Annual Report
Skogsaktiebolaget Eternali AB

1 January – 31 December 2021

SKOGSAKTIEBOLAGET
ETERNALI

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This English Annual Report is a translation of the Swedish Annual Report for 2021. If any discrepancies exist in the translation, the Swedish language shall prevail. The translated English Annual Report has not been audited by the company's auditors.

CEO's Statement

Dear Shareholders and Investors

The past year, 2021, was a formative one for Eternali. We welcomed our first external investors and an organisation began to take shape, including with my own appointment as CEO. As we entered 2022, the operational preparations that we at Eternali had long been working on bore fruit. This took the form of a letter of intent signed with two Portuguese paper industry companies, the Navigator Group and Altri, for a supply contract with an order value of just under SEK 2 billion spread over four years.

Our aim is to transform the wood fibre market by creating large supply capacity from forest assets in Brazil. With a solid base of local knowledge and comprehensive mapping of land assets of ready-to-cut trees for delivery to buyers in several market segments, we can offer secure, long-term deliveries of wood fibre. Our customers are located all over the world, but initially we have focused our resources on the European market.

In a report by AFRY/Suzano, demand for wood fibre in the paperboard, liner and tissue segments is forecast to grow between 4 and 5 times over the next 10 years. Alongside this market, other sectors include bioenergy, biofuels, substitutes for plastics and the cellulose-based clothing industry. Overall, the size of our market is more or less impossible to quantify. All we know is that strong growth lies ahead (for more about the market, see pages 9–10). Today, Europe imports about 15 percent of its wood fibre from other parts of the world. Demand in this market is increasing all the time and supply cannot keep pace (trees are simply not growing fast enough). We see country after country working towards a transition from fossil fuel to a circular economy, and where coal and oil are used today, we offer a seamless alternative via fast-growing forests. We believe in strong growth in all our market segments.

Wood fibre and cellulose are to the 21st century what oil and gas were to the 20th century. Anything that can be produced from fossil fuels can now be made with wood fibre. It is a game changer with major impact on various industries and production chains. Exactly how this shift will take place, no one knows today. All we know is that it has to happen – and fast – and that it will need massive supplies of wood raw materials. Exactly what we deliver.

Eternali aims to be an investor-friendly company and this includes our plan to list the Company's shares on a trading venue as soon as appropriate. This would give the Company a further seal of quality and at the same time bring to the market a company that is uniquely positioned for the transition that the world is undergoing.

To us, ESG is not just an acronym. It is a vital element of our business. Sustainable forestry, biodiversity and impacts on native peoples are today debated in every possible forum, opinion piece and article. Historically, the forest industry has made many mistakes in area of ESG, including in Sweden. Eternali has the advantage of starting out at a time when these issues are at the top of the agenda, both in the societal debate, for us as a company and on a personal level. We do not need to try to compensate for or correct the mistakes of previous generations. We just have to get it right today, by today's standards. Sometimes we may think that standard is even a little low – and then we do a little extra. That's the spirit in which in 2021 we signed a letter of intent to acquire, conserve and sustainably develop 3,600 hectares of natural forest of the Amazon. We call this the Eternali Biodiversity Bank. Because we are engaged in forestry operations in Brazil, it is extremely important that we get it right and put our message across. In this context, it is worth pointing out that not a single rainforest tree has been felled for our plantations, and that is how it should remain.

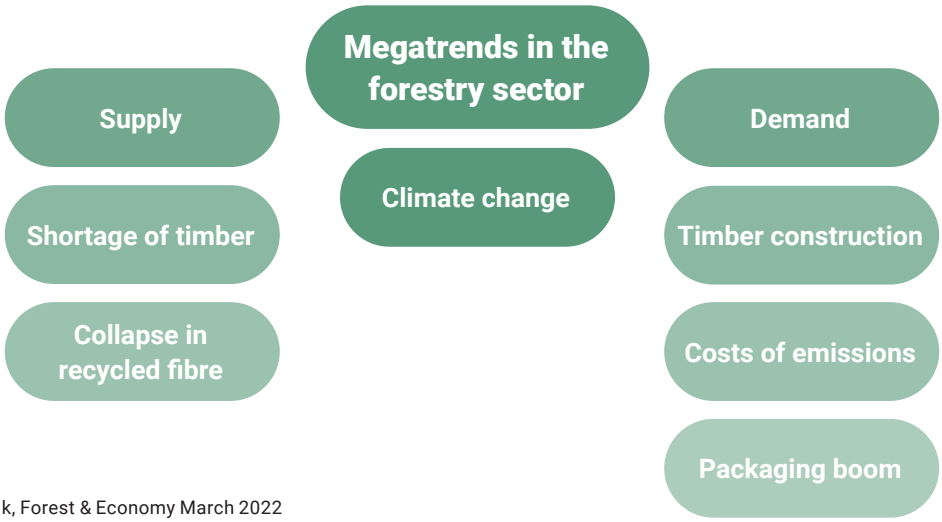
The importance of ESG is also demonstrated in discussions with customers who in turn have high expectations in terms of the sustainability performance of their suppliers, that is, us. We are part of the circular economy in every way; even our name, Eternali ("eternally"), is indicative of our long-term, circular approach. We approach this task with humility and will continue to progress our ESG work at all times.

In conclusion, I am proud to lead such an exciting company – positioned exactly right – in a market that is both large and growing rapidly, that is well established in the world's largest democratic forest nation and that is driven by the purpose to both do good and do well!

Andreas Forssell
CEO, Skogsaktiebolaget Eternali

The world is crying out for wood fibre!

We base our business, and our future, on a number of strong underlying trends. These trends can be summarised in a single sentence: The world is crying out for wood fibre. There simply isn't enough.

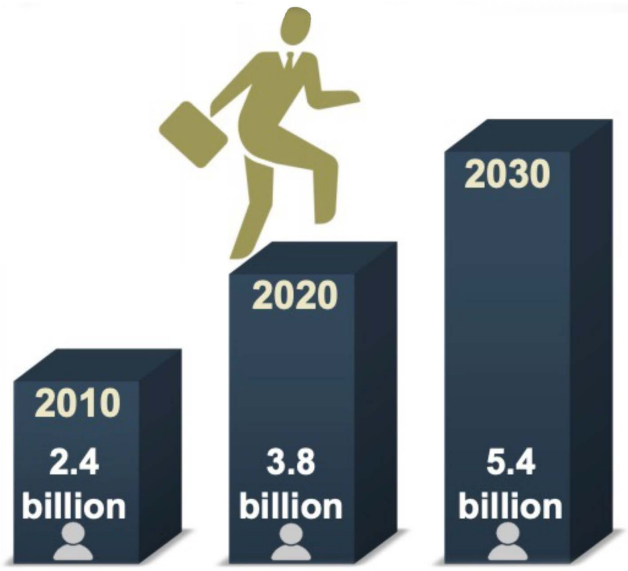


Source: Danske Bank, Forest & Economy March 2022

In terms of demand, building with wood is a trend that is expected to accelerate. The climate transition is fuelling demand for both emission allowances and alternative energy solutions. Changes in purchasing behaviour plus the general growth of a global middle class are generating a packaging boom. As people rise out of poverty, the demand for packaging increases. Over the next ten years, several billion people are expected to move from poverty to the middle class.

In the developed world, the pandemic has further reshaped our buying behaviour via increased e-commerce, while plastic packaging is being phased out.

THE GLOBAL MIDDLE CLASS IS GROWING RAPIDLY



Source: Statista 2021

If we look at climate change, it is having a huge impact on the whole forestry sector. Wood – the material of the future. In fact, wood can be used today to make everything you have been able make from oil, and more. Think about the power of that sentence, and what it means to those who can supply the forest raw material. Wood is to the future what oil was to the 20th Century. Without the environmental hangover that oil leaves in its wake. Bio-based carbon fibre – stronger than any fossil-based material or plastic packaging alternative such as PET bottles – is already being produced today and is just a few steps from a commercial breakthrough. In addition, biofuels, including aviation fuel, are also now being produced on a small scale from wood raw materials. In fact, wood fibre-based materials are among the best substitutes currently available for many of today's pollutants. The increased willingness to put a price on carbon emissions is likely to benefit wood fibre. One sector that is developing rapidly is cross-laminated timber (CLT), where solid wood elements are used in the construction of multi-family buildings. The Canadian sawmill group Canfor, which bought a majority stake in Swedish Vida in 2018, expects demand for solid timber to double every two years over the next fifteen years.

The pace of climate change will – of necessity – accelerate, and that means only one thing. Demand for wood raw materials will increase, going forward.

What's the situation regarding the supply of wood raw materials? The short answer is: Not good. Today, a gap already exists, with demand outstripping supply. As time goes by, the gap will widen further because demand will increase, as described above, but supply will also decrease. Why? In particular, a shortage of coniferous timber seems likely in the near term, driven partly by

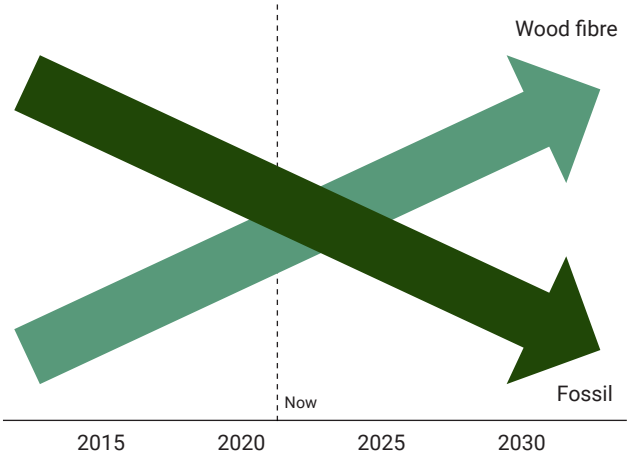
limited supplies, but also by insect infestations and increased provision for carbon storage and biodiversity. On the paper side, the transformation of the printing paper sector has created a severe shortage of recycled paper, which in turn increases the need for fresh fibre. Demand-side changes are also outpacing the physical growth of forests.

