



ANNUAL REPORT 2022

THE FUTURE IS BUILT WITH WOOD



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Morten Kristiansen
The CEO's remarks

When uncertain times are the new normal

The abnormal has become normal. That claim covers the recent years at Moelven, and for the world at large. 2022 was also such a year, with uncertainty and fluctuations. We did nevertheless manage to take advantage of the opportunities we were given. I'm proud that we have strengthened safety work further, we have initiated major investments, and we achieved our second best result of all time.

Our employees are our most important resource, and this is the reason HSE is always at the top of the agenda at Moelven. We have not been pleased with the injury rate for our employees. We say that in Moelven we will return home safe and sound, but historically we have not succeeded well enough with this. Our goal is still some way off, but developments are moving in the right direction. The explanation is a systematic action plan to become better at HSE. We have given priority to putting into place dedicated HSE resources in the companies, worked with skills-enhancing measures and communication campaigns, and have conducted safety inspections and followed these up with measures. This work is costly, but yields results. Overall in the group we have spent NOK 120 million on safety measures. We currently have an injury rate that is far lower than just a few years ago. The severity of injuries has also decreased, and we welcome that. However, we can't be satisfied until everyone returns home uninjured,

and we have established new goals and measures towards 2025. This will give our employees a safe and good working environment, both in safety and psychosocial terms.

Second best result

Although 2022 was Moelven's second best result of all time, we will look back on it as a challenging year. As we slipped from the unpredictable grasp of the pandemic, the brutal invasion of Ukraine dashed all hope of stability and security. In addition to the security policy impacts of the war, Moelven was directly affected by a new imbalance in the international timber market. With the subsequent energy crisis, interest rate hikes and global inflation, the market changed abruptly. On the part of Moelven, in simple terms the year was divided into two. During the first half of the year Moelven posted an operating profit of over NOK 1,6 billion. In the second half of the year, the result was around NOK 130 million.

The explanation was the sudden market changes and costs for structural measures and impairment of inventory values. We have talked about uncertainty ever since the pandemic struck, and the same mantra still applies. The global situation with both conflicts and economic turmoil muddies the horizon. All we can say with certainty is that uncertainty reigns.

Major investments

Rewinding to when the pandemic struck, we were working on different scenarios for how much activities in our industry could decline. A few weeks later we were taken by surprise by the fact that the arrows pointed in the opposite direction – sharply upwards. Interest in wood products took off, and this provided Moelven with completely different conditions for development. Although uncertainty has been present from the start of the pandemic, with a strong upturn that has turned into a steep economic downturn, Moelven has made important and major

investments for the future. Our investment portfolio has never been larger, and we are bringing an investment package of around NOK 1 billion into 2023. We are investing a new and more energy-efficient dryers at several of our plants in Norway and Sweden. This strengthens the competitiveness and future of our important cornerstone businesses in Biri, Braskereidfoss and Torsby. We are also expanding capacity and modernising extensively in Edane and Karlskoga. A new pellet factory, modelled on our factory at Sokna, will also be built in Karlskoga to increase local value creation from the residual raw materials from our sawmills in Värmland.

At the time of writing in the spring of 2023, we are still living in a troubled world. We are nevertheless optimistic in terms of the future. As our mission statement says; we create products and solutions the world needs. This is why we continue to invest – in our people, in green industry and in stronger competitiveness.

CEO Morten Kristiansen.





OPERATING REVENUES

14 439 000 000



OPERATING PROFIT

1 756 000 000



LT11

8.0

Number of injuries with absence per million worked hours, past 12 months.

TRI

19.6

Number of injuries with and without absence per million worked hours, past 12 months.



PRODUCTION

41 34 2

Locations Companies Countries



EMPLOYEES

3332

2892 Men 440 Women



CUSTOMERS IN

47

COUNTRIES



This is Moelven

Moelven is one of Europe's largest industrial wood processing groups. We have 34 production companies spread across 41 production locations in Norway and Sweden. In addition, we have sales offices in Norway, Sweden, Denmark, the UK, Germany and China.

We harvest raw materials from the forest and create sustainable products and solutions that the world needs. Moelven produces everything you need in terms of wood products for your home, timber for industry, glulam products, building modules and

flexible office solutions, as well as woodchip products and bioenergy. Moelven is founded on the principle that all development, construction and operations must be sustainable, and that stringent requirements apply regarding health, safety and the environment for all of our employees, and those involved in our operations. Moelven's vision, mission, values and personnel concept provide the foundations for all of our employees and the strategic choices that are taken. Sustainability permeates this from the top down.



Moelven's vision, mission, values and HR concept provide the foundations for all of our employees and the strategic choices that are taken.



Vision

Opportunities grow on trees
– we grow with opportunities



We make use of our opportunities

We reach for the opportunities that surround us, just like the branches of a tree. We think out of the box and adapt to our environment, so that we can grow and remain viable under all conditions.

Mission

We harvest raw materials from the forest and create products and solutions that the world needs.



We deliver

Moelven is reliable, and we keep to our promises. We build trust by cooperating and communicating with everyone around us. This means that we stand steady in both calm and stormy weather.



HR concept

You make the difference!
Moelven is the result of all the smaller and larger choices we make every day. Together we create a workplace based on trust, well-being and a sense of belonging. Since 1899, Moelven has seen opportunities, developed new ideas and built better climate-smart solutions for the future. We're going to keep on doing that.

We are Moelven – you make the difference!



We take responsibility

We manage the renewable resources we live off with respect and care. We all take responsibility for creating a safe workplace where we take care of people and the environment. These are our fundamental values.



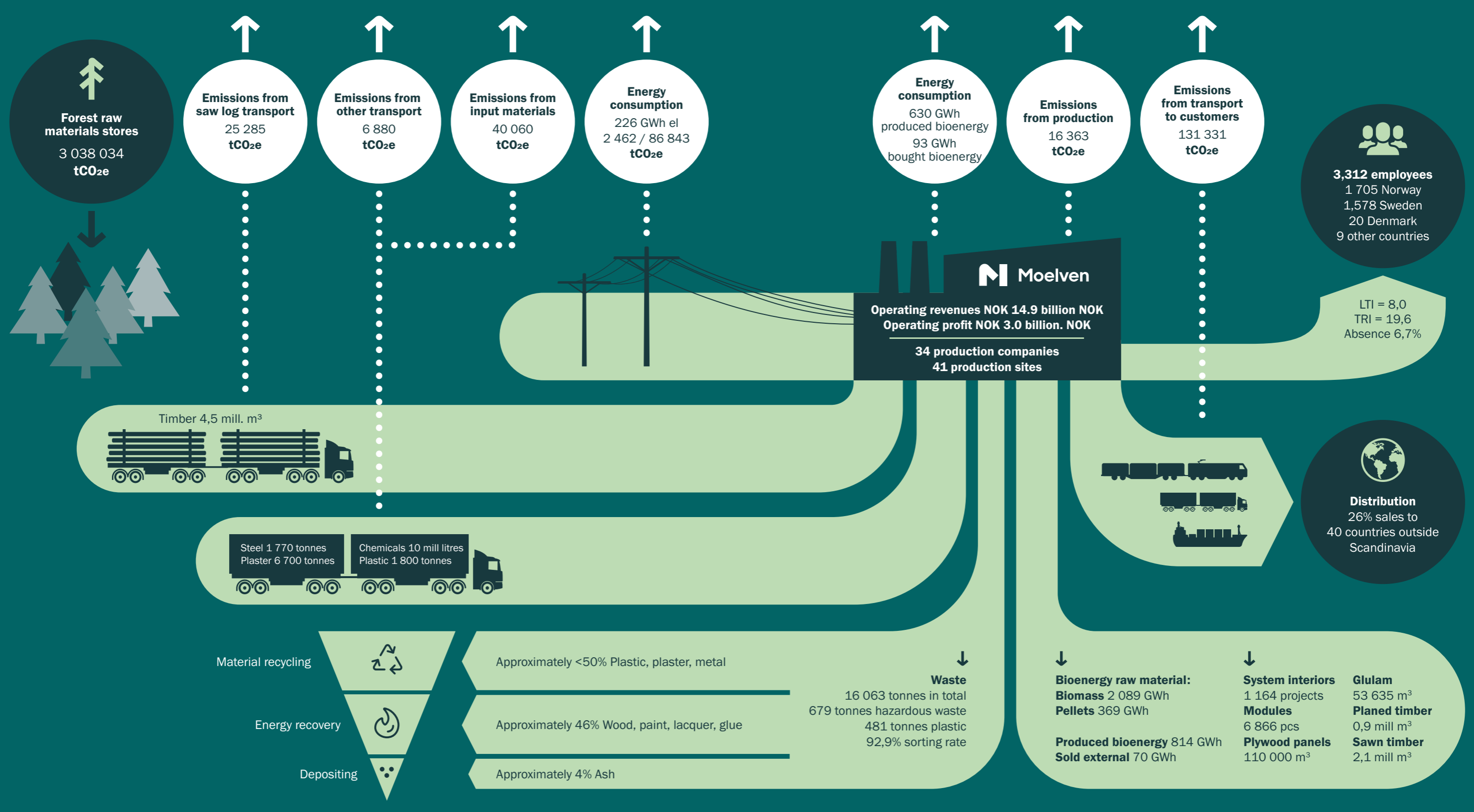


Climate-smart, sustainable value creation

CO₂ emissions from Moelven
0.3 million tonnes

CO₂ emissions from bioenergy
0.4 million tonnes






CO₂ stored in finished goods
1.4 million tonnes





Priority areas, results and objectives

Basic premise
– we are a reliable partner

| Four priority areas | Important topics | Results | | | Objectives and remarks | |
|--|--|---|-----------|-----------|------------------------|--|
| | | 2022 | 2021 | 2020 | | |
|  <p>We and our materials shall be climate positive</p> | <ol style="list-style-type: none"> Energy consumption in own production Goods transport Production of bioenergy Climate benefits from the forest Climate-smart design | Electricity consumption (GWh) | 226 | 235 | 249 | 2% annual reduction in energy consumption per unit produced. |
| | | Self-produced thermal bioenergy (GWh) | 814 | 819 | 795 | 95% of needs for thermal energy covered by self-produced bioenergy. |
| | | Carbon footprint (tCO ₂ e), including location-based Scope 2 | 222,767 | 192,498 | 159,888 | 7% annual reduction in carbon intensity. |
| | | Carbon footprint (tCO ₂ e), including market-based Scope 2 | 307,148 | 280,226 | 253,110 | |
| | | Carbon stored in finished goods (tCO ₂) | 1,439,536 | 1,484,288 | 1,576,605 | |
| | | Transport | | | | Digitalised logistics planning to optimise driving routes and minimise driving when empty. Trialling of transport methods based on renewable energy sources. Electrification of internal transport. Requirement for EURO 6 from 2022. Increased use of modular vehicle combinations, water and rail. |
|  <p>We shall use renewable resources and utilise the entire resource</p> | <ol style="list-style-type: none"> Sustainable materials Resource optimisation Resource-efficient design and packaging Waste management in production Water consumption | Controlled raw material | 100% | 100% | 100% | Certify raw materials from sustainable forestry. 100% controlled raw materials throughout the value chain. |
| | | Recycled plastic (tonnes) | 418 | 581 | 392 | Plastic is included as a separate fraction in waste sorting. |
| | | Plastic consumed (tons) | 1,807 | 2,049 | 1,909 | Share of recycled plastic > 30%. Collaborate with customers and suppliers on concepts to minimise the need for packaging. Development and testing of alternative packaging materials. |
| | | Sorting ratio | 92.9% | 92.6% | 87.6% | 90% sorting ratio for the Group and all units over time. |
| | | | | | | |
|   <p>We shall be an attractive and safe workplace</p> | <ol style="list-style-type: none"> HSE Engaged and competent employees Safe chemical use | LTI | 8.0 | 6.9 | 11.7 | < 4 Number of injuries resulting in absence per million hours worked. |
| | | LTI2 | 19.6 | 21.2 | 25.1 | < 16 Total number of injuries per million hours worked. |
| | | Rate of absence due to injury | 113 | 185 | 256 | Number of occupational injury-related days of absence per million hours worked. |
| | | Risk reports | 4,169 | 7,265 | 3,843 | > 1.2 per employee. |
| | | Absence due to illness | 6.7% | 5.6% | 6.20% | < 4.0% |
| | | Employees | 3,332 | 3,312 | 3,391 | |
| | | | | | | |
|  <p>We shall create more green jobs</p> | <ol style="list-style-type: none"> Creating economic value in local communities The local environment | Total tax contributions in Norway and Sweden (MNOK) | 1,553 | 1,450 | 931 | Sustainability is one of the four pillars of the Moelven strategy and will be included as a decision-making criterion in connection with investments and the development of the Group. |
| | | Estimated social contributions (MNOK) | 6,183 | 7,308 | 5,004 | |
| | | Violation of the Pollution Control Act or equivalent | None | None | None | Moelven shall not be responsible for any violation of pollution control legislation or equivalent. Moelven shall continuously work to improve its environmental footprint in the local community. |
| | | Social sustainability | | | | Moelven will work to ensure responsible business practices and transparency in relation to labour and human rights, society and the environment throughout the entire value chain. |



