

Q2 2021

January-June 2021 compared with January-June 2020

- Net sales amounted to SEK 8,982m (9,480). The lower sales level was related to the discontinued publication paper operations (see page 5) and the divestment of Wood Supply UK (see page 7). Excluding these effects, net sales increased by 17%, driven by higher selling prices in all product areas.
- EBITDA improved 78% to SEK 3,619m (2,031). The increase was mainly attributable to higher selling prices in all product areas, but also to good production and a stable, low cost level. EBITDA margin was 40.3% (21.4).
- Operating profit increased to SEK 2,927m (1,228)
- Operating cash flow amounted to SEK 1,581m (614)
- Earnings per share increased to SEK 3.25 (1.34)

April-June 2021 compared with April-June 2020

- Net sales amounted to SEK 4,810m (4,687). The increase was mainly attributable to higher selling prices, which were offset by the discontinued publication paper operations and the divestment of Wood Supply UK.
- EBITDA amounted to SEK 2,260m (1,001) and EBITDA margin increased to 47.0% (21.3)

April-June 2021 compared with January-March 2021

- Net sales increased by 15% to SEK 4,810m (4,172). The change was mainly attributable to higher selling prices.
- EBITDA amounted to SEK 2,260m (1,359) and EBITDA margin increased to 47.0% (32.6)

KEY FIGURES

| SEKm | Quarter | | | | | Jan-Jun | | |
|-------------------------------|-------------|-------------|-----|-------------|----|-------------|-------------|-----|
| | 2021:2 | 2020:2 | % | 2021:1 | % | 2021 | 2020 | % |
| Net sales | 4,810 | 4,687 | 3 | 4,172 | 15 | 8,982 | 9,480 | -5 |
| EBITDA | 2,260 | 1,001 | 126 | 1,359 | 66 | 3,619 | 2,031 | 78 |
| <i>EBITDA margin (%)</i> | <i>47.0</i> | <i>21.3</i> | | <i>32.6</i> | | <i>40.3</i> | <i>21.4</i> | |
| Operating profit | 1,881 | 600 | 214 | 1,046 | 80 | 2,927 | 1,228 | 138 |
| Net Profit | 1,483 | 459 | 223 | 802 | 85 | 2,285 | 942 | 143 |
| <i>Earnings per share SEK</i> | <i>2.11</i> | <i>0.65</i> | | <i>1.14</i> | | <i>3.25</i> | <i>1.34</i> | |
| Operating cash flow | 1,106 | 273 | | 475 | | 1,581 | 614 | |
| Net Debt / EBITDA (LTM) | 1.4x | 2.1x | | 1.5x | | 1.4x | 2.1x | |



SUMMARY OF THE SECOND QUARTER OF 2021

Earnings for the second quarter of 2021 were the highest since the distribution of Essity in 2017 and represent a significant improvement compared with the preceding and year-earlier quarters. Higher selling prices, higher production and stable, low costs in all product areas had a positive impact on earnings.

The supply of wood to SCA's industries was stable throughout the quarter. Prices for timber and pulpwood were stable compared with the preceding period.

The market situation for solid-wood products continued to strengthen, driven by increased global demand in the building materials trade and construction industry. Sustained strong demand has led to a continuation of low inventory levels and significantly increased market prices.

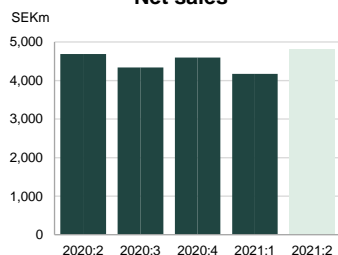
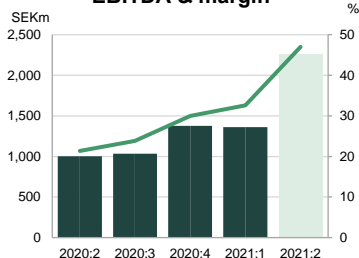
During the period, selling prices for pulp increased further, especially in Europe and the US. Delivery volumes increased slightly compared with the preceding quarter. Global inventory levels were normal.

Demand for kraftliner continued to strengthen, driven by high box demand. The average selling price was higher than the preceding quarter.

Operating cash flow was strong and has financed SCA's ongoing growth projects – to expand kraftliner manufacturing in Obbola and to increase production of chemically pre-treated mechanical pulp (CTMP) at the Ortviken site. The investment projects are progressing on time and on budget.

Higher transaction prices for forest assets in northern Sweden

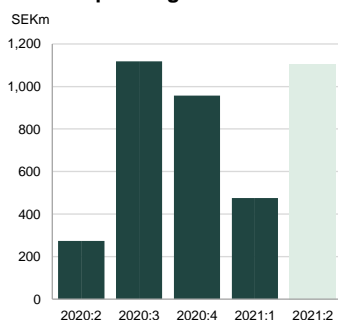
SCA has based the valuation of its forest assets in Sweden on forest transactions in the areas where SCA owns forest assets. The market value of the forest assets increased during the first six months of 2021. At June 30, the average market price applied to SCA's forest assets was SEK 300/m³fo. When applied to SCA's standing timber volume, the total value of SCA's forest assets was SEK 76.6bn. At December 31, 2020, the market price was SEK 291/m³fo and the total value of SCA's forest assets was SEK 74.9bn (see Note 3, page 17).

Net sales**EBITDA & margin**

Note: EBITDA 2020:3 and 2020:4 shown excluding the discontinuation of publication paper

Change in net sales (%)

| | 2106 vs 2006 | 2021:2 vs 2020:2 | 2021:2 vs 2021:1 |
|-----------------|--------------------|------------------------|------------------------|
| Total | -5 | 3 | 15 |
| Price/mix | 17 | 25 | 18 |
| Volume | 4 | 7 | 4 |
| Currency | -4 | -6 | -1 |
| Divestment | -9 | -10 | 0 |
| Discontinuation | -13 | -13 | -6 |

Operating cash flow**GROUP****SALES AND OPERATING PROFIT****January-June 2021 compared with January-June 2020**

Net sales amounted to SEK 8,982m (9,480), a decrease of 5%, of which price/mix accounted for 17%, discontinuations -13%, divestments -9%, volume 4% and currency -4%. After excluding the negative effect from the discontinuation of publication paper operations and the divestment of Wood Supply UK in the fourth quarter of 2020, net sales increased by 17%. Higher selling prices for all product areas and higher delivery volumes had a positive effect on sales, partly offset by negative exchange rate effects.

EBITDA increased to SEK 3,619m (2,031), corresponding to an EBITDA margin of 40.3% (21.4). The change was mainly attributable to higher selling prices in all product areas, which was partly offset by negative exchange rate effects. The cost of planned maintenance stops amounted to SEK 0m (68).

Operating profit amounted to SEK 2,927m (1,228).

April-June 2021 compared with April-June 2020

Net sales decreased 3% to SEK 4,810m (4,687), of which price/mix accounted for 25%, discontinuations -13%, divestments -10%, volume 7% and currency -6%. The increase was attributable to higher selling prices in all product areas and higher delivery volumes. The discontinued publication paper operations, divestment of Wood Supply UK in the fourth quarter of 2020 and exchange rate effects had a negative impact on sales.

EBITDA amounted to SEK 2,260m (1,001), corresponding to an EBITDA margin of 47.0% (21.3). The increase mainly relates to higher selling prices in all product areas. The cost of planned maintenance stops was SEK 0m (68).

Operating profit amounted to SEK 1,881m (600).

April-June 2021 compared with January-March 2021

Net sales increased 15% to SEK 4,810m (4,172), of which price/mix accounted for 18%, discontinuations -6%, volume 4% and currency -1%. The increase was mainly attributable to higher selling prices in all product areas and higher delivery volumes for solid-wood products. The discontinued publication paper operations and exchange rate effects had a negative impact on sales.

