

Half-year report

Q2 2024



January–June 2024 compared with January–June 2023

- Net sales increased to SEK 9,849m (9,395). The sales increase was mainly as a result of higher delivery volumes due to a gradual ramp up of production at mills where strategic capital expenditures have recently been made.
- EBITDA amounted to SEK 3,484m (3,755). Lower selling prices were offset by higher delivery volumes, positive exchange rate effects and effective cost control.
- EBITDA margin was 35.4% (40.0).
- Operating profit declined to SEK 2,438m (2,825).
- Operating cash flow amounted to SEK 1,203m (1,851).
- Earnings per share was SEK 2.49 (3.06).

April–June 2024 compared with April–June 2023

- Net sales increased to SEK 5,291m (4,582), mainly attributable to higher selling prices and higher delivery volumes.
- EBITDA amounted to SEK 1,888m (1,700) and EBITDA margin was 35.7% (37.1). Higher selling prices had a positive impact on earnings.

April–June 2024 compared with January–March 2024

- Net sales increased to SEK 5,291m (4,558), mainly attributable to higher selling prices and higher delivery volumes.
- EBITDA increased to SEK 1,888m (1,596) and EBITDA margin was 35.7% (35.0). The increase was primarily attributable to higher selling prices.

KEY FIGURES

SEKm	Quarter					Jan-Jun		
	2024:2	2023:2	%	2024:1	%	2024	2023	%
Net sales	5,291	4,582	15	4,558	16	9,849	9,395	5
EBITDA	1,888	1,700	11	1,596	18	3,484	3,755	-7
EBITDA margin, %	35.7	37.1		35.0		35.4	40.0	
Operating profit	1,361	1,229	11	1,077	26	2,438	2,825	-14
Net Profit	960	916	5	789	22	1,749	2,129	-18
Earnings per share SEK	1.37	1.32		1.12		2.49	3.06	
Operating cash flow	526	648		677		1,203	1,851	
Net Debt / EBITDA (LTM)	1.8x	1.3x		1.8x		1.8x	1.3x	

SUMMARY OF THE SECOND QUARTER OF 2024

SCA's earnings for the second quarter were stronger compared with the preceding quarter and the year-earlier quarter. Demand for fiber-based products gradually grew during the first half of the year, which led to progressively higher selling prices that positively impacted earnings. The high rate of self-sufficiency in wood raw material, energy and logistics continued to contribute to effective cost control and the strategic capital expenditures recently made in pulp and packaging paper resulted in higher delivery volumes.

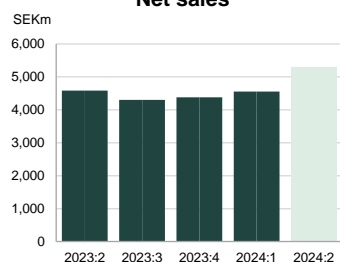
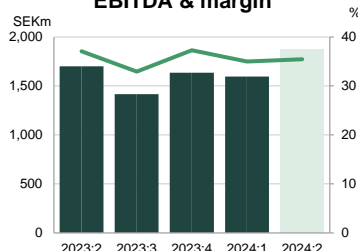
The supply of wood raw material to SCA's industries was stable. The price of sawlogs and pulpwood continued to rise slightly compared with the preceding quarter.

Seasonally stronger demand combined with higher sawlog costs led to increasing selling prices for solid-wood products compared with the preceding quarter.

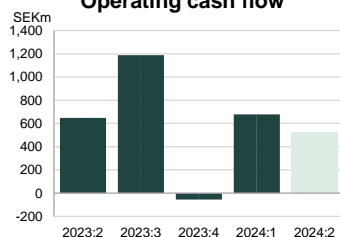
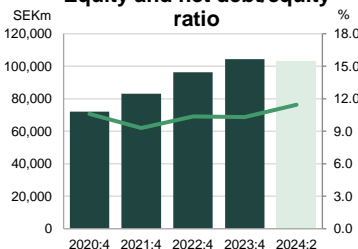
Demand in the Pulp segment remained at a good level with increased delivery volumes and progressively higher selling prices compared with the preceding quarter.

Demand for packaging material continued to increase during the quarter, leading to stronger demand for kraftliner and progressively higher selling prices compared with the preceding quarter.

Seasonally lower demand for electricity and solid biofuel combined with a weaker market for liquid biofuel led to lower selling prices and delivery volumes in the Renewable Energy segment.

Net sales**EBITDA & margin****Change in net sales (%)**

	2406 vs 2306	2024:2 vs 2023:2	2024:2 vs 2024:1
Total	5	15	16
Price/mix	-3	7	9
Volume	5	5	6
Currency	3	3	1

Operating cash flow**Equity and net debt/equity ratio****GROUP****SALES AND OPERATING PROFIT****January–June 2024 compared with January–June 2023**

Net sales amounted to SEK 9,849m (9,395), an increase of 5%, of which volume accounted for +5%, currency +3% and price/mix -3%.

EBITDA decreased to SEK 3,484m (3,755), corresponding to an EBITDA margin of 35.4% (40.0). The change was mainly attributable to lower selling prices and higher raw material costs, which were offset by positive exchange rate effects, higher delivery volumes and effective cost control due to the high rate of self-sufficiency in primarily wood raw material but also energy and logistics. The cost of planned maintenance stops was SEK 29m (115).

Operating profit amounted to SEK 2,438m (2,825).

April–June 2024 compared with April–June 2023

Net sales increased to SEK 5,291m (4,582), up 15%, of which price/mix accounted for +7%, volume +5% and currency +3%.

EBITDA increased to SEK 1,888m (1,700), corresponding to an EBITDA margin of 35.7% (37.1). The change was mainly attributable to higher selling prices in the Pulp and Wood segments as well as positive exchange rate effects. Higher raw material costs had a negative impact on earnings. The cost of planned maintenance stops amounted to SEK 29m (94).

