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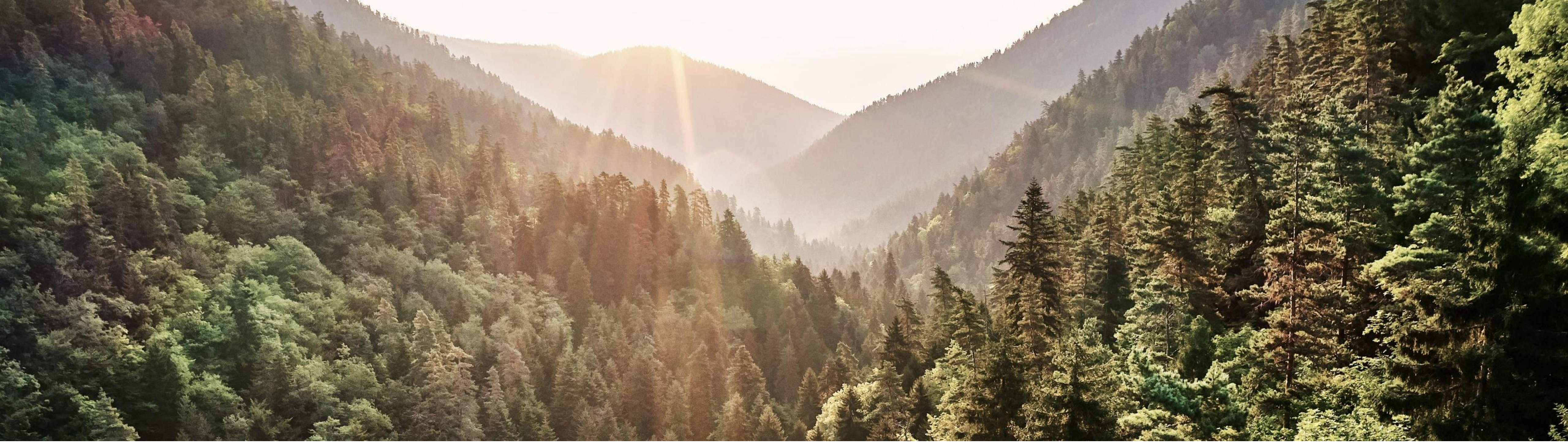

Global softwood availability - trends

International Softwood Conference 2023

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AFRY AT GLANCE

WE HAVE

19,000

Employees globally
(as of 2022)

