



# BILLERUDKORSNÄS

## Interim report January–June 2022

# Record financial performance in a milestone quarter

# Q2 2022

### KEY HIGHLIGHTS

- All-time high sales, EBITDA and operating cash flow
- First quarter where Verso was included – net sales growth 75%
- Strong organic growth, both in Europe 17% and North America 19%
- Price and mix improvements more than offset the cost inflation
- Excellent cash delivery and strong balance sheet position

### QUARTERLY DATA

- Net sales grew by 75% to SEK 11 408 million (6 504), whereof Billerud North America accounted for SEK 3 738 million
- Adjusted EBITDA\* increased to SEK 2 267 million (883), whereof Billerud North America accounted for SEK 704 million. The adjusted EBITDA margin was 20% (14%)
- Operating profit was SEK 1 609 million (404)
- Net profit was SEK 1 419 million (311)
- Earnings per share amounted to SEK 6.83 (1.50)

### OUTLOOK FOR Q3

- Despite macro-economic uncertainty, the business is expected to remain strong for the third quarter
- Continued cost inflation for inputs, especially for pulpwood in Europe
- Positive price impact and mix improvements expected to offset higher costs

### KEY FIGURES\*

SEKm	Q2	Q2	Change	Jan-Jun	Jan-Jun	Change
	2022	2021		2022	2021	
Net sales	11 408	6 504	75%	18 805	13 024	44%
Adjusted EBITDA	2 267	883	157%	3 931	1 886	108%
Operating profit	1 609	404	298%	2 798	932	200%
Adjusted operating profit	1 609	404	298%	2 798	932	200%
Net profit	1 419	311	356%	2 303	688	235%
Adjusted EBITDA margin, %	20%	14%		21%	14%	
Adjusted operating profit margin, %	14%	6%		15%	7%	
Adjusted ROCE, %	15%	4%		15%	4%	
Operating cash flow after investments in tangible and intangible assets	1 669	850		1 867	1 015	
Interest-bearing net debt/adjusted EBITDA	1.1	1.7		1.1	1.7	

\* For key figures and a reconciliation of alternative performance measures including adjusted EBITDA, adjusted operating profit, adjusted EBITDA margin, adjusted operating profit margin, adjusted ROCE and interest-bearing net debt/adjusted EBITDA, see pages 17-19 and pages 6-7 for operating cash flow after investments in tangible and intangible assets.

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## Comments by the CEO



**SEK 11 408 m**

Net sales

**SEK 2 267 m**

Adjusted EBITDA

**20%**

Adjusted EBITDA margin

BillerudKorsnäs is now a significantly larger company with Billerud North America's (formerly Verso's) result included from 1 April 2022. Performance in the second quarter was outstanding across all geographies, with total net sales of around SEK 11.4 billion. This was also the first quarter with a considerably broader product portfolio, manufacturing on two continents and as many as 5 900 employees. This creates a platform for future sustainable and profitable growth.

The financial result in the second quarter was excellent. Compared with last year, net sales excluding currency effects, the acquisition of Verso and the divestment of Beetham grew by 17%. At the same time, the acquired business' currency neutral sales grew by 19%. The EBITDA margin remained strong, driven by production stability and price and mix improvements, resulting in record operating cash flow.

Despite the recessionary threat, the business remains strong both in Europe and North America. In the second quarter, we have seen high demand for all our products and prices have remained strong. Our mix continues to improve, hand in hand with the production optimization and stability across our sites. Most of our products are used for essential applications and we will continue to proactively balance cost increases with prices and mix. Demand for our products continues to be solid.

The war in Ukraine continues to have an impact on raw material prices and uncertainty in Europe. We are seeing a significant increase in wood cost, while prices for other raw materials are stabilizing at a high level. Logistics within Europe and overseas continue to be a significant challenge, both for transport availability and reliability. The situation in North America is improving slowly with stable wood costs, stabilizing costs for other raw materials and an improvement of the logistic situation.

Since the closure of the deal with Verso, we have started a systematic integration process that covers all critical business and management areas. While we will run the business in line with local needs, we will ensure that key processes and policies are aligned. The AGM endorsed our proposal to simplify our name to Billerud and we will legally change the company name in October. We have also simplified further our organization with focus on the key critical business areas. We have started the preparations for the conversion of manufacturing assets in the US to paperboard production under the leadership of our Head of Transformation Program, who reports to me.

In the third quarter we will have scheduled maintenance stops in Gävle, Karlsborg and Escanaba and carry out a planned major upgrade in Quinnesec mill. The rebuild at Quinnesec will increase the pulp capacity and enable quality improvements that will be leveraged for added value pricing.

The rights issue carried out in the second quarter was subscribed by more than 200% and enabled paying down on the loans raised to finance the Verso acquisition. We now have a strong balance sheet to finance the investment in the transformation and our potential bleached chemi-thermomechanical pulp investment in Norway. Net debt to EBITDA will remain comfortably within our set target of below 2.5.

Our strategic direction is clear, and our employees are committed. I believe that BillerudKorsnäs will contribute significant values to our customers, employees, and shareholders.

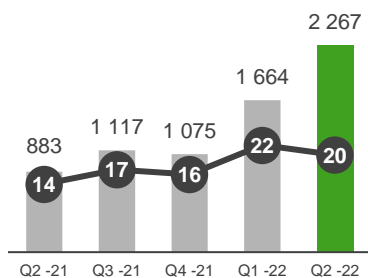
Christoph Michalski  
*President and CEO*

# The quarter in review

The adjusted EBITDA margin was 20% for the second quarter

## Adjusted EBITDA, SEKm and adjusted EBITDA margin, %

Target level >17%



## SALES AND RESULTS

Net sales for the second quarter grew by 75% to SEK 11 408 million (6 504). Net sales excluding currency effects increased by 72%, mainly due to the acquisition of Verso, which was completed on 31 March 2022. Verso, which has changed name to Billerud North America, had net sales of SEK 3 738 million and sales volumes of 307 ktonnes in the second quarter of 2022. Net sales growth excluding currency effects, the acquisition of Verso and the divestment of Beetham was 17%.

Adjusted EBITDA increased to SEK 2 267 million (883). The higher result was primarily due to the acquisition of Verso, but also driven by price increases and an improved mix. Billerud North America contributed an EBITDA of SEK 704 million, negatively affected by a one-off effect of around SEK 170 million, attributed to the sales of inventory valued at fair value at the time of the acquisition. Higher costs for chemicals, fibres and logistics had an adverse effect.

The comparison with the second quarter 2021 is affected by a changed maintenance schedule, the production incident at Gävle in the second quarter of 2021 and UPM's strike which has affected production at Pietarsaari in 2022.

No items affecting comparability impacted the results for the second quarter (-).

## MARKET DEVELOPMENT AND OUTLOOK

During the second quarter of 2022, market conditions continued to be strong for all product segments. Implemented price increases had effect across all segments.

Despite the macro-economic uncertainty, BillerudKorsnäs' business is expected to remain strong for the third quarter. The cost inflation throughout the business is expected to continue or prices flattening out at a high level. Costs for pulpwood in Europe will increase significantly. Positive price impact and mix improvements are expected to offset the higher costs.

## EVENTS IN THE QUARTER

Annual maintenance was performed in April at Gruvön, and in May at Skärblacka and Pietarsaari. The total negative impact of maintenance shutdowns in the second quarter amounted to around SEK 345 million, which was higher than normal due to longer stops at Skärblacka and Gruvön.

Production at Pietarsaari ran at lower capacity in the first half of the second quarter due to the strike at UPM. The negative impact of the strike on the result amounted to around SEK 15 million.

On 10 May, the Annual General Meeting authorised the Board to resolve on a rights issue amounting to maximum SEK 3.5 billion. The Meeting also resolved to simplify the company's name to Billerud Aktiebolag (publ) by an amendment of the Articles of Association. The name change to "Billerud" will be implemented from October, when the new Articles of Association will be registered by the Swedish Companies Registration Office. The Meeting on 10 May furthermore elected Florian Heiserer and Magnus Nicolin as new Board members and re-elected Andrea Gisle Joosen, Bengt Hammar, Jan Svensson, Victoria Van Camp and Jan Åström as Board members. Jan Svensson was re-elected as Chairman of the Board.

On 25 May, the Board of Directors resolved on a rights issue with preferential rights for existing shareholders of approximately SEK 3.5 billion, and the terms of the rights issue was announced. The prospectus about the rights issue was published on BillerudKorsnäs website on 30 May 2022.

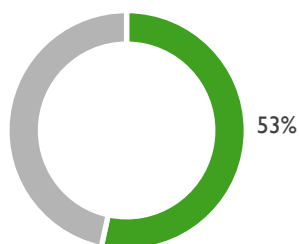
On 21 June the preliminary outcome of BillerudKorsnäs' rights issue was disclosed, and on 27 June, the final outcome was announced. The rights issue was significantly oversubscribed. New shares subscribed for by the exercise of subscription rights were registered with the Swedish Companies Registration Office on 29 June 2022. The proceeds of the rights issue were received towards the end of June and was used to repay term loans. Read more on pages 7 and 8.