EBITDA amounted to SEK 2,260m (1,359), corresponding to an EBITDA margin of 47.0% (32.6). The change mainly relates to higher selling prices in all product areas and a seasonally higher share of harvesting from SCA-owned forest. The cost of planned maintenance stops amounted to SEK 0m (0).

Operating profit amounted to SEK 1,881m (1,046).

CASH FLOW**January-June 2021 compared with January-June 2020**

The operating cash surplus amounted to SEK 2,937m (1,458). The cash flow effect of changes in working capital was SEK -691m (-297) Restructuring costs amounted to SEK -271m (0) and related to the discontinuation of publication paper operations. Current capital expenditures, net, totaled SEK -439m (-513). Operating cash flow was SEK 1,581m (614) (see Note 9, page 19).

Strategic capital expenditures totaled SEK -1,679m (-844) (see page 5). Cash flow after dividend for the period was SEK -789m (213) (see page 16).

FINANCING

At June 30, 2021, net debt totaled SEK 8,236m, an increase during the quarter of SEK 1,193m. The increase mainly relates to ongoing investment expenditure and dividends paid. Net debt in relation to EBITDA, excluding one-off items related to the discontinuation of publication paper operations, amounted to 1.4x compared with 1.5x in the preceding quarter.

At June 30, 2021, gross debt amounted to SEK 10,985m with an average maturity of 4.8 years (including the lease liability). The loan structure consists of commercial papers, bonds and bilateral bank loans.

Unutilized credit facilities amounted to approximately SEK 8.9bn at June 30, 2021, of which the largest portion falls due in 2026. In the April-June 2021 period, financial items totaled SEK -26m compared with SEK -31m in the same period last year.

TAX

January-June 2021 compared with January-June 2020

The Group's tax expense amounted to SEK 588m (231), corresponding to an effective tax rate of 20.5% (19.7).

EQUITY

January-June 2021

Total consolidated equity increased by SEK 2,365m during the period, to SEK 74,528m at June 30, 2021. Equity increased due to comprehensive income for the period of SEK 3,745m and other items of SEK 25m, and decreased due to the dividends paid of SEK 1,405m.

CURRENCY EXPOSURE AND CURRENCY HEDGING

Due to a high proportion of exports, SCA's operations are sensitive to changes in exchange rates. Approximately 85% of sales are priced in currencies other than SEK, primarily EUR, USD and GBP. Most purchasing is conducted in SEK, but some purchasing is carried out in foreign currencies. SCA's currency exposure and currency management are described on page 70 of SCA's Annual and Sustainability Report for 2020.

The company has hedged about 50% of the expected EUR net exposure from sales minus purchases up until the end of the fourth quarter of 2021, as well as approximately 25% for the first quarter of 2022 and 10% for the second quarter of 2022, at the average EUR/SEK exchange rate of 10.31.

The company has hedged about 60% of the expected USD net exposure from sales minus purchases up until the end of the fourth quarter of 2021, as well as approximately 45% for the first quarter of 2022 and 20% for the second quarter of 2022, at the average USD/SEK exchange rate of 8.55.

The company has hedged about 45% of the expected GBP net exposure from sales minus purchases up until the end of the fourth quarter of 2021, as well as approximately 25% for the first quarter of 2022 and 10% for the second quarter of 2022, at the average GBP/SEK exchange rate of 11.78.

PLANNED MAINTENANCE STOPS

No planned maintenance stops were carried out in the second quarter of 2021.

The estimated effect of the planned maintenance stops on earnings, calculated as the sum of the direct cost of the maintenance and the effect from lower fixed cost coverage from reduced production during the stops, is shown in the table below.

| SEKm | Actual | | | | Total |
|----------------|----------|-----------|-----------|------------|------------|
| | 2020:1 | 2020:2 | 2020:3 | 2020:4 | |
| Pulp | 0 | 0 | 20 | 130 | 150 |
| Containerboard | 0 | 68 | 42 | 0 | 110 |
| Total | 0 | 68 | 62 | 130 | 260 |

| SEKm | Actual | | Forecast | | Total |
|----------------|----------|----------|------------|------------|------------|
| | 2021:1 | 2021:2 | 2021:3 | 2021:4 | |
| Pulp | 0 | 0 | 20 | 130 | 150 |
| Containerboard | 0 | 0 | 150 | 0 | 150 |
| Total | 0 | 0 | 170 | 130 | 300 |

KEY EVENTS

Changes at the Ortviken site

The publication paper market has been structurally declining for a long time and has had an accelerated negative trend since the outbreak of Covid-19. SCA decided in September 2020 to discontinue the publication paper operations which consisted of three paper machines at the Ortviken site. The paper machines were permanently closed in the first quarter of 2021.

From the first quarter of 2021, the Paper segment consists only of kraftliner and has changed name to the Containerboard segment. The sale of the remaining inventory of publication paper following the discontinuation is recognized in Other as of January 1, 2021. Costs related to the maintenance of the Ortviken site between the discontinuation of the publication paper production and the start of CTMP production (see below) are expected to be about SEK 20-30m per quarter and are recognized in Other.

SCA issues green bonds

In the second quarter, SCA issued green bonds for a total amount of SEK 1.5bn with a maturity of seven years. The issuance will enable investors to contribute to the transition to a low-carbon economy by increasing the positive impact of SCA's climate benefit. The bonds are listed on NASDAQ Stockholm Sustainable Bonds. The proceeds will be used in accordance with SCA's green bond framework which has received the highest rating possible from CICERO Shades of Green.

STRATEGIC CAPITAL EXPENDITURES

SCA invests in the Obbola kraftliner mill

SCA is building a new paper machine for the production of kraftliner at the Obbola paper mill in Umeå. Production in Obbola will increase from the current 450,000 tonnes of kraftliner to 725,000 tonnes per year to meet an expected increase in demand for renewable packaging.

The total investment will be approximately SEK 7.5bn over a five-year period. The investment includes environmental investments of approximately SEK 1bn, which include a reduction in oil consumption by 8,000 cubic meters per year and an improved water treatment capacity. The project is progressing on time and on budget. Production is expected to start on the new machine at the beginning of 2023.

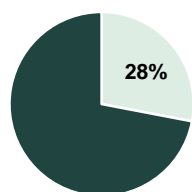
SCA invests in increased CTMP production capacity

SCA is investing SEK 1.45bn to achieve an annual production volume of 300,000 tonnes of chemically pre-treated mechanical pulp (CTMP) at the Ortviken site, where some existing infrastructure and mechanical equipment will be utilized. Production is expected to start at the new facility at the beginning of 2023.

SCA invests in forest land in the Baltic region

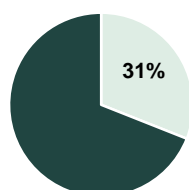
SCA acquired approximately 2,000 hectares of forest in the Baltic region during the quarter, in line with the ongoing investment program to acquire 100,000 hectares of forest land in the region. At the end of the second quarter of 2021, SCA had a land area of about 43,000 hectares of forest land in Estonia and Latvia. The acquisitions strengthen SCA's long-term opportunities to source timber in the region.