Our place in the world

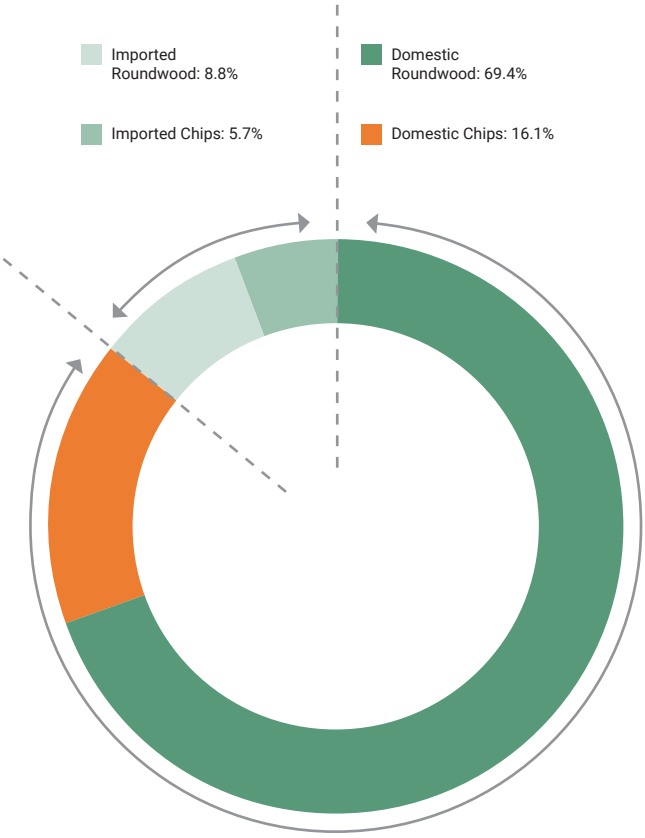
So, against this exciting range of trends, our focus is on offering a solution: to supply Europe, or in fact the northern hemisphere, with fast-growing wood raw material.

Europe is mainly supplied with domestic European forest raw material. Sweden and Finland are the giants here, accounting alone for about one third of roundwood production in the whole EU. If we look at the entire European consumption of wood as a raw material, more than 85 percent comes from Europe. At the same time, Europe is not where forests are growing fastest. The growth rate of eucalyptus in Brazil, where we operate, is about 30 cbm/ha/year and the rotation period (time from planting to felling) is short. For use in bioenergy it is about 5 years and for use in pulp it is about 7 years. These figures should be compared, for example, with pine, which according to the Swedish Forestry Act has a minimum age for final felling of between 60 and 100 years with a growth rate ("site quality") of less than 10 cbm/ha/year. Pictured below is an eight-year-old eucalyptus tree from one of the plantations in Brazil. The tree's size is equivalent to a 100-year-old pine tree and illustrates the effect in practice of the rapid growth rate.

ESTABLISHED MEGATRENDS



WOOD FIBRE CONSUMPTION IN EUROPE, BY ORIGIN



Source: Cepi 2020

This is Eternali

The green wood company

For more than 100 years, the world's prosperity has been based on oil and coal. For energy and for products. The raw material has been supplied by oil companies operating in exploration and extraction – finding the raw material and “extracting it” so that the next link in the chain can make a product (petrol or plastic, for example).

This will end. The world has been addicted to cheap oil and coal for far too long. The climate, and now also the security, hangover is a huge one. Time to take a new approach.

This is where Eternali steps in. The green wood company. We're just like those old oil companies that started in the 19th Century. Back then, oil was a completely new commodity and it was all about two things: What can be done with the commodity; in other words, how big is the market? And where can you find it? That's where we are today with wood raw materials. You may be surprised to learn that here we are looking at wood, which has been on our planet longer than humans, as a new raw material. As with the oil and coal that’s been in the ground for millions of years, it's less about the raw material (the oil or wood) and more about what you can do with it. There has been an enormous amount of change in the last ten years alone, and the necessary move away from fossil fuels is accelerating this development.

What neither the old oil baron John D. Rockefeller nor anyone else was thinking about 150 years ago was the climate and the local social impact caused by their business. We’re not going to repeat the mistakes of the oil industry. We take our role as the raw material supplier of the post-fossil circular economy (one of them, anyway) very seriously. We’re not exploiting a finite resource. We are taking care of an asset that, properly managed, will last forever, “eternally”. You can read more later about our approach to sustainability and what is known as ESG.

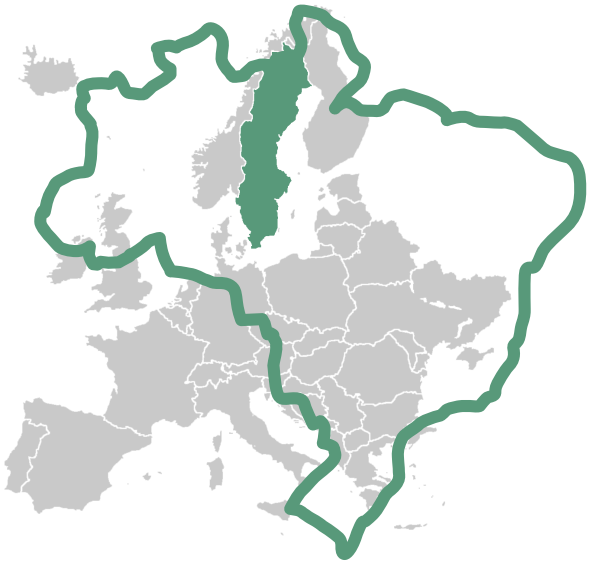
Not only do we see ourselves as the green wood company, but Brazil is also part of our DNA. Eternali is a Swedish-Brazilian company. The reason for this is very simple. Where the oil explorers of the past more or less had to take a chance on drilling a hole, you only have to look at a world map or globe to see where the most forest is. Brazil is simply to the wood commodity world what Saudi Arabia was to the oil commodity world. Yes, Russia is the world's largest forest country – by area – with Brazil a close second. However, in terms of standing volume (cubic metres of forest), Brazil is the largest, with more than 50 percent more standing volume than Russia [1].

As our goal is to become a major supplier of wood raw materials to European industry in particular, we feel safe in the knowledge that we have a competent and experienced organisation in place in that giant of the wood raw materials world.

[1] The Global Forest Resources Assessment 2019, Main Report, FAO.

Brazil

What do you think of when you think of Brazil? Football, beaches and samba? Yes, it has all that. But if we look beyond just pleasure, we see one of the world's 10 largest economies with a population of more than 200 million. The world's fifth largest country. To us Swedes, who can sometimes tilt our heads to one side and think that countries like Denmark and Holland are a bit cute because they are so small geographically, the Brazilian angle is a wake-up call. Sweden is big in Europe. The third largest country in the EU. Brazil is more than twice the size of all 27 EU countries combined. And it is heavily forested. The world's largest country in terms of standing forest volume.



If you superimpose Brazil on Europe, the relative sizes are clear. Pará, the state in Brazil where Eternali's offices are located, is the size of Poland, Germany and France combined, and yet Pará is not Brazil's largest state.

In Brazil, the forestry sector has a significant impact on the economy. It accounts for around 7 percent of the industrial gross domestic product (GDP), generating 3.8 million direct and indirect jobs and accounting for some 1 percent of national tax revenues.

It is important to point out that as much as 66 percent of Brazil's land area is natural forest, especially in the Amazon. Agriculture and plantation forest – together – represent just 9 percent of the area of the country.

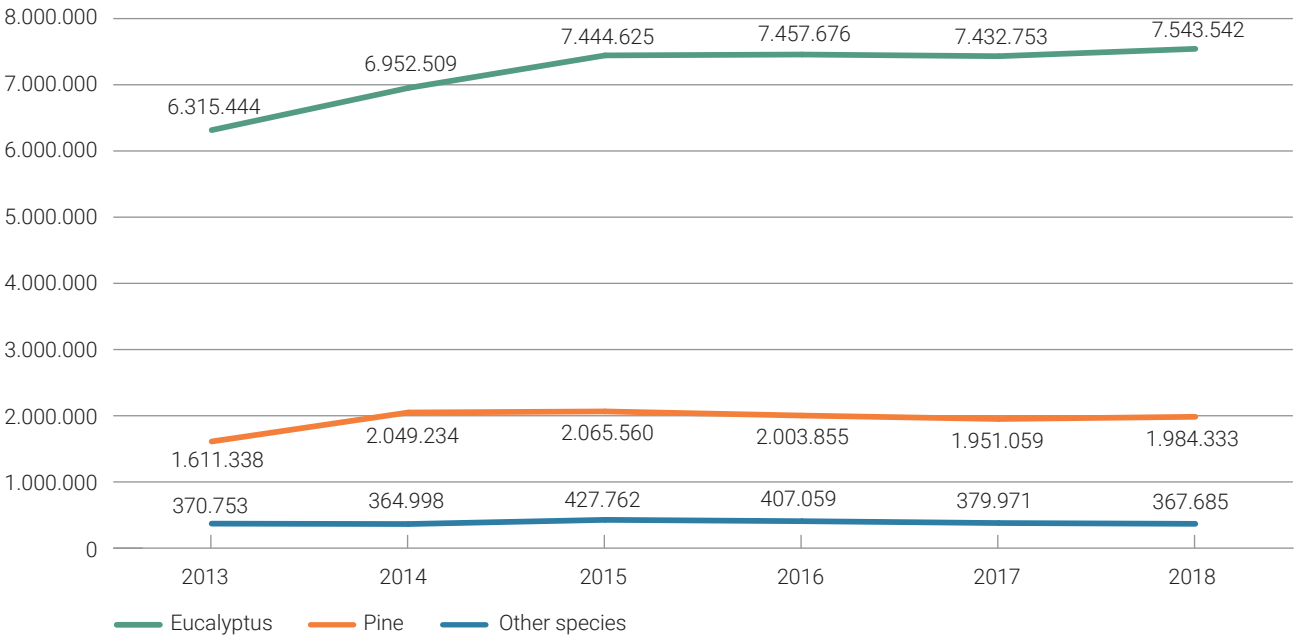
COUNTRY BREAKDOWN, BRAZIL

Type	Share
Natural forest	66.3%
Agriculture and planted forest	9%
Pasture	21.2%
Other (cities, infrastructure)	3.5%

Source: EMBRAPA

With 7 million hectares (an area the size of Ireland) of eucalyptus and 55 percent of world eucalyptus production, Brazil dominates the market.

