

Interim report January-June 2025



LATVIAN FOREST CO

Latvian Forest Company is a public Swedish limited liability company that acquires and manages forest properties and conducts forestry in Latvia and Lithuania. The business is based on the fact that forest is a safe investment and that forestry creates value in the long term.

Interim report January-June 2025

Period January-June 2025

- Net sales were TEUR 532.3 (421.8)
- Operating EBIT was TEUR -273.9 (-112.2)
- Operating loss was TEUR -273.9 (-112.2)
- Change in value forest TEUR 948.1 (-488.0)
- Profit after tax TEUR 526.9 (-803.1)
- Earnings per share EUR 0.013 (-0.030)
- The book value of non-current assets amounted to TEUR 42,440.0 (40,928.6)
- Equity amounts to EUR 0.929 (0.881) per share
- The property holdings amount to 8,143 (8,284) hectares
- The timber volume is estimated at 1,069,000 (1,150,000) cubic meters

Highlights of the second quarter of 2025

- During the second quarter, the company acquired 88 hectares of land. Of these, 50 hectares were forest land, 31 hectares were agricultural land, and 7 hectares were other land. The total growing stock was just over 8,500 cubic meters. In total, the company acquired 296 hectares with a growing stock of approximately 22,000 cubic meters during the year.
- During the second quarter, the company has felled just over 12,000 cubic meters through the sale of standing forest timber, mainly in Latvia. The average selling price was EUR 39 per cubic meter.
- The company cleared 9 hectares during the second quarter.
- During the second quarter, the company paid a dividend of SEK 0.25 per share.

This is Latvian Forest Company

Latvian Forest Company AB (publ) is a Swedish listed company that invests in and conducts forestry on favorably valued forests in Latvia and Lithuania. The three main foundations of the business are, in addition to the fact that forest is a sought-after real resource that grows by its own strength;

- an expected increase in the price levels of Latvian and Lithuanian forest and agricultural properties.
- to create added value through active forest management.
- to create value by building up a larger property portfolio.

The expansion is financed by carrying out new issues in stages, as properties are acquired and the business develops. Through Latvian Forest Company, shareholders become shareholders in many properties instead of an individual one, which provides a good spread of risk. The operations conducted in the day-to-day forestry create the turnover needed to cover the company's costs over time and in the long term generate a surplus.

Latvian Forest Company AB has Euro as its accounting and functional currency, which is why all reporting is done in Euro. Trading in the shares on NGM Nordic SME is in Swedish kronor.

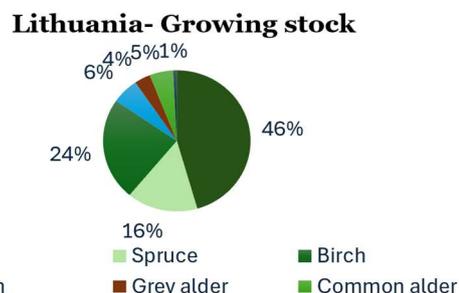
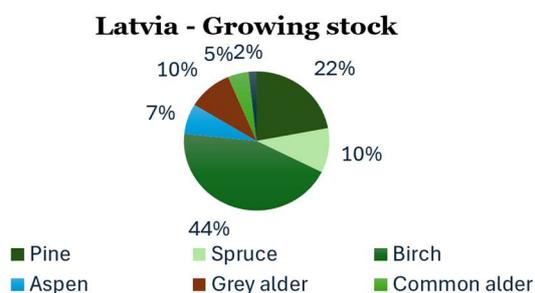
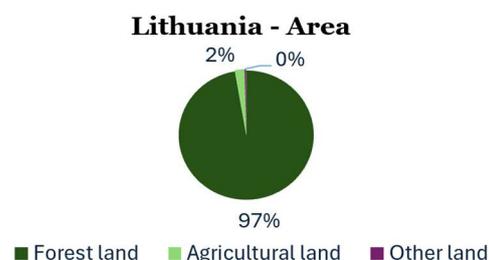
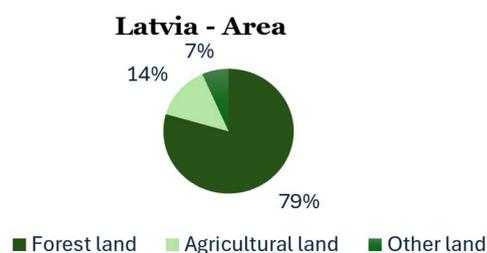


