

Year-end Report

January – December 2023

MSEK	3 months, Oct–Dec			12 months		
	2023	2022	%	2023	2022	%
Net sales	1,990	2,044	-3%	7,863	7,760	1%
Operating profit from continuing operations	199	254	-22%	1,429	1,366	5%
Share of profit/loss in associates	-81	-28	-189%	-60	574	-110%
Change in value in biological assets	3,436	179	1,820%	3,376	499	577%
Operating profit	3,559	406	777%	4,775	2,465	94%
Profit/loss before tax	3,499	365	859%	4,549	2,339	94%
Profit/loss from continuing operations	2,777	288	661%	3,616	1,979	83%
Profit/loss from operations subject to dividend	-27	-	N/A	-54	-	N/A
Profit/loss for the period	2,750	288	855%	3,562	1,979	80%
Cash flow from operating activities	347	247	40%	987	1,065	-7%
Earnings per share, SEK	23.23	2.43	856%	30.08	16.71	80%

KPIs¹⁾, Group

MSEK	12 months	
	2023	2022
Net debt/equity ratio, multiple (target 0.05–0.30)	0.11	0.11
Return on adjusted operating capital (excl. deferred tax), % (target >2.5%) ^{1) 2)}	3.3	4.9
Return on adjusted operating capital excluding equity participation in associates (& deferred tax), % (target >2.5%) ^{1) 2)}	3.6	3.6
Return on equity, % ²⁾	5.1	3.1
Interest coverage ratio, times ^{2) 3)}	5.3	14.5
Equity ratio, %	70	69
Net interest-bearing debt, MSEK	8,253	7,433
Average number of employees	804	810
Total delivery volume, thousand m ³ sub	8,930	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.

Strong operating profit for the year despite lower volumes

1 October – 31 December 2023

- Net sales decreased by 3 per cent to MSEK 1,990 (2,044). Timber prices increased by an average of 12 per cent, while delivery volumes decreased by 15 per cent.
- The operating profit decreased by 22 per cent to MSEK 199 (254). 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.
- Share of profits of associates amounted to MSEK -81 (-28), mainly due to worse market conditions for Setra Group.
- The reported net change in value of biological assets amounted to MSEK 3,436 (179), where the increase was mainly attributable to changed price assumptions.
- Profit for the quarter after dividends amounted to MSEK 2,750 (288), equivalent to SEK 23.23 (2.43) per share.

1 January – 31 December 2023

- Net sales increased by 1 per cent to MSEK 7,863 (7,760). Timber prices increased by an average of 14 per cent, while delivery volumes decreased by 13 per cent.
- Operating profit increased by 5 per cent and amounted to MSEK 1,429 (1,366). Higher timber prices have been offset by lower volumes from Sveaskog's own forest, as well as increased costs for felling and forest management.
- Share of profits of associates amounted to MSEK -60 (574), mainly due to worse market conditions for Setra Group.
- The reported net change in value of biological assets amounted to MSEK 3,376 (499), where the increase was mainly attributable to changed price assumptions.
- Profit for the year after dividends amounted to MSEK 3,562 (1,979), equivalent to SEK 30.08 (16.71) per share.

Significant events

- Sveaskog's Extraordinary General Meeting resolved to distribute compensation land of 21,525 hectares to the state in a subsidiary that was subject to dividend, in accordance with the Swedish Parliament decision. The book value of the shares was approximately MSEK 361.
- Sveaskog and AirForestry entered into a multi-year partnership on thinning with drones.
- Sveaskog's Board of Directors proposed to pay a dividend of MSEK 1,207 to the owner.

CEO's comments

Strong profit and continued investment in the future



“The forest industry is important for Sweden and we are securing the future by making the best use of Sveaskog’s assets.”

During the fourth quarter of the year, we launched our new strategic direction, thereby laying the foundation for the coming years. Sveaskog’s overall, long-term vision is to be the world leader in sustainable value creation in the forest. In order to achieve this, we strive to make the best use of the assets that are our forest and land, while at the same time meeting current climate and environmental objectives and balancing ecological, economic and social values. Although Sveaskog’s primary business continues to be forestry, we plan to take an increasingly active role in the value chain, including by increasing revenues through land use. Through an increased focus on a more long-term market-oriented business based on our own forests, we create greater relevance for the company in an external context where, through expanded land-related business, we secure resourcefulness, proactivity and legitimacy that benefit the forestry business.

Continued high timber prices

Global demand for timber is continuing to fall and sawmills around the world are reducing their production of sawn timber. According to official price statistics for the quarter, prices of wood products have fallen slightly, but they remain at a historically high level. The supply of fibre raw materials remains limited and competition for raw materials has increased due,

among other things, to stable demand from the energy sector. Interest in forest-based biofuel deliveries remains very high and price levels for fuel chips and energy wood deliveries have developed well during the year.

This market situation has had a positive impact on earnings. Operating profit for 2023 amounted to MSEK 1,429, which was MSEK 63, or five per cent, higher than for 2022. The earnings impact of higher timber prices is partly offset by lower volumes from Sveaskog's own forests and increased costs for felling and forest management.

During the year, Sveaskog prioritised deliveries to customers and despite the fact that the shortage of raw materials during the year led to concerns in the market and a tough situation for many sawmills, we look to the future with confidence.

Electrification of forestry road transports

Forest transports accounts for a large part of Sveaskog's carbon dioxide emissions. The transition to electrified forest transports is a priority area for our nurseries, our forest operations and transports to customers. In November, we announced that Sveaskog, together with other companies in the forestry, transport and technology sectors, research institutes and Vinnova, is investing MSEK 155 to electrify forest transports. This collaboration is taking place within the TREE project, TRansition to Efficient Electrified forestry transport, with the aim of contributing to the electrification of 50 per cent of the new trucks purchased by forestry in 2030. According to the Forestry Research Institute of Sweden (Skogforsk), this corresponds to a reduction in carbon dioxide emissions of approximately 260,000 tonnes per year.

During 2024, we will also test electric snowmobiles in forestry through a partnership with the startup Vidde.

Partnership for innovative thinning

In December, Sveaskog signed an agreement with AirForestry to purchase thinnings with drones over a seven-year period starting in 2028. The agree-

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

ment is an important step in the digitalisation and technology development on the machine side in forestry, but also an opportunity to reduce environmental and soil impact in the forest. The ambition is to contribute to the development of products and solutions that respond to the complex challenges facing forestry in the future. Being able to conduct thinning with drones would be revolutionary for how we use the forest, at the same time that it reduces the risk of soil and driving damage. The agreement is a deepening of already existing cooperation.

Protection of valuable forests

In 2022, the Swedish Environmental Protection Agency was commissioned to create the conditions for decisions on the formal protection of valuable forests by using unprotected productive forest land from Sveaskog. As a result, in connection with an Extraordinary General Meeting in December, Sveaskog transferred compensation land for the protection of valuable forests equivalent to 21,525 hectares to the state.

Strategic targets for sustainable value creation

Sveaskog has high ambitions in sustainable forestry. During the year, efforts to achieve our strategic goals for sustainable value creation continued with positive progress.

Saplings with a focus on the future

The production of good quality saplings is important for forest owners and the forests of the future. Therefore, work to combat pine weevil infestation continued within the business area Svenska Skogsplantor [Swedish Saplings], SSP. In the autumn, a new protective treatment for bare-root saplings was launched under the product brand Connisafe and in December a new production line for packing saplings was opened in Trekanten's nursery in Småland. The new production line is part of the investment in the treatment line that protects against pine weevil infestation.

An important industry that gets people involved

The quarter ended an eventful year with unforeseen events such as the storm Hans and the outbreak of African swine fever. But 2023 was also marked by diligent work focused on laying the foundation for the future by setting a new strategic direction and reviewing internal processes and working methods. The forest industry is important for our country and interest in the industry continues to grow. In 2024, we will continue to work to future-proof the business in the best way by utilising Sveaskog's assets in the form of forests, land, employees, partnerships, know-how and technology – thereby promoting Swedish industry and competitiveness.