WE HAVE NET SALES OF

2.3 bn

euros in 2022

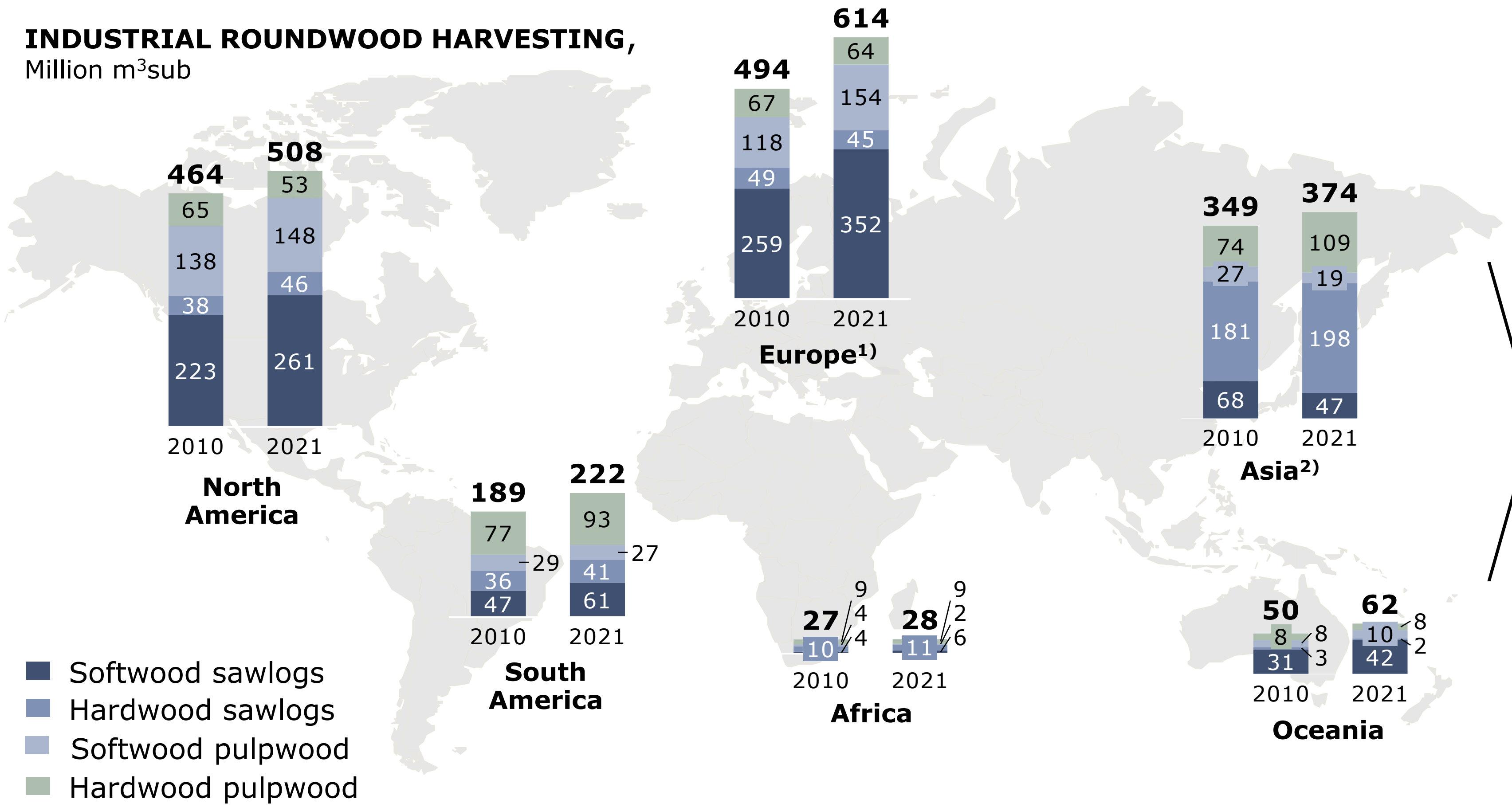
NUMBER OF COUNTRIES
WITH AFRY OFFICES

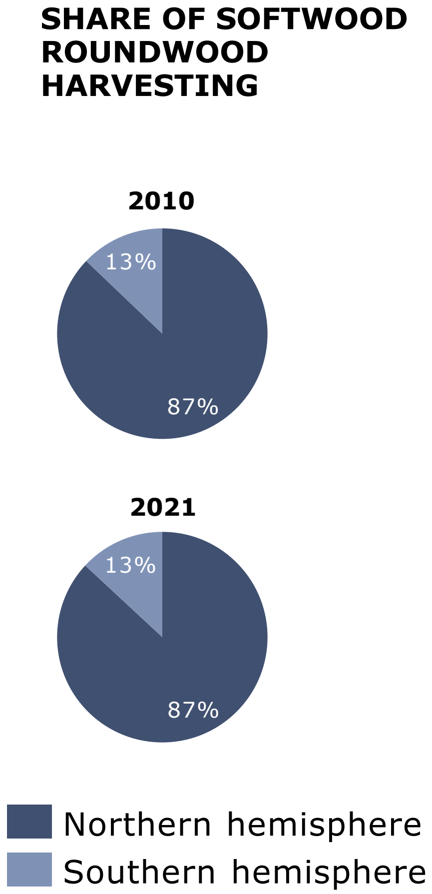
>50

NUMBER OF COUNTRIES
WITH AFRY PROJECTS

>100

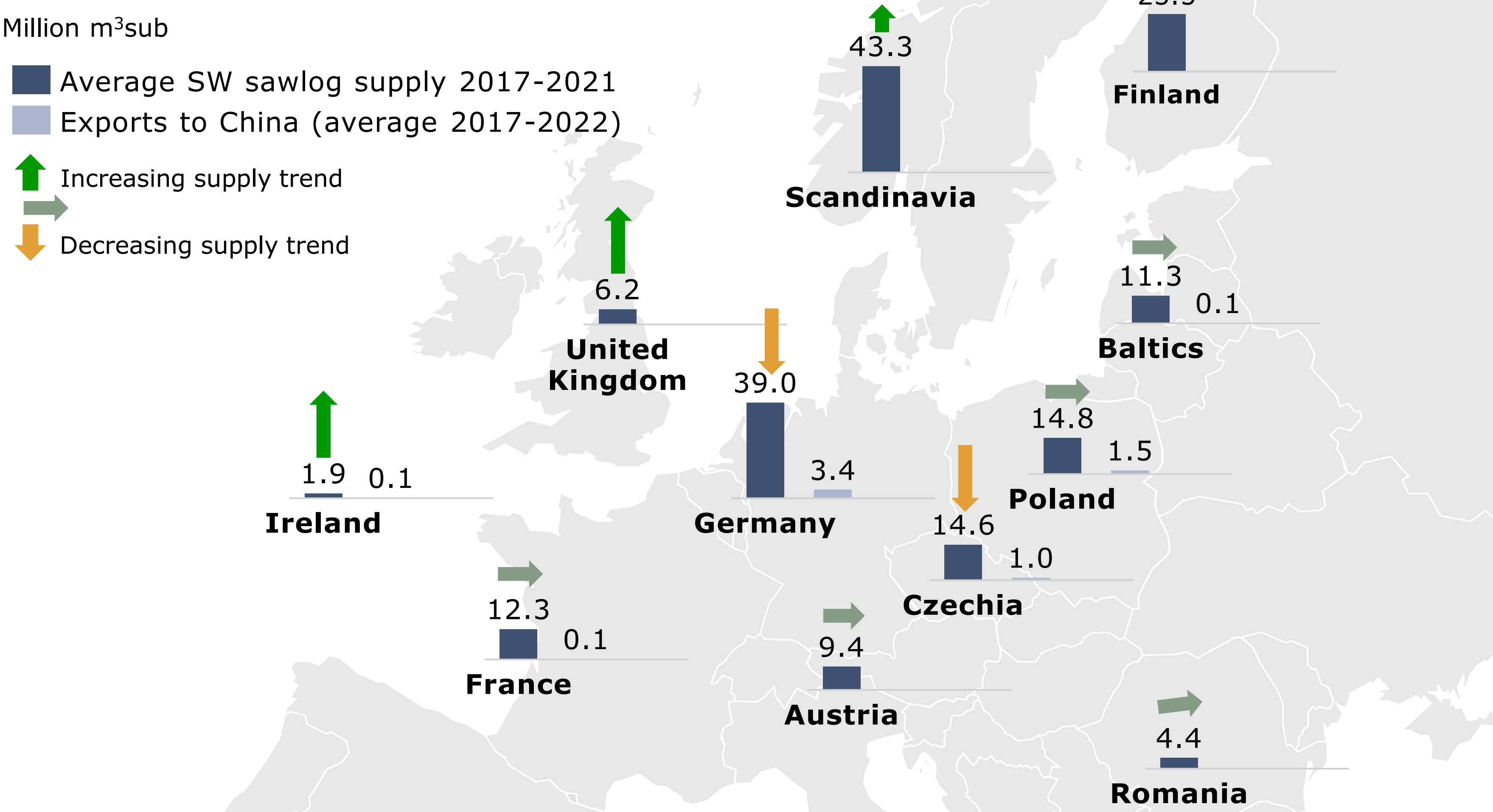
Northern hemisphere continues to drive the supply of softwood, accounting for close to 90% of current global softwood log supply