Forest holdings and development of land resources

Portfolio summary

The company's land holdings on 30/06/2025 amounted to 8,143 hectares with 1,069,000 cubic meters of growing forest. Around 80% of the timber stock consists of the three most important types of wood: birch, pine and spruce.

CONSOLIDATED PORTFOLIO (LATVIA & LITHUANIA)				
		Group	Latvia	Lithuania
TOTAL AREA (ha)	100%	8 143	6 439	1 704
Forest land	83%	6 773	5 114	1 659
<i>Standing forest</i>		6 006	4 494	1 511
<i>Bare forest land</i>		338	239	98
<i>Other forest</i>		429	380	49
Agricultural land	12%	938	899	39
<i>Wherof leased</i>		362		
Other land	5%	433	426	7
		Group	Latvia	Lithuania
Growing stock (cubic meter)	100%	1 069 118	738 893	330 224
Pine	29%	313 159	162 851	150 308
Spruce	12%	127 593	76 241	51 352
Birch	38%	405 142	327 389	77 753
Aspen	7%	71 339	51 889	19 450
Grey alder	8%	84 801	73 180	11 621
Common alder	5%	51 164	34 118	17 046
Other forest	1%	15 919	13 226	2 694
Immediately fellable	20%	215 190	147 222	67 968



Only about 3% of the company's timber stock is restricted due to nature conservation reasons.

Age distribution, forest land*			
Age group	Growing stock (m3)	Area, ha	m3/ha
1-10	17 920	1 510	12
11-20	56 438	656	86
21-30	108 953	768	142
31-40	74 403	407	183
41-50	78 320	366	214
51-60	131 162	607	216
61-70	192 970	800	241
71-80	147 099	579	254
81-90	98 343	368	267
91-100	55 448	196	283
101+	108 059	374	289
TOTAL	1 069 118	6 630	161

* The total area in the above table amounts to 6,630 hectares, which differs from the table on the previous page for the consolidated portfolio's forest land which is 6,773 hectares. The difference of 143 hectares is due to differences in methodology in Latvia and Lithuania for the classification of land included in the age distribution.

Growth

The soil in the Baltic States generally has good quality ratios, i.e. high estimated average growth over a rotation period. 79% of the company's holdings consist of land types corresponding to grade IA, I and II (corresponding site indices G34/G36, G32, G28). A quality index or quality class is used in forestry to describe the soil's production capacity, i.e. how good the soil is at producing timber and thus indicates how much the trees can grow under normal conditions, where quality class IA is the quality class with the highest production capacity.

BONITY CLASSES				
Area, ha*		Group	Latvia*	Lithuania**
IA	28%	1 744	1 144	600
I	33%	2 048	1 431	617
II	20%	1 238	932	306
III	10%	629	545	84
IV	5%	280	263	18
V	2%	144	141	3
Va	1%	39	38	1
TOTAL	100%	6 122	4 494	1 628

* Latvia ha refers to standing forest

** Lithuania ha refers to standing forest and bare forest land

Acquisition

During the second quarter, the company acquired 88 hectares of land. Of these, 50 hectares were forest land, 31 hectares of agricultural land and 7 hectares other land. The total growing stock was just over 8,500 cubic meters. In total, the company has acquired 236 hectares of land with a growing stock of approximately 22,000 cubic meters during the first half of 2025.

Sales

The company did not make any sales during the second quarter.