I would like to thank all our colleagues, partners, customers, suppliers and other stakeholders for their cooperation during the quarter and their commitment in the past year.

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.

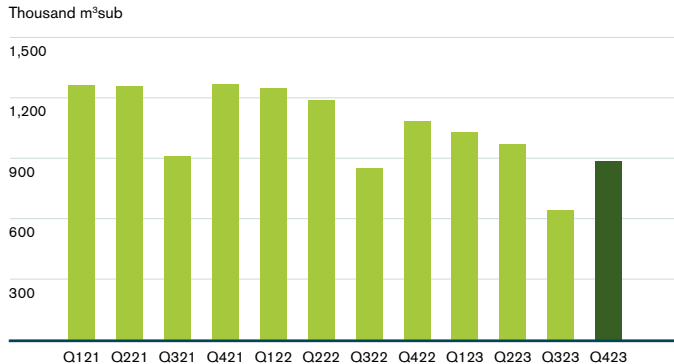


Sawmills

Global consumption and demand for timber continue to fall. At the same time, production volumes of sawn timber are also dropping as sawmills slow down production. Swedish sawmills have also reduced production, but not as much as their international competitors. Official timber price statistics show that prices fell slightly in the fourth quarter, but that they remain at a historically high level. Several of Sveaskog's timber customers are confident about 2024, based among other things on the stocks of finished products being very low and several export markets nonetheless showing stable demand at the current level. The supply of timber during the quarter limited the production rate of most sawmills. Compared to the same period last year, Sveaskog's deliveries of timber decreased. However, the reduction was planned and Sveaskog's timber customers appreciated Sveaskog's ability to deliver agreed timber volumes despite difficult felling conditions. The demand for timber is deemed to be good in the coming years.

During the fourth quarter, Sveaskog delivered 885 thousand m³sub (1,084) of sawlogs, which is a decrease of 18 per cent from the same period last year. For full year 2023, deliveries totalled 3,532 thousand m³sub (4,373).

DELIVERY VOLUME SAWLOGS



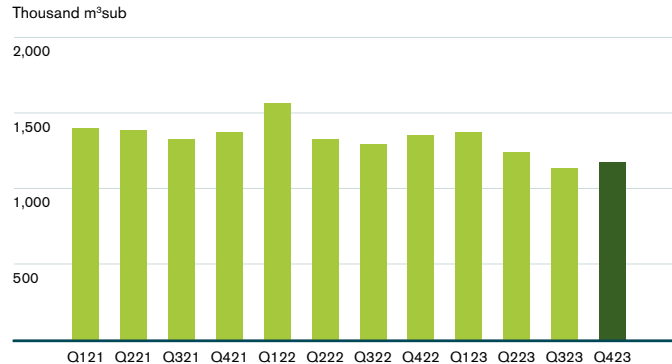
Pulp and paper industry

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. During the last quarter of the year, several of Sveaskog's customers indicated that both demand and prices are recovering slightly.

The supply of fibre raw materials has been limited, due in part to lower activity in private forestry and difficult felling conditions during the autumn. Competition for raw materials is also increasing with expanded production capacity in northern Finland and stable demand from the energy sector and increased pulpwood prices during the quarter.

In the fourth quarter, Sveaskog delivered 1,178 thousand m³sub (1,355) of pulpwood and woodchips, which is a decrease of 13 per cent from the same period last year. For full year 2023, deliveries totalled 4,932 thousand m³sub (5,539).

DELIVERY VOLUME PULPWOOD AND WOODCHIPS



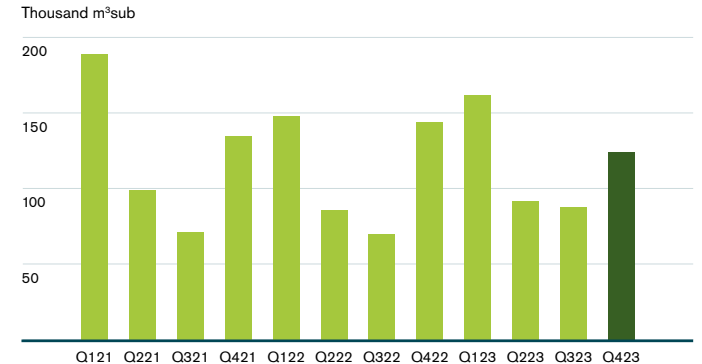
The biofuel market

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. Interest in biofuel deliveries remains very high and price levels for fuel chips and energy wood deliveries 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 due to difficult felling conditions.

During the fourth quarter, Sveaskog delivered 124 thousand m³sub (144) of biofuel, which is a decrease of 14 per cent from the same period last year. For full year 2023, deliveries totalled 466 thousand m³sub (448).

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 targets, 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 partners with AirForestry for the thinning of the future

Through the agreement with AirForestry, Sveaskog will buy thinning services with drones over a seven-year period. The agreement is an important step in the digitalisation and technology development on the machine side in forestry, but also an opportunity to reduce environmental and soil impact in the forest.

AirForestry's technology means that thinning is carried out without ground contact, where each tree is flown out to the road for onward transport to the customer. No strip roads need to be laid in the stocks, which provides a more evenly distributed stock. Strip roads normally account for about 20 per cent of a stock.

The drones will contribute to a more even flow of timber to the industry, regardless of the ground conditions over the year and at the same time reduce problems with driving damage and damage to remaining trees, sensitive biotopes and watercourses. The system is completely electric, which reduces the carbon dioxide impact linked to felling.

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

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, saplings are chosen 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.

In 2023, experimental plantations were planted at nurseries with several new species. New experimental plantations will be planted in most nurseries during 2024. The trials with Klibbal have been particularly successful during 2023.

At Trekanten's nursery, a new packing line was installed during 2023 that will facilitate a production with greater variation in future cultivations.

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.

Measure	Outcome full year 2022	Outcome full year 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

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

The discussions about new national parks meant that Sveaskog did not plan or carry out any new continuous cover fellings during the fourth quarter in the five most visited ecoparks. However, the company has planned continuous cover fellings of over 40 ha elsewhere; including a felling of seven hectares in Hugelsta outside Eskilstuna adjacent to an exercise track and fellings in the continuous cover zone around Tiveden National Park, which together also covers seven hectares.

Initiatives for improved coexistence with the reindeer industry

Since nearly 70 per cent of Sveaskog's land is jointly used with reindeer husbandry, it is important to develop both the joint planning process and the company's forestry methods. Sveaskog places great emphasis on an early and joint action plan.

During the fourth quarter's joint planning, a greater variety of forestry methods has been discussed. The aim is to be able to adapt parts of the cultivation to the needs of the reindeer industry through varied forestry. During the quarter, a lot of work was done on preparations for co-planning. This is a comprehensive effort that seeks a good way to combine the use of the forest and the interests of the reindeer industry. This work is based on a landscape perspective and will lead to a plan down to the level of individual stocks, with proposals for different measures and different adaptations.

Sveaskog was a party to the Government assignment "The State as a role model for sustainable forestry". The assignment focused on developing alternative cultivation methods that take greater account of the availability of reindeer grazing. The Swedish Forest Agency issued a report on this work at the end of November 2023.



A new packing line was installed at the Trekanten nursery in 2023.

Success factors

More cleaning and thinning in the reindeer husbandry area

In terms of expanded cleaning in the reindeer husbandry area, 419 hectares of the year's total of 2,122 hectares were cleaned during the fourth 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, 933 hectares of expanded thinning were carried out, of which 581 hectares were thinned during the fourth quarter.