1) Including Russia. 2) including China. Source: FAO, AFRY

Most of softwood sawlog supply is processed locally in Europe



Scandinavia and Finland are the main regions able to increase supply, triggering investments in the capacity

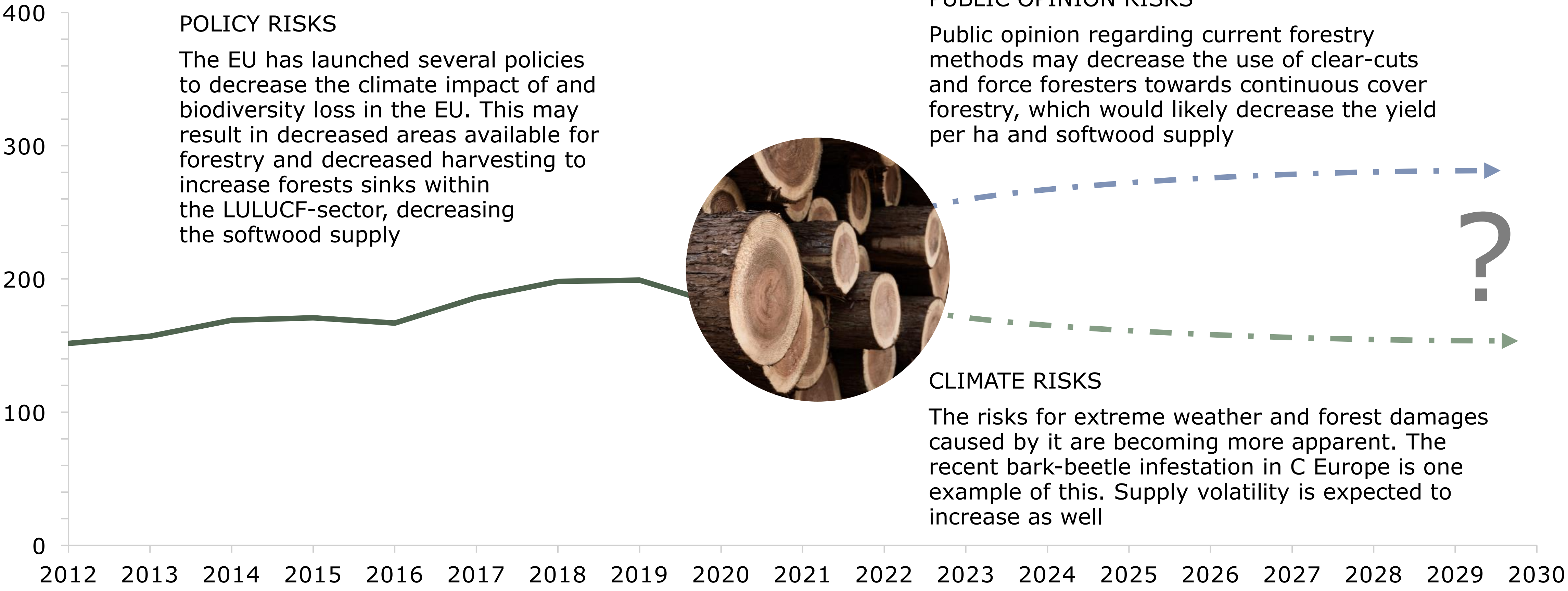
Easing damage situation in Central Europe driving the supply down