Key figures for last 5 years

| Amounts in NOK million | 2022 | 2021 | 2020 | 2019 | 2018 |
|------------------------------|--------|--------|--------|--------|--------|
| THE GROUP | | | | | |
| Operating revenue | 14,439 | 14,872 | 11,665 | 10,297 | 11,021 |
| EBITDA | 2,106 | 3,389 | 1,011 | 630 | 935 |
| Depreciation | 331 | 351 | 344 | 296 | 282 |
| Impairment | 18 | 52 | 4 | -2 | 66 |
| Operating profit | 1,756 | 2,986 | 662 | 335 | 586 |
| Financial items | -3 | 5 | -59 | -96 | -8 |
| Result before tax | 1,754 | 2,991 | 604 | 240 | 578 |
| Total capital | 7,904 | 8,269 | 5,833 | 5,518 | 5,302 |
| Equity in per cent | 59.9 | 55.5 | 49.1 | 42.9 | 45.9 |
| Operating margin in per cent | 12.2 | 20.1 | 5.7 | 3.3 | 5.3 |
| Investments | 501 | 420 | 272 | 479 | 497 |
| Number of employees | 3,332 | 3,312 | 3,391 | 3,399 | 3,524 |
| TIMBER | | | | | |
| Operating revenue | 4,944 | 5,046 | 3,445 | 3,119 | 3,263 |
| EBITDA | 1,239 | 1,794 | 366 | 243 | 449 |
| Depreciation | 106 | 103 | 103 | 97 | 99 |
| Impairment | - | - | 4 | - | 7 |
| Operating profit | 1,132 | 1,691 | 259 | 146 | 343 |
| Financial items | 1 | -9 | 1 | -5 | -4 |
| Result before tax | 1,133 | 1,682 | 260 | 141 | 339 |
| Total capital | 2,907 | 3,079 | 1,743 | 1,513 | 1,663 |
| Operating margin in per cent | 22.9 | 33.5 | 7.5 | 4.7 | 10.5 |
| Investments | 177 | 194 | 88 | 116 | 137 |
| Number of employees | 653 | 630 | 636 | 629 | 620 |
| WOOD | | | | | |
| Operating revenue | 5,528 | 6,164 | 4,730 | 4,018 | 3,977 |
| EBITDA | 757 | 1,504 | 482 | 265 | 318 |
| Depreciation | 112 | 117 | 111 | 102 | 108 |
| Impairment | 0 | 3 | - | -2 | 59 |
| Operating profit | 645 | 1,384 | 372 | 165 | 152 |
| Financial items | 13 | -20 | -19 | -29 | -16 |
| Result before tax | 658 | 1,364 | 353 | 136 | 136 |
| Total capital | 3,392 | 3,866 | 2,802 | 2,514 | 2,467 |
| Operating margin in per cent | 11.7 | 22.5 | 7.9 | 4.1 | 3.8 |
| Investments | 234 | 155 | 130 | 117 | 198 |
| Number of employees | 1,084 | 1,108 | 1,099 | 1,114 | 1,108 |
| BUILDING SYSTEMS | | | | | |
| Operating revenue | 3,833 | 3,913 | 3,347 | 3,003 | 3,743 |
| EBITDA | 84 | 160 | 166 | 135 | 191 |
| Depreciation | 69 | 140 | 90 | 78 | 62 |
| Impairment | - | 49 | - | - | - |
| Operating profit | 15 | 19 | 76 | 57 | 128 |
| Financial items | -2 | 4 | -5 | -4 | -1 |
| Result before tax | 13 | 23 | 71 | 53 | 127 |
| Total capital | 1,775 | 1,694 | 1,909 | 1,751 | 1,751 |
| Operating margin in per cent | 0.4 | 0.5 | 2.3 | 1.9 | 3.4 |
| Investments | 36 | 54 | 22 | 56 | 93 |
| Number of employees | 1,408 | 1,383 | 1,490 | 1,494 | 1,647 |
| OTHER ACTIVITIES | | | | | |
| Operating revenue | 4,741 | 4,553 | 3,802 | 3,728 | 3,548 |
| EBITDA | -31 | -6 | -4 | -14 | -24 |
| Depreciation and impairment | 43 | 41 | 41 | 19 | 13 |
| Impairment | 18 | - | - | - | - |
| Operating profit | -93 | -47 | -45 | -32 | -37 |
| Financial items | -14 | 31 | -36 | -58 | 13 |
| Result before tax | -107 | -16 | -81 | -90 | -25 |
| Investments | 54 | 18 | 32 | 190 | 69 |
| Number of employees | 187 | 191 | 166 | 162 | 149 |



Report of the Board of Directors 2022

2022 in brief

2022 was a year of contrasts, both for the international community and for Moelven. The COVID-19 pandemic gradually slipped its grasp, but was replaced by war in Europe, severe extreme weather, rising inflation and an energy crisis. For Moelven, the first half of the year was characterised by continued strong demand and high prices. Later in the third quarter, the situation turned abruptly and the second half of the year was characterised by a market decline, increased costs for operations, structural measures and write-downs of inventories.

Operating revenues for 2022 totalled NOK 14,439 million, and operating profit was NOK 1,757 million. Compared to 2021, which was Moelven's best year of all time, this resulted in a decline in operating revenues of NOK 433 million and in operating profit of NOK 1,230 million. Operating profit for the first half of the year was NOK 1,629 million, while the second half saw operating profit of NOK 128 million.

At the end of 2022, the Group emerges as even more robust than a year earlier. After the record year 2021, Moelven disbursed a dividend of NOK 1,173 million in May 2022. Nevertheless, at year-end, the Group had an equity ratio of 59.9 per cent and a solid financial situation underlying approved investment projects for the current strategy period of approximately NOK 1.1 billion. For 2022, the board proposes a dividend of NOK 694 million.

The main objectives in the strategy plan are focused on developing a business with international competitiveness and a resilience that limits volatility in results and cash flow. This entails both prioritising investment funds and cultivating concepts, but also selling or phasing out certain units where it is not possible to achieve satisfactory value creation over time. This work has yielded results, and this will continue in the years to come.

The Moelven Group exports products to more than 40 countries on several continents. Developments in

Moelven partners with SOS Children's Villages in humanitarian work. SOS Children's Villages is dependent on long-term partners in order to reach more children without satisfactory care. Our partner takes responsibility for children who are left to themselves, who don't have the opportunity to go to school, who go to bed hungry and who may experience violence and abuse. The partnership agreement with Moelven has an annual framework of NOK 500,000 as the base amount. Due to the war in Ukraine, Moelven increased the contribution to NOK 1,500,000 in 2022. In addition, Moelven and SOS Children's Villages are conducting several activities that may further increase the amount.



the world economy are therefore important to Moelven. Combined, approx. 26 per cent of the Group's turnover is in markets beyond Scandinavia, mainly in the euro zone, the UK, North America, the Middle East, North Africa and Asia. It is mainly sawn timber that is exported. For Timber in isolation the export share outside of Scandinavia is 68 per cent, and for Wood it is 13 per cent. Both price developments on the international market for sawn timber and exchange rate developments therefore have a major impact on the business. Both directly for export revenue, but also indirectly because international price levels rapidly impact the home market in Scandinavia.

In the first quarter, activity in the international sawn timber market was in the process of normalising, after being extremely high from the second half of 2020 and through 2021. With Russia's attack on Ukraine and the sanctions against Russia and Belarus that followed in the aftermath, a concern spread in the market related to the supply of goods, including timber. Many players built up inventory levels to secure their own access to raw materials. The increased demand led to a new period of rising prices. In general for the whole of 2022, activity in the domestic markets of Scandinavia has been weaker than in the international market.

Private consumption has long been an important driving force for developments in overall demand, both internationally and domestically. Towards the end of the first half of the year and into the second half, this was increasingly restricted by the rising cost of living, continued uncertainty related to the war in Ukraine and economic developments. The demand for sawn timber has been directly affected by this through falling starts for new buildings and reduced activity in maintenance and renovation. The impact of this is however countered to a certain extent by wood being considered an attractive and sustainable material, thus taking market shares from other types of materials.

The Wood division mainly sells its processed wood products on the industrial and building materials markets in Scandinavia. The division also has six combined units that use sawn timber as a raw material in their processing operations. Depending on the quality and dimensions of the sawlogs, this results in a certain volume of sawn timber that is not ordinarily processed at the unit but sold externally. After a year and a half of very high demand for timber in Scandinavia, the market turned in 2022 to a situation of low demand and oversupply of goods. In order to avoid unwanted buildup of inventory, Moelven has adjusted production with regard to both volume and product range, so that a larger share of production could be sold on export markets.

Access to forest raw materials declined somewhat towards the end of 2022, but was good for the year

as a whole. The Group's log-consuming units had sufficient raw material to cover production throughout the year. At the end of 2022, our total total stocks of sawlogs were overall lower than a year earlier, but adequate for our current production plans. In both Norway and Sweden the prices for spruce and pine sawlogs was higher than in 2021. For the year as a whole, the prices for cellulose chips were higher in 2022 than the previous year, while price levels for other by-products overall were virtually unchanged.

Demand for fibre products and bioenergy raw materials increased throughout the year and was good at the end of 2022. Then, prices were at a higher level than at the start of the year. At the beginning of 2023 there is generally good demand for all assortments from the forest, although the economic situation for the log consuming industry has receded somewhat.

The companies in the Building Systems division mainly operate in building and construction in Scandinavia. Deliveries are to professional players in both the new building and renovations, extensions and conversions markets. The glulam companies also have significant production of glulam in standard dimensions that is sold via the building products trade. Within this segment demand was good in the first quarter of 2022, driven by good activity in the consumer market associated with maintenance of homes and holiday homes, then declining increasingly through the summer season and in the second half of the year.

In the modular building business, modular production for residential purposes depends on the consumer market, since it is the private sector that ultimately demands the housing. Especially on the Norwegian side, the project market for new apartment buildings has been difficult for a long time. Increased construction costs and lower demand for new apartments have resulted in several planned development projects being put on hold or shelved.

In the market segments project, building and construction and leasing, the activity level varied somewhat and was lower than the previous year, but still at a satisfactory level.



Events in 2022

HSE

Work on the priority action plan "HSE towards 2023," which started towards the end of 2020, has continued throughout 2022. The main points in the action plan include specific and targeted measures related to both resource allocation, developing expertise, risk analysis, internal control and compliance, and not least culture building:

1. Strengthen the HSE organisation and organisation of the HSE work.
2. Strengthen the HSE by rolling out Active Leadership and Active Employee.
3. Implement "Risk Management Operations".
4. Develop and implement HSE courses at all levels in the organisation. Establish a course portfolio of different HSE training courses.
5. Conduct a technical safety inspection of production facilities, including the development of an action plan.
6. Establish an internal audit organisation that annually examines compliance with internal and external requirements and rules at the company level.
7. Continuous improvement and organisational learning.

With external assistance, technical safety inspections were carried out at all facilities in 2021. The discrepancies that were uncovered were registered and assigned priority, and an action plan was drawn up for closing them. Approximately 30 per cent of discrepancies were closed as early as 2021. A further approximately 50 per cent have been closed in 2022. One of the reasons it takes time to close certain discrepancies is access to and delivery times for equipment and machine components. In those cases where it takes a long time to close discrepancies permanently, temporary measures have been implemented based on risk assessments. The work on safety inspections and remediation of identified risks resulted in an increase in operating costs of NOK 42.9 million (19.4) in 2022. In addition, NOK 29.5 million has been activated as investments. The total cost of closing the remaining discrepancies at the end of 2022 is estimated at approximately NOK 76 million. Of this, approximately NOK 27 million will be considered operating expenses, while the remaining NOK 49 million are investments.

The strong emphasis on HSE has yielded results. In 2022, however, lost-time injuries (LTI) rate increased (number of injuries with subsequent absences measured per million hours worked) from 6.9 to 8.0. This is however far lower than the level the Group

Satu Koskela at Moelven Vänerply AB is one of our 3332 employees who take the opportunities and make a difference.



has previously been at. At the same time, the frequency of absence due to injuries (TRI) (total number of injuries measured per million hours worked) was reduced from 21.1 to 19.6, and the severity of the injuries was lower than previously. These are clear signals that work is yielding results and that developments are headed in the right direction.

COVID-19

COVID-19 left a strong mark on 2021. In 2022 too, particularly in the first half of the year, COVID-19 continued to present certain challenges. With regards to Moelven, this was primarily a matter of increased absence due to infection or suspected infection. Beyond this, the pandemic affected the group to a limited extent.

New value platform and brand profile

On 18 October 2021 Moelven launched its updated value platform and new visual profile. Prior to this the Group's visual identity had existed more or less unchanged since the 1970s, with the last adjustment around 15 years ago.

A sustainable rollout of the new brand was chosen. Digitally, Moelven's transformation took place immediately, while the remainder was replaced gradually. For example, work clothes and packaging were only replaced after what was already in stock had been used up. By October 2022, the project was fully implemented at a lower cost than budgeted. Based on positive feedback both internally and externally, there is no doubt that the project has contributed to a stronger and more distinct Moelven.

Investments

In 2022, the Board of Directors has approved significant investments to improve safety, capacity, efficiency and, not least, the climate footprint of tomorrow's timber industry. The investments will take place at Moelven Treinteriør AS, Moelven Mjøsbuket AS, Moelven Våler AS, Moelven Notnäs Ransby AB, Moelven Valåsen AB and Moelven Edanesågen AB. According to plan, all of the projects will be operational in 2024. Strategic investments such as these contribute to modernise and strengthen the competitiveness of the companies. In addition, there is modern production equipment, safer workplaces and lower energy consumption. In Moelven Timber, an investment programme to replace timber dryers is ongoing. In the event of unchanged production volume for the dryers included in this investment package, this constitutes reduced annual energy consumption of approx. 6 GWh, which is 2.5% of the Group's total annual consumption.

On 21 June 2022 the Board of Directors signed off an investment of SEK 382 million in a new pellet factory and plant for bioenergy production in Karlskoga. The investment will take place under the auspices of the newly-established company Moelven Pellets AB,

and will be located on Moelven Valåsen AB's industrial site. The investment is a consequence of the capacity increases at Moelven sawmills in the region. The pellet factory, which according to plan will start operation in the autumn of 2024, will be integrated in the sawmill concept at Moelven Valåsen AB. Ordinarily, just less than half of the sawlog becomes fibre products. Integrating the pellet factory with the sawmill is thus a sustainable and competitive way of managing the residual raw material from the sawmill.

Other events

No one was seriously injured when Tretten Bridge collapsed on 15 August 2022. Moelven views the incident very seriously and places much emphasis on clarifying the cause of the bridge's collapse. The Accident Investigation Board Norway is responsible for the investigation. Moelven Limtre AS was subcontractor with responsibility for the production of glulam and assembly of the superstructure, i.e. everything above the bridge's foundations. The Norwegian Public Roads Administration was the client. The design and project planning of the bridge were conducted by a consulting company on behalf of the principal.

At the beginning of December, the Norwegian Safety Investigation Authority (NSIA) published its preliminary findings relating to the investigation of the collapse of the bridge. The NSIA referred to so-called block shear failure in a joint on one of the diagonals of the main span leading towards the western river foundations as the initial cause of the damage. When checked in accordance with the recommended calculation methods stipulated in the current regulations relating to the design of timber structures, the utilisation rate in the joints on the diagonals in question was around 200%. Block shear failure was not one of the checks specified in NS 3470 (Norwegian design standard) which applied to the design of the Tretten bridge.