Share of net sales Jan-Jun 2021*



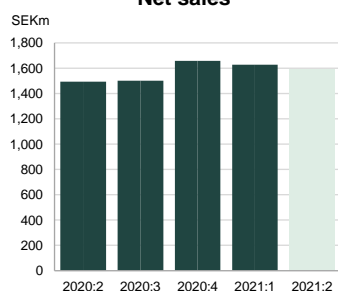
* before elimination of intra-Group sales

Share of EBITDA Jan-Jun 2021**

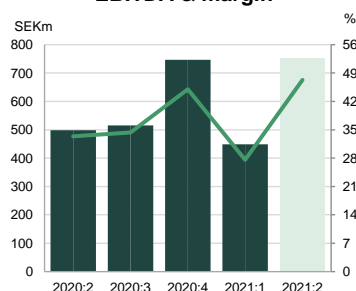


** share calculated of total EBITDA excluding central costs

Net sales



EBITDA & margin



FOREST

SCA owns 2.6 million hectares of forest land in Northern Sweden and the Baltic region, an area corresponding to 6% of Sweden's land area. SCA's unique forest holding is a growing resource that provides access to high-quality forest raw materials while absorbing a net of more than 10% of Sweden's fossil CO₂ emissions.

| SEKm | Quarter | | | | | Jan-Jun | | |
|-------------------------------------------------------|---------|--------|----|--------|-----|---------|-------|----|
| | 2021:2 | 2020:2 | % | 2021:1 | % | 2021 | 2020 | % |
| Net sales | 1,592 | 1,494 | 7 | 1,627 | -2 | 3,219 | 3,327 | -3 |
| EBITDA | 753 | 499 | 51 | 449 | 68 | 1,202 | 951 | 26 |
| Depreciation | -55 | -53 | 4 | -55 | 0 | -110 | -107 | 3 |
| Operating profit | 698 | 445 | 57 | 394 | 77 | 1,092 | 844 | 29 |
| EBITDA margin, % | 47.3 | 33.4 | | 27.6 | | 37.3 | 28.6 | |
| Operating margin, % | 43.7 | 29.8 | | 24.2 | | 33.9 | 25.4 | |
| Return on capital employed, % | 4.5 | 3.1 | | 2.6 | | 3.7 | 3.7 | |
| Harvesting of own forest, thousand m ³ sub | 1,561 | 1,291 | 21 | 767 | 104 | 2,328 | 2,042 | 14 |
| Revaluation of biological assets | 336 | 238 | 41 | 316 | 6 | 652 | 571 | 14 |

Management of SCA-owned forest

The Forest segment includes net sales from timber sourced from SCA's own forests, and from timber purchased from other forest owners, which is sold internally to SCA's industrial operations. The pricing is based on an average of SCA's externally sourced timber prices.

During the second quarter, the volume of timber harvested from SCA-owned forest was 1.6 million m³sub. The planned annual level of timber harvested in SCA-owned forest is expected to gradually increase from the previous level of approximately 4.3 million m³sub to approximately 5.4 million m³sub in 2025.

Revaluation of forest assets

The revaluation is determined by the annual increase in standing volume (net growth) and the change in market price of forestland. At June 30, 2021, the average market price used for the valuation of SCA's forest assets was SEK 300/m²fo (see Note 3, page 17).

January-June 2021 compared with January-June 2020

Net sales were in line with the preceding quarter and amounted to SEK 3,219m (3,327).

EBITDA improved 26% and amounted to SEK 1,202m (951), corresponding to an EBITDA margin of 37.3% (28.6). The change mainly relates to a higher share of harvesting from SCA-owned forest.

April-June 2021 compared with April-June 2020

Net sales increased 7% to SEK 1,592m (1,494), and mainly relates to higher delivery volumes to SCA's industries.

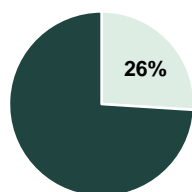
EBITDA improved 51% to SEK 753m (499), mainly attributable to a higher share of harvesting from SCA-owned forest and higher earnings from the revaluation of biological assets. EBITDA margin increased to 47.3% (33.4).

April-June 2021 compared with January-March 2021

Net sales were in line with the preceding quarter and amounted to SEK 1,592m (1,627).

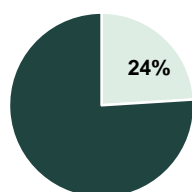
EBITDA amounted to SEK 753m (449), an increase of 68%. The increase was primarily attributable to a seasonally higher share of harvesting from SCA-owned forest.

Share of net sales Jan-Jun 2021*



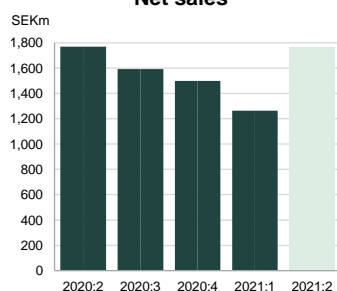
* before elimination of intra-Group sales

Share of EBITDA Jan-Jun 2021**

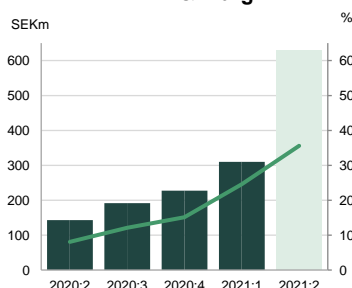


** share calculated of total EBITDA excluding central costs

Net sales



EBITDA & margin



WOOD

SCA is one of Europe's leading suppliers of wood-based products for the wood industry and building materials trade, with an annual production capacity of 2.2 million m³ of solid-wood products. SCA has five cost-efficient sawmills located close to its forest holdings in Northern Sweden, as well as wood processing and distribution to the building materials trade in Scandinavia and France.

| SEKm | Quarter | | | | | Jan-Jun | | |
|----------------------------------------------------|---------|--------|-----|--------|-----|---------|-------|-----|
| | 2021:2 | 2020:2 | % | 2021:1 | % | 2021 | 2020 | % |
| Net sales | 1,765 | 1,770 | 0 | 1,264 | 40 | 3,029 | 3,206 | -6 |
| EBITDA | 628 | 143 | 339 | 310 | 103 | 938 | 238 | 294 |
| Depreciation | -58 | -64 | -9 | -56 | 4 | -114 | -128 | -11 |
| Operating profit | 570 | 78 | 631 | 254 | 124 | 824 | 109 | 656 |
| EBITDA margin, % | 35.6 | 8.1 | | 24.5 | | 31.0 | 7.4 | |
| Operating margin, % | 32.3 | 4.5 | | 20.1 | | 27.2 | 3.4 | |
| Return on capital employed, % | 64.4 | 8.8 | | 30.0 | | 32.3 | 7.5 | |
| Deliveries, wood products, thousand m ³ | 575 | 709 | -19 | 493 | 17 | 1,068 | 1,319 | -19 |

During the fourth quarter of 2020, SCA divested Wood Supply UK, which manufactured and distributed wood and wood-based products for the building materials trade in the UK. The sale reduced net sales by about SEK 1,400m per year and EBITDA by approximately SEK 25m per year. The UK remains a core market for sales of solid-wood and processed wood products for SCA.

January-June 2021 compared with January-June 2020

Net sales declined 6% to SEK 3,029m (3,206). The decrease mainly relates to the divestment of Wood Supply UK, which was offset by higher selling prices.

EBITDA improved by 294% to SEK 938m (238), mainly due to higher selling prices.

April-June 2021 compared with April-June 2020

Net sales were in line with the year-earlier period and amounted to SEK 1,765m (1,770). The divestment of Wood Supply UK had a negative effect on sales, which was offset by higher selling prices.

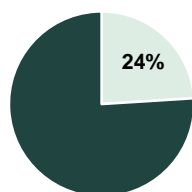
EBITDA improved to SEK 628m (143), an increase of 339%. The change was mainly attributable to higher selling prices.

April-June 2021 compared with January-March 2021

Net sales increased 40% to SEK 1,765m (1,264). The increase was related to higher selling prices and higher delivery volumes.

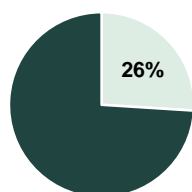
EBITDA amounted to SEK 628m (310), an increase of 103%. The increase was mainly attributable to higher selling prices.