Felling

During the second quarter, the company has felled just over 12,000 cubic meters through the sale of standing forest timber, mainly in Latvia. The average selling price was about EUR 39 per cubic meter.

	2021	2022	2023	2024	YTD25
Felling m3	24 683	39 419	34 372	25 953	13 693
Price/m3	27	53	40	36	39

Clearing and planting

During the second quarter, the company cleared approximately 9 hectares.

During the second quarter, the company carried out plantings on 89 hectares.

	2021	2022	2023	2024	YTD25
Clearing ha	23	77	142	210	28
Planting ha	50	65	12	101	89

Net sales and profit

Net sales in the second quarter were TEUR 532.3 (421.8), which mainly relates to income from the sale of standing forest timber.

Operating EBIT for the first quarter was TEUR -273.9 (-112.2). Operating profit is affected by, for example, costs for clearing and planting, property measurements, inventories and stamping of stands prior to felling, as well as commission for the sale of standing forest timber.

External costs largely consist of other purchased services in connection with forest management, consulting services such as accounting, auditing, legal advice, as well as costs for travel, rent, transport and more. Variable costs for purchase commissions etc. have to some extent been booked as part of the acquisition cost for the individual properties and in these cases do not burden earnings.

The total net result for the first quarter amounted to TEUR 526.9k (-803.1). The increase in net profit is mainly explained by a change in the value of the biological assets.

Accounting principles

Latvian Forest Company AB (publ) applies International Financial Reporting Standards (IFRS) as adopted by the EU and RFR1, Supplemental Accounting Rules for Groups. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

Timber and forest property market

Background

The real estate market in both Latvia and Lithuania is characterized by a business-favorable structure and competitive price levels compared to other markets in the region. Many small and fragmented property holdings have created opportunities for smaller players, such as Latvian Forest Company, to actively contribute to a consolidation that is neither current nor practicable for larger players.

Development

So far, the European market for timber and pulpwood has been relatively stable, with a stagnant price development. However, two factors may affect developments going forward. On August 7, import duties of around 15% were imposed on most goods exported from the EU to the US. At the same time, there is uncertainty about how the exchange rate for the Swedish krona and the euro will develop. This has led to increased caution among companies when purchasing wood raw materials, with some downward pressure on prices.

One indication that major market volatility is not expected is that timber futures prices in North America have been stable since the sharp rise in prices during the COVID-19 pandemic.

A potential "black swan" for the timber and pulpwood market is if sanctions against Russia and Belarus were to ease after a possible peace deal in Ukraine. This could lead to an increase in the supply of raw materials, especially in the Baltic Sea region. In the longer term, however, demand for timber, pulpwood and other forest products is expected to increase. In addition, the value of forest assets is expected to rise significantly as the market for carbon credits matures.

The Lithuanian Government has decided to restrict clear-cutting on properties located near the Russian and Belarusian borders as of January 1, 2026. The decision is part of the country's defense strategy and aims to make military vehicle movement more difficult in the event of an attack. The company's management has therefore carried out clear-cutting on affected properties where it has been permitted and is now more actively evaluating the possibility of carrying out thinning in these areas.

Timber market in the Baltic States

According to data from the Latvian Ministry of Agriculture, Latvia's timber exports decreased during January–April 2025. Exports of pulpwood decreased by 16% in volume compared to the same period in 2024, and exports of timber decreased by 13%. Despite this, the export value remained unchanged, reflecting the price development for both pulpwood and timber.

Lithuania, on the other hand, showed a more positive development, with exports increasing by around 12% for sawlogs and 16% for pulpwood in the first quarter of 2025 compared to the same period in 2024.