A fire broke out in the log sorting facility at Moelven Soknabruket AS on 5 September 2022. Two people working in the control hut managed to escape without sustaining any injuries. The fire developed rapidly and there was a lot of smoke. Since it was reported quickly and thanks to the great work of the fire brigade and Moelven's industrial protection service, who were first on the scene, the fire was quickly brought under control. However, the log sorting facility was a write-off. In order to ensure a continued supply of sawlogs to the plant, temporary sorting solutions have therefore been established in the forest in cooperation with the supplier.

On the night of 21 December 2022, a fire occurred in the chip dryer at Moelven Pellets AS's pellet factory in Sokna. The factory was fully operational and the employee working the night shift quickly alerted

the emergency services. No-one was injured, but the material damage was extensive in the section where the fire occurred. The damage has resulted in a 6-8 week halt in production halt over and above the planned shutdown between Christmas and the New Year.

In December 2022 Moelven Modus AS received proof showing that the company is now certified as an Eco-Lighthouse. This certifies that the company complies with high standards relating to waste management, works continuously on energy-reducing measures, focuses strongly on HSE and sets high environmental standards for its purchasing and transport solutions.

In December, Moelven Byggmodul AB provided 18 employees at the production facility in Kil with notice of dismissal. This is due to the fact that a drop in construction activities has reduced the demand for accommodation modules of the type produced in Kil. Demand is still good for the company's other market segments – rental modules, housing and projects.

For the glulam business in Norway, demand for certain types of glulam beams for both the building materials trade and industrial customers dropped significantly during 2022, partly as a result of reduced start-ups of new projects in the housing and holiday home markets. At the beginning of January 2023, 16 of the 18 employees at Moelven Limtre AS's factory at Vatnestrom in Agder were therefore notified of temporary layoffs for three months.

The South-Eastern Norway Regional Health Authority has highlighted Moelven's area in Moelv as one of the alternatives for locating a new hospital for the Mjøsa region. However, it proved that this option did not quite make the cut. However, a new hospital in Moskogen, close to Moelven's industrial area, remains an option.

Corporate structure

Moelven Danmark AS was sold to Frøslev Træ Holding A/S with effect from 1 March 2022. Moelven Danmark AS is a package supplier of wood-based products to the Danish construction industry. At the time of the sale the company had 20 employees. In accordance with the agreements entered into in connection with the sale, the Moelven group will continue the sale of boards, sawn timber and planed construction wood through the newly-established company Moelven Danmark Sales A/S. The other operations of Moelven Danmark A/S will continue under the Frøslev Træ brand.

Due to a lack of current orders for production at Moelven Byggmodul AS's factory in Hjøllum, 80 employees were notified of temporary layoffs in September. Since then, extensive work has been taking place in order to find a basis for future profitable operations at the factory. Unfortunately, a lack of

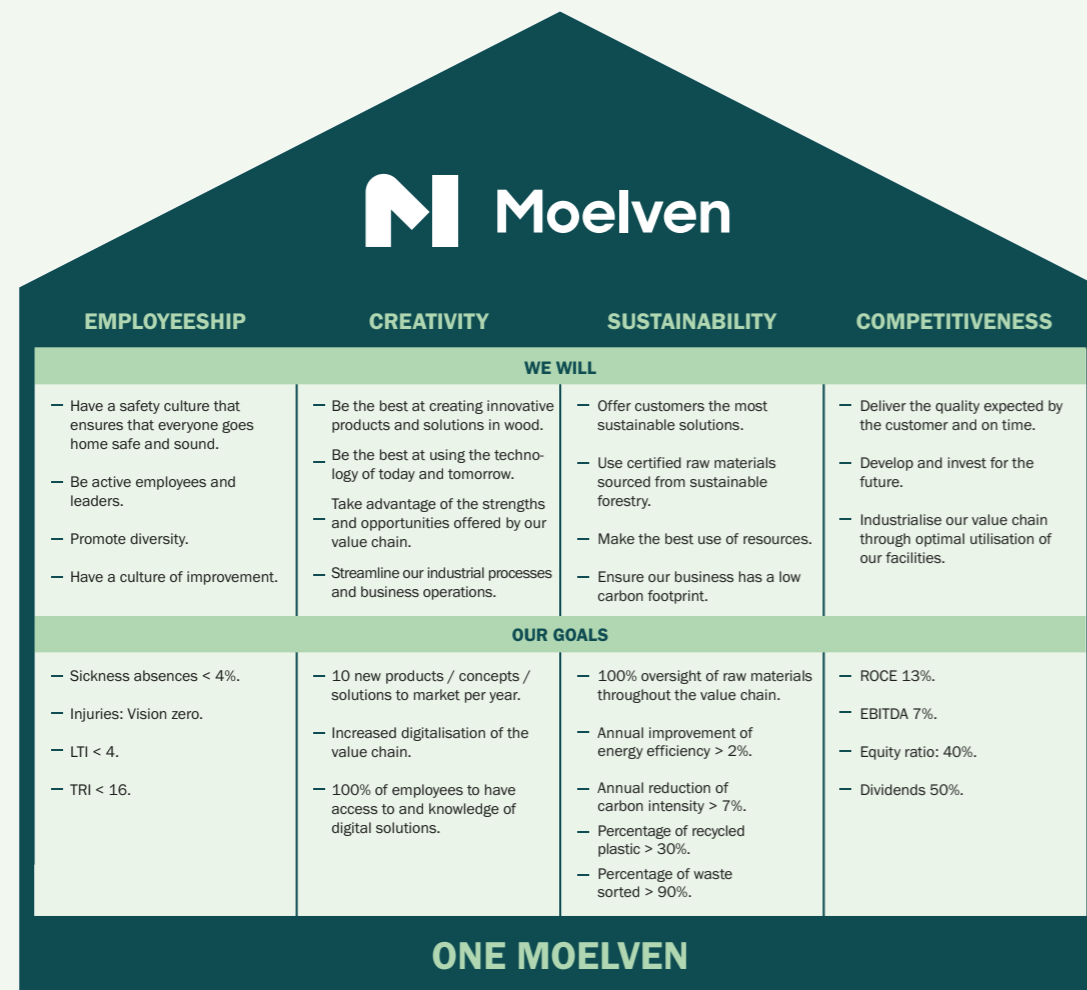


new orders and poor prospects for developments in the market for modular buildings for residential purposes have meant that there is insufficient justification for recommencing operations at the factory. We will continue to concentrate on the housing segment, but our efforts will be more clearly aimed at selected subcategories. The two module production lines at our Moelv factory have sufficient capacity to handle this investment, as well as the production of modules for the building and construction market and the project market. The closure of production at Hjøllum means that 44 employees will lose their jobs, while 21 employees will be offered work at our factory in Moelv.

Strategy – Employee participation, Creativity, Sustainability and Competitiveness

The Board's annual cycle includes work with various strategic topics at each board meeting throughout the year and an annual strategy gathering over two days where the strategy for the next three-year period is discussed. The Group's strategy plan for the period 2023 to 2025 was laid down in October 2022. The strategy adheres to the main lines, objectives and ambitions set out in last year's board deliberations and resolutions, with the development opportunities that the record results for 2021 and 2022 have brought with them. A very important part of this is the strategic investment projects approved over the last two years, which total just over NOK 1.1 billion until the start of 2025.

Moelven Limtre AS produces a sustainable and renewable construction material using raw materials from environmentally certified forests in Norway and Sweden. Photo: Kristina Meyn Krogvold/Ringsaker municipality



Our strategic framework

Vision

Opportunities grow on trees
– we grow with opportunities.

Values

We make use of our opportunities.
We deliver.
We take responsibility.

Mission

We harvest raw materials from the forest and create products and solutions that the world needs.

HR concept

We are Moelven
– you make the difference!

Our strategic framework summarises our corporate strategy and is a useful tool for clarifying what we need to do and how we prioritise in order to achieve our goals.

Moelven's vision, mission, values and HR concept is a result of extensive discussions, where a large number of the Group's employees at different levels have been involved. The work formed the basis for the distinct modernisation of the Moelven brand, which was carried out in 2021. "Moelven's strategic framework" is designed to clarify what we MUST DO and which overall parameters measure progress. This shall serve as a guide for all the strategic and operational choices that are made.

The people who work at Moelven are the Group's most important resource. Developments in the industry are in the direction of increased automation and mechanical processing of the products and the use of constantly more technologically advanced equipment. At Moelven we believe that the greatest potential for increased value creation is in optimising interaction between man and machine. To achieve this, we depend on the commitment, expertise and diversity of our employees who will manage and operate the technology in a workplace where the risk of injury has been eliminated. Active employee participation requires active leadership, and in 2023 a number of leadership development measures will be established and implemented. This will be done by identifying and developing motivated internal management candidates, as well as establishing various forms of leadership networks. It should be safe to work at Moelven. HSE work has been given high priority for many years, and the efforts laid down in recent years have yielded results. In the course of 2022 the Group has made some headway in reaching the long-term goal of zero injuries. Safety has been a particularly high priority over the past two years. As developments in injury statistics are moving in the desired direction and several improvement measures are still ongoing, the work in 2023 will increasingly focus on the Health and Environment part of the HSE area. In the strategy plan, intermediate objectives have been established on the path towards the long-term objective.

Sustainability is an important part of both Moelven's identity and business strategy. Responsible business operations and transparency are prerequisites at all levels, from the forest to finished buildings. The business shall be based on 100% controlled raw materials with relevant certifications where applicable. Moelven's operations are largely based on the forest and wood as naturally renewable raw materials. In

order to continue with this in the future as well, it is essential that Moelven takes responsibility for ensuring that the raw materials harvested from the forest come from sustainable forestry.

The climate footprint from the value chain that processes forest raw materials is far lower than the amount of CO₂ stored in the wood, but it can still be improved. In its overall strategy, Moelven focuses on the areas where the Group can do the most good, whether in the form of increasing a positive impact or reducing a negative impact. The Group's biggest single causes of negative environmental impact are transport and energy consumption. These areas are therefore assigned high priority. The biggest positive impact is that wood as a construction material has both low greenhouse gas emissions compared to some other building materials, and that the wood stores carbon right up until it rots or is burned. In other words, a wooden building or structure acts as a carbon sink. By being a low-carbon company offering the most sustainable solutions within our market segments, Moelven contributes both to value creation for customers and to combating climate change.

In business terms, the Group can look back at a year with very varied market conditions for most of the Group's units. Economic developments were negative through the second half of 2022. Due to high inflation, high interest rates and the cost of living, as well as war in Europe, uncertainty ahead is greater than it has been for a long time. However, the demand for renewable and sustainable construction materials from wood contributes positively to the demand for Moelven's products and services.

There are still parts of the business that during normal economic conditions fail to meet the profitability and return requirements that have been set. It is thus important that the right priorities and choices are made, to have the best possible foundation for sustained profitability. The shareholder values in Moelven are best ensured and developed by the organization focusing on developing the units the company currently possesses, which in all likelihood will reach profitability targets in the course of an economic cycle. Investments and further growth in the strategy period shall be adjusted to the strategic choices that are made and take place within the applicable financial framework based on existing business areas.

| | 2021 Realised | 2022 Realised | 2023 | 2024 | 2025 |
|------------------------|------------------|------------------|--------|--------|--------|
| LTI rate | 6.9 | 8.0 | < 5 | < 4 | < 4 |
| TRI rate | 21.1 | 19.6 | < 20 | < 16 | < 16 |
| Reports per employee | 2.2 | 1.3 | > 1.1 | > 1.2 | > 1.2 |
| Absence due to illness | 5.7% | 6.7% | < 4.0% | < 4.0% | < 4.0% |



Corporate governance

On 28 April 2022, Aud Ingvild Storås stepped down from the board and Hege Kverneland (55) joined the board as a new shareholder-elected board member. The Board has since comprised Olav Fjell (chairman), Gudmund Nordtun (deputy chairman), Hege Kverneland, Wenche Ravlo, Olav Breivik, Martin Fauchald and Oscar Östlund. Ingrid Maria Vetlesen Jensen is a permanent deputy.

Eldrid Mona Furuhovde (51) has been appointed new director of economy and finance in Moelven. She took up position on 1 August 2022, and comes from a position as partner and consultant in auditor company BDO.

Stefan Djupvik (43) was appointed IT Director at Moelven in September. He has been the acting director since March. Mr. Djupvik came to Moelven during the autumn of 2021 as the Head of the IT Department's Development Team.

As part of the Group's commitment to sustainability, Rune F. Andersen (53) was appointed Sustainability Director at Moelven on 1 January 2023. He has been employed at Moelven since 1999 in various financial capacities, most recently as Director – Group Finance and Sustainability.

Corporate governance at the Moelven Group is based on the current Norwegian recommendation for corporate governance of October 2021. The Board's report on the Group's policies and practice for corporate governance in accordance with section 3-3b of the Norwegian Accounting Act has been incorporated into the board's account of corporate governance. Information on the Group's governing bodies is published at www.moelven.no and in note 26.

Moelven Vänerply AB. Photo: Jesper Anhede

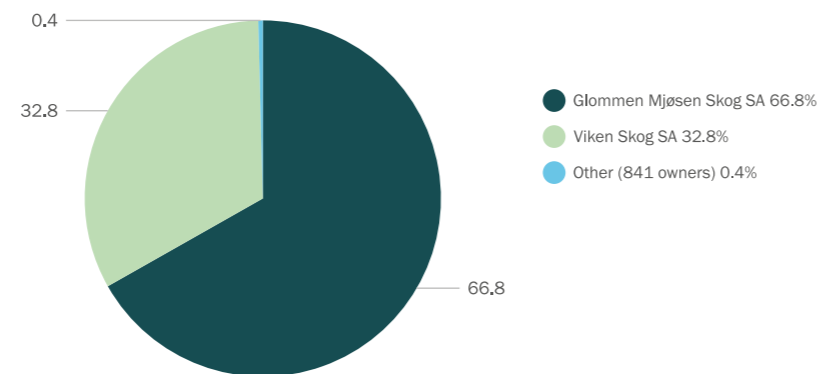


This is the Moelven Group

Ownership structure

The Moelven Group's main shareholders at the turn of the year were Glommen Mjøsen Skog SA (66.8%) and Viken Skog SA (32.8%). The remaining 0.4 per cent is distributed among 841 smaller shareholders.