Measure	Outcome full year 2022	Outcome full year 2023	Target full year 2023	Target 2027
Actioned extended area of cleaning (hectares/year)	2,479	2,122	3,310	5,100

Measure	Outcome full year 2022	Outcome full year 2023	Target full year 2023	Target 2027
Actioned extended area of thinning (hectares/year)	385	933	722	1,200

2030 Agenda



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

Hornsö Ecopark has already carried out several wetland restorations, but in 2023 this work was off to a proper start with the completion of three restorations. In 2024 and 2025, more than 20 more wetland restorations are planned.

Measure	Outcome full year 2022	Outcome full year 2023	Target full year 2023	Target 2027
Number of restored wetlands (acc. from 2021)	35*	81	60	144

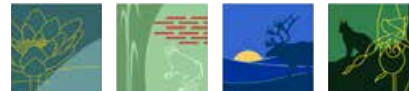
* Of which two were updated during 2023.

The area has a unique fauna of tree-dwelling insects. It is a core area of the white-backed woodpecker action programme for the re-establishment of the species in the southern parts of Sweden. Hornsö is one of four eco-parks identified in the Forest Commission as possible future national parks in whole or part. (Read more about the wetland restoration at Hornsö Ecopark on page 10.)

2030 Agenda



Sweden's environmental quality targets



Goal 8: Flourishing Lakes and Streams
Goal 11: Thriving Wetlands
Goal 14: A Magnificent Mountain Landscape
Goal 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 full year 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 include felling conifers to benefit deciduous trees in older forests, cleaning/thinning in younger forests, and flooding or burning forests.

In some areas, it is inappropriate to burn standing forest, in which case point burning may be an option. In point burning, a number of individual pines are selected and burned. In Västerbotten, Sveaskog uses hand-held fire units from Reträ Resurstjänsten in Vindeln. The result is fire wounds on the trees but the ground remains intact. In time, the wood becomes very hard in the burned trees and they can survive for several centuries before turning into valuable dead wood.

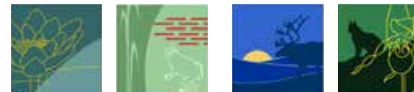
Measure	Outcome full year 2022	Outcome full year 2023	Target full year 2023	Target 2027
Nature conservation performed (hectare/year)	781	1,020	1,305	2,150



2030 Agenda



Sweden's environmental quality targets



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

A strong corporate culture

The Mentoring Programme "The Chance of My Lifetime" strengthens diversity

Sveaskog is a committed partner in the mentoring programme "The Chance of My Lifetime". The programme gives university graduates with a foreign background a foothold in the Swedish labour market and a chance to build networks through mentoring. Since its inception, a total of 35 of Sveaskog's employees have taken part as mentors. During the fourth quarter, four employees signed up for the spring programme.

2030 Agenda



Case

Wetland project in Hornsö Ekopark (Konungahultsvägen)

Sveaskog, together with the County Administrative Board, has developed a planning document for Hornsö Ecopark and the adjacent nature reserve where over a hundred areas have been identified that may be of interest for a wetland restoration.

Sveaskog has already carried out several wetland restorations in Hornsö, but in 2023 this work was off to a proper start with the completion of three restorations. More than twenty more wetland restorations are planned for 2024 and 2025.

One of the restored wetlands completed in 2023 is the wetland at Konungahultsvägen. It will encompass up to two hectares once it has been fully filled up. On the ground, a large ditch ran through a production forest. Sveaskog has put a plug in the old ditch and the water will gradually find its way back to the natural outlet through the ground. In the long term, it will fulfil its original function as a wetland.

The plans for 2024 are to restore the area downstream of the completed site. The wetland is estimated to extend to nearly nine hectares and adjacent to it, Sveaskog also plans to restore a road that is intended to serve as a hiking trail in the area.

How this is done

When Sveaskog plans felling around a wetland restoration, spruce is usually removed to reduce the risk of engraver beetle infestation. Pines and hardwoods

remain untouched and when the trees die, dead wood contributes to biodiversity. This also opens up the forest and can form a deciduous edge zone on the water's edge. The edge zones are important habitats for biodiversity and they benefit insects which in turn contribute positively to the presence of birds and bats.

The fact that wetland restoration takes a long time is mainly due to difficulty in harvesting in these areas, which are usually affected by moisture from the start, and that it may take time if water operations require notification or permits.

When a wetland is restored, the whole ditch is not filled in, rather a limited section. This maximises the effect of the measure while reducing negative impact. It is also much more cost effective.

Background

Historically, ditches were dug in forest land to create more space for cultivation and forest production, for example. Today, it is known that these small water areas are needed in the landscape because they create resilience to both droughts and floods. Wetlands also allow more deciduous trees to enter the landscape and they are important for biodiversity. Consequently, the restoration of wetlands is an important part of Sveaskog's work on sustainable forestry.

Hornsö Ecopark is a block-rich land with plenty of old trees, both of pine and valuable hardwood, and the land was historically subjected to many forest fires. This means that the area has an absolutely



unique fauna of tree-dwelling insects and is a core area of the action programme for the white-backed woodpecker to enable the species to re-establish itself in the southern parts of Sweden.

Hornsö is one of four eco-parks identified in the Forest Commission as possible future national parks in whole or part.

The Sveaskog Group

Condensed income statement

MSEK	3 months, Oct–Dec		12 months	
	2023	2022	2023	2022
Net sales (Note 1)	1,990	2,044	7,863	7,760
Other operating income (Note 1)	16	28	93	91
Raw materials and consumables	–680	–673	–2,678	–2,548
Change in inventories	78	66	149	52
Other external expenses	–992	–1,004	–3,186	–3,233
Staff costs	–173	–167	–651	–603
Depreciation/amortisation	–40	–40	–161	–153
Operating profit from continuing operations	199	254	1,429	1,366
Capital gains on property sales	5	1	30	26
Share of profit/loss in associates	–81	–28	–60	574
Operating profit before change in value in biological assets	123	227	1,399	1,966
Change in value in biological assets (Note 2)	3,436	179	3,376	499
Operating profit	3,559	406	4,775	2,465
Financial items	–60	–41	–226	–126
Profit/loss before tax	3,499	365	4,549	2,339
Tax	–722	–77	–933	–360
Profit/loss from continuing operations	2,777	288	3,616	1,979
Profit/loss from activities to be distributed	–27	–	–54	–
Profit/loss for the period/year	2,750	288	3,562	1,979
Earnings per share in SEK before and after dilution	23.23	2.43	30.08	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, Oct–Dec		12 months	
	2023	2022	2023	2022
Profit/loss for the period/year	2,750	288	3,562	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)	7,878	3,593	7,840	3,605
Tax on change in value in land assets	–1,600	–742	–1,609	–743
Actuarial gains/losses relating to pensions	–14	66	–14	66
Tax on actuarial gains/losses	3	–14	3	–14
<i>Components that may be reversed in profit or loss</i>				
Translation differences	–3	2	–1	5
Other comprehensive income from associates	51	–33	–5	32
Tax on other comprehensive income from associates	–11	8	1	–6
Change in fair value of cash flow hedges for the year	–16	–3	–22	65
Changes in the fair value of cash flow hedges transferred to profit or loss for the year	–6	0	–6	1
Tax attributable to cash flow hedges	5	0	6	–14
Total other comprehensive income for the period/year for remaining operations, net after tax	6,287	2,877	6,193	2,997
Change in value of land assets distributed as dividend (Note 2)	–1	–	18	–
Tax on change in value in land assets distributed as dividend	–15	–	–19	–
Other comprehensive income from operations distributed as dividend	–16	–	–1	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	9,021	3,165	9,754	4,976

The Sveaskog Group

Comments on the income statement

1 October – 31 December 2023

Net sales Net sales decreased by 3 per cent to MSEK 1,990 (2,044). Prices of wood raw materials increased by an average of 12 per cent, while total delivery volumes decreased by 15 per cent.

Sales of wood raw materials amounted to 2,187 thousand cubic metres (m³sub) (2,582).

Operating profit Operating profit increased by 22 per cent and amounted to MSEK 199 (254).