Operating profit amounted to SEK 1,361m (1,229).

April–June 2024 compared with January–March 2024

Net sales increased to SEK 5,291m (4,558), a change of 16%, of which price/mix accounted for +9%, volume +6% and currency +1%.

EBITDA amounted to SEK 1,888m (1,596), corresponding to an EBITDA margin of 35.7% (35.0). Higher selling prices in the Pulp, Wood and Containerboard segments had a positive impact on earnings, which was offset by lower prices and seasonally lower delivery volumes in the Renewable Energy segment. The cost of planned maintenance stops was SEK 29m (0). Leakage in recovery boiler in segment Pulp had a negative impact of approximately SEK 60m on earnings in Q2, and Q3 is expected to be impacted with a similar amount.

Operating profit increased to SEK 1,361m (1,077).

CASH FLOW**January–June 2024 compared with January–June 2023**

The operating cash surplus amounted to SEK 2,500m (2,806). The cash flow effect of changes in working capital was SEK -730m (-149). Current capital expenditures, net, amounted to SEK -249m (-629). Operating cash flow was SEK 1,203m (1,851) (see Note 10).

Strategic capital expenditures totaled SEK -347m (-938) and company and asset acquisitions were SEK -88m (-96). Paid tax amounted to SEK -6m (-245) for the period. Cash flow for the period was SEK -38m (-618) (see page 15).

FINANCING

At June 30, 2024, net debt totaled SEK 11,829m, an increase during the quarter of SEK 117m. Net debt in relation to EBITDA amounted to 1.8x, compared with 1.8x in the preceding quarter. The net debt/equity ratio amounted to 11.4% compared with 11.3% in the preceding quarter.

At June 30, 2024, gross debt amounted to SEK 15,020m, with an average maturity of 4.0 years (including the lease liability). The loan structure consists of bilateral bank loans and bonds. Unutilized credit facilities amounted to approximately SEK 5,500m at June 30, 2024, the bulk of which falls due in 2026.

Financial items totaled SEK -267m during the first half of the year 2024 compared with SEK -162m in the year-earlier period. The change was attributable to higher average net debt and higher market rates.

TAX

January–June 2024 compared with January–June 2023

The Group's tax expense amounted to SEK 422m (534), corresponding to an effective tax rate of 19.4% (20.1).

EQUITY

January–June 2024

Equity decreased by SEK 363m during the period, to SEK 103,921m at June 30, 2024. Equity increased due to comprehensive income for the period of SEK 1,579m, decreased by SEK 1,931m due to the dividend payment and decreased by other items of SEK 11m.

CURRENCY EXPOSURE AND CURRENCY HEDGING

Due to a high proportion of exports, SCA's operations are exposed to various currencies. About 90% of sales are priced in currencies other than SEK, primarily EUR, USD and GBP. Most purchasing is conducted in SEK, while some purchasing is carried out in foreign currencies.

To reduce the risk of a weaker SEK, balance sheet items in foreign currency are hedged, as well as major decided and contracted expenses in foreign currency for investments in non-current assets. Added to this, a share of future net flows in the main currencies is hedged and, in some cases, for special order flows. At June 30, the company had hedged roughly the following shares of the expected net exposure from sales minus purchases.

Currency	Average rate	Share of expected net exposure, %			
		2024:3	2024:4	2025:1	2025:2
EUR	11.58	60	60	50	25
USD	10.66	80	65	50	25

PLANNED MAINTENANCE STOPS

In the second quarter of 2024, one planned maintenance stop was carried out at the Östrand pulp mill (Pulp segment). The estimated effect of the planned maintenance stops on earnings, calculated as the sum of the direct cost of the maintenance and lower fixed cost coverage from reduced capacity utilization during the stops, is shown in the table below.

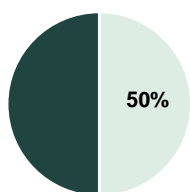
SEKm	Actual				
	2023:1	2023:2	2023:3	2023:4	Total
Pulp	0	0	47	147	194
Containerboard	21	94	68	0	183
Total	21	94	115	147	377

SEKm	Actual		Forecast		Total
	2024:1	2024:2	2024:3	2024:4	
Pulp	0	29	25	175	229
Containerboard	0	0	90	90	180
Total	0	29	115	265	409

FOREST ASSETS

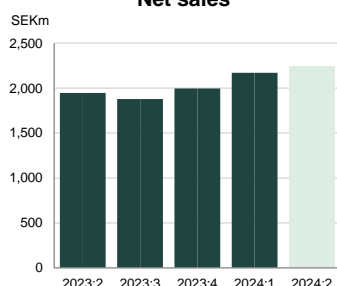
The value of SCA's forest assets amounted to SEK 108.1bn at June 30, 2024 compared with SEK 107.5bn at the end of the preceding year. The change in value of the total forest assets was driven by the increase in standing volume (net growth) while the market price of forest land was unchanged. In the first half of 2024, few forest transactions were completed, which led to limited supporting data for calculation of an average market price. On account of the limited statistical data, SCA has not adjusted the average market price (see Note 3).