Moelven-group owners



Vision

In connection with a new value platform and brand profile, the Group's vision was also changed in 2021. Previously the Group's vision was to be the natural choice for people who wanted to build and live in the Scandinavian way. The new vision – opportunities grow on trees – we grow with opportunities – shall guide how the Group shall lead the way in developing buildings based on Scandinavian building traditions with climate-smart solutions. On the basis of the vision, the Group will continue to take responsibility for the management of the renewable resource, wood, which is our raw material. Wood and other natural materials are essential parts of what Moelven makes and are dominant in the greater part of the product range. We will create a safe workplace where care for people and the environment. We shall think along new lines and use the opportunities to continue to provide good climate-smart products and solutions tailored to our customers' needs.

Location

Moelven is a Scandinavian Group. All production units are located in Scandinavia, which is also the primary market. The Group has its headquarters in Moelv in Norway and consists of 34 production companies in 41 production locations, and a number of offices for sales, service and fitting. Most of the production units are workplaces with a strong local presence in rural communities in South East Norway and the western part of Central Sweden. The offices for sales, service and fitting are located in larger population centres around Norway, Sweden, Denmark, the United Kingdom, Germany and China.

Production in Norway and Sweden is of approximately the same volume, but the Swedish units export a greater proportion of their production than the Norwegian. Out of a total of 3,332 (3,312) employees at the end of 2022, 1,700 (1,705) work in Norway, 1,620 (1,578) in Sweden, 3 (20) in Denmark and 9 (9) in other countries.

Divisions

Moelven offers a broad range of natural and climate-smart products and solutions with associated services related to homes and holiday homes, module-based buildings, building interiors and load bearing structures. The Scandinavian market accounts for approximately 74 per cent of sales revenues. Approximately 85 per cent of the Group's products and services are used for new building or renovation, conversion and extension of holiday homes, homes and commercial property. A large part of the remaining operation consists of sales of wood pellets, chip products and biomass for bioenergy purposes and for pulp, paper and particle board production. The Group also supplies wood products to the furniture, interior and packaging sectors.

The Group is divided into three divisions: Timber, Wood and Building Systems, each of which focuses on one of the main segments of industry, trade and project. In addition there is the Other reporting area, which comprises the owner companies with group functions, timber supplies, production and sales of wood pellets and bioenergy and the sales of chip and fibre products from the Group's timber processing industry.

Timber

The Timber division consists of 10 production companies and 3 sales offices, supplying sawn timber, components and chip products made from local spruce and pine. The customers are mainly industrial companies that buy intermediate products for their own production of construction timber, glulam, panels, flooring, mouldings, windows, packaging, board and paper products and for bioenergy. About 32 per cent of operating revenues come from Scandinavian customers. At the end of 2022, there were 653 (630) employees, 252 (240) of them in Norway, 392 (381) in Sweden and 9 (9) in other countries.

Wood

The Wood division consists of 16 production companies and 2 customer centres. The main products are white and impregnated building wood, external cladding, plywood, length-adapted products and chip products, as well as interior products such as mouldings, flooring and interior panels. Wood also trades in purchased products. Around 75 per cent of timber and board production is sold through the building products trade and wood processing industry. Wood is one of the leading suppliers to the Scandinavian market and about 87 per cent of its operating

revenues come from Scandinavian customers.

At the end of 2022, there were 1,084 (1,108) employees, 587 (592) of them in Norway, 494 (496) in Sweden and 3 (20) in Denmark.

Building Systems

The Building Systems division consists of 5 production companies at 8 production locations and a number of sales, service and fitting offices. Building Systems is divided into the business areas Glulam, Building Modules and System Interiors, all three of which are market leaders in their segments. The division's building and contracting customers buy customised building modules, flexible interior solutions systems and associated services and advanced glulam structures. In addition to bridges and load-bearing structures, the glulam unit also has considerable sales of standard laminated timber beams through the building products trade, as well as components for the pre-fabricated house industry. Operating revenues are primarily from Scandinavian customers. At the end of 2022, there were 1,408 (1,383) employees, 773 (790) of them in Norway and 635 (593) in Sweden. In order to ensure adequate flexibility in production capacity to meet seasonal and economic fluctuations in the market, the divisions use hired workers to some extent. Hired workers are not included in the employee figures. Hiring takes place from reputable, serious staffing companies to ensure that their pay and working conditions are ensured.

Other Businesses

Other businesses include Moelven Industrier ASA, with shared services for finance, accounting, insurance, communications, HR and IT. Timber supply and sales of wood chips and energy products are organised as a common function for the Group's timber processing industry and are included with the companies Moelven Skog AB, Moelven Virke AS, Vänerbränsle AB, Moelven Bioenergi AS, Moelven Pellets AS and the newly established Moelven Pellets AB.. At the end of 2022, there were 187 (191) employees, 88 (93) of them in Norway and 99 (108) in Sweden.

Corporate social responsibility

The Board has processed and approved the Group's general strategy and guidelines relating to HSE, equality and non-discrimination, social responsibility, the environment and competition law. The discussion of these areas are included in the Board's explanation of principles and practice concerning social responsibility pursuant to the Accounting Act Section 3-3c that is published in the group's Sustainability Report.

Information on the Group's work for responsible business operations and transparency in the value chain has been published and is updated continuously at www.moelven.no/apenhetsloven.



Operating revenues and profits/losses

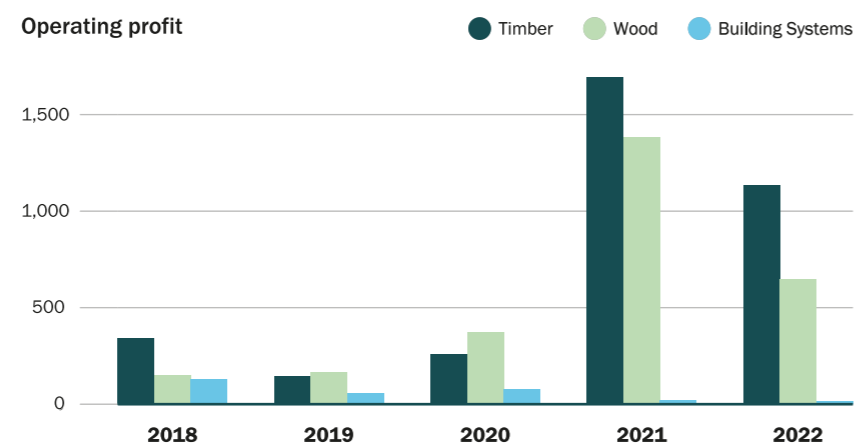
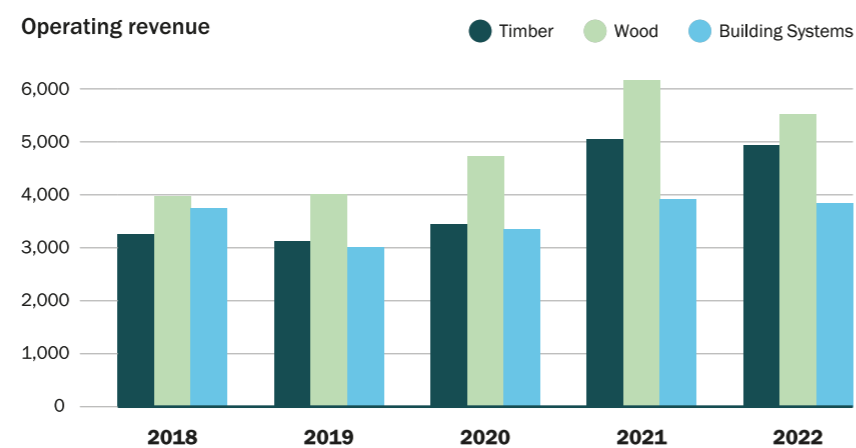
| Amounts in NOK million | 2022 | 2021 |
|-----------------------------|--------|--------|
| Operating revenue | 14,439 | 14,872 |
| EBITDA | 2,106 | 3,389 |
| Depreciation and impairment | 350 | 403 |
| Operating profit | 1,756 | 2,986 |
| Result before tax | 1,754 | 2,991 |

Operating revenues for 2022 totalled NOK 14,439 million, and operating profit was NOK 1,756 million. Compared to 2021, which was Moelven's best year of all time, this resulted in a decline in operating revenues of NOK 433 million and in operating profit of NOK 1,230 million. For most of the group's operations, the year had two halves. Demand and price levels were good in the first half of the year, while the second half was characterised by falling demand and finished goods prices, while cost levels rose. Operating revenues and operating profit in the first half of the year were NOK 8,212 million (NOK 7,331 million) and NOK 1,629 million (NOK 1,113 million), respectively. The second half of the year resulted in operating revenues of NOK 6,227 million (NOK 7,541 million) and an operating profit of NOK 128 million (NOK 1,873 million).

All divisions had a first half year with both operating revenues and operating profit higher than the first half of 2021. For the timber processing part of the Group, the second half of the year was characterised by falling demand and prices in the domestic markets of Scandinavia and Europe, as well as sharply rising cost levels due to the general rise in prices and the energy crisis in Europe. In both Norway and Sweden the prices for spruce and pine sawlogs was higher than in 2021. For the year as a whole, the prices for cellulose chips were higher in 2022 than the previous year, while price levels for other by-products overall were virtually unchanged.

The rising cost level also applied to companies in the Building Systems division, but developments in demand varied more with continued good activity in some market segments and a sharp decline in others. Due to a poor order intake over time and weak prospects for developments in the market for module-based buildings for residential purposes in Norway, it was decided to discontinue operations at Moelven Byggmodul AS's factory at Hjjellum. Operations at the factory had then been suspended since September. Allocations for liquidation costs have been taken into account in the 2022 financial statements.

The Group utilises financial instruments in order to reduce the impact of short-term fluctuations in foreign exchange rates, interest rates and energy



prices. Non-cash items connected to fair value adjustments on capitalised, unrealised hedging instruments comprised NOK 43 million for 2022 as a whole (+8 million).

Pre-tax profit for the whole year amounted to NOK 1,754 million (2,991).

Timber

| Amounts in NOK million | 2022 | 2021 |
|-----------------------------|-------|-------|
| Operating revenue | 4,944 | 5,046 |
| EBITDA | 1,239 | 1,794 |
| Depreciation and impairment | 106 | 103 |
| Operating profit | 1,132 | 1,691 |
| Result before tax | 1,133 | 1,682 |

The high demand for sawn timber both internationally and on the home market in Scandinavia that started as early as the spring of 2020, continued into 2022. Both in terms of volume and price, the market was somewhat more subdued than at the highest levels throughout 2021, at levels that were nevertheless historically very good. The sustained boom in the international sawn timber market was largely

supported by high private consumption and wood taking market shares from other construction materials such as steel and concrete. The American market in particular, which is the world's largest market for timber, has had a high level of activity over time. This has led to delivery volumes being moved to the US from, among other things, the European market, with a reduced supply in Europe as a result. The situation was returning to normal at the turn of the year 2021/22, but Russia's attack on Ukraine created new disruptions in markets. The sanctions imposed on Russia and Belarus resulted in a renewed reduction in the supply of goods on the European market, and this characterised the entire global wood products market. Numerous players wanted to build up their stocks to secure access to their own raw materials. This contributed to a demand for sawn timber that was higher than the underlying activity levels in the economy would imply, and thus in turn increasing sawn timber prices. The war also led to rising prices for many other types of goods and services. Not least, the loss of Russian gas deliveries helped push up energy prices in a European energy market that was already very strained after an extremely hot and dry summer.

During 2022 private consumption continued to fall as a result of high inflation and uncertainty relating to both the war in Ukraine and further economic developments. This has affected demand for timber in the form of reduced new build activities, maintenance and renovation. The impact of this is still countered to a certain extent by wood being considered as an attractive and sustainable material, thus taking market shares from other types of materials. Overall, however, there was an increasing supply surplus in the market through 2022 and prices fell through the second half of the year. Industrial customers reduced inventory levels after the build-up in the first half of the year, and took a wait-and-see approach to placing new, larger orders in anticipation of further price declines. By the end of 2022, however, prices had fallen to a level where by manufacturers have been increasingly choosing to implement production restrictions rather than further reducing the prices for finished goods.

For the Timber division, delivery volumes in 2022 were somewhat lower than the previous year, but the main reason for reduced operating revenues is lower sawn timber prices as a whole. Production volumes were reduced somewhat more than delivery volumes, particularly towards the end of the year. Along with reduced production volume, high energy costs and high maintenance costs as a result of high utilisation rates at our plants over time, as well as increased cost levels in society in general, caused processing costs per unit to increase compared with the previous year. The availability of transport, which at times was a significant challenge in the past, improved somewhat with the reduction in activity levels and fewer

pandemic-related lockdowns that have limited mobility, but logistics costs have increased significantly from previous normal levels.

Access to forest raw materials declined somewhat towards the end of 2022, but was good for the year as a whole. The Group's timber-consuming units had sufficient raw material to cover production throughout the year. At the end of 2022, our total stocks of sawlogs were overall lower than a year earlier, but adequate for our current production plans. In both Norway and Sweden the prices for spruce and pine saw timber was higher than in 2021. For the year as a whole, the prices for cellulose chips were higher in 2022 than the previous year, while price levels for other by-products overall were virtually unchanged.

Demand for fibre products and bioenergy raw materials increased throughout the year and was good at the end of 2022. Then, prices were at a higher level than at the start of the year. At the beginning of 2023 there is generally good demand for all assortments from the forest, although the economic situation for the saw timber consuming industry has receded somewhat.

Wood

| Amounts in NOK million | 2022 | 2021 |
|-----------------------------|-------|-------|
| Operating revenue | 5,528 | 6,164 |
| EBITDA | 757 | 1,504 |
| Depreciation and impairment | 112 | 119 |
| Operating profit | 645 | 1,384 |
| Result before tax | 658 | 1,364 |

Demand from the building materials trade for wood-based building materials saw a seasonally normal increase through the first quarter of 2022, although the overall level was lower than the previous year. As a result of uncertainty related to the war in Ukraine, high inflation, rising interest rates and uncertainty concerning further economic developments, new construction activity and activity in the consumer market slowed down the renovation and maintenance of homes and holiday homes through the second quarter. Activity in the professional market held up better, but here too the level was falling through the second half of 2022. This decline has been greatest for building wood products, but increased in the second half of the year for interior products as well. Sheet products have been slightly better.

For the year as a whole, delivery volumes lower than in 2021. At the start of the year, price levels were higher than a year earlier, but after falling throughout the year, prices for 2022 were also lower overall than for 2021.

Reduced delivery volumes and a normal production rate in the first part of 2022 resulted in increased



finished goods inventories. Combined with reduced demand for planed timber, this made it necessary to implement measures in order to avoid an excessive build-up of finished goods during the run-up to the winter season. In the second half of the year planing production for the Scandinavian market has therefore been reduced in favour of increased production of sawn timber and planed timber adapted to export markets.