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 5 (1). Share of profits in associates amounted to MSEK -81 (-28). The net change in the carrying amount of biological assets amounted to MSEK 3,436 (179), where the increase was mainly attributable to changed price assumptions. After the change in value in biological assets, the operating profit amounted to MSEK 3,559 (406). Net financial items in the quarter were MSEK -60 (-41). Profit before tax amounted to MSEK 3,499 (365). Tax amounted to MSEK -722 (-77). Profit for the quarter from continuing operations increased to MSEK 2,777 (288) and profit for the period after operation dividends increased to MSEK 2,750 (288).

1 January – 31 December 2023

Net sales Net sales increased by 1 per cent to MSEK 7,863 (7,760). Prices of wood raw materials increased by an average of 14 per cent, while total delivery volumes decreased by 13 per cent.

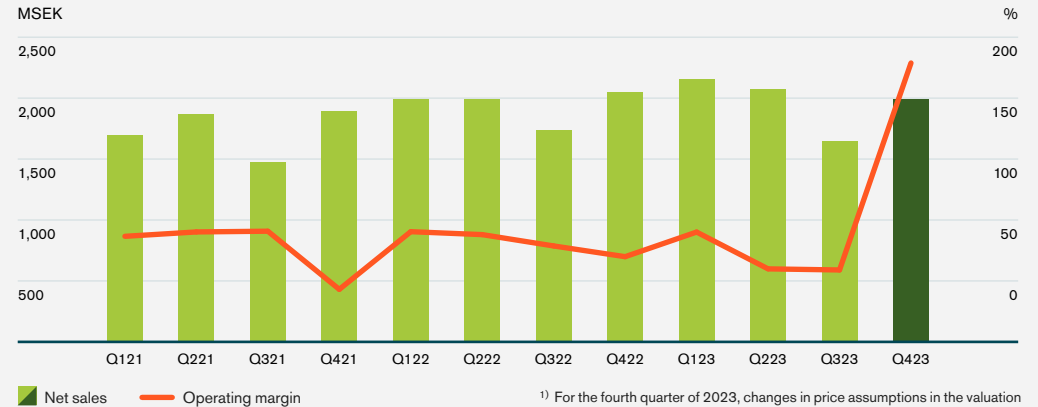
Sales of wood raw materials amounted to 8,930 thousand cubic metres (m³sub) (10,360).

Operating profit Operating profit increased by 5 per cent and amounted to MSEK 1,429 (1,366).

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

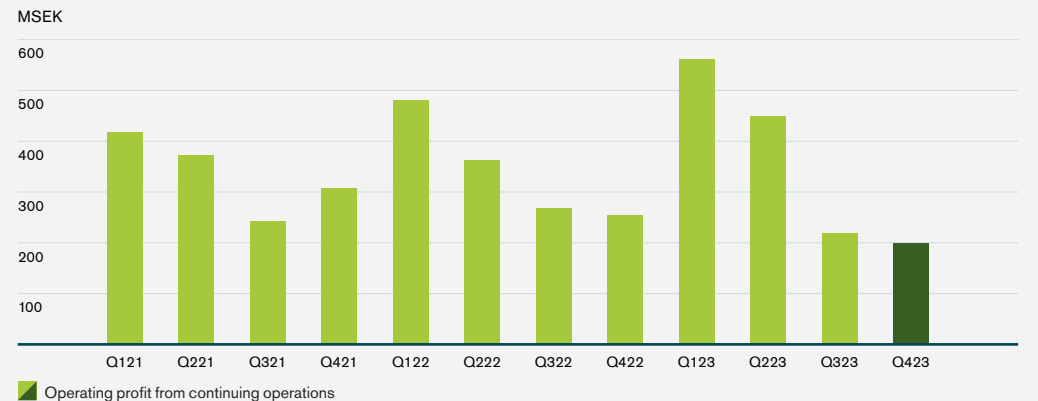
Capital gains from the sale of property amounted to MSEK 30 (26). Share of profits in associates amounted to MSEK -60 (574). The net change in the carrying amount of biological assets amounted to MSEK 3,376 (499), where the increase was mainly attributable to changed price assumptions. After changes in value in biological assets, the operating profit amounted to MSEK 4,775 (2,465). Net financial items during the period were MSEK -226 (-126). Profit before tax amounted to MSEK 4,549 (2,339). Tax amounted to MSEK -933 (-360). The profit for the year for continuing operations increased to MSEK 3,616 (1,979) and the profit for the year after operation dividends increased to MSEK 3,562 (1,979).

NET SALES AND OPERATING MARGIN¹⁾



¹⁾ For the fourth quarter of 2023, changes in price assumptions in the valuation of the biological asset affected operating profit by MSEK 3,436.

OPERATING PROFIT FROM CONTINUING OPERATIONS

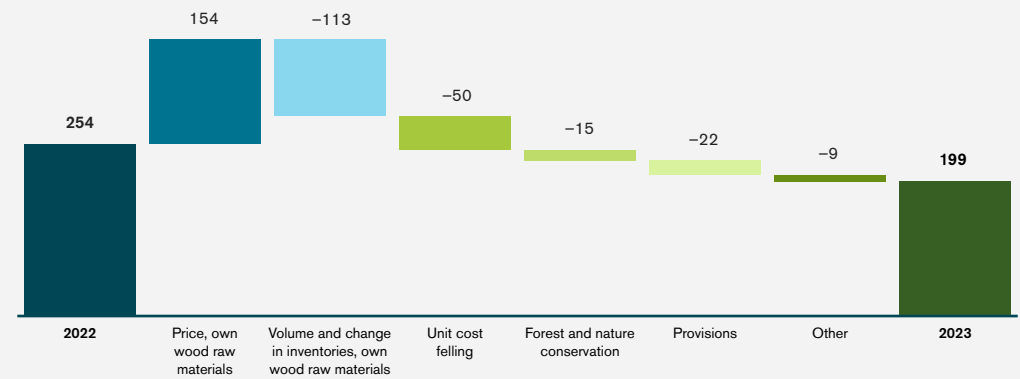


The Sveaskog Group

CHANGE IN NET SALES, Q4, MSEK



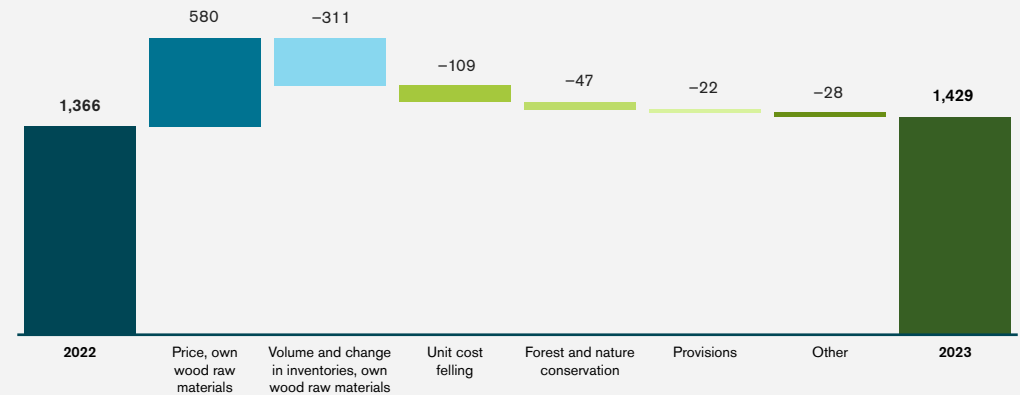
CHANGE IN OPERATING PROFIT, Q4, MSEK



CHANGE IN NET SALES, FULL YEAR 2023, MSEK



CHANGE IN OPERATING PROFIT, FULL YEAR 2023, MSEK



The Sveaskog Group

Condensed balance sheet

MSEK	31 Dec 2023	31 Dec 2022
Assets (Note 3)		
Non-current assets		
Intangible assets	149	157
Forest assets (Note 2, 3)	100,221	88,862
– of which land assets	49,548	41,689
– of which biological assets	50,673	47,173
Other property, plant and equipment	704	594
Right-of-use assets	167	127
Non-current financial assets, non-interest-bearing	1,363	1,671
Long-term interest-bearing receivables	72	15
Total non-current assets	102,676	91,426
Current assets		
Inventories	693	649
Tax assets	82	67
Trade receivables	1,581	1,355
Other receivables	389	457
Cash and cash equivalents	538	799
Assets held for dividend ¹⁾	–	627
Total current assets	3,283	3,954
TOTAL ASSETS	105,959	95,380

¹⁾ Assets held for dividend refer to the consolidated value of Ersättningsmark I Sweden 2 AB, which was subject to dividend to the owner in December 2023, as decided by the Swedish Parliament.