Share of net sales Jan-Jun 2021*



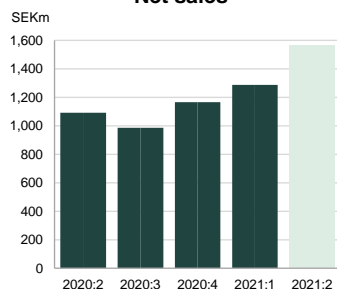
*before elimination of intra-Group sales

Share of EBITDA Jan-Jun 2021**

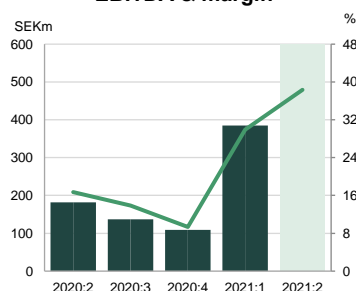


** share calculated of total EBITDA excluding central costs

Net sales



EBITDA & margin



PULP

SCA produces market pulp at Östrand pulp mill. Östrand is one of the largest and most cost-efficient production lines for softwood kraft pulp in the world. Together with chemically pre-treated mechanical pulp production, Östrand's annual capacity amounts to 1 million tonnes. SCA's pulp has high-strength properties, suitable for tissue and specialty paper.

| SEKm | Quarter | | | | | Jan-Jun | | |
|-----------------------------------|---------|--------|-----|--------|-----|---------|-------|-----|
| | 2021:2 | 2020:2 | % | 2021:1 | % | 2021 | 2020 | % |
| Net sales | 1,565 | 1,091 | 43 | 1,288 | 22 | 2,853 | 2,279 | 25 |
| EBITDA | 600 | 182 | 230 | 385 | 56 | 985 | 368 | 168 |
| Depreciation | -143 | -135 | 6 | -142 | 1 | -285 | -266 | 7 |
| Operating profit | 457 | 47 | 872 | 243 | -88 | 700 | 102 | 586 |
| EBITDA margin, % | 38.3 | 16.7 | | 29.9 | | 34.5 | 16.1 | |
| Operating margin, % | 29.2 | 4.3 | | 18.9 | | 24.5 | 4.5 | |
| Return on capital employed, % | 20.2 | 2.0 | | 10.9 | | 7.5 | 1.3 | |
| Deliveries, pulp, thousand tonnes | 237 | 201 | 18 | 232 | 2 | 469 | 427 | 10 |

January-June 2021 compared with January-June 2020

Net sales increased 25% to SEK 2,853m (2,279). The change was attributable to higher selling prices and higher delivery volumes, which were partly offset by negative exchange rate effects.

EBITDA improved 168% to SEK 985m (368). The increase mainly relates to higher selling prices and lower raw material costs, which were partly offset by negative exchange rate effects.

April-June 2021 compared with April-June 2020

Net sales increased 43% to SEK 1,565m (1,091). The change was mainly attributable to higher selling prices and higher delivery volumes, which were partly offset by negative exchange rate effects.

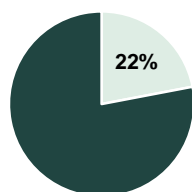
EBITDA amounted to SEK 600m (182). The increase mainly related to higher selling prices and lower raw material costs, which were partly offset by negative exchange rate effects.

April-June 2021 compared with January-March 2021

Net sales increased 22% to SEK 1,565m (1,288). The increase mainly related to higher selling prices.

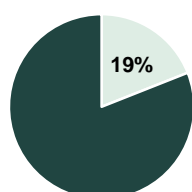
EBITDA amounted to SEK 600m (385). The increase was mainly attributable to higher selling prices.

Share of net sales Jan-Jun 2021*



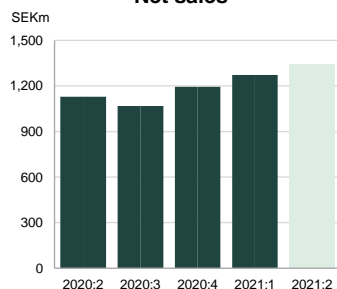
*before elimination of intra-Group sales

Share of EBITDA Jan-Jun 2021**

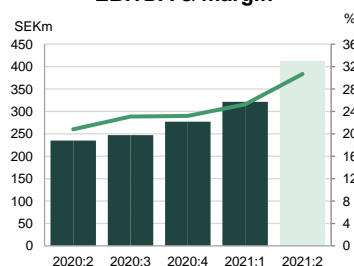


** share calculated of total EBITDA excluding central costs

Net sales



EBITDA & margin



CONTAINERBOARD

SCA produces kraftliner – paper for corrugated transport packaging. SCA is Europe's largest independent producer of kraftliner, with a total capacity of 865,000 tonnes per year. Kraftliner is produced at the paper mills in Munksund, Piteå, and in Obbola, Umeå.

| SEKm | Quarter | | | | | Jan-Jun | | |
|-----------------------------------------|---------|---------------------|-----|--------|----|---------|-------------------|----|
| | 2021:2 | 2020:2 ¹ | % | 2021:1 | % | 2021 | 2020 ¹ | % |
| Net sales | 1,340 | 1,128 | 19 | 1,272 | 5 | 2,612 | 2,347 | 11 |
| EBITDA | 411 | 235 | 75 | 321 | 28 | 732 | 534 | 37 |
| Depreciation | -108 | -109 | -1 | -106 | 2 | -214 | -220 | -3 |
| Operating profit | 303 | 126 | 140 | 215 | 41 | 518 | 314 | 65 |
| EBITDA margin, % | 30.7 | 20.8 | | 25.2 | | 28.0 | 22.8 | |
| Operating margin, % | 22.6 | 11.2 | | 16.9 | | 19.8 | 13.4 | |
| Return on capital employed, % | 25.9 | 10.2 | | 18.5 | | 17.4 | 16.5 | |
| Deliveries, kraftliner, thousand tonnes | 210 | 194 | 8 | 226 | -7 | 436 | 414 | 5 |

¹ Figures for 2020 refer only to Containerboard. Note 10 contains comparative figures for the Paper segment including publication paper.

January-June 2021 compared with January-June 2020

Net sales increased 11% to SEK 2,612m (2,347), which mainly related to higher selling prices.

EBITDA improved 37% to SEK 732m (534). The increase was mainly attributable to higher selling prices, which were offset by higher costs for raw materials and negative exchange rate effects. The cost of planned maintenance stops amounted to SEK 0m (68).

April-June 2021 compared with April-June 2020

Net sales increased 19% to SEK 1,340m (1,128). The increase related to higher selling prices and higher delivery volumes, which were offset by negative exchange rate effects.

EBITDA improved 75% and amounted to SEK 411m (235), mainly attributable to higher selling prices and lower costs for planned maintenance stops of SEK 0m (68). Increased raw material costs and negative exchange rate effects had an adverse impact on profit.

April-June 2021 compared with January-March 2021

Net sales increased 5% to SEK 1,340m (1,272). The increase was related to higher selling prices. Lower delivery volumes due to inventory build-up prior to maintenance stops in the third quarter had a negative effect on sales.

EBITDA amounted to SEK 411m (321), an increase of 28%. The increase was mainly related to higher selling prices, which were offset by higher raw material costs and lower delivery volumes.

RENEWABLE ENERGY

SCA's forest assets and industrial operations provide the company with significant potential to develop new business opportunities in the field of renewable energy. Greater value creation from by-products from the forest and industry create conditions for profitable and sustainable growth.

SCA is now one of Europe's largest producers of forest-based bioenergy, with a total production of about 11 TWh per year. SCA's pellets factories have an annual production capacity of 300,000 tonnes.

The expanded pulp mill in Östrand has the capacity to produce 1.2 TWh of green electricity, corresponding to almost 1% of Sweden's total electricity production. The mill is self-sufficient in electricity and the surplus of 0.5 TWh is sold on the electricity market.

SCA leases out land for wind power production. At the end of the second quarter of 2021, 588 wind turbines were in operation on SCA's land with an annual production capacity of 5.8 TWh, equivalent to about 20% of Sweden's total wind power production. Together with previously agreed but not yet completed projects, operating capacity on SCA's land is expected to increase to 9.0 TWh by 2023.

SCA also develops products for the next generation of biofuels and green chemicals.

The Board of Directors and President certify that the half-year report gives a true and fair view of the Parent Company's and the Group's operations, financial position and results, and describes material risks and uncertainties facing the company and the companies included in the Group.