Sitka Spruce availability from the UK and Ireland increasing over time – yet marginal volume compared to overall Europe

Source: Eurostat, AFRY

EU regulations and initiatives may have significant impact on softwood supply in Europe, partly conflicting with climate targets of EU

SW sawlog supply Europe[1)]



POLICY RISKS

The EU has launched several policies to decrease the climate impact of and biodiversity loss in the EU. This may result in decreased areas available for forestry and decreased harvesting to increase forests sinks within the LULUCF-sector, decreasing the softwood supply

PUBLIC OPINION RISKS

Public opinion regarding current forestry methods may decrease the use of clear-cuts and force foresters towards continuous cover forestry, which would likely decrease the yield per ha and softwood supply

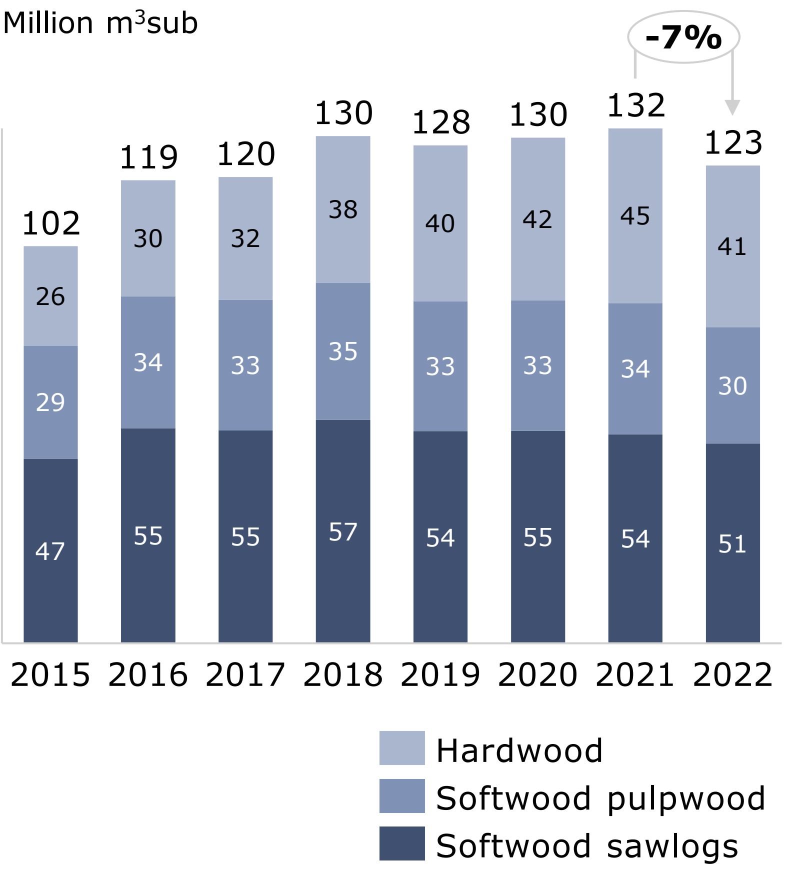
CLIMATE RISKS

The risks for extreme weather and forest damages caused by it are becoming more apparent. The recent bark-beetle infestation in C Europe is one example of this. Supply volatility is expected to increase as well