MSEK	31 Dec 2023	31 Dec 2022
Equity and liabilities		
Equity	73,808	66,192
Non-current liabilities (Note 3)		
Interest-bearing liabilities and provisions	5,848	4,946
Lease liabilities, non-current	128	90
Other liabilities and provisions	21,679	19,351
Total non-current liabilities	27,655	24,387
Current liabilities (Note 3)		
Interest-bearing liabilities and provisions	2,841	3,171
Leasing liabilities, current	46	40
Tax liabilities	110	98
Trade payables	1,090	1,039
Other liabilities and provisions	409	329
Liabilities attributable to assets held for dividend	–	124
Total current liabilities	4,496	4,801
Total liabilities	32,151	29,188
TOTAL EQUITY AND LIABILITIES	105,959	95,380

Condensed statement of changes in equity

MSEK	Full year 2023	Full year 2022
Opening equity, 1 January	66,192	62,516
Total comprehensive income	9,754	4,976
Dividend according to Annual General Meeting resolution	–2,138	–1,300
CLOSING EQUITY AT YEAR-END	73,808	66,192

The Sveaskog Group

Condensed cash flow statement

MSEK	Full year 2023	Full year 2022
Operating activities		
Operating profit	4,775	2,465
Non-cash items, etc.	-3,197	-1,168
Interest received, etc.	39	6
Interest paid	-255	-115
Tax paid	-262	-178
Cash flow from operating activities before changes in working capital	1,100	1,010
Changes in working capital	-113	55
Cash flow from operating activities	987	1,065
Investing activities		
Investment in non-current assets	-634	-298
Investments in shares and participations	-7	0
Dividends from associates	266	340
Sale of non-current assets	117	109
Sale of shares and participations	0	2
Increase in interest-bearing receivables	-57	-10
Cash flow from investing activities	-315	143
Financing activities		
Dividend paid ¹⁾	-1,481	-1,300
Borrowings	6,800	6,450
Repayment of loans	-6,252	-6,730
Cash flow from financing activities	-933	-1,580
CASH FLOW FOR THE YEAR	-261	-372
Cash and cash equivalents at the beginning of the year	799	1,171
Cash and cash equivalents at year-end	538	799

¹⁾ Cash dividend MSEK 1,150 and cash and cash equivalents in Ersättningsmark i Sverige 2 AB of MSEK 331.

Comments on the balance sheet and cash flow

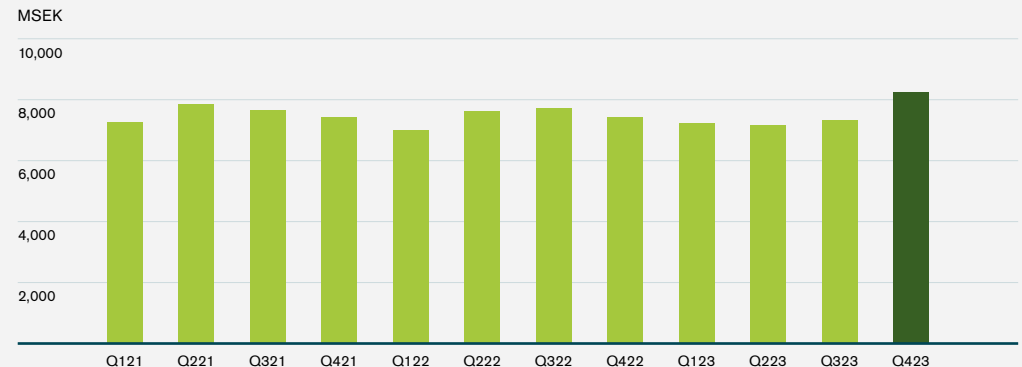
Cash flow from operating activities during the period was MSEK 987 (1,065). The decrease is mainly due to changes in working capital. Investments in non-current assets, mainly forest properties, forest management and forest machines, amounted to MSEK 634 (298) and investments in shares amounted to MSEK 7 (0). Sales of non-current assets, mainly forest properties, amounted to MSEK 117 (109). Dividends from associates were received in an amount of MSEK 266 (340), sales of shares were received in an amount of MSEK 0 (2) and interest-bearing receivables increased by MSEK 57 (10). Cash dividends to the owner were paid in an amount of MSEK 1,150 (1,300) and MSEK 331 in the form of cash and cash equivalents in Ersättningsmark i Sverige 2 AB.

Sveaskog's net interest-bearing debt at 31 December was MSEK 8,253 (7,433). 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 1,500 (1,550), which is refinanced on an ongoing basis. The outstanding volume under the MTN programme at 31 December was MSEK 6,190 (5,540), of which MSEK 5,550 (4,400) refers to green bonds. The lowest average net fixed interest period during the period was around 24 months (24).

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

The interest coverage ratio was 5.3 (14.5) and the gross borrowing cost was 2.95 (1.19) per cent.

NET INTEREST-BEARING DEBT



Parent company

Condensed income statement

MSEK	3 months, Oct–Dec		12 months	
	2023	2022	2023	2022
Operating income	10	13	44	45
Operating expenses	0	–1	–2	–3
Operating profit	10	12	42	42
Financial items	–113	–66	–386	–203
Profit/loss before appropriations and tax	–103	–54	–344	–161
Group contributions	863	390	863	390
Provisions to untaxed reserves	–160	–76	–160	–76
Profit/loss before tax	600	260	359	153
Tax	–149	–69	–99	–47
PROFIT/LOSS FOR THE PERIOD/YEAR	451	191	260	106

Condensed balance sheet

MSEK	31 Dec 2023	31 Dec 2022
Assets		
Non-current assets		
Property, plant and equipment	36	37
Total property, plant and equipment	36	37
Non-current financial assets		
Shares in Group companies	24,934	24,984
Receivables from Group companies, interest-bearing	400	499
Total non-current financial assets	25,334	25,483
Total non-current assets	25,370	25,520
Current assets		
Current receivables etc., non-interest bearing	50	52
Receivables from Group companies, non-interest-bearing	866	392
Receivables from Group companies, interest-bearing	101	301
Cash and cash equivalents	0	0
Total current assets	1,017	745
TOTAL ASSETS	26,387	26,265
Equity and liabilities		
Equity	14,140	15,391
Untaxed reserves	468	308
Non-current liabilities		
Interest-bearing non-current liabilities	5,643	4,732
Total non-current liabilities	5,643	4,732
Current liabilities		
Liabilities to Group companies, interest-bearing	3,133	2,590
Other liabilities, interest-bearing	2,815	3,138
Liabilities to Group companies	2	0
Other liabilities and provisions	186	106
Total current liabilities	6,136	5,834
TOTAL EQUITY AND LIABILITIES	26,387	26,265

Parent company

Condensed statement of changes in equity

MSEK	Full year 2023	Full year 2022
Opening equity, 1 January	15,391	16,585
Dividend according to Annual General Meeting resolution	-1,150	-1,300
Dividend according to Extraordinary General Meeting resolution	-361	-
Profit for the year	260	106
CLOSING EQUITY AT YEAR-END	14,140	15,391

Condensed cash flow statement

MSEK	Full year 2023	Full year 2022
Cash flow from operating activities	-364	3,840
Cash flow from investing activities	-7	356
Cash flow from financing activities	371	-4,196
CASH FLOW FOR THE YEAR	0	0
Cash and cash equivalents at the beginning of the year	0	0
Cash and cash equivalents at year-end	0	0

Sveaskog Group and associates



SALES, FULL-YEAR 2023, MSEK

7,863

OPERATING PROFIT, FULL-YEAR 2023, MSEK

1,429

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 full year totalled MSEK 44 (45), of which MSEK 3 (5) was accounted for by capital

gains from sales of forest land. The loss after financial items amounted to MSEK 344 (161). The parent company's costs consist mainly of interest expenses. The company has no employees. Operating activities are carried out primarily in the subsidiary Sveaskog Förvaltnings AB.