Sundsvall, July 23, 2021
SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Pär Boman
Chairman of the Board

Charlotte Bengtsson
Board Member

Lennart Evrell
Board Member

Annemarie Gardshol
Board Member

Carina Håkansson
Board Member

Martin Lindqvist
Board Member

Bert Nordberg
Board Member

Anders Sundström
Board Member

Barbara Milian
Thoralfsson
Board Member

Niclas Andersson
Board Member,
Employee representative

Roger Boström
Board Member,
Employee representative

Johanna Viklund Lindén
Board Member,
Employee representative

Ulf Larsson
Board member,
President and CEO

Review report

This is a translation from the Swedish original

Svenska Cellulosa Aktiebolaget SCA (publ), corp. reg. no. 556012-6293

Introduction

We have reviewed the condensed interim report (half-year report) for Svenska Cellulosa Aktiebolaget SCA (publ) at June 30, 2021 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm July 23, 2021
Ernst & Young AB

Fredrik Norrman
Authorized Public Accountant

SHARE DISTRIBUTION

| June 30, 2021 | Class A | Class B | Total |
|-----------------------------|------------|-------------|-------------|
| Registered number of shares | 64,586,997 | 637,755,492 | 702,342,489 |

At the end of the period, the proportion of Class A shares was 9.2%. In the second quarter of 2021, 675 Class A shares were converted to Class B shares at the request of shareholders. The total number of votes in the company thereafter amounted to 1,283,625,462.

FUTURE EVENTS

- The interim report for the third quarter will be published on October 29, 2021.
- The year-end report will be published on January 28, 2022.

INVITATION TO PRESS CONFERENCE ON HALF-YEAR REPORT 2021

Members of the media and analysts are hereby invited to attend a press conference where this interim report will be presented by the President and CEO, Ulf Larsson, and CFO, Toby Lawton.

Time: Friday, July 23, 2021 at 10:00 a.m. CEST

The press conference will be webcast live at www.sca.com. It is also possible to participate by telephone by calling:

Sweden: +46 (0)8 5069 2180
 UK: +44 (0)2071 928000
 US: +1 631 510 7495

Specify "SCA" or the conference ID: 4394816.

Sundsvall, July 23, 2021

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Ulf Larsson
 President and CEO

For further information, please contact

Toby Lawton, CFO, +46 (0)60 19 31 09

Josefine Bonnevier, Investor Relations Director, +46 (0)60 19 33 90

Please note:

This is information that SCA is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. This report has been prepared in both Swedish and English versions. In case of variations in the content between the two versions, the Swedish version shall govern. The information was submitted for publication, through the agency of the contact person set out below, on July 23, 2021 at 08:00 a.m. CEST. The report has been reviewed by the company's auditors.

Anders Edholm, Senior Vice President, Communications, +46 (0)60 19 32 12

GROUP**CONDENSED CONSOLIDATED INCOME STATEMENT**

| SEKm | Quarter | | | | | Jan-Jun | | |
|-------------------------------------------|--------------|--------------|------------|--------------|-----------|--------------|--------------|------------|
| | 2021:2 | 2020:2 | % | 2021:1 | % | 2021 | 2020 | % |
| Net sales | 4,810 | 4,687 | 3 | 4,172 | 15 | 8,982 | 9,480 | -5 |
| Other income | 428 | 363 | 18 | 543 | -21 | 971 | 874 | 11 |
| Change in inventories | -79 | -42 | | -311 | | -390 | -298 | |
| Change in value in biological assets | 336 | 238 | 41 | 316 | 6 | 652 | 571 | 14 |
| Raw materials and consumables | -990 | -1,777 | -44 | -1,167 | -15 | -2,157 | -3,503 | -38 |
| Personnel costs | -710 | -804 | -12 | -645 | 10 | -1,355 | -1,591 | -15 |
| Other external costs | -1,552 | -1,661 | -7 | -1,558 | 0 | -3,110 | -3,504 | -11 |
| Share of profits of associates | 17 | -3 | | 9 | | 26 | 2 | |
| EBITDA | 2,260 | 1,001 | 126 | 1,359 | 66 | 3,619 | 2,031 | 78 |
| Depreciation and impairment | -379 | -401 | -5 | -313 | 21 | -692 | -803 | -14 |
| Operating profit | 1,881 | 600 | 214 | 1,046 | 80 | 2,927 | 1,228 | 138 |
| Financial items | -26 | -31 | | -28 | | -54 | -55 | |
| Profit before tax | 1,855 | 569 | 226 | 1,018 | 82 | 2,873 | 1,173 | 145 |
| Tax | -372 | -110 | | -216 | | -588 | -231 | |
| Net Profit for the period | 1,483 | 459 | 223 | 802 | 85 | 2,285 | 942 | 143 |
| <i>Earnings per share SEK¹</i> | <i>2.11</i> | <i>0.65</i> | | <i>1.14</i> | | <i>3.25</i> | <i>1.34</i> | |
| Earnings attributable to: | | | | | | | | |
| Owners of the parent | 1,483 | 459 | | 802 | | 2,285 | 942 | |
| Average no. of shares, millions | 702.3 | 702.3 | | 702.3 | | 702.3 | 702.3 | |
| Margins (%) | | | | | | | | |
| EBITDA margin | 47.0 | 21.3 | | 32.6 | | 40.3 | 21.4 | |
| Operating margin | 39.1 | 12.8 | | 25.1 | | 32.6 | 13.0 | |
| Net margin | 30.8 | 9.8 | | 19.2 | | 25.4 | 9.9 | |

¹ There are no dilution effects.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| SEKm | Quarter | | | Jan-Jun | |
|-----------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|-------------|
| | 2021:2 | 2020:2 | 2021:1 | 2021 | 2020 |
| Profit for the period | 1,483 | 459 | 802 | 2,285 | 942 |
| Other comprehensive income for the period: | | | | | |
| Items that may not be reclassified to the income statement | | | | | |
| Change of value land assets | 941 | 533 | - | 941 | 533 |
| Revaluation of defined benefit pension plans | 326 | 70 | 708 | 1,034 | -502 |
| Income tax attributable to components of other comprehensive income | -261 | -125 | -146 | -407 | -7 |
| Total | 1,006 | 478 | 562 | 1,568 | 24 |
| Items that have been or may be reclassified subsequently to the income statement | | | | | |
| Cash flow hedges | -13 | 295 | -138 | -151 | -150 |
| Hedge cost | 21 | 33 | -23 | -2 | 26 |
| Translation differences in foreign operations | -18 | -75 | 31 | 13 | -3 |
| Income tax attributable to components of other comprehensive income | -1 | -67 | 33 | 32 | 26 |
| Total | -11 | 186 | -97 | -108 | -101 |
| Other comprehensive income for the period, net of tax | 995 | 664 | 465 | 1,460 | -77 |
| Total comprehensive income for the period | 2,478 | 1,123 | 1,267 | 3,745 | 865 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the parent | 2,478 | 1,123 | 1,267 | 3,745 | 865 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| SEKm | Jan-Jun | |
|--------------------------------------------------------------------|---------------|---------------|
| | 2021 | 2020 |
| Attributable to owners of the parent | | |
| Value, January 1 | 72,163 | 68,510 |
| Total comprehensive income for the period | 3,745 | 865 |
| Cash flow hedge transferred at cost of hedged investments | 32 | 13 |
| Tax on cash flow hedge transferred at cost of hedged investments | -7 | -3 |
| Cash dividend | -1,405 | - |
| Acquisition of non-controlling interests | - | 0 |
| Remeasurement effect upon acquisition of non-controlling interests | - | 0 |
| Value, June 30 | 74,528 | 69,385 |
| Non-controlling interests | | |
| Value, January 1 | - | 0 |
| Total comprehensive income for the period | - | 0 |
| Acquisition of non-controlling interests | - | 0 |
| Value, June 30 | - | - |
| Total equity, value June 30 | 74,528 | 69,385 |