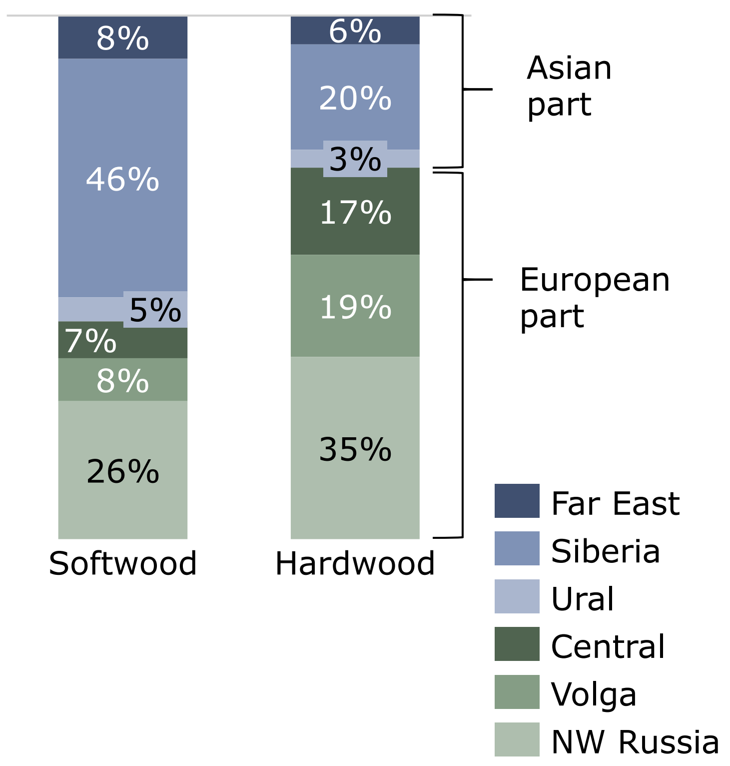
1) Including EU-27 and Iceland, Liechtenstein, Norway, Switzerland and United Kingdom Source: AFRY

Russia's capability to supply wood may be at risk due to sanctions

HARVESTING OF INDUSTRIAL WOOD



HARVESTING SPLIT PER FEDERAL REGION



Source: Russian statistics, AFRY

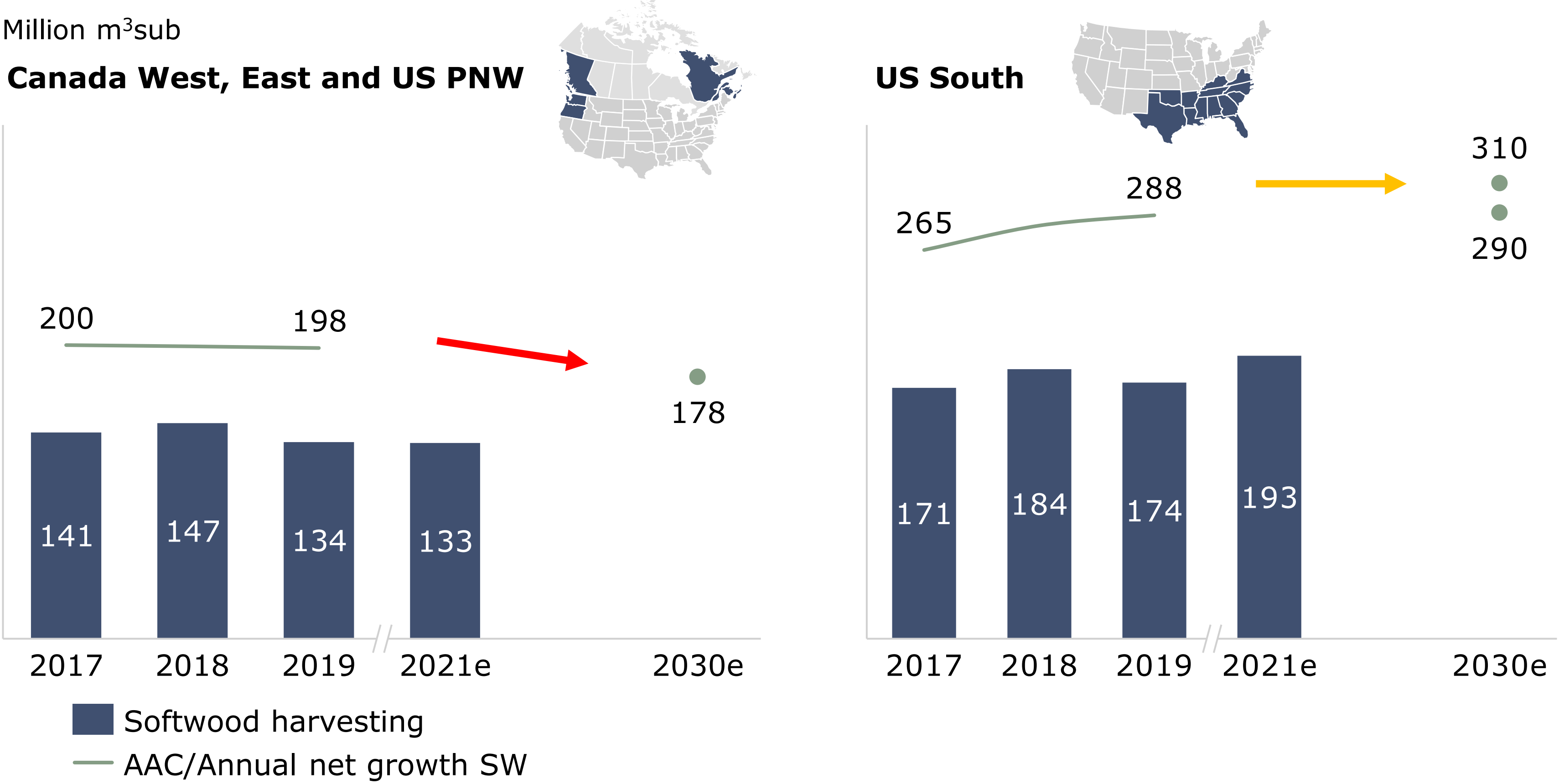
Contribution of the Russian softwood surplus to global market is challenged by the geopolitics