A fire broke out in the sawlog sorting facility at Moelven Soknabruket AS on 5 September. Two people working in the control hut managed to escape without sustaining any injuries. The fire developed rapidly and there was a lot of smoke. The sawlog sorting was completely destroyed and will be out of operation until a new sawlog sorting facility can be commissioned. This is expected to happen during the first quarter of 2024. In order to ensure a continued supply of timber to Moelven Soknabruket AS, temporary sorting solutions have therefore been established in the forest in cooperation with the supplier. This scheme ensures that sawn timber production can be continued while the sawlog sorting facility is being rebuilt, but it will mean a reduction in both production and sawn timber yields when compared to the normal state of affairs.

For the division's timber consuming units, processing costs increased compared to the same period last year. The most important reasons for this are increased energy costs, high maintenance costs as a result of high utilisation rates at the plants over time and increased cost levels in society in general.

The planing mills in the division use mainly sawn timber as raw material. As a result of price trends for sawn timber internationally, the raw material costs for these units have been reduced through the year.

Access to forest raw materials declined somewhat towards the end of 2022, but was good for the year as a whole. The Group's timber-consuming units had sufficient raw material to cover production throughout the year. At the end of 2022, our total stocks of sawlogs were overall lower than a year earlier, but adequate for our current production plans. In both Norway and Sweden the prices for spruce and pine saw timber was higher than in 2021. For the year as a whole, the prices for cellulose chips were higher in 2022 than the previous year, while price levels for other by-products overall were virtually unchanged.

Demand for fibre products and bioenergy raw materials increased throughout the year and was good at the end of 2022. Then, prices were at a higher level than at the start of the year. At the beginning of 2023 there is generally good demand for all assortments from the forest, although the economic situation for the saw timber consuming industry has receded somewhat.

Building Systems

| Amounts in NOK million | 2022 | 2021 |
|-----------------------------|-------|-------|
| Operating revenue | 3,833 | 3,913 |
| EBITDA | 84 | 160 |
| Depreciation and impairment | 69 | 140 |
| Operating profit | 15 | 19 |
| Result before tax | 13 | 23 |

Overall, the order backlog for the division as a whole was higher at the end of 2022 than one year previously. However, declining activity in some market segments necessitated capacity-limiting measures in some units. The Division's current orders in respect of other operations at the end of 2022 were at a satisfactory level.

For the glulam businesses in both Norway and Sweden, the standard segment, which is largely driven by the consumer market, has followed the same development as for goods from the Group's wood processing units in Timber and Wood. Market activity was high early in the first half of the year, followed by a drop from the middle of the second quarter to the end of the year. At the end of 2022, market activity was below the normal level for the season. For the project-oriented part of the business, market activity was good through 2022, but with a slight decline towards the end of the year. High steel prices and a growing interest in building sustainably with wood have contributed towards increasing the demand for glulam buildings when priority would previously have been placed on steel load-bearing structures. Production costs increased compared to 2021, mainly due to increased energy costs, increased prices for other input factors and increased price levels in society in general. Falling prices for sawn timber are heading in the opposite direction.

Moelven Limtre AS was the subcontractor responsible for the production of glulam and the assembly of the structures above the foundations of Tretten bridge, which collapsed on 15 August 2022. The Norwegian Public Roads Administration was the principal, while design and project planning of the bridge were conducted by a consulting company on behalf of the principal. It was decided that the AIBN would be responsible for investigating the incident. In the beginning of December 2022 the AIBN published its preliminary findings, and pointed to so-called block shear failure in a joint on one of the diagonals of the main span leading towards the western river foundations as the initial cause of the damage. When checked in accordance with the recommended calculation methods stipulated in the current regulations relating to the design of timber structures, the utilisation rate in the joints on the diagonals in question was around 200%. Block shear failure was not one of the checks specified in NS 3470

(Norwegian design standard) which applied to the design of the Tretten bridge when it was built. Moelven obviously views the incident very seriously and places much emphasis on clarifying the cause of the bridge's collapse.

As regards our building module operations in Norway, activities in the building and construction segment have been satisfactory and production has been good throughout 2022. Activities in the project market have been reduced, with few public tenders. In the residential and leisure housing market the demand for modular builds has been very low for a long time. Due to a lack of current orders for production at Moelven Byggmodul AS's factory in Hjellum, 80 employees were therefore notified of layoffs in September. Since then, extensive work has been taking place in order to find a basis for future profitable operations at the factory. Unfortunately, a lack of new orders and poor prospects for developments in the market for modular buildings for residential purposes have meant that there is insufficient justification for recommencing operations at the factory. We will continue to concentrate on the housing segment, but our efforts will be more clearly aimed at selected subcategories. The two module production lines at our Moelv factory have sufficient capacity to handle this investment, as well as the production of modules for the building and construction market and the project market. The closure of production at Hjellum means that approximately 44 employees will lose their jobs, while approximately 21 employees will be offered work at our factory in Moelv. The closure of operations at Hjellum has been taken into account in the accounts for 2022.

Activities in some segments of the building module market have also declined in Sweden during 2022. As a result, Moelven Byggmodul AB provided 18 employees at the production facility in Kil with notice of dismissal. This is due to the fact that a drop in construction activities has reduced the demand for accommodation modules of the type produced in Kil. For the Swedish Modular Buildings business's other market segments – rental modules, housing and projects – demand was good throughout 2022. Incoming orders were satisfactory and the order situation at year-end provides the basis for a good activity levels at our factories as we head into 2023.

The higher cost level in society is also influencing the results for the Modular Buildings operations. In addition, our operations in both Norway and Sweden during several periods during the first half of the year have been affected by very high levels of short-term absence due to sickness relating to COVID-19.

As regards Moelven Modus AS, our interior systems company, market activities in 2022 were satisfactory. Even with a slightly hesitant attitude in some parts of the country, during the year several exciting

project enquiries have been received and the order situation is good. During the autumn of 2021, action plans were drawn up to improve competitiveness and recreate profitable operations in the company, and this work has yielded results in 2022. Moelven Modus AS also experienced high levels of short-term absence due to sickness relating to COVID-19 during some parts of the first six months of the year that involved challenges in maintaining high activity levels and resulted in increased costs.

Other Businesses

| Amounts in NOK million | 2022 | 2021 |
|-----------------------------|-------|-------|
| Operating revenue | 4,741 | 4,553 |
| EBITDA | -31 | -6 |
| Depreciation and impairment | 62 | 41 |
| Operating profit | -93 | -47 |
| Result before tax | -107 | -16 |

Other businesses include Moelven Industrier ASA, with shared services for finance, accounting, insurance, communications, HR and ICT. In addition, timber supply and sales of wood chips and energy products are included as a shared function for the Group's timber processing industry. This includes Moelven Skog AB, Moelven Virke AS, Vänerbränsle AB, Moelven Bioenergi AS, Moelven Pellets AS and the recently founded Moelven Pellets AB.

Operating revenues in the area of Other Businesses are largely due to activities within timber supply and sales of wood chip and energy products. A major part of this turnover is intercompany.

On the night of 21 December 2022, a fire occurred in the tile dryer at Moelven Pellets AS's pellet factory in Sokna. The factory was fully operational and the employee working the night shift quickly alerted the emergency services. No-one was injured, but the material damage was extensive in the section where the fire occurred. The damage has resulted in a 6-8 week halt in production over and above the planned shutdown between Christmas and the New Year.

Investments, balance sheet and financing

In 2022, investments totalling NOK 501 million (420) were activated. The increase in investment activity is supported by the Group's long-term strategy plan. In addition to realised basic investments for ordinary upgrades and maintenance, NOK 373 million is included in realised investments for safety measures, cost efficiency improvements and strategic development projects

Depreciations and impairments in 2022 were



NOK 350 million (403). At the end of the year, the book value of the Group's total assets was NOK 7,904 million (NOK 8,269 million). This increase in total capital is mainly due to increased stocks of raw materials and finished goods, as well as higher liquidity reserves than usual due to high earnings throughout 2021 and 2022.

Cash flow from operating activities was NOK 1,441 million (NOK 2,719 million), corresponding to NOK 11.13 per share (NOK 20.99). This decline compared to the previous year is due to lower earnings during the current year. Cash flow from working capital items was NOK 105 million (-87).

The Group had at the end of 2022 a net interest-bearing investment of NOK 1,079 mill (1,312). Our strong liquidity situation is mainly due to good cash flow from operations and realised accounts receivable.

Liquidity reserves including unused credit facilities were NOK 3,193 million (3,490).

Equity at the end of 2022 amounted to NOK 4,737 million (NOK 4,588 million), equivalent to NOK 36.55 (NOK 35.39) per share. The equity ratio was 59.9 per cent (55.5).

The dividend for 2021 of NOK 9.06 per share (3.64), totalling NOK 1 174 million (472) was approved at the Annual General Meeting on 28 April 2022, and charged to equity in April with payment in May.

Parts of the Group's equity are linked to ownership interests in foreign subsidiaries, principally in Sweden, and are thereby exposed to exchange rate fluctuations. The scope and consequences of probable exchange rate fluctuations are within acceptable risk limits. In 2022, exchange rate fluctuations resulted in an unrealised change in equity of NOK -62 million (NOK -138 million). Approximately half of the Group's assets are recognised in SEK. The total assets thus also change based on the exchange rate. The equity ratio in per cent is therefore less impacted by exchange rate fluctuations than the nominal equity.

Risk

The Group's activities are exposed to several factors that can be influenced to varying degrees by Moelven.

For some of the risk areas that affect the Group, there are functioning markets where the risk of fluctuations can be reduced. This applies, for example, to interest rates, exchange rates and electricity. The Group's financial policy is that it is the industrial activities rather than financial transactions that shall create the conditions necessary for profitability. The main aim of the guidelines for the use of financial instruments is to reduce fluctuations and create more predictability. In other areas, such as raw

Sensitivity analysis

Estimated change in operating Profit and profit per Share for one per cent change in price

| Factor | NOK million 1% change +/- | NOK per share |
|--|------------------------------|------------------|
| Operating profit | | |
| Price of log raw material | 38 | 0.30 |
| Timber price - spruce and pine | 36 | 0.28 |
| Price for chips, pulp/paper | 6 | 0.04 |
| Planned goods Scandinavia | 60 | 0.47 |
| Price of std. dimension laminated timber | 3 | 0.03 |
| Change in electricity price by 1 EUR/MWh (before hedging) | 2 | 0.02 |
| Financial result | | |
| Permanent weakening of NOK and SEK against the main currencies | 21 | 0.17 |
| Interest rate change +/- 100 bp | 10 | 0.08 |

materials, finished goods and projects, other methods of hedging risk must be used. As far as possible, fixed price contracts or index linking of contracts is used, for example. The Group's composition of units directed at different primary markets also has the effect of reducing risk. The primary markets are seldom affected by economic fluctuations at the same time, while the cost side can still benefit from economies of scale.

The Group's risk is assessed by Group Management and the Board of Directors, and forms part of the basis for strategic and operational discussions. In 2021 Moelven established a new risk policy for the Group, which will strengthen efforts to work systematically on managing the Group's key risks and opportunities. In the first half of 2022, a project was initiated to review and update the Group's emergency preparedness procedures so that emergency preparedness is adapted to current framework conditions, and that uniform and good work is being done across the Group, both with competence enhancement, training and handling of incidents.

Finished good prices

The units of the Moelven Group operate in markets with free competition and many players. The creation of prices therefore occurs freely in the marketplace, and assuming unchanged volumes a change in process will affect the Group as shown on the sensitivity table above.

Saw timber prices

The Moelven Group's units annually use around 4.5 million cubic metres sawn spruce and pine in production. Moelven does not own any forest, but buys all its timber from external suppliers. These suppliers are in turn dependent on functioning markets within an acceptable transport distance, as well as satisfactory price levels for both sawn timber and

pulpwood. The cost of timber is by far the biggest single cost for the Group, and changes in timber prices have an immediate and substantial impact on margins. This involves both a price risk and a volume risk. The Group therefore focuses on entering into price agreements that as far as possible correlate timber prices with expected changes in the price of finished goods. Natural events or pest attacks on the forest can affect the available volume and price. If the EU, in a sustainability perspective, chooses to regulate harvesting of forests, it may affect the available volume and price of forestry products in the long term.

Prices of chip and fibre products

The price of chip and fibre products, which come from by-products from saw and planing production in Timber and Wood, is of great significance for the Group's revenues. Continuous efforts are being made to optimise raw material utilisation, but only slightly more than half the log becomes sawn timber once it has passed through a sawmill. The remaining half becomes different types of chip and fibre products. Part of this is used for our own energy or pellets production, while the rest is sold to the bioenergy, particle board and fibre industries. A change in the profit margin for these products has a direct impact on the Group's result. Because by-products constitute such large volumes of the production from a sawmill, continuous sales of these products are required to avoid production shutdowns. Proximity to customers and access to efficient logistics solutions for road, sea or rail are of great importance to trade these products.

Electricity prices

Energy and electricity are significant input factors for the Group. Price changes for electricity affect the Group's profitability, especially in years with such large price fluctuations that the energy crisis in Europe caused in 2022. About 230 GWh of electric power is bought via the Group's electricity suppliers annually. According to the Group's finance policy, the need for electric power shall be secured against price fluctuations so as to ensure stability and predictability. The anticipated power requirement is hedged within stated maximum and minimum levels through bilateral agreements with electricity suppliers with a 5 year maximum horizon.

Interest rate risk

At the end of 2022 the Group has a financial situation with a net interest-bearing investment, compared to normally interest-bearing debt that entails interest rate risk. The loan facilities are divided approximately equally between Swedish and Norwegian kroner, and the interest rate level in Sweden and Norway affects the development of the Group's interest costs approximately equally. The Group companies will be financed with loans from the parent company. All external borrowing is done by the parent company, which also makes hedging in accordance with financial policy. The hedging instruments that can be

used are ordinary interest rate swaps, FRAs and composite swaps of types that are normally used for such purposes. The extent of hedging is measured in terms of the combined duration of outstanding debt and hedging arrangements. The total duration should be minimum of 12 months and maximum 60 months shall not be entered into hedging agreements with a maturity of more than 10 years.

Exchange rate risk

With some variation from year to year, about 26 per cent of the Group's operating revenues come from markets outside Scandinavia and carry exchange rate risks.