Price development

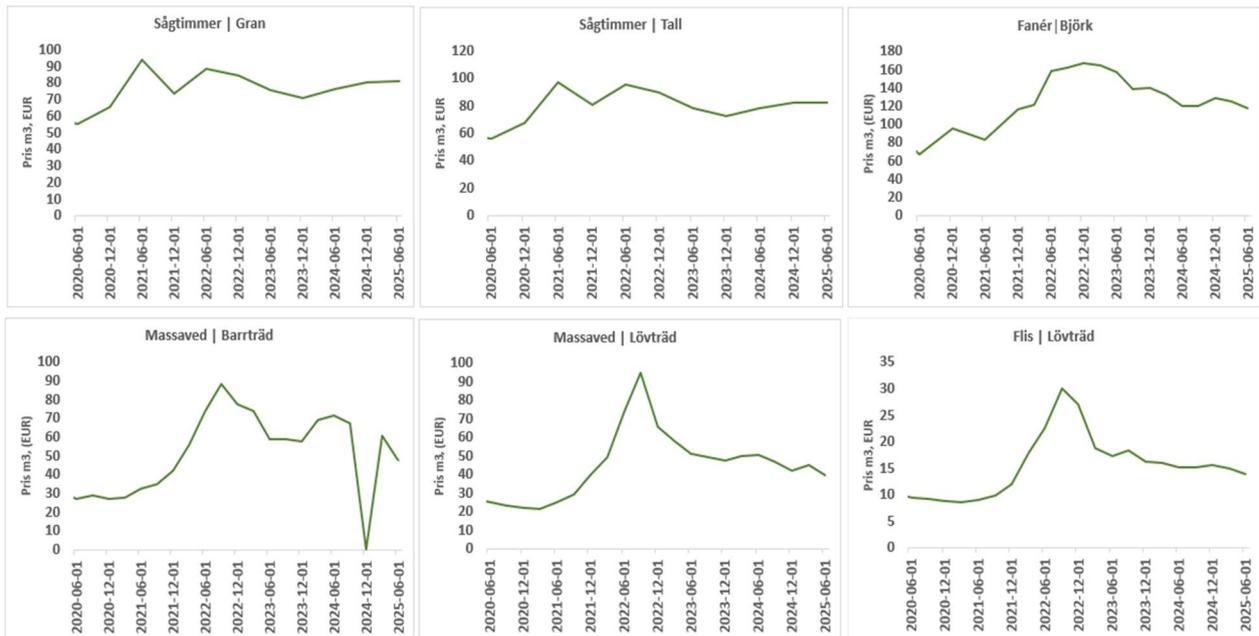
Purchase prices have remained largely unchanged for most ranges. In the first half of 2025, the purchase price for softwood timber was around 85 EUR/m³.

The price of hardwood pulpwood rose to a peak of 75 EUR/m³ in autumn 2024 but has since fallen to 60 EUR/m³ and remained stable since the first quarter of 2025.

At the beginning of 2025, the price of birch veneer logs rose to 215 EUR/m³ for the premium range and around 110 EUR/m³ for lower qualities. Since then, prices have gradually fallen to 160 EUR/m³ and 90 EUR/m³ respectively.

The geopolitical unrest has been reflected in the price level of energy wood, especially raw material for wood chips. After reaching an all-time high of 30 EUR/m³ in 2022, the price has steadily declined to 13 EUR/m³ by the end of 2025, in line with developments in the oil and gas market.

Price development in the Baltics



Source: Latvianwood database

Sågtimmer gran=Saw log spruce

Sågtimmer tall=Saw log pine

Fanér björk=Birch veneer

Massaved barrträd=Pulpwood pine

Massaved lövträd=Broadleaved pulpwood

Flis lövträd=Broadleaved chips

Asset valuation

The company reports in accordance with IFRS, which means that the forest assets are booked at an estimated market value. The book value of growing forest has been calculated on the assets that were in the company as of June 30, 2025. The value is calculated by discounting a 100-year series of estimated felling volumes/sales revenues and forest management costs at a discount rate of 7.25%.

