would have been identified if an audit had been conducted. The conclusion based on a review therefore does not have the same certainty as a conclusion based on an audit.

Conclusion

Based on our review, we have not discovered any circumstances that would give us reason to consider that the interim report has not, in all material respects, been prepared, in respect of the Group, in accordance with IAS 34 and the Annual Accounts Act and, in respect of the parent company, in accordance with the Annual Accounts Act.

Stockholm, 27 October 2023

KPMG AB

Joakim Thilstedt

Authorised Public Accountant



Quarterly overview for the Sveaskog Group

Income statements, MSEK

Quarterly overview	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Net sales	1,647	2,075	2,151	2,044	1,733	1,991	1,992	1,888
Other operating income	23	19	35	28	8	13	42	61
Operating expenses	-1,410	-1,604	-1,585	-1,778	-1,435	-1,604	-1,515	-1,599
Depreciation/amortisation and impairment	-41	-41	-39	-40	-37	-38	-38	-42
Operating profit from continuing operations	219	449	562	254	269	362	481	308
Capital gains on property disposals	2	21	2	1	3	19	3	6
Share of profit/loss in associates	13	14	-6	-28	118	251	233	167
Operating profit before change in value in biological assets	234	484	558	227	390	632	717	481
Change in value in biological assets	-86	-279	305	179	107	124	89	-610
Operating profit	148	205	863	406	497	756	806	-129
Net financial income/expense	-63	-56	-47	-41	-36	-25	-24	-30
Profit/loss before tax	85	149	816	365	461	731	782	-159
Tax	-13	-27	-169	-77	-71	-99	-113	67
Profit/loss from continuing operations	72	122	647	288	390	632	669	-92
Profit/loss from activities to be distributed	-28	1	-	-	-	-	-	-
Earnings	44	123	647	288	390	632	669	-92

Balance sheets, MSEK

Quarterly overview	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Non-current assets, non-interest-bearing	91,390	91,358	91,668	91,411	88,684	88,278	88,130	87,751
Non-current receivables, interest-bearing	64	51	30	15	5	5	5	5
Inventories	656	596	716	649	635	573	722	690
Current receivables, non-interest-bearing	2,226	2,010	2,032	1,879	2,237	1,902	1,879	1,821
Cash and cash equivalents and interest-bearing receivables	1,024	1,189	1,072	799	560	1,475	1,416	1,171
Assets held for dividend	619	653	651	627	-	-	-	-
Total assets	95,979	95,857	96,169	95,380	92,121	92,233	92,152	91,438
Equity	65,775	66,366	66,820	66,192	63,027	62,611	63,233	62,516
Non-interest-bearing liabilities	21,670	20,941	20,887	20,817	20,801	20,512	20,490	20,308
Interest-bearing liabilities	8,412	8,418	8,333	8,247	8,293	9,110	8,429	8,614
Liabilities for assets held for dividend	122	132	129	124	-	-	-	-
Total equity and liabilities	95,979	95,857	96,169	95,380	92,121	92,233	92,152	91,438

KPIs

Financial KPIs	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Net debt/equity ratio, times	0.11	0.11	0.11	0.11	0.12	0.12	0.11	0.12
Adjusted operating capital (excluding deferred tax), MSEK ¹⁾	39,280	39,813	40,385	39,850	39,275	38,917	38,905	38,621
Return on adjusted operating capital, % ²⁾	3.8	4.1	4.5	4.9	5.6	5.9	5.8	5.2
Adjusted operating capital excluding equity participation in associates (and deferred tax), MSEK	37,908	38,417	38,749	38,189	37,561	37,301	37,251	37,220
Return on adjusted operating capital excluding associates, % ²⁾	3.9	4.1	3.8	3.6	3.8	3.7	3.8	3.6
Equity ratio, %	69	69	69	69	68	68	69	68
Return on equity, % ²⁾	1.7	2.2	3.0	3.1	2.6	2.8	2.7	2.4
Capital turnover rate, operating capital, multiple	0.11	0.11	0.11	0.11	0.10	0.11	0.11	0.11
Interest coverage ratio, times ²⁾³⁾	6.4	8.2	11.1	14.5	18.3	19.5	18.1	15.1
Operating margin, %	9.0	9.9	40.1	19.9	28.7	38.0	40.4	-6.9
Net interest-bearing debt, MSEK	7,324	7,177	7,231	7,433	7,728	7,630	7,008	7,438
Average interest rate in loan portfolio, %	2.67	2.49	2.37	1.19	0.95	0.77	0.63	1.32
Average net fixed interest period, months	24	23	23	24	25	26	28	28

Other KPIs	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
<i>Investments, MSEK</i>								
Business acquisitions and investments in shares	51	24	3	-	-	-	-	0
Other investments	75	97	37	44	188	31	35	66
<i>Staff</i>								
Number of employees at the end of the period	780	769	752	739	727	716	713	711
Average number of employees	837	861	815	810	773	806	758	825