SVEASKOG'S SHARE OF PROFIT/LOSS FROM ASSOCIATES Q4 2023, MSEK

-81

- Setra Group, -72
- SunPine, -10
- ShoreLink, 1

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

-60

- Setra Group, -97
- SunPine, 33
- ShoreLink, 5



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 full year amounted to MSEK 5,262 (6,364). The operating loss amounted to MSEK 237 (profit: 1,206). 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 565 to MSEK -97 (468). Sveaskog's share of Setra's other comprehensive income amounted to MSEK -4 (26).



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 full year amounted to MSEK 3,974 (3,065). The operating profit amounted to MSEK 157 (479). 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 65 per cent to MSEK 33 (93).



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–December 2023 reports the share of the associate's profit/loss for the period December 2022 to November 2023, while the figures for the previous year cover the period from December 2021 to November 2022. Net sales for this period amounted to MSEK 329 (353) and the operating profit for the same period amounted to MSEK 15 (66). Sveaskog's share of the company's profit or loss amounted to MSEK 5 (13).

Associates	Revenue	Operating profit	Share of profit/loss including any internal profit	Share of profit in other comprehensive income	Refers to period
Setra Group	5,262	-237	-97	-4	Jan–Dec 2023
SunPine AB	3,974	157	33	N/A	Jan–Dec 2023
ShoreLink AB	329	15	5	N/A	Dec 2022 – Nov 2023

Notes

Accounting principles

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

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

Forest assets

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

NOTE 1 | Revenues from contracts with customers

MSEK	Full year 2023	Full year 2022
Sawlogs	3,189	3,590
Pulpwood and woodchips	3,793	3,291
Biofuel	147	126
Seedlings	326	308
Other	166	243
Total revenues from contracts with customers	7,621	7,558
Of which IFRS 15 in net sales	7,618	7,555
Lease income	245	205
Total net sales	7,863	7,760
Of which IFRS 15 in other operating income	3	3
Capital gains, etc.	90	88
Total other operating income	93	91
Date of revenue recognition		
Goods transferred to customers on a specific date	7,508	7,445
Goods and services transferred to customers over time	113	113
Contract assets and contractual liabilities		
Contract assets	17	26
Contract liabilities	0	0

Sveaskog has unfulfilled performance obligations for sales contracts with a term of more than 12 months of MSEK 2,235 (3,672). Sveaskog applies the practical exception of not disclosing the remaining performance obligations for contracts with an original term of no more than one year in accordance with IFRS 15. The obligations consist of contracted deliveries forward in time, mainly for pulpwood but also for biofuel and seedlings, where Sveaskog has undertaken to deliver a certain volume per year. The value of these obligations, which is based on current prices, is somewhat uncertain since the contracts consist of several delivery contracts where the price is renegotiated each year. Of the unsatisfied performance obligations of MSEK 3,672 (9,297) reported for last year, MSEK 1,430 (3,016) referred to January–December 2023.

NOTE 2 | Valuation of forest assets

Sveaskog's total land holdings amount to 3.87 million hectares, of which 3.02 million hectares is productive forest land. The valuation includes a total of 2.75 million hectares containing a timber supply estimated at 263 million cubic metres of forest. The difference between Sveaskog's total productive land holdings and the valuation's land holdings is the deduction of reserves, ecoparks, trial parks and voluntary provisions. The forest assets are valued at fair value at level 3 calculated on the price statistics of forest properties from Ludvig & co. and SWEFA. 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 according to IAS 16 Property, Plant and Equipment. In order to calculate the fair value of the biological assets – standing timber, the estimated cash flow from future income from timber extractions less felling costs has been discounted to a present value. Changes in the value of biological assets, calculated as net of changes due to harvest and unrealised changes in fair value, are recognised in the income statement. The carrying value of forest land is calculated as the difference between the total value of forest assets and biological assets. This value reflects future revenues from non-harvesting of now standing trees, such as letting for wind power, extracting from rock quarries, hunting leases, concession revenues and harvesting of future generations of trees and is reported through other comprehensive income.

The carrying amount of Sveaskog's forest assets as of 31 December 2023 has been calculated at MSEK 100,221 (88,862), of which MSEK 50,673 (47,173) refers to the fair value of the biological asset and MSEK 49,548 (41,689) refers to the fair value of the land. The change in the balance sheet since the previous year-end is MSEK 11,359 (3,432) and is shown on the table on the next page. The parameters included in the model for calculating the fair value are updated annually.

Notes

Significant judgements and estimates

One production cycle for biological assets is estimated by Sveaskog to amount to an average of 70 to 100 years and is divided into Sveaskog's five regions. Cash flows are calculated on the basis of felling volumes according to Sveaskog's current felling plan and assessment of future price and cost development. Prices are based on a rolling ten-year average (2014–2023). In terms of cost development, the current standard cost (see model assumptions below) is applied. The inflation assumptions in the model are based on estimated future development during the valuation period. Cash flow before tax is discounted at an interest rate of 4.5 per cent (4.5). Sveaskog's Board of Directors assesses that this interest rate corresponds to the long-term cost of capital for an investment in forest assets and that it is not affected by short-term fluctuations in market rates. According to current felling estimates, which date from 2022 and are based on a forest optimisation model, felling will amount to approximately 5.1 million m³sub per year (6.3). This level is estimated to increase steadily until 2033, to then remain at a level of approximately 6.8 million m³sub (6.8) until 2037. The level is then estimated to decrease slightly to approximately 6.3 million m³sub (7.2–7.9). In 2023, approximately 50 per cent (53) of Sveaskog's own forest volume was sold as sawlogs to sawmills and 45 per cent (43) 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 Dec 2023	31 Dec 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 2023	Forest registers as of October 2022
Discount rate	4.50%	4.50%
Revenue	10-year average	10-year average
Nominal price increase	2.00% per year	2.00% 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.

Sensitivity analysis based on key measurement parameters and their impact on Sveaskog's standing timber is described in detail in Sveaskog's Annual Report 2022, Note 14 on 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	3,432	627
Closing value, 31 December 2022	88,862	627
Deferred tax attributable to forest assets	18,254	124
Opening balance, 1 January 2023	88,862	627
Change during the year	11,359	–627
Closing value, 31 December 2023	100,221	0
Deferred tax attributable to forest assets	20,603	–

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	30	–
Sale of biological assets	–17	–
Changes due to felling	–1,683	–
Unrealised change in fair value	2,408	–
Transfer	–287	287
Closing value, 31 December 2022	47,173	287
Opening balance, 1 January 2023	47,173	287
Acquisition of biological assets	275	–
Sale of biological assets	–21	–
Changes due to felling	–850	–
Unrealised change in fair value	4,226	–30
Transfer	–130	130
Dividend	–	–387
Closing value, 31 December 2023	50,673	0

FOREST ASSETS OF WHICH FOREST LAND

MSEK	Remaining operations	Operations subject to dividend
Fair values		
Opening balance, 1 January 2022	38,708	–
Acquisitions of forest land	143	–
Sale of forest land	–16	–
Unrealised change in fair value	3,193	–
Transfer	–339	339
Closing value, 31 December 2022	41,689	339
Opening balance, 1 January 2023	41,689	339
Acquisitions of forest land	113	6
Sale of forest land	–21	–
Unrealised change in fair value	7,840	18
Transfer	–73	73
Dividend	–	–436
Closing value, 31 December 2023	49,548	0

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 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Assets						
Forest assets						
Biological assets	–	–	–	–	50,673	47,460
Forest land	–	–	–	–	49,548	42,028
Interest-bearing non-current liabilities	72	15	–	–	–	–
Derivative instruments	–	–	28	63	–	–
Total assets	72	15	28	63	100,221	89,488
Liabilities						
Non-current liabilities	–	–	5,704	4,578	–	–
Current liabilities	–	–	2,813	3,147	–	–
Derivative instruments	–	–	3	0	–	–
Total liabilities	0	0	8,520	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 measurement technique is shown in Note 2.