Group forest assets

The book value of the fixed assets in the balance sheet for agricultural land and other land, forest land and biological assets, and growing forest amounts to TEUR 42,100.4 (40,032.8). Changes in the estimated value of the fixed assets can mainly be attributed to the fact that the company has had properties felled, acquired or divested, as well as the average estimate of the long-term price level of sawlogs and pulpwood.

The company's total land holdings are 8,143 hectares with approximately 1,069,000 cubic meters of growing stock. The valuation corresponds to an average of EUR 4,889 per hectare or EUR 37.3 per cubic meter. As of June 30, the land holdings in Latvia are 6,439 hectares with a growing stock of approximately 738,893 cubic meters and is valued at EUR 28.7 million. The land holding in Lithuania was 1,704 hectares with a growing stock of approximately 330,224 cubic meters and is valued at EUR 13,366 million.

2025-06-30	Group	Latvia	Lithuania
Agricultural land and other land (TEUR)	2 192	2 120	72
Forest land (TEUR)	7 274	5 492	1 781
Biological assets, growing forest (TEUR)	32 634	21 122	11 512
TOTAL (TEUR)	42 100	28 734	13 366
Total area, hectare	8 143	6 439	1 704
Total growing stock, cubic meter	1 069 118	738 893	330 224
Value per hectare (EUR)*	5 170	4 463	7 842
Value per cubic meter (EUR)**	37,3	36,0	40,3

* Estimated on total assets

** Estimated on forest land and the biological asset

Financing

Finance strategy

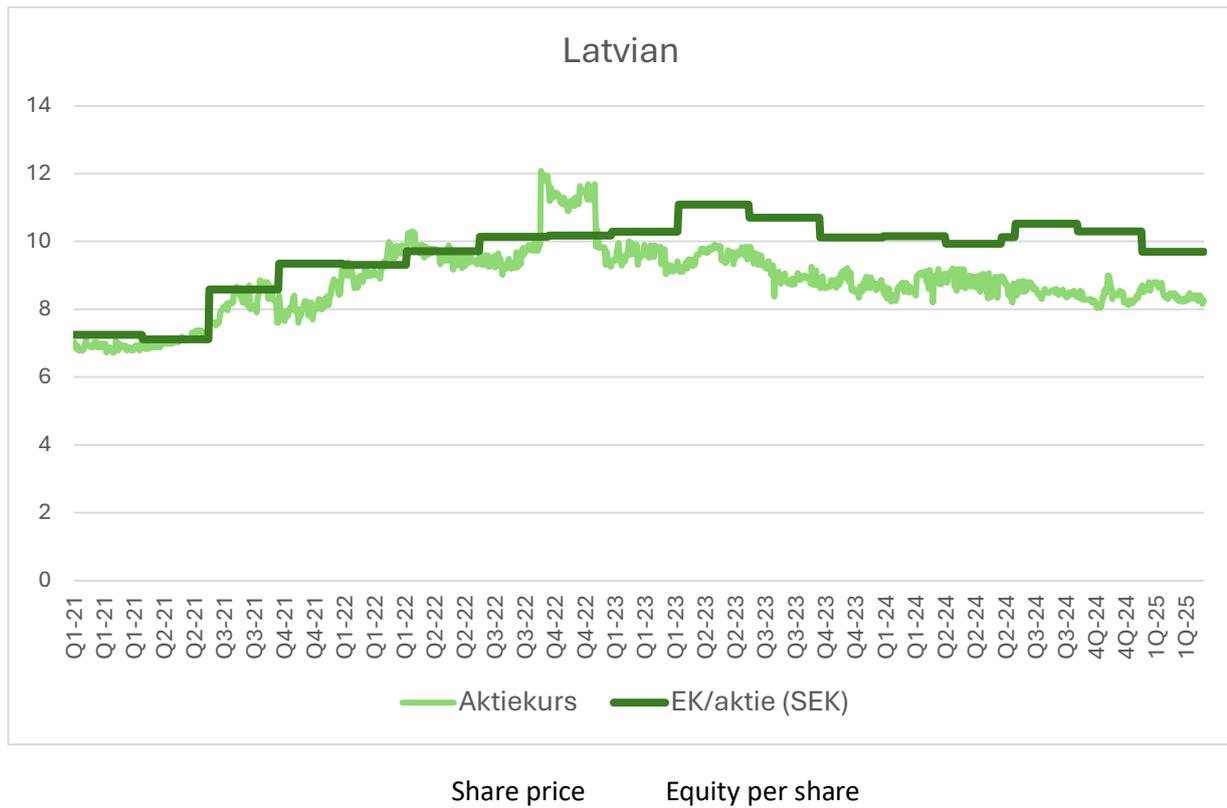
The Board of Directors has decided, following comments from and sounding out among shareholders and potential investors, that future financing in the form of share issues will primarily be made with priority for existing shareholders. However, this does not prevent directed issues from being carried out, for example, in connection with acquisitions of property portfolios or in special situations where a directed issue may be required. However, the intention is that existing shareholders will not be disadvantaged if a directed share issue is carried out.