Share of EBITDA Jan-Jun 2024*

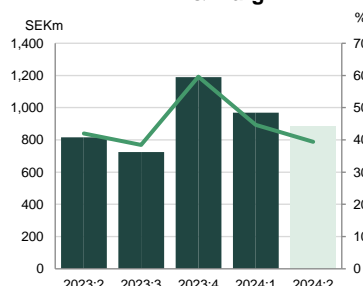


* share calculated of total EBITDA excluding central costs

Net sales



EBITDA & margin



FOREST

SCA is Europe's largest private forest owner with a holding of 2.7 million hectares of forest land in Northern Sweden and the Baltic region. 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		
	2024:2	2023:2	%	2024:1	%	2024	2023	%
Net sales	2,239	1,945	15	2,169	3	4,408	3,876	14
EBITDA	883	817	8	970	-9	1,853	1,598	16
Depreciation	-62	-56	11	-60	3	-122	-114	7
Operating profit	821	761	8	910	-10	1,731	1,484	17
EBITDA margin, %	39.4	42.0		44.7		42.0	41.2	
Operating margin, %	36.7	39.1		42.0		39.3	38.3	
Return on capital employed, %	3.7	3.8		4.1		4.1	3.5	
Harvesting of own forest, thousand m ³ sub	1,552	1,383	12	976	59	2,528	2,306	10
Revaluation of biological assets ¹	462	463	0	462	0	924	925	0

¹ Revaluation of biological assets are included in EBITDA.

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.

Revaluation of forest assets

The revaluation of biological assets was SEK 462m in the second quarter. The revaluation of the total forest assets is determined by the annual increase in standing volume (net growth) and the change in market price of forest land (see Note 3).

January–June 2024 compared with January–June 2023

Net sales increased 14% to SEK 4,408m (3,876), primarily attributable to higher selling prices for sawlogs and pulpwood, and higher delivery volumes to SCA's industries.

EBITDA increased 16% to SEK 1,853m (1,598). This increase was primarily attributable to higher prices for sawlogs and pulpwood.

April–June 2024 compared with April–June 2023

Net sales increased 15% to SEK 2,239m (1,945), primarily attributable to higher selling prices for sawlogs and pulpwood, as well as higher delivery volumes to SCA's industries.

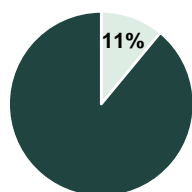
EBITDA increased 8% to SEK 883m (817). This increase was primarily attributable to higher selling prices for sawlogs and pulpwood and a higher share of harvesting from SCA-owned forest.

April–June 2024 compared with January–March 2024

Net sales increased 3% to SEK 2,239m (2,169), primarily related to slightly higher selling prices for sawlogs and pulpwood.

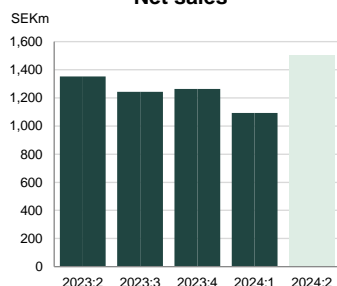
EBITDA declined 9% to SEK 883m (970). The decrease was primarily attributable to seasonally higher silviculture costs and sale of a property in the preceding quarter with an earnings impact of SEK 128m. Seasonally higher harvesting from SCA-owned forest and slightly higher selling prices for sawlogs and pulpwood had a positive impact on earnings.

Share of EBITDA Jan-Jun 2024*

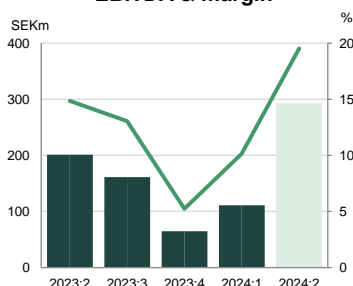


* share calculated of total EBITDA
excluding central costs

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 2.3 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		
	2024:2	2023:2	%	2024:1	%	2024	2023	%
Net sales	1,506	1,353	11	1,093	38	2,599	2,650	-2
EBITDA	294	201	46	111	165	405	324	25
Depreciation	-72	-50	44	-67	7	-139	-102	36
Operating profit	222	151	47	44	405	266	222	20
EBITDA margin, %	19.6	14.9		10.2		15.6	12.2	
Operating margin, %	14.8	11.2		4.0		10.3	8.4	
Return on capital employed, %	23.9	16.9		4.9		10.4	15.1	
Deliveries, wood products, thousand m ³	516	483	7	403	28	919	973	-6

January–June 2024 compared with January–June 2023

Net sales declined 2% to SEK 2,599m (2,650). The change was primarily attributable to lower delivery volumes, which were offset by higher selling prices.

EBITDA improved 25% to SEK 405m (324). The increase was mainly explained by higher selling prices, which were offset by higher sawlog costs.

April–June 2024 compared with April–June 2023

Net sales improved 11% to SEK 1,506m (1,353), which was mainly due to higher delivery volumes and higher selling prices.

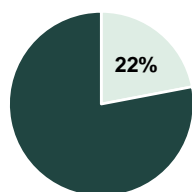
EBITDA improved 46% to SEK 294m (201). The change was primarily attributable to higher selling prices and higher delivery volumes, which were offset by higher sawlog costs.

April–June 2024 compared with January–March 2024

Net sales increased 38% to SEK 1,506m (1,093). Higher delivery volumes and higher selling prices had a positive effect on sales.

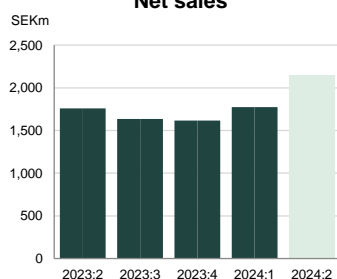
EBITDA increased 165% to SEK 294m (111). The change was primarily attributable to higher selling prices and higher delivery volumes.

Share of EBITDA Jan-Jun 2024*

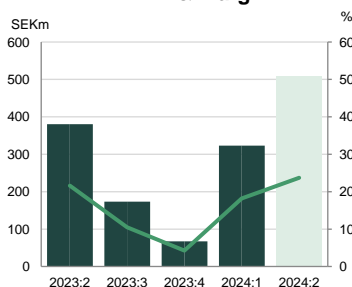


* share calculated of total EBITDA
excluding central costs

Net sales



EBITDA & margin



PULP

SCA produces Northern bleached softwood kraft pulp (NBSK) at Östrand pulp mill and chemi-thermomechanical pulp (CTMP) at the Ortvisen site in Sundsvall with a total capacity of 1 million tonnes per year, which is expected to increase to 1.2 million tonnes in 2025. The Östrand pulp mill is one of the largest and most cost-efficient production lines for NBSK in the world and is also a net producer of green electricity and produces biochemicals such as tall oil and turpentine.