HECTARES OF PLANTED FORESTS IN BRAZIL, BY SPECIES (2013–2018).



Source: Instituto Brasileiro de Geografia e Estatística (PEVS/IBGE, 2020)

In the past six years, planting of commercial forests has increased by 19 percent, or 9,895,560 hectares. Eucalyptus represents 76 percent, pine 20 percent and other species only 4 percent.

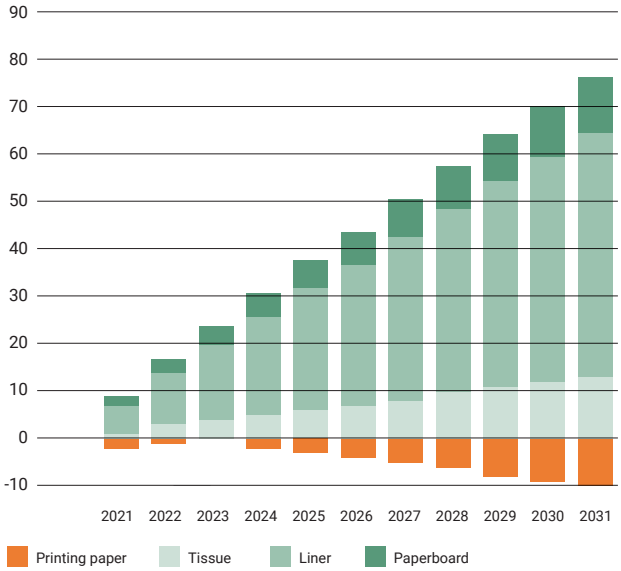
Of the total, 6.3 million hectares are certified forests, guaranteeing sustainability and good practice in more than 60 percent of plantations. The Brazilian forest-based industry has several comparative advantages that make it recognized worldwide. The industry has the highest productivity per hectare and the shortest rotation period – the time from planting to felling – in the world. This is because of both climatic conditions and continuous investment by companies to improve forest management, technology and genetic engineering developments, creating trees that are more resistant to pests and show higher growth, quality and fibre content.

Our market

What is eucalyptus actually used for? The obvious uses are in paper, paperboard and hygiene products such as nappies (there is even a product name, “eucafluff”). Then you have bioenergy, where the tree is chipped and delivered to bioenergy plants. Eucalyptus can also be supplied to coal power plants, where coal can be partly (10–15 percent) replaced by wood raw material. This is the traditional part of the market that has been built up over many years. What is new is that Europe now needs more wood raw material than exists within Europe. Much more. And even more now that Russia is out as a supplier. And in the region, eucalyptus is now beginning to compete with the slow-growing European trees.

We anticipate the consumption of wood-based packaging increasing significantly in the global arena. Today, various types of packaging, mainly liner and paperboard, represent about 55 percent of fibre consumption in the paper industry. According to a study by AFRY/Suzano, cumulative demand for tissue, liner and paperboard will increase 4–5 times in absolute terms (millions of tonnes).

EXPECTED CUMULATIVE CHANGE IN DEMAND FOR WOOD FIBRE (FROM BOTH RECYCLED AND FRESH FIBRE/PULP), MILLIONS OF TONNES



Source: AFRY (Dec. 2020), Suzano (2022)

A lyocell T-shirt from Mango. Photo: Mango

Then there is the innovative side of the market that includes wood raw material used in the textile industry, where new materials have emerged to replace both cotton and synthetic fibres. Lyocell is one such example, made from eucalyptus and marketed under several different brand names, including Tencel. Viscose is another textile that is also made mainly from eucalyptus.

Another sub-market that is gradually opening up is the one where wood raw material directly replaces plastic. Not functionally – as when a paper rather than plastic is used for bags – but when, for example, a recyclable wood material instead of plastic is used to make a car dashboard. This market is evolving gradually and is very much about technology, logistics and costs. Area by area, product by product, plastics will be replaced by another material, and in many cases a wood raw material will be involved.

Finally, you have biofuels – where fossil fuels are directly replaced by wood-based products. This, too, is developing rapidly, and it is now technically possible to make aviation fuel from wood raw materials.

THE COMPANY'S SUB-MARKETS

Paper
Wood fibre for the paper and pulp industry.

Bioenergy
Wood fibre for power plants (as substitute for coal).

Clothing
Wood fibre for fabrics (Viscose, Tencel, Lyocell etc.).

Plastics
Wood fibre substitutes for plastics.

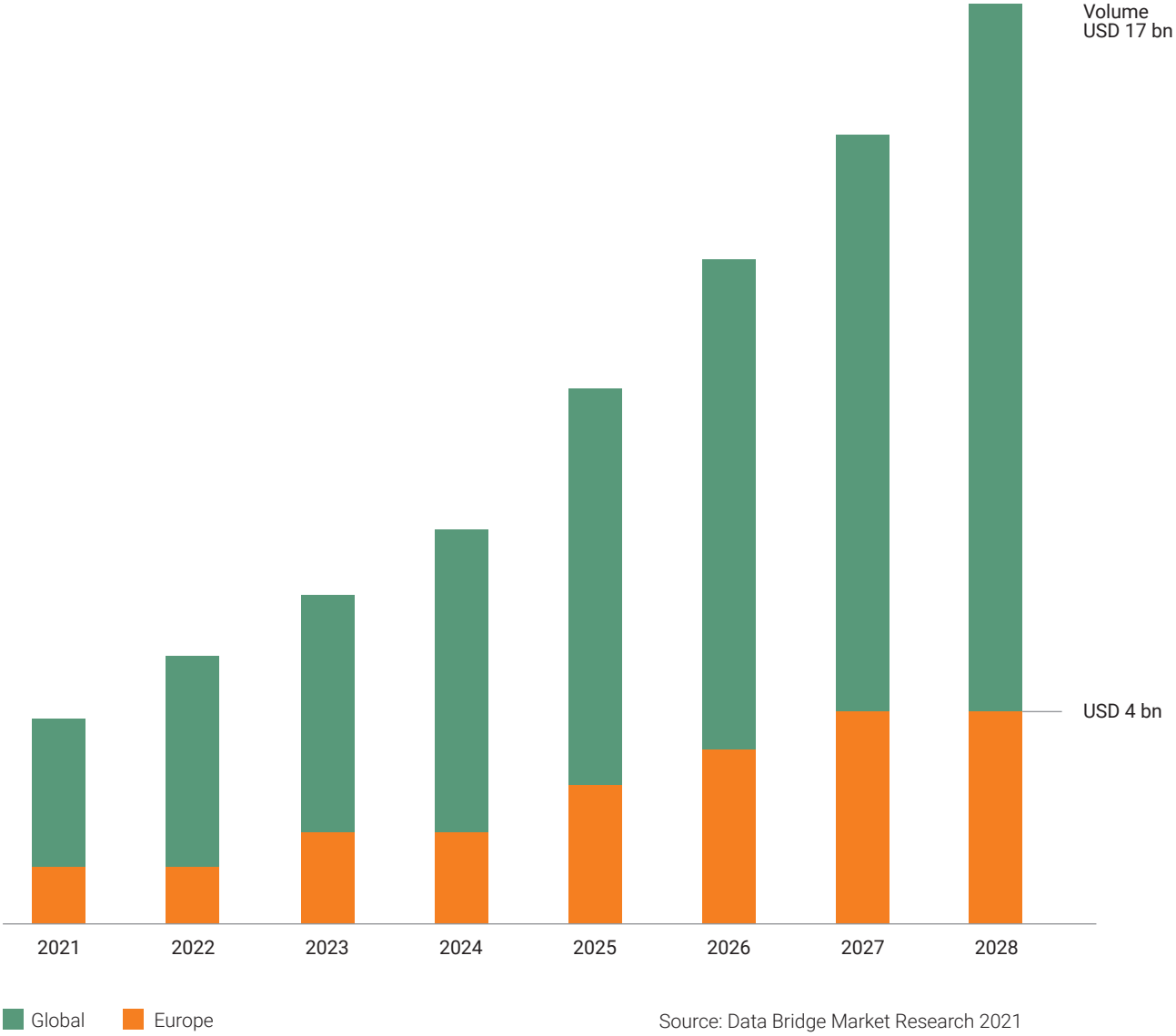
Biofuel
Wood fibre for fuels.

So, how big is the total market for our product? We have adopted the axiom that the market potential for our wood products is basically impossible to measure today. Think back 100 years, when the car was new and Standard Oil was the world's first and largest oil company. Did they think about how big the market was? Did they forecast how many cars the world would have ten years ahead? We don't think so. We think they focused on finding the raw material and delivering. The hard part is not selling, but actually finding the raw material. The question “Can you sell the oil?” has not been asked of an oil company for at least the past 80 years.

While this approach may be unorthodox, if we look at the traditional part of our market, and delve into a single sub-market – that of kraft pulp (paper bags, packaging etc.) made from eucalyptus – the forecasts for eucalyptus raw material clearly indicate a quadrupling of the market in six years. This is the same growth rate in global users that Netflix recorded in its first six years (2013-2019).