Additionally, there is significant internal and external trade within the Group with both raw materials and finished products between Sweden and Norway. The most important currency crosses are EUR/SEK, GBP/SEK, SEK/NOK and EUR/NOK. Moelven uses forward contracts to counteract large cash flow fluctuations as a result of variations in exchange rates. Because of the hedging strategy that has been chosen, changes must be long-term so as to have the full effect on the Group's profitability, and during the hedging period operational adaptations may be made to compensate for the external changes. During the hedging period, operational adaptations may be made to compensate for currency fluctuations. Of the Group's total balance sheet, around half is connected to activities in Sweden, and is posted in SEK. The exchange rate ratio between Swedish and Norwegian kroner will therefore affect the total balance sheet and nominal equity, but the equity ratio is only affected to a limited extent.

Maintaining the parent company's dividend capacity sometimes requires that parts of the earned equity in Sweden be converted from SEK to NOK. The Group's financial policy includes frameworks for this purpose. Based on the long-term ownership perspective, earned equity is not hedged in foreign currency.

Credit risk

It is the Group's policy that credit sales as a main rule shall be secured in the form of either guarantees or credit insurance. In practice, credit insurance is used most. There are internal guidelines and follow-up routines for unsecured sales, which only occur under specific circumstances when no other security is possible.

Liquidity risk

The Group's financing consists of long-term overdraft facilities from May 2020 with a credit ceiling totalling NOK 700 million and SEK 900 million. The agreements are due in May 2025.

The loan agreements include normal default clauses with regard to dividends, equity, net equity value and debt ratio. In addition to a margin matrix based on



the Group's gearing ratio, the pricing of the financing is linked to key sustainability targets in the Group's strategy plan. As at 31 December 2022, the Group's key figures were significantly better than the levels at which the default clauses are triggered.

In addition, the Group has a loan agreement of NOK 171 million with the Nordic Investment Bank as of 31/12/2022. The loan has a reaches maturity in 2027.

The Group also has a short-term credit facility linked to the Group account system amounting to NOK 300 million that is renewed annually.

Damage and production interruptions

The Group has a policy for industrial insurance that is centrally managed and which is followed by all companies. This policy gives guidelines for insurance cover, risk review, preventive measures and preparation of continuity plans. Periodic safety reviews are carried out at all of our facilities. The continuity plans are key plans if a fire/damage with subsequent production interruptions should occur. The plans address the immediate mitigation efforts, and the subsequent handling of the situation and the ability to maintain deliveries to customers. Through its industrial insurance, the Group is covered for financial loss exceeding NOK 3 million per individual claim.

Information technology

In line with an increasingly connected world with an increasing technological and digital rate of development, ongoing assessment and management of IT risk is becoming increasingly important. Interconnected value chains increase efficiency, productivity and quality, but also increase vulnerability to digital service outages. With increasing threats both nationally and internationally, Moelven has boosted its work on IT security and risk in recent years. Moelven follows established principles of IT security, and constantly works to identify and monitor risks, protect systems and data, maintain IT security and prepare and manage any incidents and recover from these.

Transport and logistics

Moelven's activities entail a significant transport requirement for raw materials into the production units, and finished goods and by-products out from the production units and to the markets and customers. Moelven has for a long time built up and streamlined a significant logistics operation to handle this, via road, sea or rail. It is a sustained effort to streamline and ensure the maintenance of this logistics operation, and to be at the forefront with sustainable development. Environmental requirements may nevertheless pressure parts of this business, both in the form of orders and restrictions, as well as price changes/taxes. The transport industry is affected by international conditions. Geopolitical unrest or changes in international framework

conditions for the transport industry may also have an impact on Moelven's logistics operations.

Risk of loss of reputation

Moelven strongly emphasises maintaining a good reputation, and this is closely monitored by corporate management. Openness is what characterises the way the Group relates outwardly to society and the media and inwardly to employees of the Group. This applies whether it concerns positive or negative circumstances for Moelven, in line with Moelven's brand platform. There is financial risk linked to any loss of Moelven's reputation. The reputation risk is not quantified.

Investment activities

In 2021 and 2022 Moelven has approved several significant investments to renew and develop production capacity. Moelven's financial capacity is good after several years of good results and cash flow. The investment projects, which will take place over several years, will nevertheless expose the Group to both financial and operational risk. Among other things, we are seeing a sharp increase in prices for production equipment. Compliance with the Group's financial guidelines and close operational follow-up of the projects will mitigate the risk.

Sustainability and climate risk

Sustainability is one of the foundations of Moelven's strategic and operational objectives. The Group's sustainability policy sets the direction and objectives for the Group's work on climate, HSE and corporate social responsibility, while at the same time seeking to reduce the risk of undesirable incidents in these areas.

Moelven has conducted a survey of climate-related risk and opportunity to better understand how the company will be affected by these global trends and how the company shall ensure long-term value-creation ahead in time. The analysis is based on the reporting recommendations of the "Task Force on Climate-related Financial Disclosures" (TCFD). TCFD was initiated by the G20 countries' "Financial Stability Board" to help companies and owners better understand how climate changes are affecting management, strategy, risk and objectives. See the Group's sustainability report for supplementary information on sustainability and climate risk.

Board responsibilities

The Moelven Group has taken out liability insurance that applies to Moelven Industrier ASA and subsidiaries where we own more than 50 per cent, and covers all directors, general managers and other persons in the Group who may incur an independent managementresponsibility, and other employees of the Group who are accused together with a member of the Board or management of the Group, for claims to which they are alleged to have assisted or contributed. The insurance applies to claims made

around the world, albeit with some restrictions related to the United States, Canada Russia and Belarus. Within specified limits, the insurance covers liability for loss of wealth as a result of formally justified claims for compensation made during the insurance period as a result of a liable action or omission by the insured in the capacity of general manager, board member, executive management member or similar governing body in the Group. By loss of wealth it is meant financial loss that does not derive from physical injury to a person or object. The insurance does not cover:

- Claims due to the insured achieving personal gain, or
- Claims due to the insured intentionally causing loss or intentionally committing an unlawful act.
- Claims based on recognition of liability or agreement on liability/compensation, including pledge, warranty, abandonment or waiver of a right, provided that this liability is more extensive than what follows from the applicable legal rules

Employees, health, safety and the environment

For a detailed description of the HSE area, please refer to the Board's explanation of principles and practice concerning social responsibility pursuant to the Accounting Act Section 3-3c published in the Group's Sustainability Report.

Responsible business practices and transparency in the supply chain

Moelven's value platform, on which the entire business is based, entails a responsibility for both people and the environment. It is also a fundamental value for us to keep our promises, and to build trust through cooperation and communication with everyone around us. Our code of conduct and sustainability policy state that Moelven shall work to ensure responsible business practices by safeguarding human and labour rights, society and the environment. We support and respect internationally acknowledged human rights and labour rights, including freedom of association and the right to collective bargaining.

Information on the Group's work to ensure responsible business operations and transparency in the value chain is updated continuously at www.moelven.no/apenhetsloven.

Effect on the external environment

For a detailed description of how the Group's activities impact the external environment, please refer to the

Board's explanation of principles and practice concerning social responsibility pursuant to the Accounting Act Section 3-3c published in the Group's Sustainability Report.

Innovation and creativity

The Group's strategy plan for 2023-2025 includes creativity as one of four pillars, with the following clear ambitions:

- Moelven shall be the best at creating innovative products and services using wood.
- Moelven shall be the best at leveraging current and future technology.
- Moelven shall exploit the potential of the value chain.
- Moelven shall streamline industry and business processes.

Responsibility for is with corporate management. The Group shall facilitate innovation and provide resources, support and co-ordination, while the innovation processes are owned by the division or individual companies where the expertise is greatest. Where there are larger parts of the Moelven Group that will benefit from the innovation area, joint projects are carried out. Innovation is not only about finding new products, for Moelven it is equally important to find new and better ways to operate our industrial business. In other words, process innovation is of equal importance as product innovation. Digital tools are an important support in both contexts. Interaction between man and machine requires digital tools to function optimally. In investment projects, the use of digital twins for virtual testing of new equipment has become an increasingly common concept in recent years.

Moelven's innovation focus is mainly on development and innovation linked to a specific application of a product or in a production process. The Group does itself engage in basic research, but participates in projects where this is deemed appropriate. Projects must contribute to strengthen the various business areas in the Group and reduce business risk. This may also entail participation in innovation projects outside of our own value chain, but in projects that support Moelven's operations and opportunities for growth.

Business clusters and academic communities

It is not Moelven's strategy to engage in basic research, but the Group nevertheless attaches great importance to maintaining and strengthening affiliation and cooperation with academic research communities and business clusters where this can contribute to value creation for both parties.

The cluster partnership aims to give participants, within the boundaries set by competition law, access to key production factors, ideas and impulses for

WE SUPPORT



Moelven is a member of the UN Global Compact, which is the UN's organisation for sustainable business and the world's largest business initiative for sustainability. The initiative has more than 20,800 member companies in 160 countries. Today, local UN Global Compact networks can be found in around 70 countries and on every continent, including in Norway.



• Construction City Cluster

Moelven is a member and in some cases part owner of several different business clusters within the forest, wood industry and building value chain.



As a result of the sharp increase in volume for glulam projects, Moelven Tøreboda AB has rethought the technical design and completion degree of its wooden bridges. There is neither space nor capacity to paint and assemble large delivery units directly at the factory. Together with the start-up company Timber Bridge Specialists (TBS), Moelven Tøreboda AB has therefore developed a new design for road bridges made of homogeneous cross-tensioned glulam boards. The technology is based on constructive wood protection without painting with a board of standard glulam (not impregnated). All glulam is CNC-processed at the factory and then delivered as flat packages.



The pictures show the first bridge that was delivered. It is a small road bridge for heavy traffic that was installed just before Christmas in Junsele between Östersund and Umeå in Sweden.



Representatives from NTNU and the University of Exeter put the Mjøstårnet in motion with so-called "Shakers" weighing 500 kg moving horizontally. With accelerometers fitted on the glulam structures, one could measure how great the impacts were.

innovation through interaction and cooperation, increase added value and profitability amongst the cluster partners and promote their common interests to public authorities.

Product development and product innovation Glulam

The laminated timber area has been at the forefront of developing new products and technical solutions for many years.

The joint technology used in the joints of the large load bearing structures in Mjøstårnet, among others, was developed at Moelven Limtre AS in connection with construction of the skating rinks for the Olympic Games in Lillehammer. These structures would not have been possible without the technical solutions developed by both Moelven Limtre AS and Moelven

Tøreboda AS. Until now, steel been an important component of the joints, but Moelven is now looking at opportunities to replace steel with other renewable and sustainable materials.

Moelven Limtre AS and Moelven Tøreboda AS are participating in an international research project called DynaTTB (Dynamic Response of Tall Timber Buildings under Service Load). The project was concluded in 2022, and tests have been carried out on 9 buildings in Europe, including Mjøstårnet in Norway and Eken in Sweden. The research provides important answers to how tall wooden buildings behave in strong wind, and this is essential input when the tall wooden buildings of the future are to be designed. The results will be presented at the World Conference on Timber Engineering in Oslo in June 2023. WCTE 2023 - www.wcte2023.com.



Nordic Swan-labelled apartment buildings

In Barkarby to the north of Stockholm, Moelven Byggmodul AB has delivered a block of flats based on wooden modules for the new town that is developing around the planned Metro station.

Attractive blocks of flats are being combined here with functionally-adapted properties and important jobs.

The block of flats consists of two interconnected structures, with 5 and 6 floors respectively. The two bottom floors have a kindergarten and care homes, while the remaining floors have a total of 205 student flats. The ribbed formwork cladding the concrete base on the ground floor combined with the natural colour of the Thermo pine cladding serve to create a design that really makes an impact in a dynamic urban environment. The building is Nordic Swan ecolabelled as visible proof that high environmental requirements have been met.



Modular buildings

Modular construction is an efficient construction method where many processes take place in parallel, so that the construction period is significantly shorter than with traditional on-site building. The modules can be manufactured in factories at the same time that groundworks are carried out at the construction site. To rationalise the process further, it is also crucial that the modules are designed to be suitable for fast assembly at the building site, and that all requirements for fire safety, load bearing and anchoring are met.

Moelven's engineers have for many years worked on further development of the modular concept, and today the Group provides modern solutions for everything from modules for construction purposes to permanent modular buildings with a high standard.

In recent years, sustainability has become increasingly important to developers, and innovation related to sustainability has become increasingly important. Moelven's modules have a high content of certified wood products, which makes a positive contribution when the completed building is to be environmentally assessed. Moelven Byggmodul AB has a Nordic Swan licence, which means that the company has an established structure for documentation of input factors in production, processes for measuring and monitoring energy and water consumption, noise levels, etc.

Packaging

As a rule, direct deliveries straight from the manufacturer to the customer, with no intermediate storage during which the products may be exposed to precipitation, dirt or sunlight, are not possible. To



ensure that the quality and thus the value is safeguarded, the products produced in the timber processing industry must in the majority of cases be packed with some form of weather protection.

Moelven has traditionally used a polyethylene film as cover packaging. There are currently alternative products on the market, but these are often costly solutions as they are both more expensive to purchase and operational changes and investments are required to put them to use. At the same time they are complicated to recycle due to the complex composition of several types of materials. Moelven uses large volumes of plastic for packaging purposes every year. Reducing plastic consumption is an important objective, and efforts are being made both to find suitable alternative materials and the most sustainable plastic products where alternatives are not available. So far, however, it has not been possible to find satisfactory alternatives that can be used at full scale. In collaboration with the supplier Trioworld, which has developed and manufactures the plastic, in 2022 Moelven has implemented a new type of cover plastic based on 50 per cent recycled PCR plastic, or consumer recycled plastic. Moelven is among the first in the industry to use packaging plastic with such a high proportion of recycled plastic. The new plastic is not only based on 50 per cent recycled material, it is also 100 per cent recyclable.

Planned- and wood-based building materials

In the Wood division product development is of great importance in order for the choice of products to



both follow the shifting market trends and satisfy requirements toward quality and functionality. Competition is tough, and it is important to be able to offer fashionable and sustainable products that the end user wants.

Moelvens goal is to offer customers the market's best, most diverse and most modern product range in wood. The properties of the products must also be documented through product declarations and

"I'm here to protect your Timber products. Wood be nice to do it again. Please recycle me."