BillerudKorsnäs has introduced Performance White Barrier, a new coated sack paper, that replaces the plastic barrier which is usually found in paper sacks. The new material can be recycled as paper, has a printable surface, the same high quality as our previous sack paper, and a more sustainable footprint. It can be used for packaging of a variety of powdered goods, such as animal feed, building materials, minerals and dry food.

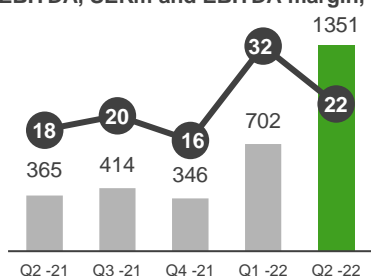


# Product area Paper

Share of Group's net sales  
Q2 2022



EBITDA, SEKm and EBITDA margin, %



## About Product area Paper

The Paper product area includes Graphical paper, mainly used for printed communication, Kraft and speciality paper, mainly used for packaging of food, medicals, and industrial applications, as well as Sack paper, mainly used for packaging of building materials, chemicals and dry food. Market pulp is also included in the Paper product area. The mills at Skärblacka, Karlsborg, Pietarsaari, Escanaba, Quinnesec and the converting facility at Wisconsin Rapids belong to this product area.

## KEY FIGURES

SEKm	Quarter		Jan-Jun		Full year
	Q2 -22	Q2 -21	2022	2021	2021
Net sales	6 094	2 039	8 313	3 942	8 127
of which graphical paper	2 823	-	2 823	-	-
of which kraft and speciality paper	1 477	920	2 354	1 756	3 511
of which sack paper	902	630	1 729	1 258	2 726
of which pulp	882	480	1 386	906	1 855
Net operating expenses	-4 743	-1 674	-6 260	-3 314	-6 739
<b>EBITDA</b>	<b>1 351</b>	<b>365</b>	<b>2 053</b>	<b>628</b>	<b>1 388</b>
EBITDA margin, %	22%	18%	25%	16%	17%
Operating profit/loss	1 055	244	1 638	389	906
Operating margin, %	17%	12%	20%	10%	11%
Sales volumes, ktonnes	523	245	742	500	960

## SALES AND RESULTS

Net sales for the second quarter increased to SEK 6 094 million (2 039). Net sales excluding currency effects grew by 193%, mainly due to the acquisition of Verso on 31 March 2022. Billerud North America had sales volumes of 307 ktonnes and sales of SEK 3 738 million in the second quarter.

Net sales excluding currency effects, the acquisition of Verso and the divestment of Beetham grew by 18%, driven by higher prices and mix improvements which overcompensated for lower volumes. The Beetham mill, which was divested on 31 October 2021, had net sales of SEK 130 million in the second quarter of 2021.

EBITDA increased to SEK 1 351 million (365), corresponding to an EBITDA margin of 22%. The substantially higher earnings were primarily a consequence of the acquisition of Verso. Billerud North America contributed an EBITDA of SEK 704 million, negatively impacted by a one-off effect of around SEK 170 million attributed to the sales of inventory valued at fair value at the time of the acquisition. The profit improvement was also driven by price increases in all product segments, which more than offset higher costs for raw materials and logistics.

The comparison with the second quarter 2021 is affected by the changed maintenance schedule.

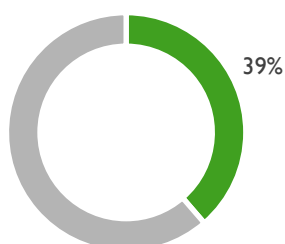
## MARKET DEVELOPMENT

In the second quarter of 2022, the market conditions for graphical paper, kraft and speciality paper and sack paper were strong. Price increases were realized across all BillerudKorsnäs' paper segments and new price increases were announced. The company's market position in sack paper has strengthened as a result of Russian paper export limitations. The market price for pulp increased during the quarter.

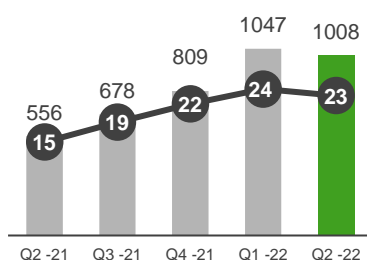


# Product area Board

Share of Group's net sales  
Q2 2022



EBITDA, SEKm and EBITDA margin, %



## About Product area Board

The Board product area includes Liquid packaging board, Cartonboard and Containerboard, which are mainly used to packaging products for liquid food, consumer products and fragile industrial products and food. The mills at Gävle, Gruvön and Frövi/ Rockhammar belong to this product area.

## KEY FIGURES

SEKm	Quarter		Jan-Jun		Full year
	Q2 -22	Q2 -21	2022	2021	2021
Net sales	4 410	3 642	8 785	7 427	14 852
of which liquid packaging board	2 108	2 009	4 326	4 082	7 850
of which containerboard	1 275	984	2 571	2 061	4 366
of which cartonboard	954	554	1 729	1 083	2 228
Net operating expenses	-3 402	-3 086	-6 730	-6 166	-12 104
<b>EBITDA</b>	<b>1 008</b>	<b>556</b>	<b>2 055</b>	<b>1 261</b>	<b>2 748</b>
EBITDA margin, %	23%	15%	23%	17%	19%
Operating profit/loss	687	231	1 412	611	1 451
Operating margin, %	16%	6%	16%	8%	10%
Sales volumes, ktonnes	472	474	967	995	1 917

## SALES AND RESULTS

Net sales for the second quarter increased by 21% to SEK 4 410 million (3 642). Net sales excluding currency effects grew by 18%, driven by higher prices in all product categories and an improved product mix with a higher share of cartonboard and coated products. Sales volumes were almost unchanged.

EBITDA improved to SEK 1 008 million (556), corresponding to an EBITDA margin of 23%. The improved earnings were a result of implemented price increases and an improved product mix, which more than offset higher costs for raw materials and logistics.

The comparison with the second quarter 2021 is affected by a production incident at Gävle in April 2021.

## MARKET DEVELOPMENT

In the second quarter of 2022, the market conditions for BillerudKorsnäs' primary-fibre containerboard and cartonboard continued to be strong, and the conditions for liquid packaging board remained stable. Price increases within all product segments were realized in the second quarter, and new price increases were announced and implemented.



# Solutions and Other

## SALES AND RESULTS

Net sales for the second quarter amounted to SEK 904 million (823). The increase was mainly a result of higher sales in wood sourcing operations and in Managed Packaging.

EBITDA amounted to SEK -92 million (-38). The decline was mainly due to higher costs for Group projects and costs related to idled assets in Billerud North America. Managed Packaging's result improved compared to the second quarter 2021.

## KEY FIGURES (INCLUDING CURRENCY HEDGING ETC)

SEKm	Quarter		Jan-Jun		Full year
	Q2 -22	Q2 -21	2022	2021	2021
Net sales	904	823	1 707	1 655	3 227
<i>of which Managed Packaging</i>	211	189	399	333	744
Net operating expenses	-996	-861	-1 884	-1 658	-3 462
<b>EBITDA</b>	<b>-92</b>	<b>-38</b>	<b>-177</b>	<b>-3</b>	<b>-235</b>
Operating profit	-133	-71	-252	-68	-368

# January – June, consolidated

## SALES AND RESULTS

Net sales for the first six months increased by 44% to SEK 18 805 million (13 024). The increase was mainly in product area Paper and was due to the acquisition of Verso on 31 March 2022. Net sales excluding currency effects, the acquisition of Verso and the divestment of Beetham grew by 15%.

Adjusted EBITDA improved by 108% to SEK 3 931 million (1 886), mainly due to the acquisition of Verso, but also due to increased prices and improved mix due to the ramp-up of the new board machine at Gruvön. The comparison with the first half year of 2021 is affected by the changed maintenance schedule.

No items affecting comparability impacted the result for the first half of 2022 (-).

# Cash flow and financial position

## CONDENSED CASH FLOW STATEMENT

SEKm	Quarter		Jan-Jun	
	Q2 -22	Q2 -21	2022	2021
Operating surplus, etc.	2 162	769	3 723	1 698
Net financial items, taxes, etc.	-89	-28	-162	-111
Change in working capital, etc.	411	560	-323	79
<b>Cash flow from operating activities</b>	<b>2 484</b>	<b>1 301</b>	<b>3 238</b>	<b>1 666</b>
Investments in tangible and intangible assets	-815	-451	-1 371	-651
<b>Operating cash flow after investments in tangible and intangible assets</b>	<b>1 669</b>	<b>850</b>	<b>1 867</b>	<b>1 015</b>

Operating cash flow after investments in tangible and intangible assets amounted to SEK 1 669 million (850) for the second quarter of 2022 and to SEK 1 867 (1 015) for the first half of 2022. The improved cash flow was mainly driven by the increased operating surplus. For the quarter, working capital had a positive impact, primarily





due to timing effects in accounts payables which offset increased accounts receivables driven by higher net sales.