Issues

In January–December 2023 Sveaskog issued MSEK 4,450 (5,550) under the commercial paper programme and MSEK 2,250 (500) under the MTN programme.

Other information

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Sveaskog's 2022 annual report (pages 38–41). No other significant changes in addition to those mentioned in this year-end report have occurred since the publication of the annual report. The war in Ukraine and the subsequent sanctions against Russia cause increased fuel and spare parts costs, which increases the cost of felling. Sveaskog has a strong balance sheet and good liquidity. Sveaskog monitors the situation continuously and evaluates the effects.

Significant events after the closing date

No other significant events have occurred after the closing date.

Related-party transactions

During the year, a cash dividend of MSEK 1,150 was paid to the owner. After an Extraordinary General Meeting, Sveaskog also distributed compensation land of 21,525 hectares to the state, in accordance with the Swedish Parliament decision. The dividend was made in the form of shares and the company was capitalised with MSEK 331 in connection with the dividend. The book value of the shares was approximately MSEK 361 and the consolidated value was approximately MSEK 988. 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.

Dividend

As part of its financial targets, Sveaskog aims to pay a regular dividend representing in the long term 70–100 per cent of earnings after tax excluding non-cash changes in the value of the biological asset standing timber after tax and the share of profit or loss from associated companies. In addition, 100 per cent of the dividends received by the company in the previous year from the associated companies. The dividend is made on condition that the post-dividend capital structure target falls within the target range and taking into account the Group's strategy and investment needs. The Board proposes that the Annual General Meeting approve the payment of a dividend for 2023 of MSEK 1,207.

Annual General Meeting

The Annual General Meeting will be held in Stockholm on 24 April 2024. The annual report is published on www.sveaskog.se by 14 March 2024 and can be downloaded via Sveaskog's website.

The Board of Directors and CEO hereby confirm that this year-end report provides a true and fair overview of the operations of the parent company and the Group, their financial position and performance, as well as a description of the material risks and uncertainties facing the parent company and the Group.

Stockholm, 26 January 2024

Sveaskog AB (publ.) (556558-0031)

Kerstin Lindberg Göransson
Chair of the Board

Anna Belfrage
Board member

Marie Berglund
Board member

Uno Brinnen
Board member

Timo van't Hoff
Board member

Leif Ljungqvist
Board member

Måns Nilsson
Board member

Elisabet Salander Björklund
Board member

Kenneth Andersson
Employee representative

Sara Östh
Employee representative

Erik Brandsma
President and CEO

The report has not been audited.

Quarterly overview for the Sveaskog Group

Income statements, MSEK

Quarterly overview	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Net sales	1,990	1,647	2,075	2,151	2,044	1,733	1,991	1,992
Other operating income	16	23	19	35	28	8	13	42
Operating expenses	-1,767	-1,410	-1,604	-1,585	-1,778	-1,435	-1,604	-1,515
Depreciation/amortisation and impairment	-40	-41	-41	-39	-40	-37	-38	-38
Operating profit from continuing operations	199	219	449	562	254	269	362	481
Capital gains on property sales	5	2	21	2	1	3	19	3
Share of profit/loss in associates	-81	13	14	-6	-28	118	251	233
Operating profit before change in value in biological assets	123	234	484	558	227	390	632	717
Change in value in biological assets	3,436	-86	-279	305	179	107	124	89
Operating profit	3,559	148	205	863	406	497	756	806
Net financial income/expense	-60	-63	-56	-47	-41	-36	-25	-24
Profit/loss before tax	3,499	85	149	816	365	461	731	782
Tax	-722	-13	-27	-169	-77	-71	-99	-113
Profit/loss from continuing operations	2,777	72	122	647	288	390	632	669
Profit/loss from activities to be distributed	-27	-28	1	-	-	-	-	-
Earnings	2,750	44	123	647	288	390	632	669

Balance sheets, MSEK

Quarterly overview	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Non-current assets, non-interest-bearing	102,604	91,390	91,358	91,668	91,411	88,684	88,278	88,130
Non-current receivables, interest-bearing	72	64	51	30	15	5	5	5
Inventories	693	656	596	716	649	635	573	722
Current receivables, non-interest bearing	2,052	2,226	2,010	2,032	1,879	2,237	1,902	1,879
Cash and cash equivalents and interest-bearing receivables	538	1,024	1,189	1,072	799	560	1,475	1,416
Assets held for dividend	-	619	653	651	627	-	-	-
Total assets	105,959	95,979	95,857	96,169	95,380	92,121	92,233	92,152
Equity	73,808	65,775	66,366	66,820	66,192	63,027	62,611	63,233
Non-interest-bearing liabilities	23,288	21,670	20,941	20,887	20,817	20,801	20,512	20,490
Interest-bearing liabilities	8,863	8,412	8,418	8,333	8,247	8,293	9,110	8,429
Liabilities for assets held for dividend	-	122	132	129	124	-	-	-
Total equity and liabilities	105,959	95,979	95,857	96,169	95,380	92,121	92,233	92,152

KPIs

Financial KPIs	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Net debt/equity ratio, times	0.11	0.11	0.11	0.11	0.11	0.12	0.12	0.11
Adjusted operating capital (excluding deferred tax), MSEK ¹⁾	42,179	39,280	39,813	40,385	39,850	39,275	38,917	38,905
Return on adjusted operating capital, % ²⁾	3.3	3.8	4.1	4.5	4.9	5.6	5.9	5.8
Adjusted operating capital excluding equity participation in associates (and deferred tax), MSEK	40,849	37,908	38,417	38,749	38,189	37,561	37,301	37,251
Return on adjusted operating capital excluding associates, % ²⁾	3.6	3.9	4.1	3.8	3.6	3.8	3.7	3.8
Equity ratio, %	70	69	69	69	69	68	68	69
Return on equity, % ²⁾	5.1	1.7	2.2	3.0	3.1	2.6	2.8	2.7
Rate of capital turnover, operating capital, times	0.10	0.11	0.11	0.11	0.11	0.10	0.11	0.11
Interest coverage ratio, times ^{2) 3)}	5.3	6.4	8.2	11.1	14.5	18.3	19.5	18.1
Operating margin, %	178.8	9.0	9.9	40.1	19.9	28.7	38.0	40.4
Net interest-bearing debt, MSEK	8,253	7,324	7,177	7,231	7,433	7,728	7,630	7,008
Average interest rate in loan portfolio, %	2.95	2.67	2.49	2.37	1.19	0.95	0.77	0.63
Average net fixed interest period, months	24	24	23	23	24	25	26	28

Other KPIs	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
<i>Investments, MSEK</i>								
Business acquisitions and investments in shares	106	51	21	3	-	-	-	-
Other investments	535	75	60	37	44	188	31	35
<i>Staff</i>								
Number of employees at the end of the period	880	780	769	752	739	727	716	713
Average number of employees	804	837	861	815	810	773	806	758

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.

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.

	Full year 2023	Full year 2022
Return on equity		
Equity, opening balance	66,192	62,516
Equity, closing balance	73,808	66,192
Average equity (OB + CB)/2	70,000	64,354
Profit for the year	3,562	1,979
Divided by average equity	70,000	64,354
= Return on equity, %	5.1%	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 that the return shall be at least 2.5 per cent on average. The target reflects the return on Sveaskog's operating activities excluding the impact of forest valuations and temporary property sales.