CONDENSED CONSOLIDATED BALANCE SHEET

| SEKm | Jun 30, 2021 | Dec 31, 2020 |
|----------------------------------------------------|----------------|----------------|
| ASSETS | | |
| Non-current assets | | |
| Goodwill and other intangible assets | 342 | 320 |
| Buildings, land, machinery and equipment | 19,899 | 18,641 |
| Forest assets | 76,648 | 74,900 |
| <i>whereof land assets</i> | 24,612 | 23,624 |
| <i>whereof biological assets</i> | 52,036 | 51,276 |
| Right-of-use assets | 676 | 729 |
| Other non-current assets | 2,532 | 1,808 |
| Total non-current assets | 100,097 | 96,398 |
| Current assets | | |
| Inventories | 3,842 | 4,044 |
| Trade receivables | 2,797 | 1,964 |
| Other current receivables | 868 | 988 |
| Cash and cash equivalents | 489 | 1,273 |
| Total current assets | 7,996 | 8,269 |
| Total assets | 108,093 | 104,667 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Owners of the Parent | | |
| Share capital | 2,350 | 2,350 |
| Share premium | 6,830 | 6,830 |
| Reserves | 17,984 | 17,320 |
| Retained earnings | 47,364 | 45,663 |
| Total equity | 74,528 | 72,163 |
| Non-current liabilities | | |
| Non-current financial liabilities | 9,288 | 8,488 |
| Provisions for pensions | 297 | 530 |
| Deferred tax liabilities | 17,365 | 16,648 |
| Other non-current liabilities and other provisions | 241 | 225 |
| Total non-current liabilities | 27,191 | 25,891 |
| Current liabilities | | |
| Current financial liabilities | 1,400 | 1,336 |
| Trade payables | 3,103 | 3,319 |
| Other current liabilities and other provisions | 1,871 | 1,958 |
| Total current liabilities | 6,374 | 6,613 |
| Total liabilities and equity | 108,093 | 104,667 |

CONSOLIDATED CASH FLOW STATEMENT

| SEKm | Jan-Jun | |
|--------------------------------------------------------------------------------|---------------|---------------|
| | 2021 | 2020 |
| Operating activities | | |
| Profit before tax | 2,873 | 1,173 |
| Adjustment for non-cash items ¹ | 101 | 291 |
| Change in liabilities regarding restructuring costs | -271 | - |
| Paid tax | -68 | -28 |
| Cash flow from operating activities before changes in working capital | 2,635 | 1,436 |
| Cash flow from changes in working capital | | |
| Change in inventories | 183 | 354 |
| Change in operating receivables | -579 | -632 |
| Change in operating liabilities | -295 | -19 |
| Cash flow from operating activities | 1,944 | 1,139 |
| Investing activities | | |
| Acquisitions | 0 | - |
| Current capital expenditures in non-current assets, net | -415 | -467 |
| Strategic capital expenditures in non-current assets | -1,679 | -844 |
| Loans granted to external parties | -30 | - |
| Acquisition of financial asset | -2 | 0 |
| Cash flow from investing activities | -2,126 | -1,311 |
| Financing activities | | |
| Loans raised | 1,482 | 1,009 |
| Amortization of loans | -591 | -952 |
| Amortization of loans, leasing | -93 | -98 |
| Dividend | -1,405 | 0 |
| Cash flow from financing activities | -607 | -41 |
| Net cash flow for the period | -789 | -213 |
| Cash and cash equivalents at the beginning of the period | 1,273 | 454 |
| Translation differences in cash and cash equivalents | 5 | -5 |
| Cash and cash equivalents at the end of the period | 489 | 236 |
| Cash flow from operating activities per share SEK | 2.77 | 1.62 |
| ¹ Depreciation/amortization and impairment of non-current assets | 692 | 803 |
| Fair-value measurement of biological assets | -652 | -571 |
| Gains/loss on assets sales and swaps of assets | -5 | 1 |
| Unpaid related to costs due to discontinuation of publication paper operations | 7 | - |
| Resolution of provision | - | 8 |
| Other | 59 | 50 |
| Total | 101 | 291 |

NOTES

1. ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IAS 34 and recommendation RFR 1 of the Swedish Financial Reporting Board, and with regards to the Parent Company, RFR 2. Applied accounting principles are described in detail in SCA's 2020 Annual and Sustainability Report.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

Net sales by segment

| SEKm | Jan-Jun 2021 | | | | | | Total |
|---------------------|--------------|----------------|--------------|--------------|------------|---------------|--------------|
| | Forest | Containerboard | Pulp | Wood | Other | Eliminations | |
| Sweden | 3,215 | 287 | 413 | 1,003 | 33 | -3,242 | 1,709 |
| EU excluding Sweden | 4 | 1,998 | 1,147 | 698 | 292 | - | 4,139 |
| Rest of Europe | - | 182 | 203 | 384 | 29 | - | 798 |
| Rest of world | - | 145 | 1,090 | 944 | 157 | - | 2,336 |
| Total Group | 3,219 | 2,612 | 2,853 | 3,029 | 511 | -3,242 | 8,982 |

| SEKm | Jan-Jun 2020 | | | | | | Total |
|---------------------|--------------|----------------|--------------|--------------|--------------|---------------|--------------|
| | Forest | Containerboard | Pulp | Wood | Other | Eliminations | |
| Sweden | 3,327 | 241 | 391 | 703 | 112 | -3,451 | 1,323 |
| EU excluding Sweden | - | 1,816 | 1,074 | 1,257 | 1,218 | - | 5,365 |
| Rest of Europe | - | 142 | 182 | 322 | 37 | - | 683 |
| Rest of world | - | 147 | 632 | 925 | 405 | - | 2,109 |
| Total Group | 3,327 | 2,346 | 2,279 | 3,207 | 1,772 | -3,451 | 9,480 |

3. FOREST VALUATION

Accounting principles

The accounting principles for forest assets are described in detail on page 107, Note D3, of SCA's 2020 Annual Report.

Key assessments and assumptions

The impact of assessments, assumptions and sensitivity analysis is described in detail in Note D3, of SCA's 2020 Annual Report. SCA bases its valuation of forest assets in Sweden on forest transactions in the areas where SCA owns forest assets. The market prices applied by SCA comprise a weighted average based on forest transactions over the last three years. When establishing the change in value of biological assets, the same valuation model has been used as in the past, with a return requirement of 3.6% (3.6) after tax. The value of land assets constitutes the residual amount between the total value in accordance with market price based on forest transactions and the value of the biological assets.

Result

At December 31, 2020, the total standing timber volume was estimated at 257 million m³fo, of which 5 million m³fo in the Baltic states. At December 31, 2020, the market price applied by SCA was SEK 291/m³fo and the total value of the forest assets was SEK 74,900m. At December 31, 2021, the expected timber volume of the forest holding is estimated at 261 million m³fo, of which 6 million m³fo in the Baltic states. At June 30, 2021, the applied market price was SEK 300/m³fo. Half of the expected annual change in value was recognized during the first half-year corresponding to an increase of SEK 1,748m with a total value of SEK 76,648m for SCA's forest assets at June 30, 2021. The value of forest assets increased due to the revaluation of biological assets of SEK 652m which is reported in the income statement, the revaluation of land assets of SEK 941m which is recognized in other comprehensive income with no effect on profit for the year, and other items (including investments) of SEK 155m.