Share

Share

At the end of the period, the share capital amounted to EUR 4,479,749 divided into 39,996,568 shares, of which 80,000 were Class A shares and 39,916,568 were Class B shares. Class A shares represent ten votes and Class B shares one vote each. Each share has a quota value of 0.112 Euro. According to our latest information, the five largest shareholders in terms of voting rights control 67.6% of the votes and 67.2% of the capital.

Reported equity per share and share price development



Next report

The interim report for the third quarter 2025 is scheduled to be published on November 20, 2025.

About this report

This report has not been subject to special review by the company's auditor.

Stockholm, 2025-08-20

Board

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Financial figures

CONSOLIDATED INCOME STATE- MENT, TEUR	YTD 2025	YTD 2024	Q2 2025	Q2 2024	Full year 2024
Net sales	532,3	421,8	394,2	249,7	1 218,8
Other income	5,4	41,6	-2,4	34,7	143,4
Total revenue	537,7	463,4	391,8	284,4	1 362,2
Raw materials and supplies	-447,4	-224,5	-279,4	-101,8	-777,9
Other external costs	-256,5	-290,3	-130,9	-167,4	-658,1
Personnel costs	-104,8	-57,9	-72,5	-29,6	-151,3
Depreciation and impairment	-2,9	-2,9	-1,5	-1,5	-432,4
Operating profit	-273,9	-112,2	-92,5	-15,9	-657,5
Capital gains on property sales		0,0	0,0	0,0	1 554,3
Operating income	-273,9	-112,2	-92,5	-15,9	896,8
Financial income	4,3	108,9	3,1	32,1	87,7
Financial costs	-179,2	-290,3	-84,9	-116,4	-524,4
Net financial items	-174,9	-181,4	-81,8	-84,3	-436,7
Change in value of forest assets	948,1	-488,0	3 353,9	436,3	1 490,1
Profit before tax	499,3	-781,7	3 179,6	336,1	1 950,2
Current tax	0,0	-48,2	0,0	-48,2	-2,8
Deferred taxes	27,6	26,7	-77,9	26,7	-160,1
PROFIT FOR THE YEAR	526,9	-803,1	3 101,8	314,6	1 787,3

STOCK DATA	<u>30.06.2025</u>	<u>30.06.2024</u>	<u>30.06.2023</u>
Average number of shares	39 996 568	36 663 521	36 663 521
Number of shares	39 996 568	36 663 521	36 663 521
Earnings per share, EUR	0,013	-0,030	-0,002
Equity per share, EUR	0,929	0,881	0,912
Cash flow from operating activities per share, EUR	-0,006	-0,004	-0,006

Share capital Other capital contributed Retained earnings incl. profit for the year **Total equity**