SEKm	Quarter					Jan-Jun		
	2024:2	2023:2	%	2024:1	%	2024	2023	%
Net sales	2,147	1,760	22	1,774	21	3,921	3,641	8
EBITDA	509	380	34	323	58	832	973	-14
Depreciation	-168	-168	0	-169	-1	-337	-323	4
Operating profit	341	212	61	154	121	495	650	-24
EBITDA margin, %	23.7	21.6		18.2		21.2	26.7	
Operating margin, %	15.8	12.1		8.7		12.6	17.9	
Return on capital employed, %	14.1	8.5		6.4		4.1	20.2	
Deliveries, pulp, thousand tonnes	258	242	7	233	11	491	467	5

January–June 2024 compared with January–June 2023

Net sales increased 8% to SEK 3,921m (3,641). Higher delivery volumes from the new CTMP facility and positive exchange rate effects had a positive impact on net sales.

EBITDA declined 14% to SEK 832m (973). The EBITDA margin was 21.2% (26.7). Higher costs for wood raw material and higher costs for planned maintenance stops of SEK 29m (0) had a negative impact on earnings.

April–June 2024 compared with April–June 2023

Net sales increased 22% to SEK 2,147m (1,760). The increase was mainly attributable to higher selling prices and higher delivery volumes.

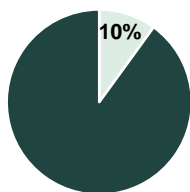
EBITDA improved 34% to SEK 509m (380), which is mainly related to higher selling prices. Higher costs for wood raw material had a negative impact on earnings. The cost of planned maintenance stops was SEK 29m (0).

April–June 2024 compared with January–March 2024

Net sales increased 21% to SEK 2,147m (1,774). The increase was attributable to higher delivery volumes and higher selling prices.

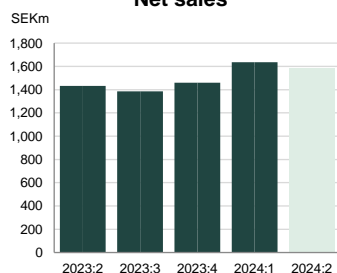
EBITDA increased with 58% to SEK 509m (323). This increase was primarily attributable to higher selling prices. The cost of planned maintenance stops was SEK 29m (0). Leakage in recovery boiler had a negative impact of approximately SEK 60m on earnings in Q2, and Q3 is expected to be impacted with a similar amount.

Share of EBITDA Jan-Jun 2024*

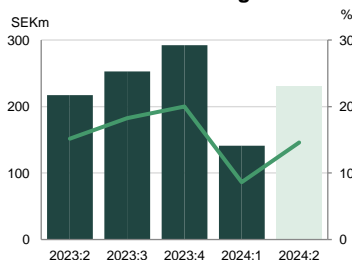


* share calculated of total EBITDA excluding central costs

Net sales



EBITDA & margin



CONTAINERBOARD

SCA produces kraftliner, renewable packaging paper, at the paper mills in Munksund and Obbola. SCA is Europe's largest independent producer of kraftliner, with a total capacity of 865,000 tonnes per year, which is expected to increase to 1,140,000 tonnes by 2026.

SEKm	Quarter				Jan-Jun			
	2024:2	2023:2	%	2024:1	%	2024	2023	%
Net sales	1,584	1,432	11	1,635	-3	3,219	3,005	7
EBITDA	231	217	6	141	64	372	667	-44
Depreciation	-198	-171	16	-195	2	-393	-339	16
Operating profit	33	46	-28	-54		-21	328	
EBITDA margin, %	14.6	15.2		8.6		11.6	22.2	
Operating margin, %	2.1	3.2		-3.3		-0.6	10.9	
Return on capital employed, %	1.2	1.7		-2.0		1.2	21.1	
Deliveries, kraftliner, thousand tonnes	224	218	3	252	-11	476	419	14

January–June 2024 compared with January–June 2023

Net sales increased 7% to SEK 3,219m (3,005). Higher delivery volumes from the new paper machine in Obbola and positive exchange rate effects were offset by lower selling prices.

EBITDA totaled SEK 372m (667). The decrease is mainly attributable to lower selling prices and higher raw material costs, which were offset by higher delivery volumes and positive exchange rate effects. The cost of planned maintenance stops was SEK 0m (115).

Depreciation increased due to strategic investments in Obbola.

April–June 2024 compared with April–June 2023

Net sales increased 11% to SEK 1,584m (1,432). The change was attributable to higher selling prices, higher delivery volumes and positive exchange rate effects.

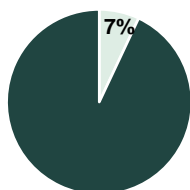
EBITDA increased 6% to SEK 231m (217). The increase was mainly attributable to positive exchange rate effects, which were offset by higher raw material costs. The cost of planned maintenance stops was SEK 0m (94).

April–June 2024 compared with January–March 2024

Net sales declined 3% to SEK 1,584m (1,635). The change was primarily attributable to lower delivery volumes, which were partly offset by higher selling prices.

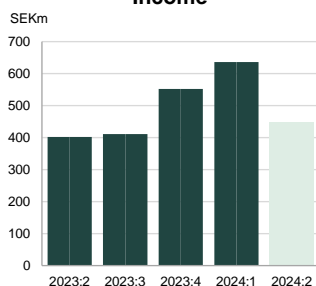
EBITDA improved 64% to SEK 231m (141). The increase was mainly attributable to higher selling prices, which were partly offset by lower delivery volumes. The cost of planned maintenance stops was SEK 0m (0).