Moelven's new cover plastic in production at Trioworld, a leading player in recycled plastic. The new cover plastic contains as much as 50% recycled plastic and thus has a significantly smaller environmental footprint than virgin plastic.

certifications. In this way, Moelven also contributes to its customers' value creation by making it easier for them both to highlight the sustainability benefits of wood as a building material and to achieve their own certifications and approvals.

The innovation work aims both to develop modern products that help create inspiration and new trends for the end user, and to find products with properties that provide customers with increased value. Development may focus both on design, use of material, environmental properties and degree of processing. One example is surface-treated cladding where demand has increased rapidly. Because surface treatment takes place industrially and in a controlled environment, the production process becomes more environmentally sustainable while also providing more added value for the end user.

Together with RISE, Moelven has carried out a number of fire tests to ensure that we supply façade solutions that comply with Boverket's building regulations related to fire protection. Thanks to the completed fire tests, we have acquired important knowledge and experience with regard to preventive fire protection. In addition, all of our fire-protected wood is classified for use.

The second main direction aims to find products that create increased value for customers. Examples of such solutions are preprocessed internal panels with concealed nails, various floor solutions, sheet products with reduced widths to ease handling, ready cut lengths, etc.



In the summer of 2022, Moelven Wood launched its own concept for craftsmen around the country, called the Heftig Ambassador Programme.

In the summer of 2022, Moelven Wood launched its own concept for craftsmen around the country, called the Heftig Ambassador Programme. Craftsmen who become certified installers of Moelven Wood after completing the training can install Moelven's ready-painted spruce cladding Heftig PRO+ with a 10-year guarantee. Certified carpenters then have a unique benefit guarantee on the market with Moelven's cladding.

In December 2020 Moelven Vänerply AB launched the construction plywood board WeatherPly™, which is a water-repellent board for outdoor roof and wall



Building multi-storey buildings with wooden facades has become increasingly common in recent years. A contributing factor to this is the awareness and desire to build more sustainable buildings. At the same time, cities are growing and we are getting further and further from the forest and nature. It then becomes desirable to build using wood and to create urbane environments where buildings blend into the surroundings in a natural way.



In December 2022, Moelven Wood launched the brand "Værbitt," which is a coloured CU-impregnated pine cladding, to its trade customers. The product has been a success and has already sold more than one million metres in the project market through Moelven Wood Project. Værbitt is Moelven's solution for customers who want a durable and transparent coloured pine cladding with a long service life. It has durability class 1 - Very durable against rot, and is produced in fixed lengths that result in less cutting and waste on construction sites.



use. WeatherPly™ is treated with a silicate on all sides including tongue and groove, which makes it weather-resistant, reduces water ingress and damage caused by sun/UV rays. The sheet well suited for Norwegian conditions, limits the need for tarpaulins in the construction period, and contributes to keeping the building dry in all types of weather for up to six weeks. WeatherPly™ also has good slip protection with similar friction to untreated plywood. The plywood panels can also be provided with reduced width to make handling easier on construction sites.

In October 2021, the project group in the “100% fossil free” project met for the first time. Moelven is participating together with RISE, Stora Enso and IsoTimber to develop, test and assess the possibility of using a fossil-free adhesive in plywood. As Scandinavia’s only plywood manufacturer, Moelven Vänerply AB is in a unique position to test the concept in practice. In the fossil-free adhesive NeoLigno®, which has been developed by Stora Enso, oil-based components have been replaced with components made from lignin from wood.

Product development and process innovation

Moelven continually works to rationalize and improve processes at all stages from purchasing to finished product. One area where major improvements have occurred in recent years is the use of digital tools for communication and collaboration. During the period of pandemic-related travel restrictions, work-related flights and passenger transport by road for Moelven Group employees were significantly reduced, and modern technology was quickly adopted to replace physical meetings. Travel activity has increased since the pandemic, but the new normal is at a lower level than previously. This saves costs and contributes to lower greenhouse gas emissions. Another area where developments accelerated during the pandemic is paper-free offices. Social distancing and increased use of working from home combined with new digital tools were a driving force in reviewing administrative processes to simplify and digitalise these. As a result, several of Moelven’s departments have become 100 per cent paper-free.

HSE

In the “HSE towards 2023” action plan, the implementation of technical safety inspections at all facilities is included as an important and prioritised issue. The people who work at Moelven are the Group’s most important resource. At the same time, the Group’s industrial activities depend on a number of different types of technical equipment for mechanical processing of the products. This can in some cases pose a safety risk to the people operating the equipment and others nearby. HSE must always be given priority in new investments, and today the safety mindset is a given both at Moelven and at equipment suppliers. There are however several facilities within the Group where a modern safety mindset



On 24 February 2023, the newly developed lignin-based adhesive for plywood production was tested at Moelven Vänerply AB.

Both handling, application and pressing in the hot press were successful. With this type of innovation project, Moelven is at the forefront of developments in plywood production. The new adhesive is fossil-free, and therefore has the potential to significantly reduce the CO₂ footprint and thus help make plywood an even more sustainable and environmentally friendly product.



Photo: Stora Enso

had not progressed as far when the facilities were built or reinvested in. When conducting the technical safety inspections it has therefore been important to look at the production processes and interaction between man and machine, rather than the machine’s functionality in isolation.

Transport

Both procurements of raw materials for Moelven’s production activities, internal transport and the distribution of products to customers create an extensive need for transport. Transport is therefore a significant cost element for Moelven. Transport is also a significant source of greenhouse gas emissions, and the transport industry as a whole accounts for a third of greenhouse gas emissions in Sweden and Norway. Rationalisation of transport provides reduced costs and environmental impact, while the customer is ensured access to a broad product range with short delivery times. Here, too, digitalisation is an important tool that can contribute to optimisation of transport routes, higher utilisation



ratios on vehicles cars and more efficient transport between companies and customers.

In addition to work to rationalise transport, Moelven is also working on finding alternatives to traditional means of transport based on fossil fuels. For this reason, in 2019 Moelven in cooperation with LBC Logistik AB took the initiative for the first biogas truck in the Swedish forestry industry. The biogas truck was delivered in the spring of 2020 and operates in the area Värmland-Stockholm-Gothenburg. In 2022, another biogas lorry has been put into operation. Through the procurement and use of these vehicles in operations, experience and expertise is developed on how biogas trucks can be used on a larger scale to reduce the climate footprint from the transport industry. Experiences so far are very good, but access to filling stations in Moelven’s geography is limited and developments are slow. Naturally, this further limits the use of biogas-powered trucks. In 2023, Moelven will Norway also use an electric lorry for local distribution in urban areas.

A lot of internal transport also takes place inside Moelven’s industrial sites. It is usually forklifts of various sizes that are used. Replacing diesel-powered forklifts with electric forklifts will therefore be a good contribution to reducing CO₂ emissions from operations. However, this not only requires investment in new forklifts, it is also necessary to invest in charging infrastructure and review manufacturing processes to adapt operations so that the required charging does not impact productivity. For the smaller classes, there have been good electric models for many years, but for heavier equipment, such as forklifts for handling timber, electrically powered models have not been available.

From 2021 it has been decided that in the event of all procurements of forklifts for the company, electric solutions must be studied and considered wherever possible.

Many deliveries from Moelven to customers are of a volume per transport that means that electric trucks

Moelven Edanesågen AB has tested a 14-ton electric forklift in 2022, and the experience is positive as long as the operating pattern is adapted rather than assuming that the forklift will operate in exactly the same way as the traditional diesel forklifts. In addition, the driver’s environment has been improved compared to a similar diesel forklift.



New trucks with modern engines that provide low emissions combined with high load capacity are important to reduce the climate footprint from distribution. The picture shows a modular vehicle combination that the company Woodtrans AS uses for the transport of chips and finished goods for Moelven.

are not feasible in practice due to load capacity and range. However, for deliveries of smaller volumes in cities, electric vehicles may be an option, and even necessary in the long term as a result of increasingly stringent regulations. This will impose new requirements on how logistics are organised, and Moelven has therefore initiated a trial project where the purpose is to see how electric trucks for local distribution of goods to the customer can be part of a larger, sustainable and cost-effective logistics concept.

Pellet production

When Moelven Pellets AS built the pellets factory and energy centre that was completed at Sokna outside Hønefoss in the autumn of 2019, both process development and innovation were key. The project integrated the pellet factory and energy centre in the sawmill concept at Moelven Soknabruket AS in a manner that entails that energy consumption and costs related to the production of white wood pellets are reduced to a level much lower than what is customary in the industry. The use of only pure residual raw materials from the sawmills provide pellets of the best quality class (Premium/EN Plus A1). In addition, the factory allows for logistics solutions that are significantly more climate friendly than previously due to very short transport distances for both the raw materials and significantly reduced transport distances for the finished product, which is shipped from the port of Drammen. Within the energy concept, innovation and new ways of thinking was necessary both due to demanding targets for low energy consumption and due to the cold climate. Compared to other pellet factories, through an innovative energy concept with integration towards the sawmill operations, Moelven's factory has very good energy efficiency. Experience from this project now forms the basis for the construction of yet another pellet factory using the same template in connection with Moelven Valåsen AB in Karlskoga.

Digitalisation

Moelven greatly emphasises keeping up with

technological developments and adopting new technology and digital solutions wherever possible and where this provides new opportunities. In the research project "The Smart Digital Sawmill," Moelven Valåsen AB in collaboration with a handful of technology partners linked its entire value chain in a Big Data solution. After this, real-time data from all underlying systems and machinery could be viewed in one and the same system, where advanced analysis and machine learning technologies made it possible to exploit the information in ways one previously was unable to do. Following the research project "The Smart Digital Sawmill," Moelven has worked to find a way to use the experience gained to create a concept that can be rolled out to more units in the Group. In April 2022, Moelven Dalaträ AB was the first to start using the new system. Since then, a similar concept has been implemented at Moelven Profil AS.

The system provides detailed and up-to-date information on all processes, and operators can interact with the system in real time to systematically improve both safety and economy.

For the timber-consuming units in Timber and Wood, it is primarily the optimisation of the production processes that is of key importance. The goal of safeguarding the values inherent in the raw materials is key with regard to both environmental and financial sustainability. The use of X-ray photography, camera sorting and mechanical strength sorting are tools that contribute to optimizing raw material utilization. Moelven Våler AS at Braskereidfoss was the first in Norway to use X-ray technology in timber sorting. On the Swedish side Moelven Valåsen AB has similar equipment. Here every log is analysed, so that it may be used most efficiently. This means less waste and better utilisation of the natural resource.

Moelven Mjøsbruket AS was the first Nordic company to implement dual sided value optimisation of edge wood. Modern technology has long been used to optimise the utilisation of the centre of the log, while



Moelven's new standardised process control system makes it possible for people to act on needs-adapted information updated in real-time. The picture shows a pulse meeting in connection with a shift change. By using the process control system, information provided in the meeting becomes available to the entire company in real time.

the sideboards have to a greater extent been a residual product with a low sorting rate depending on market demands. The new board edger at Moelven Mjøsbruket AS uses advanced camera technology to scan the plank material and then calculate the optimal sideboard cutting. This allows the production process to better utilise the value in the raw material, and enables Moelven to deliver more precise quality assortments to the market.

The Moelven Group has spent considerable resources on adopting modern IT tools to optimise operations and maintenance in industrial operations. The downtime system Axxos has been further developed and new functionality and associated concepts have been brought into use. Axxos makes it easier to identify causes of lost time or lost operational availability, so that measures for process or machine improvement can be implemented. This is also important in order to reduce energy consumption in the industry.

In order to achieve a better overview of the machinery installations and thus more efficient maintenance, the selected maintenance system is also fully integrated with the downtime system. In this manner necessary maintenance can quickly be implemented to rectify discrepancies identified in the downtime system.

For the module and interior businesses it is important to exploit the competitive advantage inherent in the module concept rather than traditional building concepts: Industrial production of the modules indoors and shorter overall building time because several processes can take place simultaneously, and the modules can be quickly assembled at the building site. Development and refinement of technical solutions for production, connection of technical installations and assembly at the building site is important to operate profitable industrial production of module-based solutions, and to exploit the advantages the concept provides. Besides capacity and efficiency improvements, the utilization of robot

technology has enabled major improvements in HSE and logistics.

Digitalisation is an important tool for optimising production processes. In 2021 Moelven Byggmodul AS adopted a new manufacturing execution system (MES) to support the company's just-in-time production methodology. The system is based on digitised quality checklists and process updates, so that the system constantly provides real-time information into the production and supply chain. Thus, input factors can be delivered to the production lines "just-in-time." The system also provides useful information for improvement work, by making it clearer where there are efficiency potentials in the production process. Experience from projects at Moelven Byggmodul AS is now used as a basis when similar projects are carried out at several units within the Building Systems division.

Allocation of the net profit for the year

The Board of Directors' dividend policy is based on Moelven's shareholders receiving a predictable and satisfactory cash return on their share investment. The policy provides guidelines for how much of the profit, or of distributable equity in years with a loss, shall be distributed as a dividend. The Group's net profit for 2022 was NOK 1,388.8 million (2 348.9). The equity ratio was 59.9 per cent (55.5). The Group has adequate equity to disburse a dividend in accordance with the board's proposal. Based on the results for 2022 and taking into account the Group's healthy financial position, the Board proposes a dividend of NOK 5.36 (9.06) per share to the annual general meeting. This totals NOK 694,341,282 (1,173,644,033).

The parent company Moelven Industrier ASA, which distributes a dividend for the Group, had a net profit of NOK 726.3 million (1,468.7) for the year in 2022



after the receipt of group contributions and share dividends from subsidiaries. The company has sufficient distributable equity and liquidity for the distribution of the dividend.

Events after the balance sheet date

Due to a lack of order intake, in December 2022 it was decided to discontinue operations at Moelven Byggmodul AS's production line at Hjellum. In March 2023, an agreement was reached for the sale of the plant. Moelven does not own the property, but an agreement has been entered into with the landlord and buyer which entails that Moelven withdraws from future lease obligations and associated expenses such as electricity, insurance, snow clearing, etc. This has been taken into account when assessing cost provisions related to the closure in the 2022 financial statements.

Going concern assumption

In accordance with the requirements in the Norwegian accounting legislation, the Board of Directors confirms that the prerequisites have been met for preparation of the accounts under the assumption that the Company will continue as a going concern and that the annual accounts have been prepared under this assumption.