GROWTH FORECAST FOR THE BLEACHED EUCALYPTUS KRAFT PAPER SEGMENT

- Market size USD 17 billion by 2028



Source: Data Bridge Market Research 2021

Eternali – the ESG company

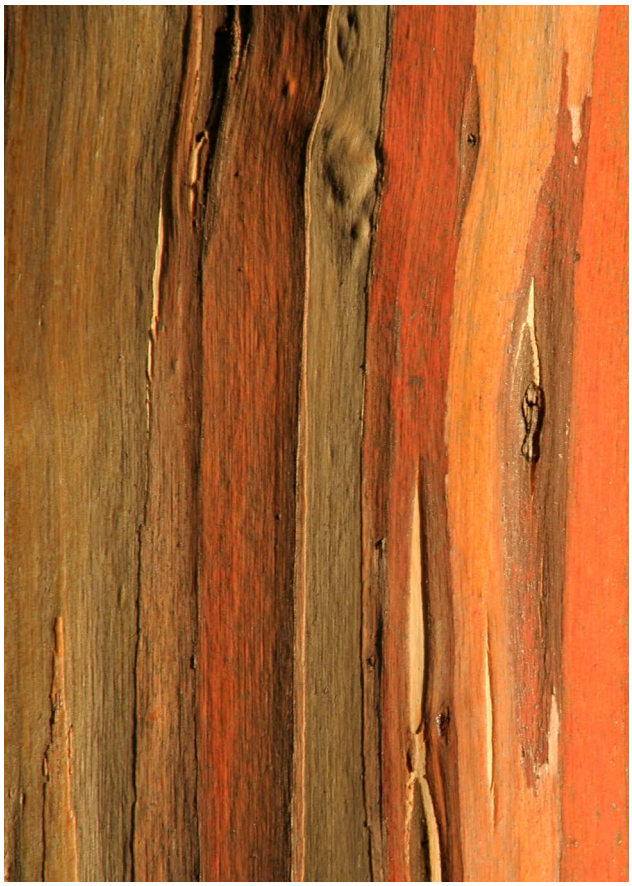
Even if you haven't come across the acronym ESG yourself, you're bound to hear it in all sorts of contexts in the future. ESG stands for Environmental, Social and Governance. It encapsulates what more and more shareholders and investors are considering to be important parameters, alongside profit potential, when assessing a company.

In our case, we can't stress enough how important this little acronym is – to our business and personally to us who work at the Company. If we don't take our environmental and social responsibilities seriously and also don't have appropriate governance models in place for monitoring and reporting, then we simply won't get business. Our buyers demand it. Because their buyers – the end consumers – demand it. That's how important ESG is today. If you think about it, that's a very positive thing in this gloomy age dominated by climate anxiety.

What then is it about? Let's start from the beginning with the E. Environment. To state the obvious, if you come in as a relatively new company with a business idea about forests in Brazil, you're immediately "in the red". People's first reaction is not "Ah, you're doing something good for the environment!" Absolutely not. The picture is often a misleading – but nevertheless well-established – one of rainforest deforestation. Rainforest on fire. Exploitation of native peoples. Corruption. The list goes on. That is precisely why we have to tread very carefully when we say that we're not focusing on ESG in a very general way, but that we are an ESG company; it is an integral part of our offering, not an add-on.

So let's go straight to the point: Is Eternali a climate-positive company? Specifically, do our operations bind more carbon dioxide than they emit, for example through felling and transport? The short and accurate answer is: Yes. How do we know? Well, it's possible to calculate this, and there are established formulae. Not content with doing the calculations ourselves, we went to an external consultant, a very well-established researcher specialising in forestry and the environment, and commissioned a report based on our projected sales and harvesting in 2022.

In summary, it turns out that the biggest impact of the wood raw material we supply is later in the value chain where it replaces fossil raw material. In our specific case, the estimate for 2022 is based on us supplying eucalyptus for pulp intended for paper production. At some point, that paper will be burned and become energy, replacing fossil energy. For paper, this substitution factor is very low, 0.29 tCO2e/m3, but if we were instead to deliver to a factory that produces packaging, for example for crushed tomatoes, the substitution factor is up to 20 times higher because a paper-based package can replace a tin can that costs a huge amount more to produce in terms of the fossil energy required.



Component	Climate impact in 2022, tCO_{2e} [1]	Comment
Carbon storage in forests	-3,500	Carbon sink in unlogged forest
Carbon storage in product	0	No input
Substitution of fossil emissions	-181,000	Average substitution factor = 0.29 tCO_2e/m^3
Fossil emissions in value chain	54,600	55% related to sea freight
Total climate impact	**-130,000**	Rounded-off total

[1] Negative numbers refer to a reduction of atmospheric carbon dioxide

Every part of our business supports the green transition

We only use certified or certifiable land that has not been deforested. In addition, we acquire natural forest for the conservation and protection of biodiversity. This is how every pillar of our business supports an environmental goal:

Ready-to-cut eucalyptus > Supports > **The shift away from fossil**

Our business pillar based on working with ready-to-cut mature eucalyptus enables the shift from oil and coal. Without more wood raw material, it will not be possible to replace plastic in all its forms (packaging, clothing, products). But the quality of the wood raw material must be good. That's why we make sure to certify non-certified plantations, which is also a requirement from our buyers.

Degraded land for planting > Supports > **Increased carbon sequestration**

Our business pillar based on long-term acquisition of degraded or unused land to plant more trees supports what is considered one of the most effective ways to increase carbon sequestration: More trees. We can plant more than 25 million trees on the land we have planned to acquire.

Natural forest > Supports > **Protection of forests and biodiversity**

Protecting wildlife is not merely an add-on. It's part of our business right from the start. We set aside at least 30 percent of our area of operations for protection and conservation. We have a letter of intent to acquire 3,569 hectares of protected forest in the Amazon biosphere for this purpose.

Eternali's biodiversity bank

How does the production of forest raw materials affect global climate change?
Climate change is one of humanity's greatest challenges. The world is seeking solutions and options to deal with the effects of climate change, which is bringing not only global warming but also changes in rainfall intensity and extreme climate events such as hurricanes and heatwaves.

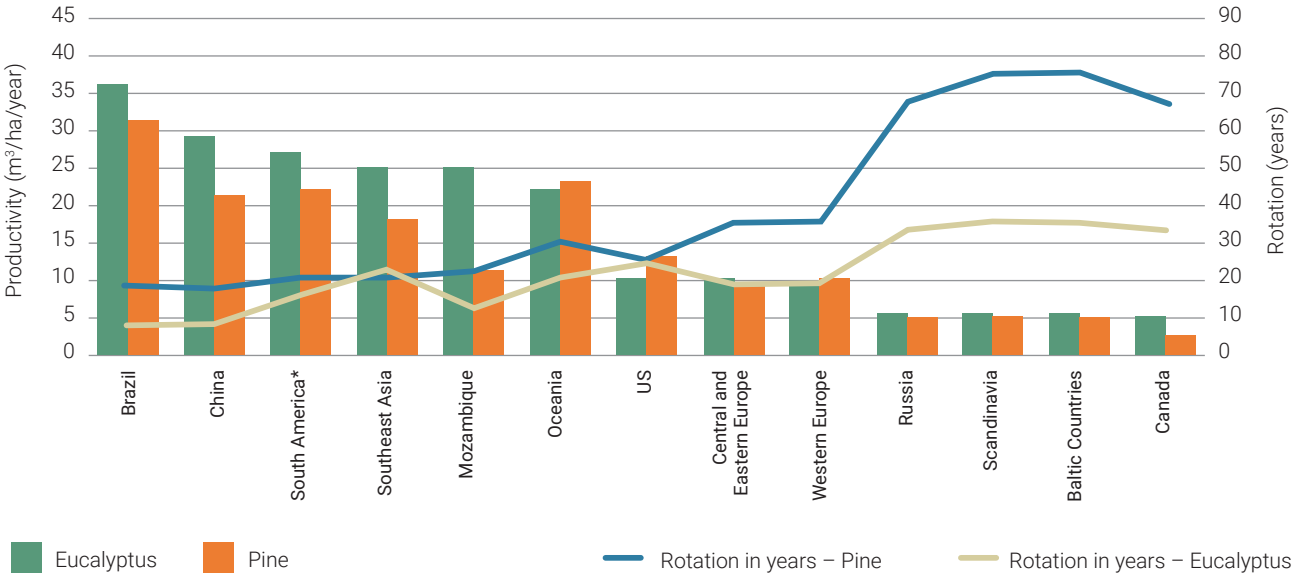
It is now beyond dispute that such changes are occurring mainly as a result of human activity, and in particular due to emissions of large quantities of greenhouse gases, such as carbon dioxide (CO_2) and methane, into the atmosphere. It is also widely known that forest maintenance is playing a key role in the global warming debate, especially in Brazil, a country known for its forest productivity. See the graph on the next page for the way in which Brazilian forests have endeavoured to mitigate the threatening impact of climate change.

Productivity in the Brazilian forestry sector
Brazil has the world's second largest forest area, with a total of 497.90 million hectares (ha) of forest (58.47 percent of its land area). This is more than 10 times the land area of Sweden (41 million ha). Of this area, natural forests account for 98 percent – 488.1 million ha – and planted forests for just 9.8 million ha (SFB, 2019). Recently, Brazil has been at the centre of heated discussions focusing on the necessity of maintaining the country's forests, above all for their role in global climate change. Deforestation is the country's biggest threat in terms of greenhouse gas emissions.

Brazil's forest-based sector is the world leader in terms of wood productivity (wood volume per unit area) (Figure 1). Among the most important commodities in the forest sector are pulp and paper, wood panelling and sawn wood (mostly native species mainly originating from Amazonia and Centro-Oeste, as well as foreign species such as pine and eucalyptus).