Share of EBITDA Jan-Jun 2024*

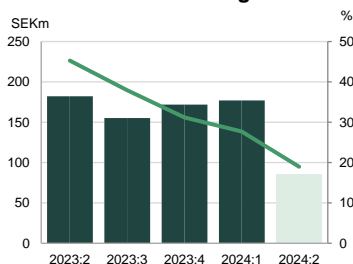


* share calculated of total EBITDA
excluding central costs

Income



EBITDA & margin



RENEWABLE ENERGY

SCA produces tall oil, green electricity, refined and unrefined biofuels and liquid biofuels. SCA is one of Europe's largest producers of bioenergy, with annual production of about 11 TWh. SCA's industries and wind farm produce green electricity corresponding to approximately 1% of Swedish electricity consumption. SCA also leases out land for the production of wind power.

SEKm	Quarter				Jan-Jun			
	2024:2	2023:2	%	2024:1	%	2024	2023	%
Revenue ¹	448	402	11	636	-30	1,084	916	18
EBITDA	85	182	-53	177	-52	262	363	-28
Depreciation	-18	-18	0	-19	-5	-37	-36	3
Operating profit	67	164	-59	158	-58	225	327	-31
EBITDA margin, % ²	19.1	45.3		27.7		24.2	39.6	
Operating margin, % ²	15.0	40.8		24.8		20.7	35.7	
Return on capital employed, %	12.9	36.6		30.0		25.4	36.3	
Deliveries, renewable electricity from own wind production, GWh	31	30	3	45	-31	76	93	-18

¹ Income consists av net sales and other operating income

² EBITDA and operating profit as share of income

January–June 2024 compared with January–June 2023

Income increased 18% to SEK 1,084m (916). The increase was primarily attributable to higher selling prices for solid biofuel.

EBITDA declined 28% to SEK 262m (363). The EBITDA margin was 24.2% (39.6). The decrease was primarily attributable to higher raw material costs and lower selling prices for tall oil.

April–June 2024 compared with April–June 2023

Income increased 11% to SEK 448m (402). The increase was primarily attributable to higher selling prices for solid biofuel.

EBITDA declined 53% to SEK 85m (182). The decrease was mainly attributable to higher raw material costs and lower selling prices for tall oil.

April–June 2024 compared with January–March 2024

Income declined 30% to SEK 448m (636). The decrease was primarily attributable to lower selling prices and seasonally lower delivery volumes.

EBITDA declined 52% to SEK 85m (177). The decrease was mainly attributable to lower selling prices for tall oil and seasonally lower delivery volumes.

Board of Directors' assurance

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 26, 2024

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

Helena Stjernholm
Chairman of the Board

Niclas Andersson
Board Member
appointed by the employees

Åsa Bergman
Board Member

Roger Boström
Board Member,
appointed by the employees

Lennart Evrell
Board Member

Annemarie Gardshol
Board Member

Carina Håkansson
Board Member

Maria Jonsson
Board Member
appointed by the employees

Martin Lindqvist
Board Member

Anders Sundström
Board Member

Barbara Milian Thoralfsson
Board Member

Ulf Larsson
President and CEO
and Board member

Review report

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, 2024 and for the six-month period then ended. The Board of Directors and the President and CEO 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 26, 2024

Ernst & Young AB

Fredrik Norrman
Authorized Public Accountant
Auditor in charge

SHARE DISTRIBUTION

June 30, 2024	Class A	Class B	Total
Registered number of shares	63,949,802	638,392,687	702,342,489

At the end of the period, the proportion of Class A shares was 9.1%. At the request of shareholders, 485,347 Class A shares were converted to Class B shares in the second quarter. No change was made to Class A and Class B shares during the first quarter. The total number of votes in the company amounts to 1,277,890,707.

FUTURE EVENTS

- The interim report for the third quarter will be published on October 25, 2024
- The year-end report will be published on January 31, 2025

INVITATION TO PRESS CONFERENCE ON HALF-YEAR REPORT 2024

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 by the CFO, Andreas Ewertz.

Time: Friday, July 26, 2024 at 10:00 a.m.

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

Sweden: +46 (0)8 505 204 24
 UK: +44 (0)33 0551 0200
 US: +1 786 697 3501

Specify "SCA Q2".

For further information, please contact

Andreas Ewertz, CFO, +46 (0)60 19 31 97

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

Anders Edholm, SVP Sustainability and Communications, +46 (0)60 19 32 12

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 26, 2024 at 8:00 a.m. CEST. The report has been reviewed by the company's auditors.

Anders Edholm, SVP Sustainability and Communications, +46 (0)60 19 32 12

GROUP

CONDENSED INCOME STATEMENT

SEKm	Quarter					Jan-Jun		
	2024:2	2023:2	%	2024:1	%	2024	2023	%
Net sales	5,291	4,582	15	4,558	16	9,849	9,395	5
Other income	798	812	-2	1,079	-26	1,877	1,767	6
Change in inventories	-68	-41		165		97	-77	
Change in value in biological assets	462	463	0	462	0	924	925	0
Raw materials and consumables	-1,167	-1,217	-4	-1,412	-17	-2,579	-2,345	10
Personnel costs	-751	-710	6	-706	6	-1,457	-1,371	6
Other operating expenses	-2,628	-2,211	19	-2,528	4	-5,156	-4,555	13
Result from associated companies and JV	-49	22		-22		-71	16	
EBITDA	1,888	1,700	11	1,596	18	3,484	3,755	-7
Depreciation, amortization and impairment	-527	-471	12	-519	2	-1,046	-930	12
Operating profit	1,361	1,229	11	1,077	26	2,438	2,825	-14
Financial items	-144	-103		-123		-267	-162	
Profit before tax	1,217	1,126	8	954	28	2,171	2,663	-18
Income tax	-257	-210		-165		-422	-534	
Net Profit for the period	960	916	5	789	22	1,749	2,129	-18
Earnings attributable to:								
Owners of the parent	960	927		789		1,749	2,147	
Non-controlling interests	-	-11		-		-	-18	
Earnings per share SEK - owners of the parent¹	1.37	1.32		1.12		2.49	3.06	
Average number of shares, millions	702.3	702.3		702.3		702.3	702.3	
Margins, %								
EBITDA margin	35.7	37.1		35.0		35.4	40.0	
Operating margin	25.7	26.8		23.6		24.8	30.1	
Net margin	18.1	20.0		17.3		17.8	22.7	