Procurement chains suffer from sanctions – harvesting chain and capacity highly vulnerable

Depending on the development of Sino-Russian relations, Russia may push softwood to Chinese market in any form

North American softwood supply will keep afloat thanks to US South

ANNUAL ALLOWABLE CUT (AAC)/HARVESTING POTENTIAL VS. HARVESTING



Source: Government of Canada, USDA, AFRY

Significantly weakening supply of boreal softwood from BC, US PNW and Canada East is expected

Surplus of SYP, though declining, in the US South allows the US to maintain role in softwood markets

Europe may be able to gain in boreal softwood markets from North America

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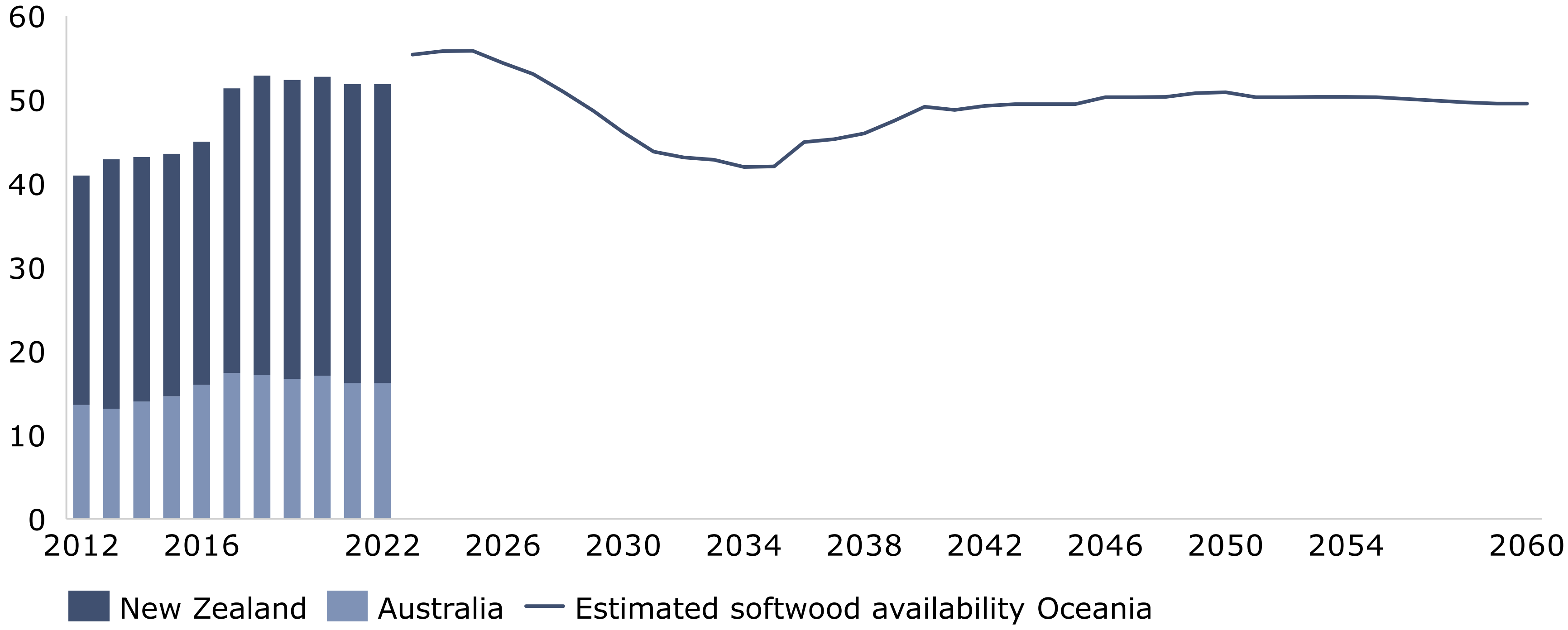
Additional contribution from Oceania to the log export market is not expected