CHANGES IN EQUITY GROUP

Equity January 1, 2023	4 106,4	8 169,6	21 239,7	33 515,7
Recount		-8,9	-350,1	-359,0
Profit for the period			274,1	274,1
Equity December 31, 2023	4 106,4	8 160,7	21 163,7	33 430,8
Equity January 1, 2024	4 106,4	8 160,7	21 163,7	33 430,8
New share issue	373,3	1 939,9		2 313,2
Recount			-0,2	-0,2
Profit for the period			1 787,3	1 787,3
Equity December 31, 2024	4 479,7	10 100,6	22 950,8	37 531,1
Equity January 1, 2025	4 479,7	10 100,6	22 950,8	37 531,1
Recount			4,0	4,0
Dividend			-901,5	-901,5
Profit for the period			526,9	526,9
Equity June 30, 2025	4 479,7	10 100,6	22 580,2	37 160,5

CONSOLIDATED BALANCE SHEET, TEUR	30.06.2025	30.06.2024	30.06.2023
ASSETS			
Agricultural land and other land	2 192,5	2 510,4	9 799,9
Forestland	7 273,7	7 210,7	
Biological resources, growing forests	32 634,2	30 847,3	30 943,6
Buildings	93,1	94,0	
Furniture	18,8	18,8	18,8
Long-term receivables	227,7	247,5	294,5
Total fixed assets	42 440,0	40 928,6	41 056,8
Accounts receivable	141,5	57,2	64,7
Current receivables	125,3	130,0	261,7
Cash and cash equivalents	2 434,7	1 437,9	525,9
Total current assets	2 701,4	1 625,1	852,3
TOTAL ASSETS	45 141,4	42 553,7	41 909,1
EQUITY AND LIABILITIES			
Equity	37 160,5	34 953,5	34 488,7
Provisions for rights of use	0,0	0,0	148,2
Interest-bearing long-term liabilities	5 200,1	6 419,5	4 926,4
Interest-bearing current liabilities	1 461,7	20,7	1 295,6
Deferred tax liability	982,2	823,0	702,6
Accounts payable	42,7	60,1	177,3
Tax liability	0,0	48,2	0,0
Other liabilities, non-interest-bearing	85,7	37,2	33,1
Accrued expenses and deferred income	208,6	191,5	137,2
Total liabilities	7 980,9	7 600,2	7 272,2
TOTAL EQUITY, PROVISIONS AND LIABILITIES	45 141,4	42 553,7	41 909,1
Collateral provided	5,0	5,3	5,3
Solidity	82,3%	82,1%	82,3%
Debt	21%	22%	21%

CONSOLIDATED CASH FLOW STATEMENT, TEUR	30.06.2025	30.06.2024	30.06.2023
Operating income	-273,9	-112,3	-163,1
Adjustment items:			
- Depreciation of fixed assets	2,9	2,9	0,0
- Write-down on felled forest	120,3	15,9	0,0
- Interest received	4,3	3,4	51,9
- Interest paid	-179,2	-261,2	-210,3
-Taxes	0,0	-48,2	0,0
- Capital gain on the sale of properties	0,0	-2,9	0,0
-Currency fluctuations	0,0	76,4	28,5
Current taxes	0,0	0,0	0,0
Cash flow from operating activities before changes in working capital	-325,6	-326,0	-293,0
Cash flow from changes in working capital	77,6	147,7	-137,3
Cash flow from operating activities	-248,0	-178,3	-430,3
<u>Investment</u>			
Sales/Purchase of land and biological fixed assets +/-	1 695,3	143,0	-313,9
Sales/Purchase of buildings +/-			-18,8
Provisions		0,0	148,2
Cash flow from investment activities	1 695,3	143,0	-184,5
<u>Financing activities</u>			
New share issue		2 326,1	0,0
Dividend	-901,5	0,0	0,0
Change of loan	242,3	-1 635,5	-411,7
Cash flow from financing activities	-659,2	690,6	-411,7
CASH FLOW FOR THE YEAR	788,1	655,3	-1 026,5
Cash and cash equivalents at the beginning of the year	1 646,6	782,6	1 552,4
Cash flow for the year	788,1	655,3	-1 026,5
Cash and cash equivalents at the end of the period	2 434,7	1 437,9	525,9