	Full year 2023	Full year 2022
Return on adjusted operating capital		
Operating profit before change in value in biological assets	1,399	1,966
Less capital gains on property sales	-30	-26
Subtotal	1,369	1,940
Adjusted operating capital OB	39,850	38,621
Adjusted operating capital CB	42,179	39,850
Average adjusted operating capital (OB + CB)/2	41,015	39,236
Subtotal as above	1,369	1,940
Divided by average adjusted operating capital	41,015	39,236
= Return on adjusted operating capital, %	3.3%	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 that the return shall be at least 2.5 per cent on average. 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.

	Full year 2023	Full year 2022
Return on adjusted operating capital excluding equity participation in associates		
Operating profit before change in value in biological assets	1,399	1,966
Less capital gains on property sales	-30	-26
Less equity participation in associates	60	-574
Subtotal	1,429	1,366
Adjusted operating capital excl. equity participations in associates OB	38,189	37,220
Adjusted operating capital excl. equity participations in associates CB	40,849	38,189
Average adjusted operating capital excl. equity interests in associates (OB + CB)/2	39,519	37,705
Subtotal as above	1,429	1,366
Divided by average adjusted operating capital, excluding equity participation in associates	39,519	37,705
= Return on adjusted operating capital excluding equity participation in associates, %	3.6%	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 year. The key performance indicator is calculated including and excluding equity participation in associates.

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

Adjusted operating capital	Full year 2023	Full year 2022
Balance sheet total	105,959	95,380
Less interest-bearing assets (cash and cash equivalents)	-538	-799
Less interest-bearing receivables (non-current)	-72	-15
Less tax assets	-82	-67
Less other liabilities and provisions (non-current)	-21,679	-19,351
Less trade payables	-1,090	-1,039
Less other liabilities and provisions (current)	-408	-329
= Operating capital, MSEK	82,090	73,780
Restoration of land value	-49,548	-41,689
Restoration of land value of assets subject to dividend	-	-339
Deferred tax attributable to land value	9,637	8,029
Deferred tax attributable to the land value of assets subject to dividend	-	69
= Adjusted operating capital, MSEK	42,179	39,850
Less equity participation in associates	-1,330	-1,661
= Adjusted operating capital excl. equity participations in associates, MSEK	40,849	38,189

Capital turnover rate

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 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	Full year 2023	Full year 2022
Net interest-bearing debt	8,253	7,433
Divided by equity	73,808	66,192
= Net debt/equity ratio, times	0.11	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.

Comment: The operating profit is the result of the Group's core operating activities, where the vast majority is the forest business with the purchase and sale of timber, pulpwood, wood chips and biofuel. Associates are recognised in the consolidated income statement outside operating profit because they do not constitute the Group's core operating activities.

Earnings per share (defined in accordance with IFRS)

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

Net interest-bearing debt

Definition: Interest-bearing liabilities less interest-bearing assets, all calculated at the end of the year. The Group's definition has not been changed since previous periods.

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

Net interest-bearing debt	Full year 2023	Full year 2022
Interest-bearing assets (cash and cash equivalents and non-current receivables)	610	814
Interest-bearing liabilities and provisions (non-current)	-5,848	-4,946
Lease liabilities, non-current	-128	-90
Interest-bearing liabilities, MSEK	-2,841	-3,171
Leasing liabilities, current	-46	-40
= Net interest-bearing debt, MSEK	-8,253	-7,433

Alternative KPIs and definitions

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 has not been changed since previous periods.

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

Interest coverage ratio	Full year 2023	Full year 2022
Financial items in the income statement	-226	-126
– of which financial income	39	8
– of which financial expenses	-265	-134
Operating profit before change in value in biological assets	1,399	1,966
Less capital gains on property sales	-30	-26
Plus financial income	39	8
Subtotal	1,408	1,948
Divided by financial expenses	265	134
= Interest coverage ratio, times	5.3	14.5

Operating margin

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

Operating profit before change in value in biological assets

Comment: Operating profit before change in value of biological assets is operating profit before calculating forest growth according to IAS 41 and felling during the year.

Equity ratio

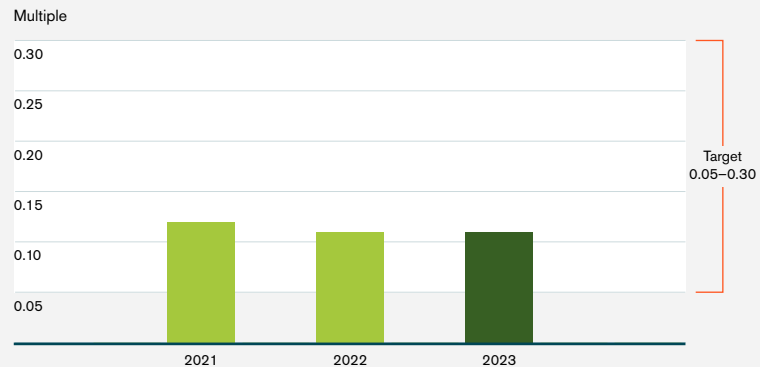
Definition: Equity divided by total assets, all calculated at the end of the year. The Group's definition has not been changed since previous periods.

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

Equity ratio	Full year 2023	Full year 2022
Equity	73,808	66,192
Divided by total assets	105,959	95,380
= Equity ratio,%	70%	69%

Sveaskog's financial targets

NET DEBT/EQUITY RATIO



RETURN ON ADJUSTED OPERATING CAPITAL, ROLLING



Dividend

Sveaskog's current 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.

	2023	2024
Dividend, MSEK	2,138 ²⁾	1,207 ³⁾
Percentage of basis for dividends, %	100	100

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

²⁾ Cash dividend of MSEK 1,150 and the consolidated value of Ersättningsmark i Sverige 2 AB of MSEK 988.

³⁾ The Board's proposal to the Annual General Meeting.



About Sveaskog

Vision

To be the world leader in sustainable value creation in the forest

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 the forest, and provide timber, pulpwood, wood chips, biofuel, seedlings and forest services. Sveaskog supplements the supply from its own forest with purchases from other forest owners, trading and imports. Our customers are primarily found within the Swedish forest industry and they export 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 shall be a leader in the development of sustainable forestry. This includes deliveries of renewable raw materials to our customers, as well as contributing to both Agenda 2030 and national environmental and climate targets. Sveaskog manages the forest with the ambition of developing economic, ecological and social values. Our forests are certified in accordance with both FSC and PEFC standards, and we require FSC Controlled Wood Chain of Custody for all timber that we buy from other forest owners. This enables Sveaskog to ensure that all our timber deliveries are responsibly produced.

WHOLLY
100%
BY THE SWEDISH STATE

OWNS
14%
OF SWEDEN'S FORESTS

ACTIVE IN
170
MUNICIPALITIES

AROUND
800
EMPLOYEES

Upcoming reports

-  Annual Report and Sustainability Report 14 March 2024
 -  Interim report January–March 2024 24 April 2024
 - Annual General Meeting 24 April 2024
 -  Interim report April – June 2024 17 July 2024
 -  Interim report July–September 2024 25 October 2024
-  [Link to report archive at sveaskog.se](#)

Contact

If you have any questions, please contact
Erik Brandsma, President and CEO,
tel. +46 (0)10-471 81 50

Claes Rasmusson, CFO,
tel. +46(0)10-471 80 20

Sveaskog AB, Stockholm
Wallingatan 2
SE-105 22 Stockholm

Switchboard
+46 (0)771-787 000
For contact with Sveaskog's employees

Telephone Customer Service Centre
+46 (0)771-787 100
For questions about Sveaskog's operations

info@sveaskog.se
www.sveaskog.se
facebook.com/sveaskog
twitter.com/sveaskog