DEVELOPMENT OF SOFTWOOD HARVESTING POTENTIAL AND HARVESTING IN AUS AND NZ

Million m^3sub



Source: Ministry for Primary Industries, ABARES, AFRY

The increasing supply from Australia and New Zealand has flattened out

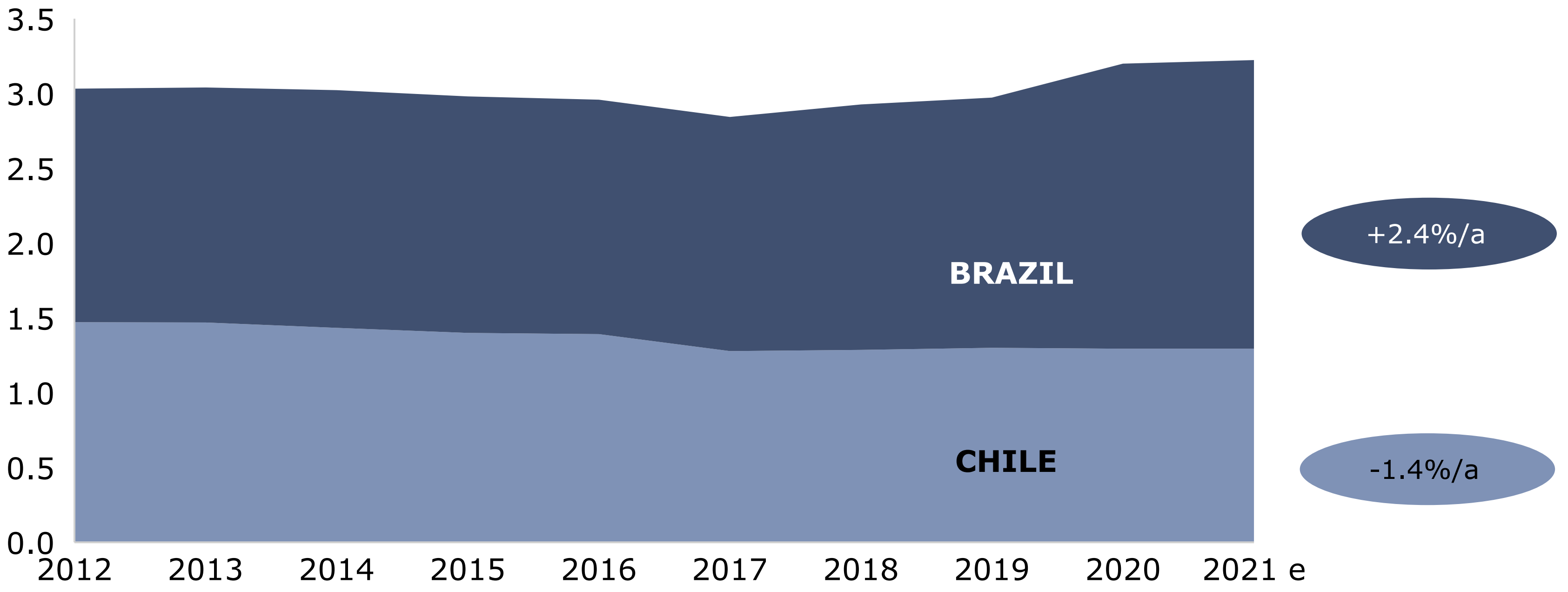
Harvesting potential of softwood does not allow to increase the harvesting in Oceania