Forest assets

| SEKm | Jun 30, 2021 | Dec 31, 2020 |
|--------------------------------------|---------------|---------------|
| Forest assets in Sweden | 75,028 | 73,387 |
| Forest assets in the Baltics | 1,620 | 1,513 |
| Totalt value of forest assets | 76,648 | 74,900 |
| Deferred tax on forest assets | 15,313 | 14,977 |

4. OTHER PROVISIONS

Accounting principles

The accounting principles for other provisions are described in detail on page 111, Note D8, of SCA's 2020 Annual Report.

| SEKm | Efficiency programs | Environment | Discontinuation publication paper | Other | Total |
|-------------------------|---------------------|-------------|-----------------------------------|-----------|------------|
| Value, January 1 | 3 | 54 | 756 | 21 | 834 |
| Provisions | - | 18 | 1 | 1 | 20 |
| Utilization | 0 | -28 | -349 | -4 | -381 |
| Dissolutions | - | - | - | 0 | 0 |
| Translation differences | - | 0 | 1 | - | 1 |
| Value, June 30 | 3 | 44 | 409 | 18 | 474 |
| Provisions consist of: | | | | | |
| Long-term component | | | | | 132 |
| Short-term component | | | | | 342 |

5. RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 66–70 of SCA's Annual and Sustainability Report 2020.

Health and safety are a top priority at SCA, not least during this challenging time with Covid-19. So far, there has been limited impact on the production and deliveries of SCA's products, which include the delivery of important input goods to hygiene products and packaging for food and medicines. The company is actively working to monitor inventory levels, secure the delivery and distribution chain and to ensure cash flow. The publication paper product category was hardest hit by Covid-19, a product area that SCA exited during the first quarter of 2021. There remains significant uncertainty about the future impact of the pandemic and this may affect SCA's future earnings.

6. RELATED PARTY TRANSACTIONS

During the period, no transactions took place between SCA and related parties with any material impact on the company's financial position or results.

7. FINANCIAL INSTRUMENTS BY CATEGORY

| SEKm | Measurement level | Jun 30, 2021 | Dec 31, 2020 |
|-----------------------------------------------------------------------------------|-------------------|---------------|--------------|
| Financial assets measured at fair value in the income statement | | | |
| Derivatives - Current financial assets | 2 | 1 | 0 |
| Derivatives - Other current receivables | 2 | 87 | 101 |
| Total | | 88 | 101 |
| Financial liabilities measured at fair value in the income statement | | | |
| Derivatives - Current financial liabilities | 2 | 0 | 3 |
| Derivatives - Other current liabilities | 2 | 107 | 89 |
| Derivatives - Other non-current liabilities | 2 | 11 | 17 |
| Total | | 118 | 109 |
| Financial assets measured at fair value through other comprehensive income | | | |
| Equity instruments | 3 | 14 | 14 |
| Total | | 14 | 14 |
| Financial liabilities measured at amortized cost | | | |
| Non-current financial liabilities excluding leasing | - | 8,733 | 7,866 |
| Non-current financial liabilities, leasing | - | 551 | 603 |
| Current financial liabilities excluding leasing | - | 1,253 | 1,176 |
| Current financial liabilities, leasing | - | 147 | 148 |
| Total | | 10,684 | 9,793 |
| Derivatives used for hedge accounting | | | |
| Non-current financial assets | 2 | - | - |

| | | | |
|----------------------------------------------|---|------------|------------|
| Other non-current assets | 2 | 2 | 3 |
| Other current receivables | 2 | 38 | 213 |
| Total | | 40 | 216 |
| Derivatives used for hedge accounting | | | |
| Non-current financial liabilities | 2 | 5 | 19 |
| Other non-current liabilities | 2 | 30 | 43 |
| Other current liabilities | 2 | 70 | 96 |
| Total | | 105 | 158 |

The fair value of trade receivables, other current and non-current receivables, cash and cash equivalents, and trade payables is estimated to be equal to their carrying amount. The total fair value of current and non-current financial liabilities, excluding lease liabilities, was SEK 9,993m (9,069). The value of electricity derivatives is based on published prices in an active market. Other financial instruments are marked to market, based on prevailing currency and interest rates on the balance sheet date. The fair value of debt instruments is determined using valuation models, such as discounting future cash flows at quoted market rates for the respective maturity.

8. CONTINGENT LIABILITIES AND COMMITMENTS

| SEKm | Parent | | Group | |
|-------------------------------|--------------|--------------|--------------|--------------|
| | Jun 30, 2021 | Dec 31, 2020 | Jun 30, 2021 | Dec 31, 2020 |
| Contingent liabilities | | | | |
| Guarantees for subsidiaries | 740 | 724 | - | - |
| associates | - | - | 5 | 5 |
| customers and others | - | - | 28 | 28 |
| Other contingent liabilities | 328 | 333 | 18 | 19 |
| Total | 1,068 | 1,057 | 51 | 52 |

Commitments

SCA has a decided investment in Obbola totaling SEK 7.5bn over a five-year period. As of June 30, 2021, SEK 3.8bn remained, of which SEK 2.2bn was a contracted commitment. The commitment refers entirely to non-current assets.

9. ALTERNATIVE PERFORMANCE MEASURES

For definitions of alternative performance measures, refer to SCA's 2020 Annual Report, pages 91–93.

| SEKm | Quarter | | | Jan-Jun | |
|----------------------------------------------------------------------|--------------|------------|--------------|--------------|--------------|
| | 2021:2 | 2020:2 | 2021:1 | 2021 | 2020 |
| EBITDA | 2,260 | 1,001 | 1,359 | 3,619 | 2,031 |
| Changes in biological assets and other non cash flow items | -362 | -233 | -320 | -682 | -573 |
| Operating cash surplus | 1,898 | 768 | 1,039 | 2,937 | 1,458 |
| Change in working capital | -401 | -151 | -290 | -691 | -297 |
| Restructuring costs | -148 | - | -123 | -271 | - |
| Current capital expenditures, net ¹ | -230 | -338 | -209 | -439 | -513 |
| Other operating cash flow | -13 | -6 | 58 | 45 | -34 |
| Operating cash flow | 1,106 | 273 | 475 | 1,581 | 614 |
| ²⁾ Including following values from new leasing contracts: | -9 | -29 | -15 | -24 | -46 |

Capital structure

| SEKm | Jun 30, 2021 | Dec 31, 2020 |
|----------------------------------------|---------------|---------------|
| Forest assets | 76,648 | 74,900 |
| Working capital | 3,292 | 2,759 |
| Deferred tax relating to forest assets | -15,313 | -14,977 |
| Other capital employed, net | 18,137 | 17,152 |
| Total capital employed | 82,764 | 79,834 |
| Net debt, SEKm | 8,236 | 7,671 |
| Net debt/EBITDA (LTM) ^{1,2} | 1.4x | 1.7x |
| Equity, SEKm | 74,528 | 72,163 |
| Net debt/Equity (%) | 11.1 | 10.6 |

¹ Rolling 12 months.

² Excluding the effect of one-off items related to discontinuation publication paper operations in 2020:3 and 2020:4.

Return on capital employed

| % | Quarter ¹ | LTM ² | Full year |
|-------------------------------------------------------------|----------------------|------------------|-----------|
| | 2021:2 | Jun 30, 2021 | 2020 |
| <i>Return on capital employed</i> ³ | 9.2 | 5.6 | 3.6 |
| <i>Industrial return on capital employed</i> ^{3,4} | 31.1 | 14.3 | 5.4 |

¹ Operating profit for the quarter multiplied by four as a percentage of average capital employed for the last two quarters.

² Rolling 12 months.

³ Excluding the effect of one-off items related to discontinuation publication paper operations in 2020:3 and 2020:4.

⁴ Excluding ongoing strategic investments.