Despite the negative impact of the Covid-19 pandemic on economic activity in the various industrial segments, growth in the forest-based sector has been robust over the long term. The pulp and paper segments currently stand out in terms of positive expectations, due to the increased consumption of personal care and cleaning products (VALOR, 2020). Against that background, the Brazilian forestry sector faces the challenge of stepping up its production to meet the growing demand for fibre, wood, energy and several other new applications that are still in the research and development phase.

PRODUCTIVITY AND AVERAGE ROTATION PERIOD FOR PLANTED TREES IN BRAZIL COMPARED TO OTHER WORLD REGIONS



* Except Brazil
Source: IBÁ and Pöyry (2016)

What is the link between Brazilian forest productivity and climate change mitigation?
Forests can be considered from the perspective of two main purposes: conservation and production or the interaction between the two – conservation through use – even if this does not occur on a major scale. In terms of production, planted forests, especially plantations of species such as pine and eucalyptus, enable the production of various products, such as pulp, laminated wood, sawn wood and firewood.

Irrespective of objective, both types of forest (natural and planted) promote various ecosystem services, including mitigation of and adaptation to climate change, water flow regulation, land conservation, nutrient cycling and biodiversity maintenance.

Through the natural process of photosynthesis, trees absorb carbon dioxide from the atmosphere and store it in their biomass, a phenomenon that is also known as carbon sequestration. During photosynthesis, trees absorbthe CO_2 molecules and water, which, in the presence of light, produces glucose (C6H12O6) and water and releases oxygen (O_2) into the atmosphere. Glucose undergoes various chemical reactions during the metabolic process, resulting in the production of biomass. Approximately 50 percent of a tree's biomass consists of carbon dioxide[4]. Since productive forests are planted and harvested in different cycles over time, an average carbon dioxide stock is maintained in the areas mentioned until the rotation age. In 2018, the equivalent CO_2 stocks in the forest segment in native and planted forests amounted to 4.2 billion tonnes.[5]

4 SOARES et al., 2011
5 (IBA, 2019).

In terms of adaptation to climate change, forests contribute to the microclimate of regions, making local temperatures milder, reducing erosion, maintaining biodiversity and protecting water resources; in short, they reduce the potential negative impacts of climate change.

In the case of planted forests, supplies of wood and fibre for industrial consumption are also increasing. This is reducing pressure on native forests.

Over the past 30 years, Brazil has developed a forest management system for the production of wood in the forests of the Amazon that reconciles the use and conservation of forest resources. Brazil has the largest standing tropical forest on the planet, the Amazon rainforest, which accounts for about 20 percent of global biodiversity. Forest maintenance is essential to the development of sustainable management of communities that lack economic options and quality of life.

The growing expansion of areas under management in our natural forests shows that this is the way to keep ecosystems active and increase their value. Similarly, the expansion in forested areas planted with exotic and native vegetation is pointing the way forward for other sectors that have not recognised the pressing need to adapt to global efforts in order to mitigate climate change.

In addition to meeting the demand for wood products, the forestry sector is also playing a role in the redesign and proper management of Areas of Permanent Protection (APP) and Legal Reserve (LR).

In Brazil, the forestry sector is the sector that is most protective of natural areas. Almost 7 million hectares are dedicated to conservation (IBÁ, 2019). This increases the protected areas, APPs, LRs and Private Natural Heritage Reserves (RPPN in Portuguese) (Figure 2), which directly contribute to the regulation of water flow, pollination, climate control, formation of carbon dioxide stocks, soil conservation, seed dispersal, nutrient cycling and establishment of green corridors, as well as cultural, scientific, recreational and educational activities.
For every hectare planted with trees for industrial purposes, a further 0.7 hectares is therefore set aside for conservation.

Another important classification encompasses 153,000 hectares of these classified areas, including High Conservation Value Areas (HCVA) (IBÁ, 2019), which are considered of utmost importance for the conservation of species of flora and fauna, maintenance of ecosystems, provision of environmental services and preservation of the traditional cultural identity of local communities.

DISTRIBUTION OF AREAS PRESERVED BY THE PLANTED TREE INDUSTRY, 2018

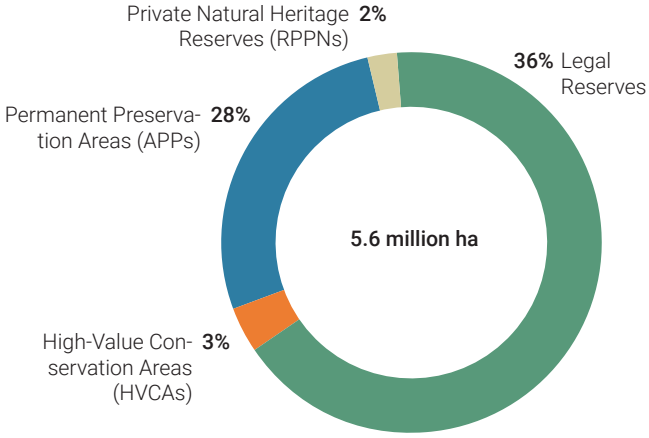
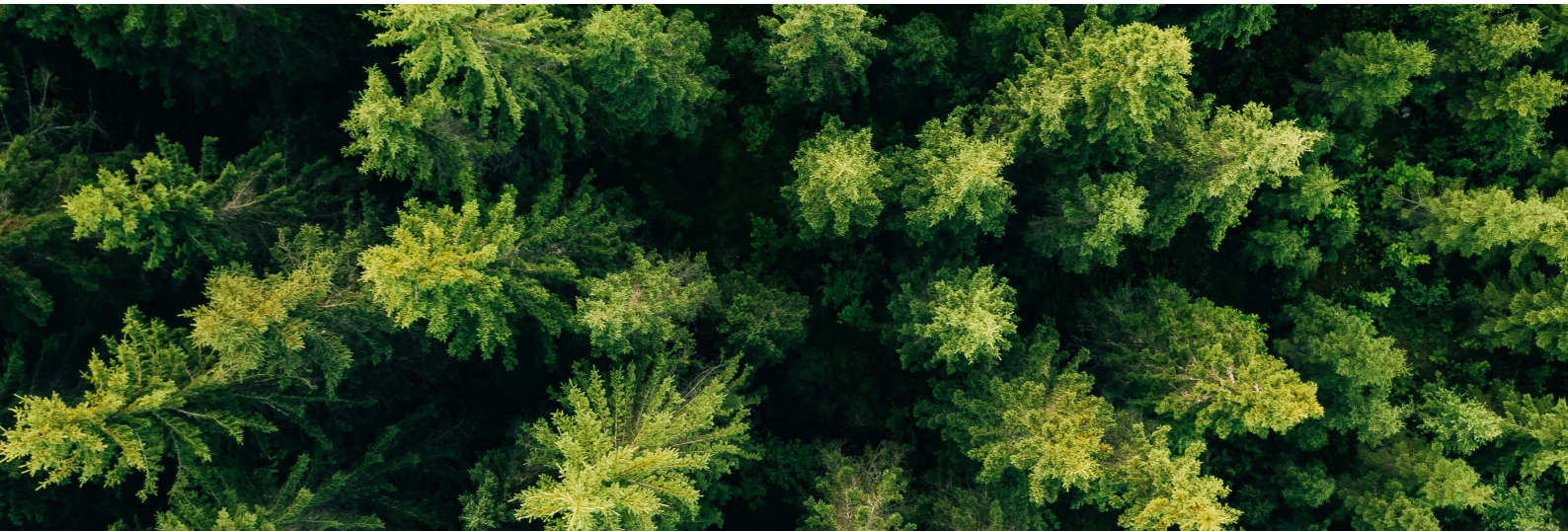


Figure 2

Source: IBÁ E Pöyry (2018)

The forest industry also contributes to climate change mitigation in the manufacturing process. The wood industry, for example, generates most of the energy needed to perform its production processes using forest biomass (industrial and forest residues); about 70 percent can be saved.

In the near future, more biorefineries will be built and will generate products such as biofuels, in addition to generating energy. This means that as well as storing carbon dioxide, the sector is also helping to prevent emissions by using more forest products, rather than energy and products from non-renewable sources.



Shares, owners and share capital

Shares
The share is registered with Euroclear, ISIN number SE0014402509. As of 31/12/2021, there were 1,081,349 shares outstanding. Only one type of share is in issue.

Owners
Data compiled by the Monitor system based on Euroclear, Morningstar, Finansinspektionen, Nasdaq and Millistream sources show that the Company had 298 known shareholders as of 31/12/2021.