	YTD 2025	YTD 2024	Q2 2025	Q2 2024	Full year 2024
PARENT COMPANY'S INCOME STATEMENT, TEUR					
Net sales	40,0	40,0	20,0	20,0	80,0
Other income	0,6		0,3		0,1
Other external costs	-122,2	-130,6	-64,6	-79,4	-281,3
Personnel costs	-40,4	0,0	-40,4	0,0	-23,1
Other costs					
Operating income	-122,0	-90,6	-84,8	-59,4	-224,3
Financial income	337,8	391,6	167,3	191,4	717,1
Financial costs	-6,1	-67,2	-5,8	-11,3	-75,3
Net financial items	331,7	324,4	161,5	180,2	641,8
Profit after financial items	209,7	233,8	76,8	120,7	417,5
PROFIT FOR THE PERIOD	209,7	233,8	76,8	120,7	417,5

PARENT COMPANY'S BALANCE SHEET, TEUR	<u>30.06.2025</u>	<u>30.06.2024</u>	<u>30.06.2023</u>
ASSETS			
Shares in subsidiaries	12 835,5	11 942,3	11 942,3
Receivables from group companies	8 868,6	9 448,6	9 322,4
Total fixed assets	21 704,1	21 390,9	21 264,7
Current receivables group companies	1,1	298,7	58,7
Other current receivables	9,3	15,9	11,6
Prepaid costs and accrued income	3,7	1,7	28,1
Cash and bank	319,0	830,6	110,4
Total current assets	333,2	1 146,9	208,8
TOTAL ASSETS	22 037,3	22 537,8	21 473,5
EQUITY AND LIABILITIES	<u>30.06.2025</u>	<u>30.06.2024</u>	<u>30.06.2023</u>
Equity	21 972,6	22 445,4	20 066,8
Interest-bearing current liabilities	0,0	0,0	1 272,0
Accounts payable	4,8	27,1	69,7
Other liabilities	59,9	49,5	1,7
Accruals	0,0	15,8	63,3
Total liabilities	64,7	92,4	1 406,7
Total equity and liabilities	22 037,3	22 537,8	21 473,5
Solidity	99,7%	99,6%	93,4%

	<u>30.06.2025</u>	<u>30.06.2024</u>	<u>30.06.2023</u>
PARENT COMPANY'S CASH FLOW STATEMENT, TEUR			
Operating income	-122,0	-90,6	-137,8
Adjustment items:			
- Interest received	336,6	301,5	111,8
- Interest paid	0,0	-38,1	-50,6
-Currency fluctuations	-4,9	61,1	-7,2
Current tax	0,0	-48,2	-7,2
Cash flow from operating activities before changes in working capital	209,7	185,7	-91,0
Cash flow from changes in working capital	249,0	48,5	14,8
Cash flow from operating activities	458,7	234,2	-76,2
<u>Investment</u>			
Subsidiary Supplements	0,0	0,0	
Sale/Buy shares in subsidiaries +/-	0,0	0,0	-389,8
Cash flow from investment activities	0,0	0,0	-389,8
<u>Financing activities</u>			
New share issue	0,0	2 326,0	0,0
Dividend to shareholders	-901,5		
Change of loan	691,4	-1 862,8	-344,0
Cash flow from financing operations	-210,1	463,2	-344,0
CASH FLOW FOR THE YEAR	248,6	697,4	-810,0
Cash and cash equivalents at the beginning of the year	70,4	133,2	913,2
Cash flow for the year	248,6	697,4	-810,0
Cash and cash equivalents at the end of the period	319,0	830,6	103,2



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