¹ There are no dilution effects.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter			Jan-Jun	
	2024:2	2023:2	2024:1	2024	2023
Profit for the period	960	916	789	1,749	2,129
Other comprehensive income for the period:					
Items that may not be reclassified to the income statement					
Change in value land assets	-205	-335	-206	-411	-335
Revaluation of defined benefit pension plans	-165	344	554	389	566
Income tax attributable to components of other comprehensive income	77	-1	-72	5	-47
Total	-293	8	276	-17	184
Items that have been or may be reclassified subsequently to the income statement					
Cash flow hedges	-30	-241	-282	-312	-251
Hedge cost	2	2	9	11	2
Translation differences in foreign operations	-55	117	141	86	156
Income tax attributable to components of other comprehensive income	5	49	57	62	51
Total	-78	-73	-75	-153	-42
Other comprehensive income for the period, net of tax	-371	-65	201	-170	142
Total comprehensive income for the period	589	851	990	1,579	2,271
Total comprehensive income attributable to:					
Owners of the parent	589	862	990	1,579	2,289
Non-controlling interests	-	-11	-	-	-18

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Jan-Jun	
	2024	2023
Attributable to owners of the parent		
Value, January 1	104,284	96,358
Total comprehensive income for the period	1,579	2,289
Cash flow hedge transferred to cost of hedged investments	1	-10
Tax on cash flow hedge transferred to cost of hedged investments	0	2
Cash dividend	-1,931	-1,756
Acquisition of non-controlling interests	-12	0
Value, June 30	103,921	96,883
Non-controlling interests		
Value, January 1	-	-
Total comprehensive income for the period	-	-18
Acquisition of non-controlling interests	-	18
Value, June 30	-	-
Total equity, value June 30	103,921	96,883

CONDENSED CONSOLIDATED BALANCE SHEET

SEKm	Jun 30, 2024	Dec 31, 2023
ASSETS		
Non-current assets		
Intangible assets	1,075	813
Buildings, land, machinery and equipment	24,814	25,230
Forest assets	108,074	107,481
<i>of which land assets</i>	48,874	49,267
<i>of which biological assets</i>	59,200	58,214
Right-of-use assets	590	570
Other non-current assets	3,911	3,693
Total non-current assets	138,464	137,787
Current assets		
Inventories	5,517	5,361
Trade receivables	3,543	2,858
Other current receivables	1,066	1,444
Cash and cash equivalents	466	502
Total current assets	10,592	10,165
Total assets	149,056	147,952
EQUITY AND LIABILITIES		
Equity		
Owners of the Parent		
Share capital	2,350	2,350
Share premium	6,830	6,830
Reserves	37,077	37,494
Retained earnings including net profit for the period	57,664	57,610
Non-controlling interests	-	-
Total equity	103,921	104,284
Non-current liabilities		
Non-current financial liabilities	12,852	11,498
Provisions for pensions	253	326
Deferred tax liabilities	24,531	24,373
Other non-current liabilities and other provisions	78	101
Total non-current liabilities	37,714	36,298
Current liabilities		
Current financial liabilities	1,915	1,902
Trade payables	3,917	3,963
Other current liabilities and other provisions	1,589	1,505
Total current liabilities	7,421	7,370
Total liabilities	45,135	43,668
Total liabilities and equity	149,056	147,952

CONSOLIDATED CASH FLOW STATEMENT

SEKm	Jan-Jun	
	2024	2023
Operating activities		
Profit before tax	2,171	2,663
<i>of which received interest</i>	6	5
<i>of which paid interest</i>	-298	-152
Adjustment for non-cash items ^{1,2}	178	49
Change in liabilities regarding restructuring costs	-7	-2
Paid tax	-6	-245
Cash flow from operating activities before changes in working capital	2,336	2,465
Cash flow from changes in working capital		
Change in inventories	-155	-300
Change in operating receivables ²	-690	89
Change in operating liabilities ²	-253	-149
Cash flow from operating activities	1,238	2,105
Investing activities		
Company and asset acquisitions	-88	-96
Current capital expenditures in intangible and tangible assets	-543	-532
Sale of tangible assets	402	0
Strategic capital expenditures in non-current assets	-347	-938
Acquisition of financial asset	-8	-25
Cash flow from investing activities	-584	-1,591
Financing activities		
Loans raised	2,139	1,402
Amortization of debt	-794	-676
Amortization of debt, leasing	-106	-102
Dividend	-1,931	-1,756
Cash flow from financing activities	-692	-1,132
Net cash flow for the period	-38	-618
Cash and cash equivalents at the beginning of the period	502	836
Translation differences in cash and cash equivalents	2	4
Cash and cash equivalents at the end of the period³	466	222
¹ Depreciation/amortization and impairment of non-current assets	1,046	930
Fair-value measurement of biological assets	-924	-925
Gains/loss on assets sales and swaps of assets	-82	-25
Unrealized result on hedged items	54	13
Accrued interest	12	42
Other	72	14
Total	178	49

² Unrealized result on hedged items has been reclassified from Cash flow from changes in working capital to Adjustment for non-cash items. The comparison period has been recalculated.