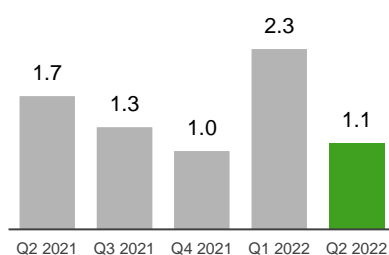
## FINANCING

On 30 June 2022, interest-bearing debt amounted to SEK 7 222 million (6 485). Interest-bearing debt decreased with SEK 3 484 million during the second quarter due to repayment of bridge term loan of SEK 3 500 million obtained in the first quarter of 2022 to finance acquisition of Verso. The repayment of the term loan was financed with the proceeds from the rights issue implemented in June 2022. Read more about the rights issue on page 8.

### Debt portfolio and maturity profile on 30 June 2022

Loan	Limit, SEKm	Maturity, years			Total utilised
		0-1	1-2	2-	
Syndicated credit facilities	5 500				-
Term loans		95	2 995	732	3 822
Bond loans within MTN program	7 000	1 800			1 800
Other bond loans			600	1 000	1 600
Commercial paper	4 000				-
<b>Group total</b>		<b>1 895</b>	<b>3 595</b>	<b>1 732</b>	<b>7 222</b>

Net debt/Adjusted EBITDA  
target level <2.5



The interest-bearing net debt on 30 June 2022 amounted to SEK 6 593 million (5 290).

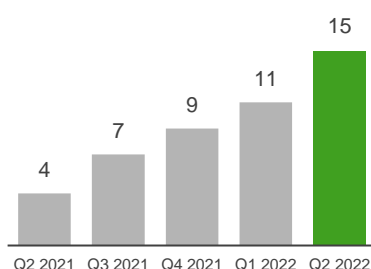
The net interest-bearing debt in relation to EBITDA (and adjusted EBITDA) at the end of the period was 1.1 (1.7).

## INVESTMENTS AND CAPITAL EMPLOYED

Investments in property, plant, equipment, and intangible assets amounted to SEK 1 371 million (651) for the first half of 2022. The increase was mainly due to higher investments in the new recovery boiler at Frövi.

The investment in a new recovery boiler at the Frövi mill will improve environmental performance and provide opportunities for enhanced efficiency. The assembly phase started in April 2021 and the project is proceeding in line with budget and schedule. The new recovery boiler is planned to be in operation by the end of 2023. The investment is estimated to total SEK 2.6 billion. Capital expenditures for this project were around SEK 400 million in 2021 and are estimated to amount to around SEK 1.1 billion in 2022.

Adjusted return on capital employed, %



The total investments in tangible and intangible assets during 2022 are estimated to amount to around SEK 3.3 billion, of which around SEK 700 million is attributable to investments in North America during April-December 2022.

Capital employed on 30 June 2022 amounted to SEK 33 608 million (24 412). Return on capital employed (ROCE) for the last twelve months amounted to 14% (5). Adjusted ROCE amounted to 15% (4).

Return on equity was 14% (5) for the last twelve-months period.

## The acquisition of Verso

On 31 March 2022, BillerudKorsnäs acquired Verso, a leading producer of coated papers in North America. The acquisition reinforces BillerudKorsnäs strategy to drive profitable and sustainable growth and the ambition to accelerate growth in America.

The purchase price totaled approximately USD 798 million, corresponding to SEK 7 395 million, including settlement of warrants and incentive programs. The transaction was financed by the combination of cash and a bank loan of SEK 6 000 million, whereof around SEK 3 500 million has been refinanced by the means of a rights issue in BillerudKorsnäs carried out in the second quarter 2022.



The negative cash flow effect of the transaction amounted to approximately SEK 6 128 million, of which SEK 6 026 million affected cash flow in the first quarter 2022 and 102 affected cash flow in the second quarter 2022.

Verso was consolidated in BillerudKorsnäs' balance sheet as of 31 March 2022 and its results are from 1 April 2022 reported in Product area Paper. Verso has been renamed to Billerud North America. See note 3 for more information.

BillerudKorsnäs has the intention to convert some of the manufacturing assets in North America into a world-class, sustainable paperboard production. A thorough pre-study with cost calculations and time schedules is planned to be completed in 2023, after which the Board of Directors will make an investment decision.

## Rights issue and share capital

BillerudKorsnäs implemented during the second quarter 2022 a rights issue with the purpose to repay a part of the debt raised to finance the acquisition of Verso. Shareholders received one subscription right for each share held in BillerudKorsnäs. Five subscription rights entitled the subscription of one new share to a price of SEK 84.5 per share, and the subscription period was from 3 June to 17 June 2022.

The rights issue was significantly oversubscribed, and no underwriting commitments were utilised. A total of 40 231 816 shares, corresponding to around 97% of the offered shares, were subscribed for with subscription rights. The remaining 1 159 772 shares were allotted to those who subscribed for shares without subscription rights. New shares have been registered by the Swedish Companies Registration Office and began trading on Nasdaq Stockholm in July. The proceeds from the rights issue to BillerudKorsnäs amounted to around SEK 3 498 million before the deduction of costs of SEK 79 million.

Through the rights issue, the number of shares in BillerudKorsnäs had on 30 June 2022 increased to 248 451 650 shares and the share capital to SEK 1 834 743 028. In the beginning of July 2022, the number of shares had increased to 249 611 422 shares and the share capital had increased to SEK 1 843 307 607.

## Cost and efficiency programme

In 2019, BillerudKorsnäs introduced a cost and efficiency programme with measures including employee reductions, purchasing savings and efficiency improvements. By the end of 2021, the programme had delivered SEK 650 million of structural savings and efficiencies.

In the first six months of 2022, the structural savings from the cost and efficiency programme amounted to SEK 140 million. The target of SEK 750 million by the end of 2022 was thus reached ahead of time.

The target for the accumulated delivery of the cost and efficiency programme has been raised to SEK 900 million by the end of 2022.





## Currency hedging

Currency hedging had a net sales impact of SEK -106 million (94) in the second quarter of 2022 and SEK -164 million (136) for the first half of 2022 compared with no currency hedging.

Outstanding forward exchange contracts on 30 June 2022 had a market value of SEK -292 million, of which SEK -57 million is the portion of the contracts matched by trade receivables that affected earnings in the second quarter. Accordingly, other contracts had a market value of SEK -234 million.

### Hedged portion of forecast currency flows for EUR, USD and GBP and exchange rates against SEK (30 June 2022)

Currency	Q3-22	Q4-22	Q1-23	Q2-23	Q3-23	Total 15 months
EUR Share of net flow	80%	80%	79%	80%	79%	80%
Rate	10.28	10.23	10.42	10.63	10.66	10.45
USD Share of net flow	69%	67%	67%	67%	55%	65%
Rate	8.67	8.86	9.03	9.26	9.76	9.09
GBP Share of net flow	26%	-	-	-	-	5%
Rate	12.32	-	-	-	-	12.32
<b>Market value of currency contracts*</b>	<b>-86</b>	<b>-81</b>	<b>-63</b>	<b>-43</b>	<b>-19</b>	<b>-292</b>

\*On 30 June 2022.

## Taxes

The tax cost for the first half of 2022 amounted to SEK 646 million (180), equal to approximately 22% (21) of profit before tax.

## Parent company

The parent company BillerudKorsnäs AB includes head office and support functions.

Operating profit/loss for the first half year 2022 was SEK -95 million (131). The operating result includes the effects of hedging contracts and revaluations of trade receivables.

The parent company hedges both its own and the Group's net currency flows. The parent company's result includes the results of these hedging measures. These effects were SEK -164 million (136) for the first half year 2022.

The average number of employees on 30 June 2022 was 138 (135).

Cash and bank balances, and short-term investments amounted to SEK 797 million (2 045).

## Transfer of treasury shares

During the second quarter of 2022, BillerudKorsnäs transferred 87 156 shares under the long-term incentive programme resolved by the 2019 Annual General Meeting. The amount of treasury shares amounted to 1 349 047 on 31 March 2022, and on 30 June 2022, the holding of treasury shares was 1 261 891.

On 30 June 2022, the total number of shares in BillerudKorsnäs was 248 451 650. The number of shares on the market was 247 189 759.