Top 15 owners

#	Owners	ETERNALI
1	Proudtree Capital AB	277,746
2	Andreas Forssell	46,667
3	Mats Bjerwe	20,392
4	Marianne von Platen	10,583
5	Erik Fröberg	8,157
6	Ulf Arvid Nilsson	8,000
7	Anders Axelsson	6,944
8	Sven Åkerblom	4,946
9	Elizabeth Bonderud	4,488
10	Peter Stadig	4,078
11	Stefan Häggström	3,601
12	Lars Nylund	3,334
13	Bergskroken Invest AB	3,263
14	Kjell Ingemar Jonsson	2,500
15	Anna-Lena Bergqvist	2,500
Total, Top 15		407,199
Others		674,150
Total		**1,081,349**

Ownership breakdown by size of holding

Size category	No. of shares	Capital	Votes	Number of known owners	Share of known owners
1–100	1,000	0.1%	0.1%	10	3.4%
101–200	9,170	0.8%	0.8%	49	16.4%
201–300	2,460	0.2%	0.2%	9	3.0%
301–400	32,570	3.0%	3.0%	85	28.5%
401–500	4,584	0.4%	0.4%	10	3.4%
501–1,000	42,649	3.9%	3.9%	53	17.8%
1,001–2,000	69,221	6.4%	6.4%	48	16.1%
2,001–5,000	81,302	7.5%	7.5%	27	9.1%
5,001–10,000	23,101	2.1%	2.1%	3	1.0%
10,001–20,000	10,583	1.0%	1.0%	1	0.3%
20,001–50,000	67,059	6.2%	6.2%	2	0.7%
50,001–	277,746	25.7%	25.7%	1	0.3%
Anonymous ownership	459,904	42.5%	42.5%	N/A	N/A
Total	**1,081,349**	**100.0%**	**100.0%**	**298**	**100.0%**

Changes in share capital, up to 31 December 2021

Year/date	Event/ Transaction	Increase in no. of votes	Change in no. of shares	Change in share capital	Capitalisation SEK	Total no. of shares	Total share capital	Quotient value
26/2/2020	Formation of Company				500,000	1,000,000	500,000	SEK 0.05
20/11/2020	Cash issue	50,339	50,339	25,169.50	6,171,561.40	1,050,339	525,169.50	SEK 0.5
21/01/2021	Cash issue	31,010	31,010	15,505	3,876,250	1,081,349	540,674.50	SEK 0.5

Corporate governance report

Skogsaktiebolaget Eternali is a Swedish public limited liability company registered on 26 February 2020. Eternali is governed *inter alia* by the Annual General Meeting, the Board of Directors and the CEO in accordance with the Swedish Companies Act, the Articles of Association and the Board of Directors' and CEO's rules of procedure.

Eternali does not yet apply the Swedish Code of Corporate Governance (the "Code"), but nevertheless hereby presents this Corporate Governance Report. As a result, certain circumstances surrounding Eternali's corporate governance will, by nature, be described for the first time in the Company's Corporate Governance Report for 2022. The Corporate Governance Report has been prepared by the Board of Directors of Skogsaktiebolaget Eternali in accordance with the requirements of the Swedish Annual Accounts Act.

Articles of Association
The current Articles of Association were adopted at the Extraordinary General Meeting held on 15 March 2022. They state *inter alia* that the registered office of the Board of Directors shall be in Stockholm, that the members of the Board shall be elected annually by the Annual General Meeting for the period until the next Annual General Meeting is held and that the Board shall consist of no less than three and no more than six members. The full Articles of Association are available on Eternali's website, www.eternali.se.

Corporate governance structure

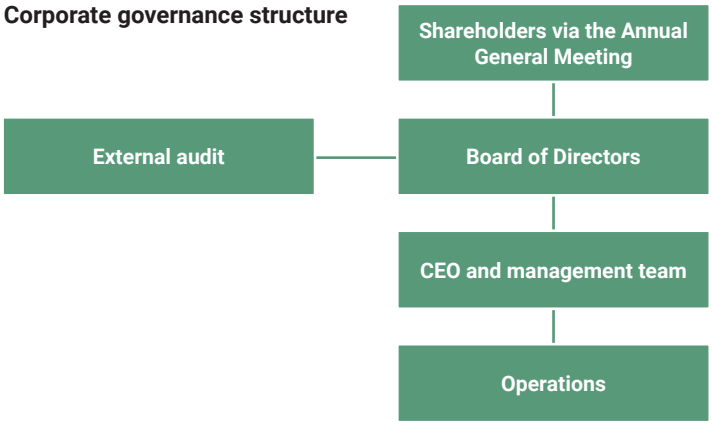
Annual General Meeting
The Annual General Meeting (AGM) is the highest decision-making body of the Company. At the AGM, shareholders pass resolutions on key issues. For example, the AGM approves the income statements and balance sheets, the appropriation of the Company's profit or loss, the discharge from liability of the members of the Board of Directors and the Chief Executive Officer, the election of the Board of Directors and the auditors and the remuneration of the Board of Directors and the auditors. The total number of shares of the Company is 1,174,934 ordinary shares, each of which carries one vote. For information on the Company's major shareholders, please refer to the Company's website.

According to the Swedish Companies Act, notice of Eternali's Annual General Meeting must be issued no earlier than six weeks and no later than four weeks before the meeting. Notice of any other general meeting of shareholders shall be issued no earlier than six weeks and no later than three weeks before the meeting. Notice of general meetings shall be given through an advertisement in *Post- och Inrikes tidningar* and on Eternali's website. Confirmation that notice has been given shall be confirmed via an announcement in Svenska Dagbladet.

Shareholders wishing to attend the meeting must register with the Company no later than the date specified in the notice of the meeting. That day may not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve, and may not fall earlier than five working days before the meeting. Shareholders may bring one or two assistants to the meeting, but only if the shareholder has given notice to that effect as described above.

Shareholders wishing to submit a matter for consideration by the meeting must send a request in writing to the Board of Directors. Any such request must normally be received by the Board no later than seven weeks before the General Meeting.

Corporate governance structure



Annual General Meeting 2022
The next Annual General Meeting (AGM) of shareholders in Eternali will be held on 31 May 2022. The Board of Directors has decided that the AGM shall be conducted without the physical presence of shareholders, proxies and outsiders and that shareholders shall be able to cast their votes only by mail prior to the meeting. Information on the resolutions passed by the meeting will be published as soon as the outcome of the postal vote has been finalised. More information about the AGM is available on Eternali's website.

The Board of Directors and its work
The work of the Board of Directors shall be conducted in accordance with the provisions of the Swedish Companies Act and other rules and regulations applicable to Eternali. The overall task of the Board is to manage Eternali's affairs and organisation, and to develop its strategy and issue overarching guidelines. According to Eternali's Articles of Association, the Board of Directors shall consist of no less than three and no more than six members. The Board currently consists of five members. For details of the members of the Board of Directors, including information on background and other significant assignments, see page 17.

Three of the current members are independent of the Company and its management, and all five members of the Eternali Board are independent of the Company's major shareholders, see also page 17. Information on the remuneration of the Board members is provided in the Annual Report, Note 2 to the Accounts.

The Board operates according to established rules of procedure that *inter alia* regulate the frequency and agenda of Board meetings, the distribution of materials for meetings and matters to be submitted to the Board for information or resolution. The rules of procedure govern the division of work between the Board, the Chairman of the Board and the CEO, and define the powers of the CEO. The Chairman of the Board prepares the Board meetings jointly with the CEO. In addition to deciding on the Company's strategy, business plans and financial plans, the Board evaluates the Company's operations and performance. At each regular Board meeting, the CEO and executive management report on operations, including performance, progress and financial reporting.

The Board decides on key areas such as major contracts, budgeting and major investments. As laid down in the rules of procedure, Eternali's Board intends to hold no less than six ordinary meetings per calendar year, in addition to the inaugural meeting.

Rules of procedure and Board meetings
At the inaugural Board meeting following the AGM, Eternali's Board adopts a set of rules of procedure with instructions on the division of work between the Board and the CEO, as well as instructions for financial reporting. No less than six regular meetings of the Board shall be convened in addition to the inaugural meeting. Meetings are coordinated, as far as possible, to coincide with dates for the financial reports and the AGM.

In addition to regular meetings, the Board is convened for additional meetings when the situation so requires. The Board held six recorded meetings in 2021.

In addition to the Board meetings, the Chairman of the Board and the CEO maintain ongoing dialogue on the management of the Company. The CEO, Andreas Forssell, is responsible for implementation of the business plan and the day-to-day management of the Company's affairs, as well as the day-to-day operations of the Company. The Board of Directors receives regular information on the Company's investments, sales, operating results and changes in working capital, as well as comments on the performance of various parts of the business. In addition, outcomes on various key performance indicators are reported.

The principal shareholders, Board members and CEO also conduct a detailed annual evaluation of the Board's work on the basis of the established rules of procedure. The evaluation includes the composition of the Board, individual Board members and the Board's work and procedures.

Remuneration in the 2021 financial year
For information on remuneration paid to the CEO, the Board of Directors and other senior executives, see Note 2 to the Accounts.

Information and communication
Information, both external and internal, is governed by the Group's Information and Insider Policy. A separate section deals with responsibilities, procedures and rules. The policy is continuously evaluated to assure the quality of information provided to external stakeholders.

Directors' report

The Board of Directors and the CEO of Skogsaktiebolaget Eternali (hereinafter "Eternali" or "the Company"), CIN 559247-4976, present herewith their Annual Report for the 2021 financial year. The Annual Report is presented in Swedish kronor (SEK) and is rounded off to the nearest thousand, unless otherwise stated. Figures in brackets refer to the corresponding period in the preceding financial year.

Activities

The business
Eternali is a forestry company with operations based in Brazil and Sweden. Eternali's production capacity for its main wood raw material is located in northern Brazil, where it is also delivered to customers, while the Company's head office is located in central Stockholm. The Company's vision is to play a part in the development of a circular and sustainable world by producing and supplying wood raw materials to customers in paper manufacturing, bioenergy, biofuels and substitutes for other fossil products such as plastics and the traditional clothing industry. Eternali's business is unique in that we connect the demand for fast-growing wood fibre with customers with the demand to sustain their production over the long term.

The Company's mission and plan is based on many years of experience in international business and deliveries of timber from Brazil. Our operational organisation on the ground has spent many years identifying and mapping the supply of ready-to-deliver forests from plantations, for example, in the states of Para and Maranhao. Customers are located throughout the world and the Company is initially focusing on its European customer base.

Deliveries to customers
The world has now reached the point where there are a multitude of buyers who need to secure their supply of forest raw material. Exactly what Eternali can offer. Eternali endeavours to secure long-term supply contracts of around 4–5 years with customers with fixed supply volumes and prices. Counterparties consist mainly of large pulp mills and bioenergy companies in Europe, often part of listed groups.

Deliveries under the contracts are usually made every two months, providing a fast cash flow. Once the Company has harvested the eucalyptus and delivered it to the customer's ship at berth in Brazil, the Company is paid in accordance with standard export terms "FOB", Free On Board.