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 Annual Report for 2023. New or revised IFRSs and interpretations from IFRIC have not had and are not expected to have any material effect on the Group's or the Parent Company's financial statements.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

Net sales per region

SEKm	Jan-Jun 2024						
	Forest	Wood	Pulp	Containerboard	Renewable Energy	Eliminations	Total
Sweden	4,315	1,004	659	216	24	-4,322	1,896
USA	-	176	688	122	-	-	986
Germany	-	34	323	759	-	-	1,116
United Kingdom	-	255	141	516	-	-	912
Rest of Europe	93	620	1,567	1,249	-	-	3,529
Asia	-	333	413	168	-	-	914
Rest of world	-	177	130	189	-	-	496
Total Group	4,408	2,599	3,921	3,219	24	-4,322	9,849

SEKm	Jan-Jun 2023						
	Forest	Wood	Pulp	Containerboard	Renewable Energy	Eliminations	Total
Sweden	3,813	764	591	242	38	-3,815	1,633
USA	-	263	751	56	-	-	1,070
Germany	-	281	138	509	-	-	928
United Kingdom	-	81	299	702	-	-	1,082
Rest of Europe	63	592	1,110	1,223	-	-	2,988
Asia	-	348	665	152	-	-	1,165
Rest of world	-	321	87	121	-	-	529
Total Group	3,876	2,650	3,641	3,005	38	-3,815	9,395

3. FOREST VALUATION

Accounting principles

The accounting principles for forest assets are described on page 111, Note D3, of SCA's Annual Report for 2023.

Key assessments and assumptions

SCA bases its valuation of forest assets on forest transactions in the areas where SCA owns forest assets. In the first half of 2024, few forest transactions were completed, which led to limited supporting data for calculation of an average market price. On account of the limited statistical data, SCA has not adjusted the average market price. When establishing the change in value of biological assets, the same valuation model has been used as in the past. 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.

At December 31, 2023, the total standing timber volume was estimated at approximately 271 million m³fo, of which 8 million m³fo is in the Baltic region. The three-year average market price used in valuation of SCA's forest assets at December 31, 2023 was SEK 395/m³fo for the Swedish holdings and EUR 40.5/m³fo for the Baltic holdings. The total value of forest assets was SEK 107,481m. At December 31, 2024, the standing volume of the forest holding is estimated at approximately 274 million m³fo, of which about 8 million m³fo in the Baltic region. The estimated change in value for biological assets is accrued over the course of the year and is based on discounted cash flows. At June 30, 2024, approximately 50% of the expected annual change in value was recognized. The change in value of biological assets was SEK 924m at June 30, 2024 and is recognized in the income statement on the line item for change in value in biological assets. The change in value pertaining to land amounted to SEK -411m and is recognized as other comprehensive income with no effect on profit for the year. Other items, including investments, amounted to SEK 80m. At June 30, 2024, the total value of forest assets amounted to SEK 108,074m.

Forest assets

SEKm	Jun 30, 2024	Dec 31, 2023
Forest assets in Sweden	104,316	103,927
Forest assets in the Baltic states	3,758	3,554
Totalt value of forest assets	108,074	107,481
Deferred tax on forest assets	21,382	21,277

4. OTHER PROVISIONS

Accounting principles

The accounting principles for other provisions are described in detail on page 117, Note D8, of SCA's 2023 Annual Report.

SEKm	Environment	Other	Total
Value, January 1	146	98	244
Provisions	43	26	69
Utilization	-3	-76	-79
Reclassifications	4	15	19
Dissolutions	-	-21	-21
Value, June 30	190	42	232
Provisions comprise:			
Long-term component			67
Short-term component			165

5. RISKS AND UNCERTAINTIES

SCA's risk exposure and risk management are described on pages 67–75 of SCA's 2023 Annual Report.

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

SCA's policies for the recognition of derivatives and hedge accounting are presented in SCA's 2023 Annual Report, Note E6.

SEKm	Measure- ment level	Jun 30, 2024	Dec 31, 2023
Financial assets measured at fair value in the income statement			
Derivatives - Current financial assets	2	1	4
Derivatives - Other current receivables	2	26	63
Total		27	67
Financial liabilities measured at fair value in the income statement			
Derivatives - Current financial liabilities	2	9	4
Derivatives - Other current liabilities	2	13	4
Total		22	8
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	-	12,420	11,044
Non-current financial liabilities, leasing	-	427	442
Current financial liabilities excluding leasing	-	1,714	1,740
Current financial liabilities, leasing	-	193	158
Total		14,754	13,384
Derivatives used for hedge accounting			
Non-current financial assets	2	36	39
Other non-current assets	2	2	27
Other current receivables	2	109	321
Total		147	387
Derivatives used for hedge accounting			
Non-current financial liabilities	2	4	12
Other non-current liabilities	2	10	44
Other current liabilities	2	133	32
Total		147	88

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 13,985m (12,601). 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. TAXES

SCA described on page 102 of SCA's 2023 Annual Report work to assess its exposure to top-up tax under Pillar 2. Pillar 2 had no impact on SCA's half-year report, and no top-up tax was recognized.

9. CONTINGENT LIABILITIES AND COMMITMENTS

SEKm	Parent		Group	
	Jun 30, 2024	Dec 31, 2023	Jun 30, 2024	Dec 31, 2023
Contingent liabilities				
Guarantees for subsidiaries	1,433	1,342	25	-
associates	250	-	5	5
customers and others	-	-	28	28
Other contingent liabilities	2	2	24	24
Total	1,685	1,344	82	57

SCA has, through a wholly owned subsidiary, undertaken to repay debt raised by a joint venture. At June 30, 2024, the SCA Group's undertaking amounted to SEK 80m (71).