## Risks and uncertainties

BillerudKorsnäs' products are generally dependent on the business cycle, in terms of both price development and potential sales volumes. The Group is exposed to currency fluctuations, since most revenues are invoiced in foreign currency, while a large part of operating expenses is in SEK. A more detailed description of risks and a sensitivity analysis, with estimated profit impact of changed sales volumes and price changes affecting operating costs, is provided on pages 64–68 in the 2021 Annual and Sustainability Report.

BillerudKorsnäs is indirectly affected by the war in Ukraine by its effects on the economic development and price developments for wood, energy, chemicals and fuel. BillerudKorsnäs complies with applicable sanctions and regulations, and has currently suspended all sales to Russia. The impact of the war on BillerudKorsnäs' sales is marginal, as Russia and Ukraine accounted for around 1% of the net sales in 2021.

BillerudKorsnäs continues to monitor the development of the coronavirus pandemic. Further Covid-19 outbreaks and consequences of the war in Ukraine entail risks of supply chain disruptions. Contingency plans are regularly being updated.

In the EU countries, the EU Directive on Single Use Plastic will result in a changed regulatory landscape for packaging. There are also EU policy initiatives that may affect forestry in the member states. Changes in legislation and its implications for BillerudKorsnäs are monitored closely.

## Related-party transactions

No transactions took place between BillerudKorsnäs and related parties that significantly affected the Group's position and earnings.

## Financial calendar

Q3 2022 report – 25 October 2022



The undersigned hereby confirm that this mid-year report provides a true and fair view of the parent company's and Group's operations, position and performance, and describes material risks and uncertainties faced by the parent company and Group companies.

Solna, 20 July 2022

BillerudKorsnäs AB (publ)

Jan Svensson  
*Chairman of the Board*

Florian Heiserer  
*Board member*

Jan Åström  
*Board member*

Andrea Gisle Joosen  
*Board member*

Bengt Hammar  
*Board member*

Victoria Van Camp  
*Board member*

Magnus Nicolin  
*Board member*

Nicklas Johansson  
*Board member*

Per Bertilsson  
*Board member*

Christoph Michalski  
*President and CEO*

This information constituted inside information prior to publication. This is information that BillerudKorsnäs AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. This report has been prepared in both a Swedish and an English version. The report has not been reviewed by the company's auditors.



## CONDENSED INCOME STATEMENT

SEKm	Quarter		Jan-Jun		Full year
	Q2 -22	Q2 -21	2022	2021	2021
Net sales	11 408	6 504	18 805	13 024	26 206
Other operating income	51	82	110	117	211
Change in inventories	-8	-153	6	-206	296
Raw materials and consumables	-5 142	-3 130	-8 438	-6 375	-13 172
Other external costs	-2 428	-1 350	-3 974	-2 620	-5 856
Employee benefits expense	-1 620	-1 069	-2 589	-2 052	-3 873
Depreciation, amortization and impairment of non-current assets	-658	-479	-1 133	-954	-1 912
Profit/Loss from participations in associated companies	6	-1	11	-2	89
<b>Operating profit/loss</b>	<b>1 609</b>	<b>404</b>	<b>2 798</b>	<b>932</b>	<b>1 989</b>
Financial net	195	-22	151	-64	-113
<b>Profit/Loss before tax</b>	<b>1 804</b>	<b>382</b>	<b>2 949</b>	<b>868</b>	<b>1 876</b>
Taxes	-385	-71	-646	-180	-391
<b>Profit/loss for the period</b>	<b>1 419</b>	<b>311</b>	<b>2 303</b>	<b>688</b>	<b>1 485</b>
<b>Profit/Loss attributable to:</b>					
Owners of the parent company	1 419	311	2 303	688	1 485
Non-controlling interests	-	-	-	-	-
<b>Net profit/loss for the period</b>	<b>1 419</b>	<b>311</b>	<b>2 303</b>	<b>688</b>	<b>1 485</b>
<b>Earnings per share, SEK</b>	<b>6.83</b>	<b>1.50</b>	<b>11.11</b>	<b>3.32</b>	<b>7.18</b>
<b>Diluted earnings per share, SEK</b>	<b>5.81</b>	<b>1.50</b>	<b>9.34</b>	<b>3.32</b>	<b>7.17</b>

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter		Jan-Jun		Full year
	Q2 -22	Q2 -21	2022	2021	2021
<b>Net profit/loss for the period</b>	<b>1 419</b>	<b>311</b>	<b>2 303</b>	<b>688</b>	<b>1 485</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Actuarial gains or losses on defined benefit pension plans	16	-	74	-	-17
Change in fair value of shareholding in Other holdings	-6	2	-6	-2	-6
Tax attributable to items not to be reclassified to profit or loss	2	-	-10	-	4
<b>Total items never reclassified to profit or loss</b>	<b>12</b>	<b>2</b>	<b>58</b>	<b>-2</b>	<b>-19</b>
<b>Items that have been or may be reclassified subsequently to profit or loss</b>					
Differences arising from the translation of foreign operations' accounts	578	-15	580	21	39
Change in fair value of cash flow hedges	1 288	116	1 866	11	177
Tax attributable to items that have been or may be reclassified subsequently to profit or loss	-264	-24	-367	-2	-53
<b>Total items that have been or may be reclassified subsequently to profit or loss</b>	<b>1 602</b>	<b>77</b>	<b>2 079</b>	<b>30</b>	<b>163</b>
<b>Total comprehensive income for the period</b>	<b>3 033</b>	<b>390</b>	<b>4 440</b>	<b>716</b>	<b>1 629</b>
<b>Attributable to:</b>					
Owners of the parent company	3 033	390	4 440	716	1 629
Non-controlling interests	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>3 033</b>	<b>390</b>	<b>4 440</b>	<b>716</b>	<b>1 629</b>

## CONDENSED BALANCE SHEET

SEKm	30 Jun	30 Jun	31 Dec
	2022	2021	2021
Intangible assets	2 204	1 958	1 957
Tangible assets, including Right of use assets	28 928	22 769	22 689
Other non-current assets	3 172	1 253	1 525
<b>Total non-current assets</b>	<b>34 304</b>	<b>25 980</b>	<b>26 171</b>
Inventories	5 636	3 339	3 836
Accounts receivable	4 859	2 842	3 047
Other current assets	3 195	1 178	1 366
Cash and cash equivalents	2 776	2 289	3 558
<b>Total current assets</b>	<b>16 466</b>	<b>9 648</b>	<b>11 807</b>
<b>Total assets</b>	<b>50 770</b>	<b>35 628</b>	<b>37 978</b>
Equity attributable to owners of the parent company	27 014	19 122	20 041
Non-controlling interests	-	-	-
<b>Total equity</b>	<b>27 014</b>	<b>19 122</b>	<b>20 041</b>
Interest-bearing liabilities	5 327	4 695	4 655
Lease liabilities	283	180	169
Provisions for pensions	1 708	828	816
Other liabilities and provisions	526	96	91
Deferred tax liabilities	4 516	3 590	3 962
<b>Total non-current liabilities</b>	<b>12 360</b>	<b>9 389</b>	<b>9 693</b>
Interest-bearing liabilities	1 895	1 790	1 791
Lease liabilities	171	104	111
Accounts payables	4 882	3 261	3 809
Other liabilities and provisions	4 448	1 962	2 533
<b>Total current liabilities</b>	<b>11 396</b>	<b>7 117</b>	<b>8 244</b>
<b>Total equity and liabilities</b>	<b>50 770</b>	<b>35 628</b>	<b>37 978</b>

## CONDENSED STATEMENT OF CHANGES IN EQUITY

SEKm	Jan-Jun		Full year
	2022	2021	2021
<b>Opening balance</b>	<b>20 041</b>	<b>19 294</b>	<b>19 294</b>
Comprehensive income for the period	4 440	716	1 629
Rights issue *	3 419	-	-
Share-based payment to be settled in equity instruments	10	2	7
Hedgingresult transferred to acquisition cost in fixed assets	-6	-	1
Dividend to owners of the parent company	-890	-890	-890
<b>Closing balance</b>	<b>27 014</b>	<b>19 122</b>	<b>20 041</b>
<b>Equity attributable to:</b>			
Owners of the parent company	27 014	19 122	20 041
Non-controlling interests	-	-	-
<b>Closing balance</b>	<b>27 014</b>	<b>19 122</b>	<b>20 041</b>

\* Reduced by costs of SEK 79 million.