Increasing domestic demand may limit the available log export volumes

Latin American softwood supply is expected to remain at stable level

DEVLOPMENT OF PINE PLANTATION AREA

Million ha



Source: INFOR, FGV IBRE, AFRY

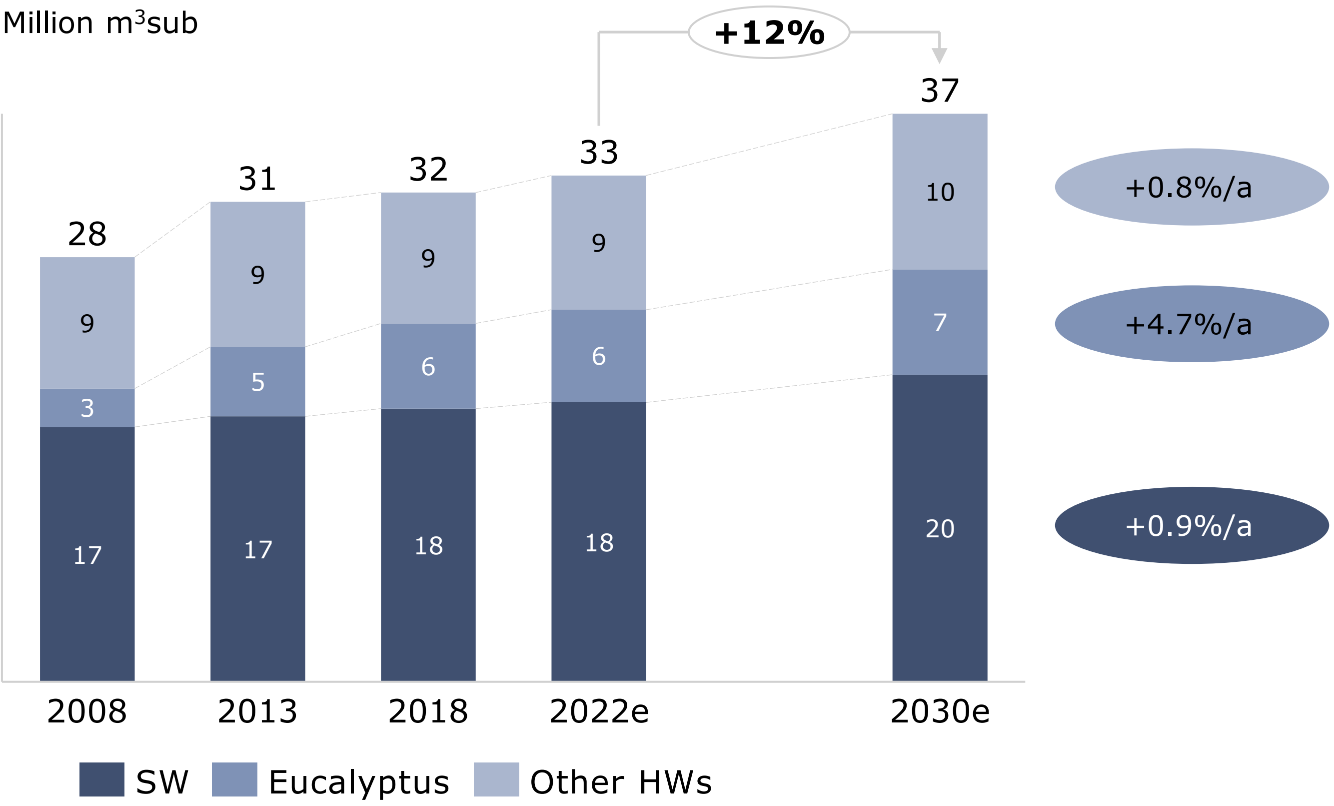
Chile has suffered from declining softwood area during the past decade – hardwood has gained share

Brazil has reversed the declining trend during the recent years, supported by a strong softwood market

Overall Latin American supply is mainly driven by these countries – Argentina has largish untapped potential

Chinese capability to supply additional softwood volume is expected to continue to grow

SCENARIO FOR TIMBER FOREST PLANTATION AREA DEVELOPMENT



Source: 2008-2018 State Forestry Administration of China 7th, 8th & 9th National Inventory Surveys; 2022 AFRY estimate

Chinese capability to supply additional domestic raw material has not been at the pace of increasing demand

Competition for land limits the speed of planted area expansion, hardwoods dominating the demand going forward

Despite potentially increasing domestic supply and weakening demand, increasing reliance on imported softwood remains

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- Europe and North America will drive the supply of softwood – Europe is expected to gain share from North America in boreal softwoods, while southern yellow pines are increasing the share of North American supply
- Additional availability of softwood from the Southern Hemisphere is limited with some exceptions – plantation establishment is focusing on hardwoods
- China will remain increasingly dependent on imported softwood opening further opportunities for exporters – potential partly filled with Russian softwood products

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