The Company's products
Eternali's business model is thus to "source", that is, to secure the production of fast-growing eucalyptus from Brazil and supply it to European pulp and bioenergy companies. But there are also applications outside these segments. Eucalyptus can also be used in biofuels, the clothing industry and as a substitute for plastic products. The market is actually impossible to quantify.
The reason why eucalyptus is interesting is that it is extremely fast growing. Growth is about 30 kbm/ha/year and the rotation period (the time from planting to harvesting) is short. For use in bioenergy it is about 5 years and for use in pulp it is about 7 years. These figures should be contrasted, for example, with pine, which under the Swedish Forestry Act has a minimum age of between 60 and 100 years for final felling.

Strategic Business Plan 2022-2027
Eternali's Board of Directors has developed a strategic business plan for the next five-year period. The plan includes an expansion, above all, of production and supply capacity for wood in Brazil. And customer expansion through the signing of ongoing supply contracts with an attractive duration. The aim is to develop customers in the European, North American and Asian markets. The long-term financial target is to reach a production and delivery volume of more than 3,000,000 tonnes with good profitability.

Significant events during the year

- On 26 January, the Company completed a new share issue for a total of SEK 3,876 thousand before transaction costs. As a result, the number of shareholders increased from 77 to 206. The new share issue was registered with the Swedish Companies Registration Office on 17 March.

- Eternali's 2021 Annual General Meeting was held on 22 July, on which occasion Kerstin Sundberg and Andreas Forssell were elected as members of the Board.

- On 26 August, the Company published information on an extension of the letter of intent to acquire all the shares in the Brazilian company Terra Verde

Sustentavel Comercio de Madeiras Ltda, the sole owner of the forest property Fazenda Ponta Grande in the municipality of Almeirim in the state of Pará in northern Brazil.

- On 18 October 2021, the Company announced that a new share issue would be carried out, as authorised by the Annual General Meeting. A maximum of 50,000 new shares at a price of SEK 160 per share could provide the Company with a total of SEK 8 million.

- On 10 December, the Company announced that Andreas Forssell would take over as Eternali's CEO.

- On 10 December, the Company announced that the Board of Directors had ascertained that at the close of the issue on 9 December, the subscription take-up totalled SEK 11.5 million, made up of 71,866 shares at a price of SEK 160, an overall subscription ratio of 149% relative to the formerly announced issue volume. In addition, Board member Kerstin Sundberg has announced that she is subscribing for 2,500 shares, which, in accordance with the "Leo rules" of the Swedish Companies Act, must be confirmed by resolution of a shareholders meeting. The total subscription in this round is therefore 74,366 shares, corresponding to SEK 11.9 million. The new issue was registered on 24 February 2022, whereupon the number of shareholders totalled 325.

Significant events after the end of the financial year

- In January 2022, Eternali signed a Letter of Intent (LOI) with two independent European paper and pulp companies, Navigator and Altri, for the supply of 2.5 million cubic metres of eucalyptus wood for pulp. The total volume refers to ongoing deliveries for approximately four years and will be defined in future contracts.

- In March, the Eternali Group was formed with the registration of a wholly-owned subsidiary in Brazil. In March, an Extraordinary General Meeting was also held at which resolutions were passed *inter alia* on Amendment of the Articles of Association involving an increase in the limits for the share capital and a share split of 1/10 was approved; a new issue of 2,500 shares to Board member Kerstin Sundberg at an issue price of SEK 160; the election of a new Board member, Daniel Stålbo; and an incentive programme for Andreas Forssell and Gustavo Silveira comprising a total of 100,000 warrants.

- In April, a letter of intent (LOI) was signed for the acquisition of a plantation consisting of planted tropical precious forest in northern Brazil. The deal is valued at EUR 13–15 million. According to the letter of intent, the acquisition will be financed via newly issued shares at a price of SEK 250 per share.

- During April, a split of the Company's shares was registered, as a result of which there are now more than 11 million shares outstanding.

Revenue and results

The company had no sales during the year (0).

Liquidity and financial position

At the year-end, equity totalled SEK 12,479 thousand (2,854). The equity/assets ratio was 66.4 percent (53.6). Cash and cash equivalents at the end of the period amounted to SEK 50 thousand (5,327). In addition, other current assets totalled SEK 11,715 thousand, increased by the rights issue completed in December but paid for and registered in January and February of this year. Non-current assets amounted to SEK 7,024 thousand (0) on 31 December 2021.

Cash flow and investments

Cash flow from operating activities for the year after changes in working capital amounted to SEK -1,056 thousand (-844). Cash flow from investing activities totalled SEK -8,097 thousand (0), consisting in the main of financial investments. Cash flow from financing activities amounted to SEK 3,876 thousand (6,172).

Employees

During the year, work started on building up the Company's organisation. As part of the process, Andreas Forssell was hired as CEO and on 6 December he took up his post at the Company's head office in Stockholm. The average number of employees during the year was thus 0 (0).

Environment

Eternali did not conduct any operational activities during the year. The work of building a forestry company focused on sustainability is a key process. Eternali plans to minimise any negative environmental impact and for the business to operate in a sustainable way when its activities go on stream.

Activities and outlook

Eternali is working unceasingly to launch an operational business and is actively seeking various options for expansion of the business. This may require an increase in the Company's equity and external financing.

The capital increase in 2021 is intended to enable the necessary organisation to be built up, ready for when the first supply contracts can be launched. In addition, the Company is working to develop all aspects of its operations and a legal and ownership structure to enable the Company's shares to be listed on a marketplace in the future.

Development of management in the Parent Company and the operational organisation in Brazil is in progress. This will continue through 2022 and at the same time we are looking at acquiring our first forest assets. These in turn will (i) build our base and forest supply capacity and (ii) represent our natural forest assets which will make up the Eternali Biodiversity Bank (see page 12 for more details).

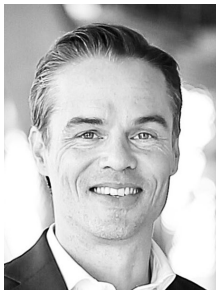
Board of Directors

Gustavo Silveira, Chairman of the Board
Gustavo lives and works in Brazil. Gustavo sits on the Board of FAEPA, as forestry expert. FAEPA is an umbrella organisation representing 132 agricultural, forestry and livestock associations in the state of Pará, which extends over 1.2 million square kilometres. Gustavo runs a consultancy company dealing with forest property transactions, timber trading and processing.

Andreas Forssell, Board member and CEO
Andreas has more than 20 years of experience in various management positions, mainly in the commodities sector. Andreas has served as CEO of Tomsk Refining AB, an oil refining company in Russia, and comes most recently from the position of CEO of Crown Energy AB, a listed company active in oil exploration and commercial real estate in Africa and the Middle East.

Kerstin Sundberg, Board member
Kerstin has a background as a partner at the accounting firms EY and Andersen/Deloitte. She served a authorised public accountant with assignments in industry, including at forest industry companies Holmen and Stora Enso. Kerstin also built up Transaction Services at Andersen/Deloitte and thus has a broad experience in mergers and acquisitions and IPOs. Kerstin is currently a Board member of Eternali, listed companies Starbreeze and Impero Software (UK), and at the World Wildlife Fund (wwf.se). She was previously also a Board member at listed company Fortnox.

Karol Marques, Board member
Karol lives and works in Brazil. Karol is a biologist with a Ph.D. in zoology. For the past seven years, Karol has been working at the US non-profit organisation Conservation International, in charge of their project portfolio in the Amazon region. The projects concern sustainable production chains, nature protection and conservation and are funded by international organisations, government agencies and major companies. Karol has unique insight into and experience of the challenges and solutions of developing and running a sustainable business in Brazil.



Daniel Stålbo, Board member
Daniel lives in Sweden and has a broad experience both as an investor and Board member in start-ups and established companies. Daniel currently sits on the Boards of Hammarby Fotboll and Anschutz Entertainment Group Sweden AB.

Senior executives

Andreas Forssell (born 1971)
CEO since December 2021 (see Board of Directors for biography). Shareholdings, private and through companies 48,137, and 50,000 warrants carrying an entitlement to 50,000 shares.

Oliver Carlsson (born 1993)
Interim CFO since 1 January 2022. Shareholding: 0.

Gustavo Silveira (born 1980)
COO since 2021 (see Board of Directors for biography). Shareholding, 0 and 50,000 warrants carrying an entitlement to 50,000 shares.

Proposed appropriation of the Company's profit
The Board of Directors proposes that unrestricted equity, SEK 339,453, be appropriated as follows:

Amount in SEK	
To be carried forward	339,453
Total	**339,453**

For further information on the Company's results and position, please refer to the following income statement and balance sheet and accompanying notes.

Dividend policy
Eternali is in an expansive growth phase in which any surplus capital in the business is reinvested in the business. The Company has not paid any dividends to its shareholders since incorporation. Against this background, Eternali has not yet adopted a dividend policy.