## CONDENSED CASH FLOW STATEMENT

SEKm	Quarter		Jan-Jun		Full year
	Q2 -22	Q2 -21	2022	2021	2021
Operating surplus, etc. *	2 162	769	3 723	1 698	3 932
Net financial items, taxes, etc.	-89	-28	-162	-111	-237
Change in working capital, etc.	411	560	-323	79	197
<b>Cash flow from operating activities</b>	<b>2 484</b>	<b>1 301</b>	<b>3 238</b>	<b>1 666</b>	<b>3 892</b>
Investments in tangible and intangible assets	-815	-451	-1 371	-651	-1 526
Acquisition of financial assets / contribution associated companies	-7	-	-15	-19	-43
Disposal/repayment of financial assets/other holdings	10	-	10	30	30
Sale of subsidiary	-	-	-	-	29
Business combinations, Note 3	-102	-	-6 128	-	-
Dividend from associated companies	12	10	12	10	10
Disposal of property, plant and equipment	11	-	11	-	1
<b>Cash flow from investing activities</b>	<b>-891</b>	<b>-441</b>	<b>-7 481</b>	<b>-630</b>	<b>-1 499</b>
Change in interest-bearing receivables	-	2	-	3	8
Change in interest-bearing liabilities	-3 550	-330	673	-904	-1 014
Dividend to owners of the parent company	-890	-890	-890	-890	-890
Rights issue	3 419	-	3 419	-	-
<b>Cash flow from financing activities</b>	<b>-1 021</b>	<b>-1 218</b>	<b>3 202</b>	<b>-1 791</b>	<b>-1 896</b>
<b>Total cash flow (change in cash and cash equivalents)</b>	<b>572</b>	<b>-358</b>	<b>-1 041</b>	<b>-755</b>	<b>497</b>
<b>Cash and cash equivalents at start of period</b>	<b>1 971</b>	<b>2 651</b>	<b>3 558</b>	<b>3 036</b>	<b>3 036</b>
<b>Translation differences in cash and cash equivalents</b>	<b>233</b>	<b>-4</b>	<b>259</b>	<b>8</b>	<b>25</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2 776</b>	<b>2 289</b>	<b>2 776</b>	<b>2 289</b>	<b>3 558</b>

## \*RECONCILIATION OF OPERATING SURPLUS

SEKm	Quarter		Jan-Jun		Full year
	Q2 -22	Q2 -21	2022	2021	2021
Operating profit	1 609	404	2 798	932	1 989
Reversed depreciation	658	479	1 133	954	1 912
Earnings from associated companies	-6	1	-11	2	-89
Pension liabilities	2	-9	-18	-16	-43
Other provisions	-10	-27	21	-51	13
Net result from electricity certificates and emission rights	-113	-81	-227	-125	20
Incentive programmes	5	2	10	2	7
Scrapping of fixed assets	17	-	17	-	-
Capital gain/loss from divestment of subsidiary	-	-	-	-	123
<b>Operating surplus, etc</b>	<b>2 162</b>	<b>769</b>	<b>3 723</b>	<b>1 698</b>	<b>3 932</b>





## NOTE 1 ACCOUNTING POLICIES

The interim report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting policies applied in this interim report are the same as those used in the most recent annual report for 2021, see pages 77-83 and page 129 for definitions of key figures. The interim report for the parent company is prepared in accordance with the Swedish Annual Accounts Act.

## NOTE 2 FINANCIAL ASSETS AND LIABILITIES

	Fair value hedging instruments	Amortised cost	Fair value through other compre- hensive income	Financial liabilities measured at amortised costs	Total carrying amount	Fair value
<i>Valuation classification</i>	<i>Level 2</i>		<i>Level 3</i>			
<b>Group 30 June 2022</b>						
Other shares and participations	-	-	54	-	54	54
Long-term receivables	863	120	-	-	983	983
Accounts receivable	-	4 859	-	-	4 859	4 859
Other receivables	1 546	467	-	-	2 013	2 013
Cash and cash equivalents	-	2 776	-	-	2 776	2 776
<b>Total</b>	<b>2 409</b>	<b>8 222</b>	<b>54</b>	<b>-</b>	<b>10 685</b>	<b>10 685</b>
Non-current interest-bearing liabilities	-	-	-	5 611	5 611	5 611
Current interest-bearing liabilities	-	-	-	2 066	2 066	2 063
Accounts payables	-	-	-	4 882	4 882	4 882
Other liabilities	293	-	-	562	855	855
<b>Total</b>	<b>293</b>	<b>-</b>	<b>-</b>	<b>13 121</b>	<b>13 414</b>	<b>13 411</b>

	Fair value hedging instruments	Amortised cost	Fair value through other compre- hensive income	Financial liabilities measured at amortised costs	Total carrying amount	Fair value
<i>Valuation classification</i>	<i>Level 2</i>		<i>Level 3</i>			
<b>Group 31 December 2021</b>						
Other shares and participations	-	-	70	-	70	70
Long-term receivables	94	37	-	-	131	131
Accounts receivable	-	3 047	-	-	3 047	3 047
Other receivables	363	435	-	-	798	798
Cash and cash equivalents	-	3 558	-	-	3 558	3 558
<b>Total</b>	<b>457</b>	<b>7 077</b>	<b>70</b>	<b>-</b>	<b>7 604</b>	<b>7 604</b>
Non-current interest-bearing liabilities	-	-	-	4 824	4 824	4 844
Current interest-bearing liabilities	-	-	-	1 901	1 901	1 905
Accounts payables	-	-	-	3 809	3 809	3 809
Other liabilities	159	-	-	304	463	463
<b>Total</b>	<b>159</b>	<b>-</b>	<b>-</b>	<b>10 838</b>	<b>10 997</b>	<b>11 021</b>

### NOTE 3 BUSINESS COMBINATIONS

On 31 March 2022, BillerudKorsnäs acquired all shares outstanding in Verso Corporation. As a result of the transaction, Verso common stock ceased trading on the New York Stock Exchange.

The purchase price was USD 27.00 on the outstanding shares and the total purchase price was USD 798 million, or SEK 7 395 million, including settlement of warrants and incentive programs. The acquisition was financed by cash and a bank loan of SEK 6 000 million, whereof around SEK 3 500 million has been refinanced by means of a rights issue in BillerudKorsnäs carried out during the second quarter of 2022. The acquisition of Verso is fully in line with BillerudKorsnäs' strategy to drive profitable growth in paperboard, and the ambition to expand into North America.

At the acquisition of Verso, differences were identified between fair value and the carrying amount for tangible and intangible assets and inventories. Customer contracts have been assessed to have no additional value, since a large part of Verso's operations will be converted into board production.

Since the total purchase consideration exceeded the net value of acquired assets and liabilities, a goodwill of SEK 207 million was recognized. The acquisition had no effect on the first quarter's net sales or profit, due to the fact that the acquisition was made on March 31, 2022. Acquisition costs amounted to SEK 135 million and was accounted for in 2021 as other external costs. No additional acquisition costs have been accounted for during 2022. Verso's balance sheet was included in the consolidated balance sheet of March 31, 2022.

For the first quarter 2022, Verso's pro forma net sales was SEK 2 984 million. Verso's pro forma EBITDA for the first quarter, including effects from the conversion to IFRS and excluding transaction costs and severance payments, was SEK 597 million. Verso's pro forma net profit, including effects from the conversion to IFRS and excluding transaction costs and severance payments, amounted to SEK 340 million for the first quarter.

A preliminary acquisition analysis of the transaction is presented below.

SEKm	
Group	March 31, 2022
<b>Acquired balance sheet</b>	
Goodwill	207
Tangible assets, including Right of use assets	5 315
Deferred tax asset, net	528
Other non-current assets	118
Inventories	1 552
Accounts receivables	973
Other current assets	85
Cash and cash equivalents	1402
<b>Total Assets</b>	<b>10 180</b>
Provisions for pensions	917
Other non-current liabilities	460
Accounts payables	697
Other current liabilities	711
<b>Total liabilities</b>	<b>2 785</b>
<b>Purchase consideration</b>	
Purchase consideration	-7 293
Deferred consideration (settlement of warrants and incentive programs)	-102
Total consideration	-7 395
Acquisition costs	-135
Cash and cash equivalents (acquired)	1402
<b>Net effect on cash and cash equivalents, total</b>	<b>-6 128</b>

### NOTE 4 OTHER DISCLOSURES

Other disclosures in accordance with IAS 34.16A can be found on the pages prior to the income statement and the statement of comprehensive income. Information regarding product areas/segments can be found on pages 4-6, information regarding financing on page 7 and seasonal effects on page 20. No significant events have occurred after the end of the quarter.