10. ALTERNATIVE PERFORMANCE MEASURES

For definitions of alternative performance measures, refer to SCA's 2023 Annual Report, pages 95–97.

Operating cash flow

SEKm	Quarter			Jan-Jun	
	2024:2	2023:2	2024:1	2024	2023
EBITDA	1,888	1,700	1,596	3,484	3,755
Changes in biological assets and other non cash flow items	-437	-491	-547	-984	-949
Operating cash surplus	1,451	1,209	1,049	2,500	2,806
Change in working capital	-634	1	-96	-730	-149
Current capital expenditures, net ¹	-265	-350	16	-249	-629
Other operating cash flow	-26	-212	-292	-318	-177
Operating cash flow	526	648	677	1,203	1,851
¹ Including following values from new leasing contracts:	-21	-62	-87	-108	-97

Capital structure

SEKm	Jun 30, 2024	Dec 31, 2023
Total assets	149,056	147,952
Financial assets	-3,191	-2,960
Long term, non-interest bearing liabilities	-24,609	-24,474
Short term, non-interest bearing liabilities	-5,506	-5,468
Total capital employed	115,750	115,050
Net debt, SEKm	11,829	10,766
Net debt/EBITDA (LTM) ¹	1.8x	1.6x
Equity, SEKm	103,921	104,284
Net debt/Equity (%)	11.4	10.3

¹ Last Twelve Months

Return on capital employed

%	Quarter			LTM ¹	Full year
	2024:2	2023:2	2024:1	Jun 30, 2024	2023
Return on capital employed	4.7	4.6	3.7	4.0	4.5
Return on capital employed, industrial	9.0	8.0	3.4	4.4	7.3

¹ Last Twelve Months

Working capital

SEKm	Jun 30, 2024	Dec 31, 2023
Inventories	5,517	5,361
Trade receivable	3,543	2,858
Other current receivables	965	1,218
Trade payable	-3,825	-3,864
Other current liabilities	-1,146	-1,182
Other short term provisions	-1	-70
Working capital	5,053	4,321

Net debt

SEKm	Jun 30, 2024	Dec 31, 2023
Surplus in funded pension plans	2,490	2,219
Non-current financial assets	153	148
Current financial assets	82	91
Cash and cash equivalents	466	502
Financial receivables	3,191	2,960
Non-current financial liabilities	12,852	11,498
Provisions for pensions	253	326
Current financial liabilities	1,915	1,902
Financial liabilities	15,020	13,726
Net debt	-11,829	-10,766

11. QUARTERLY DATA BY SEGMENT**NET SALES**

SEKm	Quarter					
	2024:2	2024:1	2023:4	2023:3	2023:2	2023:1
Forest	2,239	2,169	1,994	1,878	1,945	1,931
Wood	1,506	1,093	1,264	1,244	1,353	1,297
Pulp	2,147	1,774	1,616	1,636	1,760	1,881
Containerboard	1,584	1,635	1,460	1,385	1,432	1,573
Renewable energy	6	18	11	5	9	29
Intra-group deliveries	-2,191	-2,131	-1,961	-1,846	-1,917	-1,898
Total net sales	5,291	4,558	4,384	4,302	4,582	4,813

EBITDA

SEKm	Quarter					
	2024:2	2024:1	2023:4	2023:3	2023:2	2023:1
Forest	883	970	1,189	724	817	781
Wood	294	111	65	161	201	123
Pulp	509	323	67	173	380	593
Containerboard	231	141	292	253	217	450
Renewable energy	85	177	172	155	182	181
Other	-114	-126	-150	-49	-97	-73
Total EBITDA	1,888	1,596	1,635	1,417	1,700	2,055

EBITDA MARGIN

%	Quarter					
	2024:2	2024:1	2023:4	2023:3	2023:2	2023:1
Forest	39.4	44.7	59.6	38.5	42.0	40.4
Wood	19.6	10.2	5.2	13.0	14.9	9.5
Pulp	23.7	18.2	4.2	10.5	21.6	31.5
Containerboard	14.6	8.6	20.0	18.3	15.2	28.6
Renewable energy ¹	19.1	27.7	31.2	37.9	45.3	35.2
EBITDA margin	35.7	35.0	37.3	32.9	37.1	42.7

Operating profit

SEKm	Quarter					
	2024:2	2024:1	2023:4	2023:3	2023:2	2023:1
Forest	821	910	1,129	666	761	723
Wood	222	44	1	105	151	71
Pulp	341	154	-97	6	212	438
Containerboard	33	-54	92	62	46	282
Renewable energy ¹	67	158	153	133	164	163
Other	-123	-135	-159	-59	-105	-81
Total operating profit	1,361	1,077	1,119	913	1,229	1,596

¹ EBITDA as share of Revenue.

Renewable energy's income amounted to	448	636	552	411	402	514
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PARENT COMPANY CONDENSED INCOME STATEMENT

SEKm	Jan-Jun	
	2024	2023
Other operating income	175	150
Other operating expenses	-127	-106
Personnel costs	-57	-51
EBITDA	-9	-7
Depreciation and impairment	-48	-47
Operating profit	-57	-54
Financial items	145	128
Profit after financial items	88	74
Appropriations	826	882
Profit before tax	914	956
Income tax	-189	-197
Profit for the period	725	759

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

CONDENSED BALANCE SHEET

SEKm	Jun 30, 2024	Dec 31, 2023
Tangible non-current assets	9,214	9,217
Other non-current assets	12,080	12,015
Total non-current assets	21,294	21,232
Current assets	15,014	16,694
Total assets	36,308	37,926
Restricted equity	11,373	11,373
Non-restricted equity	7,833	9,039
Total equity	19,206	20,412
Provisions	1,740	1,734
Non-current liabilities	12,437	11,127
Current liabilities	2,925	4,653
Total equity, provisions and liabilities	36,308	37,926