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	Oct 2022– Sept 2023	Oct 2021– Sept 2022	Full year 2022
Equity OB	63,027	60,237	62,516
Equity CB	65,775	63,027	66,192
Average equity (OB + CB)/2	64,401	61,632	64,354
Profit for the year	1,100	1,599	1,979
Divided by average equity	64,401	61,632	64,354
= Return on equity, %	1.7%	2.6%	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	Oct 2022– Sept 2023	Oct 2021– Sept 2022	Full year 2022
Operating profit before change in value in biological assets	1,503	2,220	1,966
Less capital gains on property disposals	-26	-31	-26
Subtotal	1,477	2,189	1,940
Adjusted operating capital OB	39,275	38,975	38,621
Adjusted operating capital CB	39,280	39,275	39,850
Average adjusted operating capital (OB + CB)/2	39,278	39,125	39,236
Subtotal as above	1,477	2,189	1,940
Divided by average adjusted operating capital	39,278	39,125	39,236
= Return on adjusted operating capital, %	3.8%	5.6%	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	Oct 2022– Sept 2023	Oct 2021– Sept 2022	Full year 2022
Operating profit before change in value in biological assets	1,503	2,220	1,966
Less capital gains on property disposals	-26	-31	-26
Less equity participation in associates	7	-769	-574
Subtotal	1,484	1,420	1,366
Adjusted operating capital excl. equity participations in associates OB	37,561	37,742	37,220
Adjusted operating capital excl. equity participations in associates CB	37,908	37,561	38,189
Average adjusted operating capital excl. equity interests in associates (OB + CB)/2	37,735	37,652	37,705
Subtotal as above	1,484	1,420	1,366
Divided by average adjusted operating capital, excluding equity participation in associates	37,735	37,652	37,705
= Return on adjusted operating capital excluding equity participation in associates, %	3.9%	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	Sept 2023	Sept 2022	Full year 2022
Other liabilities and provisions	1,207	924	427
– of which tax liabilities	191	212	98
– of which liability for decided dividends	575	–	–
– of which other liabilities and provisions	441	712	329
Balance sheet total	95,979	92,121	95,380
Less interest-bearing assets (cash and cash equivalents)	–1,024	–560	–799
Less interest-bearing receivables (non-current)	–64	–5	–15
Less tax assets	–188	–294	–67
Less other liabilities and provisions (non-current)	–19,410	–18,838	–19,351
Less trade payables	–1,053	–1,039	–1,039
Less liability for decided dividend	–575	–	–
Less other liabilities and provisions (current)	–441	–712	–329
= Operating capital, MSEK	73,224	70,673	73,780
Restoration of land value	–41,687	–38,842	–41,689
Restoration of land value of assets subject to dividend	–362	0	–339
Deferred tax attributable to land value	8,032	7,444	8,029
Deferred tax attributable to the land value of assets subject to dividend	73	0	69
= Adjusted operating capital, MSEK	39,280	39,275	39,850
Less equity participation in associates	–1,372	–1,714	–1,661
= Adjusted operating capital excl. equity participations in associates, MSEK	37,908	37,561	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	Sept 2023	Sept 2022	Full year 2022
Net interest-bearing debt	7,324	7,728	7,433
Divided by equity	65,775	63,027	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	Sept 2023	Sept 2022	Full year 2022
Interest-bearing assets (cash and cash equivalents and non-current receivable)	1,088	565	814
Interest-bearing liabilities and provisions (non-current)	–6,187	–5,521	–4,946
Lease liabilities, non-current	–127	–90	–90
Interest-bearing liabilities (current)	–2,054	–2,638	–3,171
Leasing liabilities, current	–44	–44	–40
= Net interest-bearing debt, MSEK	–7,324	–7,728	–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	Oct 2022– Sept 2023	Oct 2021– Sept 2022	Full year 2022
Financial items in the income statement	–207	–115	–126
– of which financial income	28	5	8
– of which financial expenses	–235	–120	–134
Operating profit before change in value in biological assets	1,503	2,220	1,966
Less capital gains on property disposals	–26	–31	–26
Plus financial income	28	5	8
Subtotal	1,505	2,194	1,948
Divided by financial expenses	235	120	134
= Interest coverage ratio, times	6.4	18.3	14.5

Operating margin

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

Equity ratio

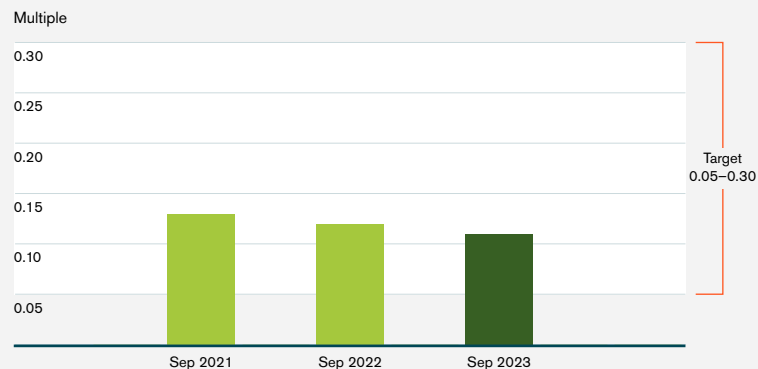
Definition: Equity divided by total assets, all calculated at the end of the period/year. The Group's definition remains unchanged compared to previous periods.