## KEY FIGURES

	Jan-Jun		Full year
	2022	2021	2021
<b>Margins</b>			
EBITDA margin, %	21	14	15
Adjusted EBITDA margin, %	21	14	16
Operating margin, %	15	7	8
Adjusted operating margin, %	15	7	8
<b>Return (rolling 12 months)</b>			
Return on capital employed, % (ROCE)	14	5	8
Adjusted Return on capital employed, % (adj ROCE)	15	4	9
Return on equity, %	14	5	8
<b>Capital structure at end of period</b>			
Capital employed, SEKm	33 608	24 412	24 008
Working capital, SEKm	5 091	2 318	2 017
Equity attributable to owners of the parent company, SEKm	27 014	19 122	20 041
Interest-bearing net debt, SEKm	6 593	5 290	3 968
Net debt/equity ratio	0.24	0.28	0.20
Interest-bearing net debt / EBITDA	1.1	1.7	1.0
Interest-bearing net debt / Adjusted EBITDA	1.1	1.7	1.0
<b>Key figures per share</b>			
Earnings per share, SEK	11.11	3.32	7.18
Adjusted earnings per share, SEK	11.11	3.32	8.03
Dividend (for the financial year) per share, SEK	-	-	4.30
<b>Other key figures</b>			
Working capital as percentage of net sales, %	10	9	9
Investments in tangible and intangible assets, SEKm	1 371	651	1 526
Average number of employees	5 061	4 406	4 370



## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

	Quarter			Jan-Jun		Full year
	Q2 - 22	Q1 - 22	Q2 - 21	2022	2021	2021
<b>Items affecting comparability*, SEKm</b>						
Capital loss from the sale of Beetham (Operating expenses)	-	-	-	-	-	123
Acquisition costs, Verso (Operating expenses)	-	-	-	-	-	135
Revaluation of biological assets in associated companies (Profit from participations in associated companies)	-	-	-	-	-	-81
<b>Items affecting comparability</b>	-	-	-	-	-	<b>177</b>
<b>EBITDA, SEKm and EBITDA margin, %</b>						
Operating profit	1 609	1 189	404	2 798	932	1 989
Depreciation and impairment of non-current assets	658	475	479	1 133	954	1 912
<b>EBITDA, SEKm</b>	<b>2 267</b>	<b>1 664</b>	<b>883</b>	<b>3 931</b>	<b>1 886</b>	<b>3 901</b>
Net sales	11 408	7 397	6 504	18 805	13 024	26 206
<b>EBITDA margin, %</b>	<b>20</b>	<b>22</b>	<b>14</b>	<b>21</b>	<b>14</b>	<b>15</b>
<b>Adjusted EBITDA, SEKm and adjusted EBITDA margin, %</b>						
EBITDA	2 267	1 664	883	3 931	1 886	3 901
Items affecting comparability*	-	-	-	-	-	177
<b>Adjusted EBITDA, SEKm</b>	<b>2 267</b>	<b>1 664</b>	<b>883</b>	<b>3 931</b>	<b>1 886</b>	<b>4 078</b>
Net sales	11 408	7 397	6 504	18 805	13 024	26 206
<b>Adjusted EBITDA margin, %</b>	<b>20</b>	<b>22</b>	<b>14</b>	<b>21</b>	<b>14</b>	<b>16</b>
<b>Operating margin, %</b>						
Operating profit	1 609	1 189	404	2 798	932	1 989
Net sales	11 408	7 397	6 504	18 805	13 024	26 206
<b>Operating margin, %</b>	<b>14</b>	<b>16</b>	<b>6</b>	<b>15</b>	<b>7</b>	<b>8</b>
<b>Adjusted operating profit, SEKm and adjusted operating margin, %</b>						
Operating profit	1 609	1 189	404	2 798	932	1 989
Items affecting comparability*	-	-	-	-	-	177
<b>Adjusted operating profit, SEKm</b>	<b>1 609</b>	<b>1 189</b>	<b>404</b>	<b>2 798</b>	<b>932</b>	<b>2 166</b>
Net sales	11 408	7 397	6 504	18 805	13 024	26 206
<b>Adjusted operating margin, %</b>	<b>14</b>	<b>16</b>	<b>6</b>	<b>15</b>	<b>7</b>	<b>8</b>
<b>Return on capital employed, %</b>						
Operating profit over 12 months***	3 855	2 650	1 181	3 855	1 181	1 989
Average capital employed over 12 months**	27 725	25 974	24 961	27 725	24 961	24 463
<b>Return on capital employed, %</b>	<b>14</b>	<b>10</b>	<b>5</b>	<b>14</b>	<b>5</b>	<b>8</b>
<b>Adjusted return on capital employed, %</b>						
Adjusted operating profit over 12 months***	4 032	2 827	1 108	4 032	1 108	2 166
Average capital employed over 12 months**	27 725	25 974	24 961	27 725	24 961	24 463
<b>Adjusted return on capital employed, %</b>	<b>15</b>	<b>11</b>	<b>4</b>	<b>15</b>	<b>4</b>	<b>9</b>
<b>Return on equity, %</b>						
Net profit attributed to owners of the parent company over 12 months ***	3 110	1 992	982	3 110	982	1 485
Average shareholders' equity attributed to owners of the parent company **	21 468	19 989	19 178	21 468	19 178	19 558
<b>Return on equity, %</b>	<b>14</b>	<b>10</b>	<b>5</b>	<b>14</b>	<b>5</b>	<b>8</b>
<b>Net debt/equity ratio</b>						
Interest-bearing net debt	6 593	10 770	5 290	6 593	5 290	3 968
Total equity	27 014	21 449	19 122	27 014	19 122	20 041
<b>Net debt/equity ratio</b>	<b>0.24</b>	<b>0.50</b>	<b>0.28</b>	<b>0.24</b>	<b>0.28</b>	<b>0.20</b>
<b>Interest-bearing net debt / EBITDA, multiple</b>						
Interest-bearing net debt	6 593	10 770	5 290	6 593	5 290	3 968
EBITDA over 12 months***	5 928	4 563	3 097	5 928	3 097	3 901
<b>Interest-bearing net debt / EBITDA, multiple</b>	<b>1.1</b>	<b>2.4</b>	<b>1.7</b>	<b>1.1</b>	<b>1.7</b>	<b>1.0</b>



## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (CONT.)

Interest-bearing net debt / Adjusted EBITDA, multiple	Quarter			Jan-Jun		Full year
	Q2 - 22	Q1 - 22	Q2 - 21	2022	2021	2021
Interest-bearing net debt	6 593	10 770	5 290	6 593	5 290	3 968
Adjusted EBITDA over 12 months***	6 105	4 740	3 024	6 105	3 024	4 078
<b>Interest-bearing net debt / EBITDA, multiple</b>	<b>1.1</b>	<b>2.3</b>	<b>1.7</b>	<b>1.1</b>	<b>1.7</b>	<b>1.0</b>
<b>Adjusted earnings per share, SEK</b>						
Profit attributed to owners of the parent company, SEKm	1 419	884	311	2 303	688	1 485
Items affecting comparability, attributed to owners of the parent company, SEKm *	-	-	-	-	-	177
Adjusted profit attributed to owners of the parent company, SEK	1 419	884	311	2 303	688	1 662
Weighted number of outstanding shares, thousands	207 808	206 871	206 859	207 342	206 846	206 858
<b>Adjusted earnings per share, SEK</b>	<b>6.83</b>	<b>4.27</b>	<b>1.50</b>	<b>11.11</b>	<b>3.32</b>	<b>8.03</b>
<b>Working capital as percentage of net sales, %</b>						
Average working capital for the period	4 824	3 287	2 526	3 888	2 448	2 357
Annualized net sales	45 633	29 586	26 049	37 610	26 049	26 206
<b>Working capital as percentage of net sales, %</b>	<b>11</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>9</b>

\* Revenue = -, Cost = +

\*\* Average for the five latest quarters.

\*\*\*12 months is calculated by adding accumulated amounts for the current year plus full previous year, minus prior year's accumulated amounts for periods exceeding 12 months from the balance sheet date.

	30 Jun 2022	30 Jun 2021	31 Dec 2021
<b>Capital employed, SEKm</b>			
Total assets	50 770	35 628	37 978
Accounts payables	-4 882	-3 261	-3 809
Other liabilities and provisions	-4 972	-2 058	-2 626
Deferred tax liabilities	-4 516	-3 590	-3 962
Non-current receivables from associates (interest-bearing)	-16	-18	-15
Cash and Cash equivalents	-2 776	-2 289	-3 558
<b>Capital employed</b>	<b>33 608</b>	<b>24 412</b>	<b>24 008</b>
<b>Working capital, SEKm</b>			
Inventories	5 636	3 339	3 836
Accounts receivables	4 859	2 842	3 047
Other current receivables	3 195	1 178	1 366
Accounts payables	-4 882	-3 261	-3 809
Other current liabilities and provisions	-4 448	-1 962	-2 533
Reduction of provisions	127	42	103
Reduction of tax liabilities/receivables	604	140	7
<b>Working capital</b>	<b>5 091</b>	<b>2 318</b>	<b>2 017</b>
<b>Interest-bearing net debt, SEKm</b>			
Provisions for pensions	1 708	828	816
Interest bearing non-current liabilities	5 327	4 695	4 655
Non-current lease liabilities	283	180	169
Interest bearing current liabilities	1 895	1 790	1 790
Current lease liabilities	172	104	111
Non-current receivables from associates (interest-bearing)	-16	-18	-15
Cash and Cash equivalents	-2 776	-2 289	-3 558
<b>Interest-bearing net debt</b>	<b>6 593</b>	<b>5 290</b>	<b>3 968</b>



## Seasonal effects

BillerudKorsnäs' business is subject to seasonal fluctuations to a relatively limited extent. Periodical maintenance shutdowns have the largest impact, as they involve each unit stopping production for around one week. The loss of production results in somewhat lower deliveries over an extended period before, during and after the shutdown. It should also be noted that the Group usually has a somewhat higher cost level in the fourth quarter than in previous quarters.