Working capital

| SEKm | Jun 30, 2021 | Dec 31, 2020 |
|--------------------------------------------------|--------------|--------------|
| Inventories | 3,842 | 4,044 |
| Accounts receivable | 2,797 | 1,964 |
| Other current receivables | 738 | 987 |
| Accounts payable | -3,103 | -3,319 |
| Other current liabilities | -1,332 | -1,200 |
| Adjustments ¹ | 350 | 283 |
| Working capital | 3,292 | 2,759 |
| <i>Working capital in % of net sales</i> | <i>17.1</i> | <i>18.3</i> |
| ¹ Adjustments: | | |
| Accounts payable, strategic capital expenditures | 398 | 443 |
| Other current provisions | -48 | -174 |
| Other current liabilities, emission rights | 0 | 14 |
| Sum adjustments | 350 | 283 |

Net debt

| SEKm | Jun 30, 2021 | Dec 31, 2020 |
|-----------------------------------|---------------|---------------|
| Surplus in funded pension plans | 2,047 | 1,329 |
| Non-current financial assets | 83 | 81 |
| Current financial assets | 130 | 0 |
| Cash and cash equivalents | 489 | 1,273 |
| Financial receivables | 2,749 | 2,683 |
| Non-current financial liabilities | 9,288 | 8,488 |
| Provisions for pensions | 297 | 530 |
| Current financial liabilities | 1,400 | 1,336 |
| Financial liabilities | 10,985 | 10,354 |
| Net debt | -8,236 | -7,671 |

10. QUARTERLY DATA CONTAINERBOARD/PAPER

A summary of historical financial data for the Containerboard segment is available in the year-end report for 2020 on page 23, Note 10.

| SEKm | Quarter ¹ | | | | | Jan-Jun | |
|------------------------------------------------|----------------------|--------|-----|--------|-----|---------|-------|
| | 2021:2 | 2020:2 | % | 2021:1 | % | 2021 | 2020 |
| Net sales | 1,340 | 1,876 | -29 | 1,272 | 5 | 2,612 | 4,118 |
| EBITDA | 411 | 229 | 79 | 321 | 28 | 732 | 608 |
| Depreciations | -108 | -139 | -22 | -106 | 2 | -214 | -283 |
| Operating profit | 303 | 89 | 240 | 215 | 41 | 518 | 325 |
| EBITDA margin, % | 30.7 | 12.2 | | 25.2 | | 28.0 | 14.8 |
| Operating margin, % | 22.6 | 4.7 | | 16.9 | | 19.8 | 7.9 |
| Return on capital employed, % | 25.9 | 5.3 | | 18.5 | | 17.4 | 14.6 |
| Deliveries, kraftliner, thousand tonnes | 210 | 194 | 8 | 226 | -7 | 436 | 414 |
| Deliveries, publication paper, thousand tonnes | 27 | 129 | -79 | 72 | -63 | 99 | 304 |

¹ Segment Paper changed its name to Containerboard on January 1, 2021. The publication paper operation is included until 2020:4 and is thereafter reported in Other

11. QUARTERLY DATA BY SEGMENT

NET SALES

| SEKm | Quarter | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2021:2 | 2021:1 | 2020:4 | 2020:3 | 2020:2 | 2020:1 | 2019:4 | 2019:3 | 2019:2 |
| Forest | 1,592 | 1,627 | 1,659 | 1,500 | 1,494 | 1,833 | 1,694 | 1,865 | 1,746 |
| Wood | 1,765 | 1,264 | 1,498 | 1,592 | 1,770 | 1,436 | 1,376 | 1,545 | 1,727 |
| Pulp | 1,565 | 1,288 | 1,166 | 986 | 1,091 | 1,188 | 900 | 1,129 | 1,214 |
| Containerboard/Paper ¹ | 1,340 | 1,272 | 1,981 | 1,817 | 1,876 | 2,242 | 2,108 | 2,380 | 2,375 |
| Other ¹ | 138 | 374 | - | - | - | - | - | - | - |
| Intra-group deliveries | -1,590 | -1,653 | -1,712 | -1,557 | -1,544 | -1,906 | -1,766 | -1,944 | -1,834 |
| Total net sales | 4,810 | 4,172 | 4,592 | 4,338 | 4,687 | 4,793 | 4,312 | 4,975 | 5,228 |

¹ Segment Paper changed its name to Containerboard on January 1, 2021. The publication paper operation is included in Containerboard until 2020:4 and thereafter in Other.

EBITDA

| SEKm | Quarter | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2021:2 | 2021:1 | 2020:4 | 2020:3 | 2020:2 | 2020:1 | 2019:4 | 2019:3 | 2019:2 |
| Forest | 753 | 449 | 747 | 515 | 499 | 452 | 607 | 388 | 414 |
| Wood | 628 | 310 | 227 | 192 | 143 | 95 | 125 | 180 | 188 |
| Pulp | 600 | 385 | 109 | 137 | 182 | 186 | 20 | 268 | 344 |
| Containerboard/Paper ¹ | 411 | 321 | 342 | 240 | 229 | 379 | 382 | 577 | 489 |
| Other ¹ | -132 | -106 | -48 | -52 | -52 | -82 | -79 | -49 | -95 |
| Total EBITDA^{2,3} | 2,260 | 1,359 | 1,377 | 1,032 | 1,001 | 1,030 | 1,055 | 1,364 | 1,340 |

¹ Segment Paper changed its name to Containerboard on January 1, 2021. The publication paper operation is included in Containerboard until 2020:4 and thereafter in Other.

² Including the effect of discontinuation of publication paper operations EBITDA in Other amounted to 26 SEKm in 2020:4 and to -1,172 SEKm in 2020:3, for the Group amounted to 1,451 SEKm in 2020:4 and to -88 SEKm in 2020:3.

³ Including the effect of the changed accounting method of forests assets, EBITDA amounted to SEK 17,097m for the Group in 2019:4.

EBITDA MARGIN

| % | Quarter | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2021:2 | 2021:1 | 2020:4 | 2020:3 | 2020:2 | 2020:1 | 2019:4 | 2019:3 | 2019:2 |
| Forest | 47.3 | 27.6 | 45.0 | 34.3 | 33.4 | 24.6 | 35.8 | 20.8 | 23.7 |
| Wood | 35.6 | 24.5 | 15.2 | 12.1 | 8.1 | 6.6 | 9.1 | 11.6 | 10.8 |
| Pulp | 38.3 | 29.9 | 9.3 | 13.9 | 16.7 | 15.6 | 2.2 | 23.8 | 28.4 |
| Containerboard/Paper ¹ | 30.7 | 25.2 | 17.3 | 13.2 | 12.2 | 16.9 | 18.1 | 24.2 | 20.6 |
| EBITDA margin^{2,3} | 47.0 | 32.6 | 30.0 | 23.8 | 21.3 | 21.5 | 24.5 | 27.4 | 25.6 |

¹ Segment Paper changed its name to Containerboard on January 1, 2021. The publication paper operation is included in Containerboard until 2020:4 and thereafter in Other.

² Including the effect of discontinuation publication paper operations EBITDA margin for the Group was 31.6% in 2020:4 and -2.0% in 2020:3.

³ Including the effect of changed accounting method for valuation of forest assets, the EBITDA margin for the Group was 396.5% for the Group in 2019:4.

PARENT COMPANY

INCOME STATEMENT

| SEKm | Jan-Jun | |
|------------------------------|------------|------------|
| | 2021 | 2020 |
| Other operating income | 134 | 128 |
| Other operating expenses | -85 | -86 |
| Personnel costs | -54 | -57 |
| EBITDA | -5 | -15 |
| Depreciation and impairment | -45 | -43 |
| Operating profit | -50 | -58 |
| Financial items | 54 | 6 |
| Profit before tax | 4 | -52 |
| Appropriations and tax | 834 | 292 |
| Profit for the period | 838 | 240 |

Other operating income was mainly related to remuneration for the granting of felling rights for the Parent Company's forest land. Other comprehensive income was the same as profit for the period.

CONDENSED BALANCE SHEET

| SEKm | Jun 30, 2021 | Dec 31, 2020 |
|-------------------------------------------------|---------------|---------------|
| Tangible non-current assets | 8,732 | 8,723 |
| Financial non-current assets | 9,679 | 9,690 |
| Total non-current assets | 18,411 | 18,413 |
| Current assets | 13,886 | 14,270 |
| Total assets | 32,297 | 32,683 |
| Restricted equity | 11,373 | 11,373 |
| Non-restricted equity | 8,414 | 8,981 |
| Total equity | 19,787 | 20,354 |
| Provisions | 1,620 | 1,611 |
| Non-current liabilities | 8,782 | 7,928 |
| Current liabilities | 2,108 | 2,790 |
| Total equity, provisions and liabilities | 32,297 | 32,683 |