Summary of the Company's activities, results and position

Amount in SEK	31/12/2021	31/12/2020
Net sales	-	-
Operating margin	-	-
Balance sheet total	18,789	5,327
Return on capital employed	neg.	neg.
Return on equity	neg.	neg.
Equity/assets ratio	66.4	53.6

Equity

Restricted equity	Share capital, new issue in process of registration	Revaluation reserve	Statutory reserve, other restricted reserves
Opening balance	6,671,561		
Adjusted opening balance	6,671,561		
Changes recognised directly in equity			
Total			
Transactions with owners			
New share issue	5,467,673		
Total	**5,467,673**		
Transfer between equity items			
Total			
At year-end	**12,139,234**		

Non-restricted equity	Share premium reserve	Fair value reserve	Retained profit, including profit/ loss for the year
Opening balance			-3,817,900
Adjusted opening balance			-3,817,900
Profit/loss for the year			-5,849,784
Changes in carrying amounts recognised directly in equity			
Total			**-5,849,784**
Transactions with owners			
New share issue	10,007,137		
Total	**10,007,137**		
Transfer between equity items			
Total			
At year-end	**10,007,137**		**-9,667,684**

Income statement

Amount in SEK	Note	01/01/2021–31/12/2021	26/02/2020–31/12/2020
Operating costs			
Raw materials and consumables		-2,189,350	-1,218,682
Other external costs		-2,327,051	-2,598,160
Personnel costs	2	-238,917	-
Other operating costs		-16,147	-
Operating profit/loss		**-4,771,465**	**-3,816,842**
Result from financial items			
Impairment of non-current financial assets		-1,073,475	-
Interest income and similar income items	3	-4,471	-
Interest expenses and similar income items	4	-373	-1,058
Profit/loss after financial items		**-5,849,784**	**-3,817,900**
Profit/loss before tax		**-5,849,784**	**-3,817,900**
Profit/loss for the year		**-5,849,784**	**-3,817,900**

Balance sheet

Amount in SEK	Note	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
Non-current financial assets			
Investments in associates and jointly controlled entities	5	7,023,825	-
		7,023,825	**-**
Total non-current assets		**7,023,825**	**-**
Current assets			
Current receivables			
Other receivables		11,635,295	-
Prepayments and accrued income		79,040	-
		11,714,335	**-**
Cash and bank balances		50,493	5,327,345
Total current assets		**11,764,828**	**5,327,345**
TOTAL ASSETS		**18,788,653**	**5,327,345**

Amount in SEK	Note	31/12/2021	31/12/2020
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		540,675	500,000
New share issue in process of registration		11,598,560	6,171,561
		12,139,235	**6,671,561**
Non-restricted equity			
Share premium reserve		10,007,137	-
Profit or loss carried forward		-3,817,900	-
Profit/loss for the year		-5,849,784	-3,817,900
		339,453	**-3,817,900**
Total equity		**12,478,688**	**2,853,661**
Current liabilities			
Trade payables		3,645,264	2,103,944
Other current liabilities		2,067,029	-
Accruals and deferred income		597,672	369,740
		6,309,965	**2,473,684**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**18,788,653**	**5,327,345**

Statement of cash flows

Amount in SEK	Note	01/01/2021–31/12/2021	26/02/2020–31/12/2020
Operating activities			
Contributed capital		-	500,000
Profit/loss after financial items		-5,849,784	-3,817,900
Adjustments for non-cash items etc.		1,073,475	-
Cash flow from operating activities before changes in working capital		**-4,776,309**	**-3,317,900**
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		-115,775	-
Increase (+)/Decrease (-) in operating liabilities		3,836,282	2,473,684
Cash flow from operating activities		**-1,055,802**	**-844,216**
Investing activities			
Acquisition of non-current intangible assets		-8,097,300	-
Cash flow from financing activities		**-8,097,300**	**-**
Financing activities			
New share issue		3,876,250	6,171,561
Cash flow from financing activities		**3,876,250**	**6,171,561**
Cash flow for the year		**-5,276,852**	**5,327,345**
Cash and cash equivalents at beginning of year		**5,327,345**	**0**
Cash and cash equivalents at year-end		**50,493**	**5,327,345**

Notes to the Statement of cash flows

Note Cash and cash equivalents

The above items have been classified as cash and cash equivalents on the basis that:

- They have an insignificant risk of value fluctuations.
- They can readily be converted into cash.
- They have a maturity of no more than 3 months from the date of acquisition.

Notes to the accounts

Note 1 – Accounting policies

Amounts in SEK unless otherwise stated.

Accounting policies – general

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's General Guidance BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3).

Valuation policies etc.

Assets, provisions and liabilities have been valued at cost unless otherwise stated below.

Participations in subsidiaries, associates, jointly controlled entities and entities in which there is an ownership interestParticipations in subsidiaries, associates, jointly controlled entities and entities in which there is an ownership interest are recognised at cost less accumulated impairment losses.
In addition to the purchase price, the cost includes expenditure directly attributable to the acquisition.

Note 2 – Employees and personnel costs

Average number of employees

	01/01/2021–31/12/2021	26/02/2020–31/12/2020
	1	-
Total	**1**	**-**

Wages and salaries and other remuneration; social security costs, including pension costs 1)

	01/01/2021–31/12/2021	26/02/2020–31/12/2020
Salaries and other remuneration:	123,288	-
Social security costs	115,629	-
(Of which, pension costs) 1)		

1) Of the Company's pension costs, 0 (0) is attributable to the Company's CEO and Board of Directors. The Company's outstanding pension obligations to these individuals amount to 0 (0).

Principles of remuneration

The Chairman of the Board and the members of the Board receive remuneration in accordance with resolution of the Annual General Meeting.

The guidelines on remuneration and other terms of employment for Company management essentially stipulate that the Company shall offer its senior executives market-based remuneration. Remuneration to the CEO and other senior executives consists of a fixed monthly payment.

The period of notice on the part of Skogsaktiebolaget Eternali shall be no more than six months for the CEO and no more than six months for other senior executives.

No other compensation, such as severance pay, will be paid. The period of notice for the CEO shall be no less than six months and for other senior executives no less than three months.

All pension obligations shall be of the defined-contribution type. Market-level agreements between the Company and representatives of the management team are in place.

The remuneration of the Company's CEO is for decision by the Board. Decisions on remuneration for employees in senior positions are taken by the CEO in consultation with the Chairman of the Board. The CEO has the right of decision on the remuneration of other employees.

Remuneration of senior executives

2021	Financial instruments	Other remuneration	Total	Pension obligation
Total				

	Basic salary, Board fees	Variable remuneration	Other benefits	Pension cost
Marcus Jibréus	75,000			
Gustavo Silveira	70,685			
Andreas Forssell	28,356			
Karoline Marques	35,342			
Kerstin Sundberg	35,342			
Chief Executive Officer	123,288			
Total	368,013			

2020	Financial instruments etc.	Other remuneration	Total	Pension obligation

	Basic salary, Board fees	Variable remuneration	Other benefits	Pension cost
Chief Executive Officer	-			
Total	-			

Note 3 – Interest income and similar income items

	01/01/2021–31/12/2021	26/02/2020–31/12/2020
Exchange differences	4,471	-
Total	**4,471**	**-**

Note 4 – Interest expenses and similar income items

	01/01/2021–31/12/2021	26/02/2020–31/12/2020
Interest expenses, other	373	1,058
Total	**373**	**1,058**

Note 5 – Investments in associates and jointly controlled entities

	01/01/2021–31/12/2021	26/02/2020–31/12/2020
Accumulated acquisition costs:		
– Acquisitions	8,097,300	-
– Impairment loss	-1,073,475	-
Carrying amount at year-end	**7,023,825**	**-**

Note 6 – Assets pledged and contingent liabilities

Assets pledged	31/12/2021	31/12/2020
For own liabilities and provisions		
Pledged bank deposits, Euroclear	50,000	50,000
	50,000	50,000
On behalf of Group companies, associated companies and jointly controlled entities	50,000	50,000
Total assets pledged	**50,000**	**50,000**

Note 7 – Significant events after financial year-end

In January 2022, Eternali signed a Letter of Intent (LOI) with two independent European paper and pulp companies, Navigator and Altri, for the supply of 2.5 million cubic metres of eucalyptus wood for pulp. The total volume refers to ongoing deliveries for approximately four years and will be defined in future contracts.

In March, the Eternali Group was formed with the registration of a wholly-owned subsidiary in Brazil. In March, an Extraordinary General Meeting was also held at which resolutions were passed *inter alia* on Amendment of the Articles of Association involving an increase in the limits for the share capital and a share split of 1/10 was approved; a new issue of 2,500 shares to Board member Kerstin Sundberg at an issue price of SEK 160; the election of a new Board member, Daniel Stålbo; and an incentive programme for Andreas Forssell and Gustavo Silveira comprising a total of 100,000 warrants.

In April, a letter of intent (LOI) was signed for the acquisition of a plantation consisting of planted tropical precious forest in northern Brazil. The deal is valued at EUR 13–15 million. According to the letter of intent, the acquisition will be financed via newly issued shares at a price of SEK 250 per share.

During April, a split of the Company's shares was registered, as a result of which there are now more than 11 million shares outstanding.

Note 8 – Definitions of key performance indicators

Operating margin:
Operating income/Net sales.

Balance sheet total:
Total assets.

Return on capital employed:
(Operating profit + financial income)/capital employed.

Capital employed:
Total assets - non-interest-bearing liabilities.

Return on equity:
Profit after financial items/Adjusted equity.

Equity/assets ratio:
(Total equity + (100% - current corporate tax rate on untaxed reserves))/Total assets.

Signatures

Stockholm, 9 May 2022

Gustavo Silveira
Chairman of the Board

Andreas Forssell
Chief Executive Officer, Board member

Karoline Marques
Board member

Kerstin Sundberg
Board member

Daniel Stålbo
Board member

Our Audit Report was submitted on 10 May 2022.
BDO Mälardalen AB

Johan Pharmanson
Authorised Public Accountant

REVISIONSBERÄTTELSE

Till bolagsstämman i Skogsaktiebolaget Eternali
Org.nr. 559247-4976

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Skogsaktiebolaget Eternali för år 2021. Bolagets årsredovisning ingår på sidorna 18-29 i detta dokument.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Skogsaktiebolaget Eternalis finansiella ställning per den 31 december 2021 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Skogsaktiebolaget Eternali enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Skogsaktiebolaget Eternali för år 2021 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Skogsaktiebolaget Eternali enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen. Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Stockholm den 10 maj 2022

BDO Mälardalen

Johan Pharmanson
Auktoriserad revisor

eternali.se

SKOGSAKTIEBOLAGET
ETERNALI