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.

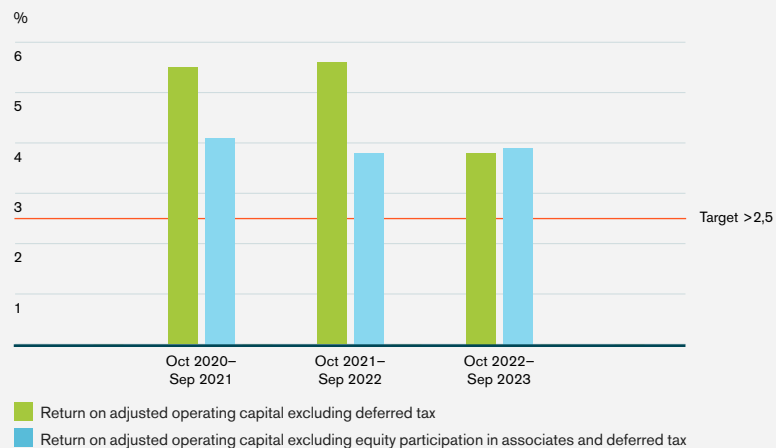
Equity ratio	Sept 2023	Sept 2022	Full year 2022
Equity	65,775	63,027	66,192
Divided by total assets	95,979	92,121	95,380
= Equity ratio, %	69%	68%	69%

Sveaskog's financial targets

NET DEBT/EQUITY RATIO



RETURN ON ADJUSTED OPERATING CAPITAL, ROLLING

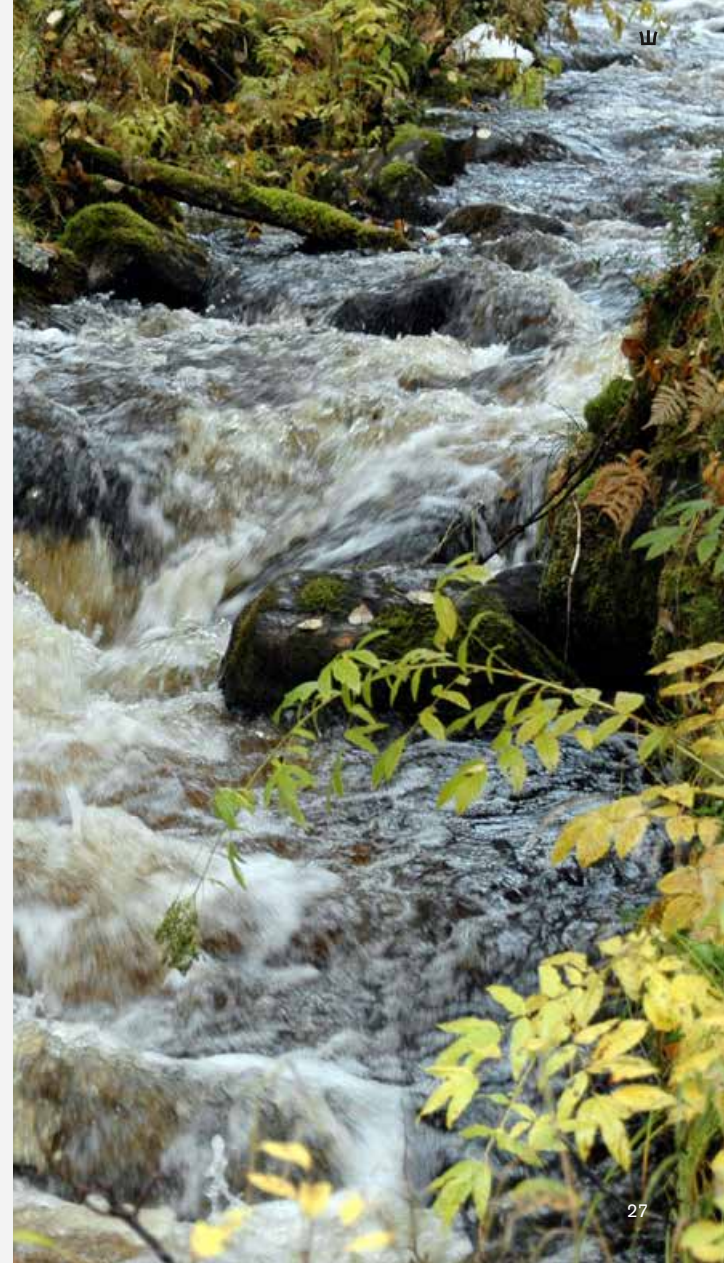


Dividend

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

-  Year-end report 2023 26 January 2024
-  Annual Report and Sustainability Report March 2024

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

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