### PLANNED MAINTENANCE SHUTDOWNS

In addition to ongoing maintenance during production, BillerudKorsnäs' production units normally also require more extensive maintenance at some time during the year. Maintenance requires the production of pulp, paper and board to stop. The main financial impact from a maintenance shutdown comprises of volume losses arising from the shutdown and increase in fixed costs, mainly maintenance and overtime costs, as well as a certain portion of variable costs including higher consumption of electricity and wood when production is restarted. The effects of shutdowns on earnings vary depending on the profitability level for the products subject to volume losses, extent of the measures carried out, their nature and the actual length of the shutdown. The estimated earnings impact of a maintenance shutdown is an indicative impact of a normal shutdown performed in average market conditions compared with a quarter during which no periodic maintenance shutdown takes place.

In the second quarter of 2022 planned maintenance was performed at Gruvön, Skärblacka and Pietarsaari. The negative impact of these maintenance shutdowns amounted to around SEK 345 million.

Quinnesec production unit will carry out a more extensive shutdown during 2022.

### ESTIMATED AVERAGE EARNINGS IMPACT FROM MAINTENANCE SHUTDOWNS

Production units	Estimated average earnings impact	Estimated breakdown of earnings impact		Planned dates of maintenance shutdown		
	SEKm	Board	Paper	2022	2021	2020
Gävle	~ 165	~ 94%	~ 6%	Q3	Q3	Q3
Gruvön	~ 200	~ 92%	~ 8%	Q1-Q2	Q2	Q3
Frövi	~ 115	100%		Q4	Q4	Q4
Skärblacka	~ 130	~ 12%	~ 88%	Q2	Q4	Q4
Karlsborg	~ 90		100%	Q3	Q3	Q3
Pietarsaari	~ 15		100%	Q2	-	Q4
Rockhammar	~ 15	100%		Q4	Q3	Q4
Escanaba	~ 180		100%	Q3	-	-
Quinnesec	~ 400		100%	Q3	-	-



# Key Figures – Definitions and purpose

## ADJUSTED KEY FIGURES

Adjusted key figures on EBITDA, Operating profit, Return on capital employed and Earnings per share provide a better understanding of the underlying business performance and enhance comparability from period to period, when the effect of items affecting comparability are adjusted for. Items affecting comparability can include additional project costs for major projects, major restructuring/write-downs /revaluations, litigations, specific impact due to strategic decisions, and significant earnings effects from acquisition and disposals.

## EBITDA

Operating profit before depreciation, amortization and impairment. EBITDA is a central measure of operating performance, to assess the performance over time.

## EBITDA MARGIN, %

EBITDA as a percentage of net sales. The measure is used in review as well as for benchmarking with peer companies.

## ADJUSTED EBITDA

Operating profit before depreciation and amortization adjusted for items affecting comparability. Adjusted EBITDA is relevant for assessing performance excluding items affecting comparability.

## ADJUSTED EBITDA MARGIN, %

Adjusted EBITDA as a percentage of net sales. The measure is used for assessing profitability excluding items affecting comparability.

## OPERATING MARGIN, %

Operating profit as a percentage of net sales. Operating margin shows the percentage of revenue remaining as operating profit after deducting operating expenses. The measure is used for performance monitoring as well as for benchmarking with peer companies.

## ADJUSTED OPERATING PROFIT

Operating profit adjusted for items affecting comparability. The measure is used for assessing performance excluding items affecting comparability.

## ADJUSTED OPERATING MARGIN, %

Operating profit as a percentage of net sales. The measure is used for assessing performance excluding items affecting comparability.

## RETURN ON CAPITAL EMPLOYED (ROCE)

Operating profit calculated over 12 months as a percentage of average capital employed calculated per quarter for the last 5 quarters. 12 months is calculated by adding accumulated amounts for the current year plus full previous year, minus prior year's accumulated amounts for periods exceeding 12 months from the balance sheet date. The return on capital employed is a measure that shows how effectively total net operating assets are used in order to generate return in the operating business. The measure takes capital invested in

the operating activities into account and is used for business performance monitoring and benchmarking with peer companies.

## ADJUSTED RETURN ON CAPITAL EMPLOYED (ROCE)

Adjusted operating profit calculated over 12 months as a percentage of average capital employed calculated per quarter for the last 5 quarters. 12 months is calculated by adding accumulated amounts for the current year plus full previous year, minus prior year's accumulated amounts for periods exceeding 12 months from the balance sheet date. The measure is used for assessing the return on net operating assets excluding items affecting comparability.

## RETURN ON EQUITY, %

Profit calculated over 12 months, attributable to owners of the parent company, as a percentage of average shareholders' equity calculated per quarter, attributable to owners of the parent company. 12 months is calculated by adding accumulated amounts for the current year plus full previous year, minus prior year's accumulated amounts for periods exceeding 12 months from the balance sheet date. The measure represents total profitability compared to the equity invested by the parent company's shareholders.

## CAPITAL EMPLOYED

Total assets less accounts payables, other liabilities and provisions, deferred tax liabilities, non-current receivables from associates (interest-bearing) and cash and cash equivalents. Capital employed is used to quantify the net total assets used in the operating business, and is used as a component in measuring operating profitability.

## WORKING CAPITAL

Inventories, accounts receivables and other current receivables less accounts payables and other current liabilities. The measure shows the amount of current net assets that is tied up in the business. Together with non-current assets, working capital constitutes the operating capital employed to generate operating returns.

## INTEREST-BEARING NET DEBT

The sum of provisions for pensions, interest-bearing liabilities and leasing liabilities less non-current receivables from associates (interest-bearing) and cash and cash equivalents. The measure is used to quantify the debt financing, taken the amount of financial assets into account. The measure is used as a component in measuring financial risk.

## NET DEBT/EQUITY RATIO

Interest-bearing net debt divided by equity. The ratio shows the mix between interest-bearing net debt and equity financing. A higher ratio means higher financial leverage and may have positive effects on return on equity but imply a higher financial risk.

## INTEREST-BEARING NET DEBT/ EBITDA

Interest bearing net debt at the end of the period divided by EBITDA for the last 12 months. 12 months is calculated by adding accumulated amounts for the current year plus full previous year, minus prior year's accumulated amounts for periods exceeding 12 months from the balance sheet date. The measure shows the size of the interest-bearing net debt compared to the repayment capacity. A higher (lower) ratio indicates a higher (lower) risk.

## INTEREST-BEARING NET DEBT/ADJUSTED EBITDA

Interest bearing net debt at the end of the period divided by adjusted EBITDA for the last 12 months. 12 months is calculated by adding accumulated amounts for the current year plus full previous year, minus prior year's accumulated amounts for periods exceeding 12 months from the balance sheet date. The measure is used for assessing the repayment capacity excluding items affecting comparability.

## EARNINGS PER SHARE

Profit attributable to owners of the parent, divided by the average number of outstanding ordinary shares in the market.

## ADJUSTED EARNINGS PER SHARE

Profit attributable to owners of the parent adjusted for items affecting comparability after tax, divided by the average number of outstanding ordinary shares in the market. The measure is used for assessing earnings per share excluding items affecting comparability.

## WORKING CAPITAL AS PERCENTAGE OF NET SALES

Average working capital is calculated by using the average of all quarterly periods during the interim period from the beginning of the financial year, divided by annualized net sales. Annual net sales is calculated by dividing the net sales for the most recent interim period from the beginning of the financial year by the number of months in this interim period and multiplying by twelve. Working capital in relation to net sales shows how effectively the working capital is used. A lower percentage means less capital is tied up to generate a given amount of revenue, and an increased ability to internally finance growth and return to shareholders.

## OPERATING CASH FLOW AFTER INVESTMENTS IN TANGIBLE AND INTANGIBLE ASSETS

Cash flow from the operating activities, including investments in tangible and intangible assets. The measure shows cash flow generated in the operating business, which provides the amount of cash flows available to repay debt, acquire and invest in other businesses and pay dividends to the shareholders.



# Parent company

## CONDENSED INCOME STATEMENT

SEKm	Quarter		Jan-Jun		Full Year
	Q2 -22	Q2 -21	2022	2021	2021
Operating income*	154	154	236	391	634
Operating expenses	-154	-130	-331	-260	-470
<b>Operating profit/loss</b>	<b>-</b>	<b>24</b>	<b>-95</b>	<b>131</b>	<b>164</b>
Financial income and expenses	280	5	243	-36	-143
<b>Profit/Loss after financial income and expenses</b>	<b>280</b>	<b>29</b>	<b>148</b>	<b>95</b>	<b>21</b>
Appropriations	-	-	-	-	289
<b>Profit/loss before tax</b>	<b>280</b>	<b>29</b>	<b>148</b>	<b>95</b>	<b>310</b>
Taxes	-55	-1	-28	-15	-74
<b>Net profit/loss for the period</b>	<b>225</b>	<b>28</b>	<b>120</b>	<b>80</b>	<b>236</b>

\* Including currency hedging etc.

## CONDENSED BALANCE SHEET

SEKm	30 Jun 2022	30 Jun 2021	31 Dec 2021
Non-current assets	18 264	10 695	10 668
Current assets	12 111	16 023	16 588
<b>Total assets</b>	<b>30 375</b>	<b>26 718</b>	<b>27 256</b>
Shareholders' equity	9 970	7 150	7 309
Untaxed reserves	1 341	1 516	1 341
Provisions	273	225	253
Liabilities	18 791	17 827	18 353
<b>Total equity and liabilities</b>	<b>30 375</b>	<b>26 718</b>	<b>27 256</b>



## QUARTERLY DATA

The Group's business is organized on the basis of the functional areas Wood Supply, Operations and Commercial and is governed by two product areas Board and Paper.

Solutions and Other includes Wood Supply, Scandfibre Logistics AB, Managed Packaging, rental operations, dormant companies, idle assets, income from the sale of businesses, items affecting comparability and costs due to increased investments in the production structure. Other also includes Group-wide functions, Group eliminations (including IFRS 16) and profit/loss from participation in associated companies. Currency hedging etc. includes results from hedging of the Group's net currency flows and revaluation of accounts receivables and payments from customers. The part of the currency exposure that relates to changes in exchange rates for invoicing is included in the product area's profit/loss.

### Quarterly net sales per product area and for the Group

SEKm	2022		2021				2020		2022	2021
	Q2 -22	Q1 -22	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Jan-Jun	Jan-Jun
Product area Paper	6 094	2 219	2 138	2 047	2 039	1 903	1 777	1 835	8 313	3 942
Product area Board	4 410	4 375	3 762	3 663	3 642	3 785	3 370	3 059	8 785	7 427
Solutions & Other	852	815	757	725	772	696	667	637	1 667	1 468
Currency hedging, etc.	52	-12	31	59	51	136	-11	30	40	187
<b>Total Group</b>	<b>11 408</b>	<b>7 397</b>	<b>6 688</b>	<b>6 494</b>	<b>6 504</b>	<b>6 520</b>	<b>5 803</b>	<b>5 561</b>	<b>18 805</b>	<b>13 024</b>

### Quarterly EBITDA per product area and for the Group

SEKm	2022		2021				2020		2022	2021
	Q2 -22	Q1 -22	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Jan-Jun	Jan-Jun
Product area Paper	1 351	702	346	414	365	263	165	241	2 053	628
Product area Board	1 008	1 047	809	678	556	705	481	266	2 055	1 261
Solutions & Other	-144	-73	-288	-34	-89	-101	6	33	-217	-190
Currency hedging, etc.	52	-12	31	59	51	136	-11	30	40	187
<b>Total Group</b>	<b>2 267</b>	<b>1 664</b>	<b>898</b>	<b>1 117</b>	<b>883</b>	<b>1 003</b>	<b>641</b>	<b>570</b>	<b>3 931</b>	<b>1 886</b>

### Quarterly EBITDA margin per product area and for the Group

%	2022		2021				2020		2022	2021
	Q2 -22	Q1 -22	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Jan-Jun	Jan-Jun
Product area Paper	22	32	16	20	18	14	9	13	25	16
Product area Board	23	24	22	19	15	19	14	9	23	17
<b>Group</b>	<b>20</b>	<b>22</b>	<b>13</b>	<b>17</b>	<b>14</b>	<b>15</b>	<b>11</b>	<b>10</b>	<b>21</b>	<b>14</b>

### Adjusted quarterly EBITDA, excluding maintenance shutdowns, per product area and for the Group

SEKm	2022		2021				2020		2022	2021
	Q2 -22	Q1 -22	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Jan-Jun	Jan-Jun
Product area Paper	1 505	702	485	525	381	263	296	329	2 207	644
Product area Board	1 199	1 127	954	859	744	705	645	577	2 326	1 449
Solutions & Other	-144	-73	-111	-34	-89	-101	-67	33	-217	-190
Currency hedging, etc.	52	-12	31	59	51	136	-11	30	40	187
<b>Total Group</b>	<b>2 612</b>	<b>1 744</b>	<b>1 359</b>	<b>1 409</b>	<b>1 087</b>	<b>1 003</b>	<b>863</b>	<b>969</b>	<b>4 356</b>	<b>2 090</b>
Maintenance shutdowns	-345	-80	-284	-292	-204	-	-295	-399	-425	-204
Items affecting comparability	-	-	-177	-	-	-	73	-	-	-
<b>EBITDA</b>	<b>2 267</b>	<b>1 664</b>	<b>898</b>	<b>1 117</b>	<b>883</b>	<b>1 003</b>	<b>641</b>	<b>570</b>	<b>3 931</b>	<b>1 886</b>

### Adjusted quarterly EBITDA margin, excluding maintenance shutdowns, per product area and for the Group

%	2022		2021				2020		2022	2021
	Q2 -22	Q1 -22	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Jan-Jun	Jan-Jun
Product area Paper	25	32	23	26	19	14	17	18	27	16
Product area Board	27	26	25	23	20	19	19	19	26	20
<b>Total Group</b>	<b>23</b>	<b>24</b>	<b>20</b>	<b>22</b>	<b>17</b>	<b>15</b>	<b>15</b>	<b>17</b>	<b>23</b>	<b>16</b>



## Quarterly operating profit/loss, per product area and for the group

SEKm	2022		2021				2020		2022	2021
	Q2 -22	Q1 -22	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Jan-Jun	Jan-Jun
Product area Paper	1 055	583	224	293	244	145	51	120	1 638	389
Product area Board	687	725	486	354	231	380	149	-67	1 412	611
Solutions & Other	-185	-107	-323	-67	-122	-133	-26	3	-292	-255
Currency hedging, etc.	52	-12	31	59	51	136	-11	30	40	187
<b>Total Group</b>	<b>1 609</b>	<b>1 189</b>	<b>418</b>	<b>639</b>	<b>404</b>	<b>528</b>	<b>163</b>	<b>86</b>	<b>2 798</b>	<b>932</b>

## Quarterly operating margin per product area and for the group

%	2022		2021				2020		2022	2021
	Q2 -22	Q1 -22	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Jan-Jun	Jan-Jun
Product area Paper	17	26	10	14	12	8	3	7	20	10
Product area Board	16	17	13	10	6	10	4	-2	16	8
<b>Total Group</b>	<b>14</b>	<b>16</b>	<b>6</b>	<b>10</b>	<b>6</b>	<b>8</b>	<b>3</b>	<b>2</b>	<b>15</b>	<b>7</b>

## Quarterly sales volumes per product area

ktonnes	2022		2021				2020		2022	2021
	Q2 -22	Q1 -22	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Jan-Jun	Jan-Jun
Product area Paper	523	219	231	229	245	255	227	238	742	500
Product area Board	472	495	456	466	474	521	460	419	967	995
<b>Total Group</b>	<b>995</b>	<b>714</b>	<b>687</b>	<b>695</b>	<b>719</b>	<b>776</b>	<b>687</b>	<b>657</b>	<b>1 709</b>	<b>1 495</b>

# This is BillerudKorsnäs

BillerudKorsnäs provides paper and packaging materials that challenge conventional packaging for a sustainable future. We are a world leading company in superior paper and packaging materials made of virgin fibre; passionately committed to sustainability, quality, and customer value.

BillerudKorsnäs has ten production units in Sweden, USA, and Finland with around 5 800 employees in over 13 countries and customers in over 100 countries. The company has an annualized turnover of SEK 37,2 billion and is listed on Nasdaq Stockholm.

The acquisition of Verso is the cornerstone of BillerudKorsnäs' expansion in North America. Over time, the conversion of Verso's manufacturing assets into paperboard machines will create one of the most cost-efficient and sustainable production platforms in the industry. This platform will be uniquely positioned geographically to serve the growing domestic market in the USA with high-quality, low carbon-footprint packaging materials.

The combined competences of Verso and BillerudKorsnäs will further enable sustained profitable growth through the provision of superior packaging and paper materials that are made from virgin fibers. Together, we are building a company that is passionately committed to sustainability, quality and customer value. A strong safety culture sits at our core and providing a safe working place for all remains our highest priority.

Find out more at [billerudkorsnas.com](http://billerudkorsnas.com)

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