Outlook

In the January edition of the "World Economic Outlook", the IMF estimates growth in the world economy will drop to 2.9 per cent in 2023, before increasing to 3.1 per cent in 2024. The estimate for

2023 has increased by 0.2 per centage points since the October 2022 report, but is still below the historical average of 3.8 per cent.

The World Economic Forum was held in Davos in mid-January 2023. A survey of public and private sector economists conducted before the meeting found that two-thirds of economists are expecting a global recession in 2023. High inflation, rising interest rates and the war in Ukraine are the main reasons for their expectations about current economic growth declining to one of its lowest levels in nearly 30 years, with the exception of the financial crisis of 2009 and the pandemic year of 2020. The greatest uncertainty factor is still the war in Ukraine and as long as it continues, it is more difficult than ever to predict future macroeconomic developments.

The demand for sawn timber was low throughout Europe during the final quarter, with Scandinavia being the weakest area. In other parts of the world, demand was satisfactory during the final quarter of 2022. This situation is expected to continue in 2023, with a somewhat more hesitant market than normal. However, there are signs in the market that indicate that reduced sawn timber production and low inventory levels among industrial customers mean that the market balance is improving. In the longer term, the war in Ukraine and increasing inflation are causing very high levels of uncertainty about future developments.

The NOK and SEK exchange rates measured against the Group's main export currencies are still at levels that ensure competitiveness in our export markets, but high energy prices, transport costs and increased general cost levels mean that our margins are nevertheless significantly reduced.

As regards the market for processed timber in Scandinavia, activities relating to renovation, modernisation and extension are expected to fall when compared to the two previous years. Developments in consumer demand will depend to a greater extent on changes in disposable income. Sales of new homes and holiday homes have been falling for some time and there is also a reduction in the commencement of new building projects. Activities for this segment in 2023 are expected to remain low. This may partly be compensated for by increased activity in public sector construction projects.

Our timber stockpiles are high in both Norway and Sweden at the start of 2023 thanks to a good supply situation in Moelven's geographical areas. Satisfactory access to raw materials is expected to continue and be in line with our current production plans.

Our Building Systems Division has had lower activity levels than desired in some business areas, and following on from the final quarter of 2022 this situation is expected to continue during the first quarter of 2023. Measures have been implemented to adapt production capacity to prevailing market conditions.

Market activities in the glulam area are expected to be lower than they were in 2022, but taking into account the measures implemented, they will be at a level that ensures satisfactory capacity utilisation and profitability levels. Our building module companies are generally expected to enjoy satisfactory activity levels, apart from the residential segment in Norway where capacity was reduced during the final quarter of 2022. Activities levels at our interior systems company are expected to be satisfactory, but the competitive situation is demanding.

Measures are ongoing to reestablish satisfactory profitability under the prevailing market conditions. For the division as a whole, higher interest rates and high construction costs are expected to lead to lower start-ups, but greater activity in the renovation, conversion and extension market.

The Group has a long-term goal of achieving a return on average capital employed of 13 per cent over the course of an economic cycle. At the end of the final quarter, the rate of return was 35.2 per cent. The Board considers the Group's solvency and long-term access to liquidity to be good, and sufficient to implement planned improvement measures in accordance with the Group's strategy. A number of projects and investment plans are ongoing to equip the Group for the future. This applies not only to international financial competitiveness, but also to safety, information technology, the climate and the environment.

As we head into the first quarter of 2023 we expect to see continued low demand, which together with high energy costs and increased cost levels in general will result in poor profit developments until the peak season, which normally begins in the second quarter. For 2023 as a whole we are expecting considerably reduced profits when compared to 2022. However, there is considerable uncertainty in this respect.



Photo: Therese Ektorp

Moelv, 15 March 2023
Moelven Industrier ASA

Morten Kristiansen
Group CEO

Olav Fjell
Chairman of the Board

Gudmund Nordtun
Deputy Chair

Olav Breivik

Wenche Ravlo

Martin Fauchald

Hege Kverneland

Oscar Östlund



Corporate governance

Corporate governance at the Moelven Group is based on the current Norwegian recommendation for corporate governance of October 14 2021. The recommendation is available in its entirety at www.nues.no

The list below gives references to where the points required by section 3-3b of the Norwegian Accounting Act may be found.

| Requirements in accordance with section 3-3b of the Norwegian Accounting Act | Reference to Report on corporate governance at Moelven |
|---|--|
| 1. A statement of the recommendation and regulations on corporate governance that the company is comprised of or otherwise chooses to follow. | Introduction to the report Point 1 Report on corporate governance |
| 2. Information about where the recommendations and regulations mentioned in No. 1 are publicly available. | Point 1 Report on corporate governance. |
| 3. Reasons for any deviations from the recommendations and regulations mentioned in No. 1. | There are three deviations from the recommendations. This is described in 8, 9 and 14. |
| 4. A description of the main elements in the company's, and for accountants who prepare consolidated accounts also the Group's, systems for internal control and risk management connected to the accounts reporting process. | Point 10 Risk management and internal control. |
| 5. Clauses in the articles of association that wholly or partly extend or deviate from the provisions of chapter 5 of the Public Limited Company Act. | No such clauses exist. The articles of association are published on www.moelven.com and are also included in the notice of the annual general meeting as an attachment. |
| 6. Composition of the board, Corporate Assembly, supervisory council and audit committee, any working groups for these bodies, as well as a description of the main elements of prevailing instructions and guidelines for the work of these bodies and any working groups. | Section 8 Board of Directors, composition and independence. Point 9 The work of the board. |
| 7. Clauses that regulate the appointment and replacement of board members. | Section 8 Board of Directors, composition and independence. |
| 8. Clauses and authorities that enable the board to decide that the company shall buy back or issue own shares or capital certificates. | Point 3 Share capital and dividends. |
| 9. A description of the company's guidelines for gender equality and diversity with regard to, for example, age, gender and educational and professional background for the composition of boards, management and control bodies and their possible subcommittees. Goals for the guidelines, how they have been implemented and their effect during the reporting period must be stated. If the enterprise does not have such guidelines, this must be justified. | Point 2 Activities |

1. Report on corporate governance

The Board of Directors shall ensure that the company has good corporate governance.

In its report or in a document referred to in its report, the Board of Directors must provide an overall account of the company's corporate governance. The account must include each individual item in the recommendation.

If the recommendation is not followed, deviations must be justified, and it must be explained how the company has acted.

The recommendation is followed in its entirety, with the following statement:

In accordance with the Public Limited Company Act it is the board of the company that is responsible for

ensuring the proper organisation of the business and administration of the company. Moelven has a number of independent legal entities that are organised as limited companies in several countries. In accordance with company law in the respective companies, the boards of these companies have a corresponding responsibility for the individual entity as the board of directors has for the parent company and the Group as a whole. The Group's activities are based on Scandinavian values. The fundamental values "We take advantage of our opportunities, we deliver and we take responsibility" are firmly supported in corporate culture. They also form the basis for the company's guidelines on corporate social responsibility, ethics, anti-corruption, HSE, employee relations, etc. A complete overview of guidelines adopted by the Board of Directors is given under point 10.



2. Business

The company's articles of association should clearly state the business the company is to conduct.

The Board of Directors should develop clear objectives, strategies and risk profiles for the business, so that the company creates value for shareholders in a sustainable way. In this work, the Board should therefore take into account economic, social and environmental factors.

The Board of Directors should evaluate goals, strategies and risk profile at least annually.

The recommendation is followed in its entirety, with the following statement:

In accordance with the company's articles of association, the company's purpose is fabrication and activities that are associated with this, trade and other financial activities, as well as participation in

other companies by means of share subscription and other means. The board emphasises long-term, sustainable development and lays down in the Group's strategic plan that the main focus in future shall be the improvement and further development of existing activities. The Group has passed the critical size that is necessary to assert itself in competition. Quality shall be prioritised ahead of size and is an essential basis for both profitability and further growth. Both solidity and financing are satisfactory and give the necessary room for manoeuvre. The company's activities, objectives, main strategies and risk profile are evaluated annually and are described in detail in the Board's annual report. A corporate policy has been established for how sustainability should be integrated in value creation. This is described in the company's sustainability report. The corporate policy and sustainability report include gender equality and diversity.

The Eva Lisa Holtz Arena in Karlstad is the third largest indoor arena in Europe and the first of its kind with a support structure made entirely of wood, supplied by Moelven Töreboda AB. The arena opened in 2022.
Photo: Sören Håkanlind



3. Share capital and dividends

The Board of Directors should ensure that the company has a capital structure that is adapted to the company's objectives, strategy and risk profile.

The Board of Directors should prepare and publish a clear and predictable dividend policy.

A proposal that the Board of Directors should be authorised to distribute dividends should be justified.

A board authorization to increase the share capital or acquire own shares should apply to a defined purpose. Such a board authorization should not extend beyond the next annual general meeting.

The recommendation is followed in its entirety, with the following statement:

The board's goal is an equity ratio of at least 40 per

cent. This is a level that in the opinion of the board is appropriate in light of the economic fluctuations that have been seen in recent years. The goal has been met since 2017. The board has adopted a dividend policy that is in line with the provisions of the shareholders' agreement between the company's two largest owners, who together represent 99.6 per cent of all shares. Given that considerations of the company's overall capital structure, financial position and other sources of capital are satisfactorily safeguarded, the main rule of dividend policy is a cash dividend corresponding to 50 per cent of profit after tax, although a minimum of NOK 0.40 per share. The excess share of the result after distributed dividends is retained in the company to invest in and develop the company's operations within the limits set by the Board through strategy plans and budgets. Information on company capital and dividends is stated in the company's annual report and annual accounts. The board is not authorised to perform capital increases or buy own shares.

4. Equal treatment of shareholders

If existing shareholders' preferential rights in the event of capital increases are waived, this should be justified. If the Board of Directors approves the share capital increase with the waiver of preferential rights on the basis of authorisation, the rationale should be published in a stock exchange announcement in connection with the share capital increase.

The company's transactions in own shares should be carried out on the stock exchange or otherwise at a stock exchange price. If there is limited liquidity in the share, the requirement for equal treatment should be ensured in other ways.

The recommendation is followed in its entirety, with the following statement:

The share capital of Moelven Industrier ASA consists

of 129,542,384 shares with a face value of NOK 5. The company owns 1,100 of its own shares. The company is not listed on the stock exchange. In total, the shares are distributed among 859 shareholders. At year-end, 99.6 per cent of the shares were owned by two shareholders: Glommen Mjøsen Skog SA (66.8 per cent) and Viken Skog SA (32.8 per cent). Most of the remaining 0.4 per cent is owned by private individuals. Shareholder agreements exist between the two largest shareholders, which, among other things, stipulate that the Group shall be operated as an independent entity with a long-term perspective and with continued focus on Scandinavia as the main market. The agreements also contain clauses regarding the composition of the board, dividend policy, strategic focus areas and share transfer.

5. Shares and negotiability

The company should not restrict the right to own, trade or vote for shares in the company.

The company should explain restrictions in the right to own, trade or vote for shares in the company.

The recommendation is followed in its entirety, with the following statement:

The articles of association do not place any form of limitation on trading in the company's shares. The shares may be freely traded to the extent that individual shareholders have not made undertakings to other shareholders. The shareholder's agreements contain clauses regarding first option and tag-along rights. Since the company is not listed and the two largest shareholders together own 99.6 per cent of the shares, there has been little trading in shares.

6. Annual General Meeting

The Board of Directors should enable shareholders to participate in the company's Annual General Meeting. The Board of Directors should ensure that:

- *case documents are sufficiently detailed and accurate for shareholders to decide on all matters to be dealt with*
- *the registration deadline is set as close to the meeting as possible*
- *the Board of Directors and the Chairman of the Nomination Committee can participate in the Annual General Meeting*
- *the Annual General Meeting can elect a chairman of the meeting who is independent*

Shareholders should be able to vote on each individual matter, including voting for individual candidates in elections. Shareholders who cannot be present at the Annual General Meeting should be given the opportunity to vote. The company should prepare a proxy form and appoint a person who can act as a proxy for shareholders.

The recommendation is followed in its entirety, with the following statement:

The notice of the general meeting, the content of the notification and accessibility of documentation follow the requirements set by the Public Limited Company Act and the regulations on general meetings. Facilitation is made for shareholders to participate, and that the general meeting be able to vote for every single candidate to be elected by the shareholders to the Corporate Assembly. The employees of the Group hold their own election of employee representatives on the Corporate Assembly. The chairman of the board, the chairman of the Corporate Assembly and the auditor attend the general meeting. Traditionally, the chairman of the Corporate Assembly has been elected to chair the general meeting. The procedures for attending and voting by proxy are described in the notification. Since 99.6 per cent of the shares are controlled by the two largest shareholders, there has not been a need to facilitate the election of an independent chair of the annual general meeting or to appoint a person who can vote for the shareholders as a proxy.

7. Nomination Committee

The company should have a nomination committee, and the nomination committee should stipulated in the articles of association. The Annual General Meeting should lay down further guidelines for the nomination committee, elect the chairman and members of the committee and determine the committee's remuneration.

The nomination committee should have contact with shareholders, board members and the general manager in the work to propose candidates for the board.

The nomination committee should be composed such that considerations to the interests of the shareholder community are taken into account. The majority of the nomination committee should be independent of the board and other senior employees. Board members or senior employees of the company should not be members of the nomination committee.

The task of the nomination committee should be to propose candidates to the board of directors and the nomination committee (or the corporate assembly) and remuneration to the members of these bodies.

The Nomination Committee should justify each proposal of candidates.

The company should provide information on who are members of the committee and deadlines for proposing candidates.

The recommendation is followed in its entirety, with the following statement:

Pursuant to the articles of association, the company must have a nomination committee. The nomination committee is elected annually by the Annual General Meeting, and shall consist of up to five representatives from the shareholders. The Annual General Meeting also adopts the guidelines for the work of the Nomination Committee. The annual general meeting has adopted guidelines for the nomination committee that regulate the committee's composition and period of service. The members of the nomination committee shall be independent of the company's board of directors and senior executives. The nomination committee keeps the corporate assembly informed of its work on a regular basis. It is thereby considered that sufficient facilitation is in place to allow shareholders to propose candidates to the nominating committee.



The nominating committee submits the following proposals:

- Proposal to the annual general meeting regarding the election of shareholder-elected members and deputy members to the Corporate Assembly and remuneration to the members and deputy members of the Corporate Assembly.
- Proposal to the Corporate Assembly regarding the election of the chairman and deputy of the Corporate Assembly.
- Recommendation to the Corporate Assembly regarding the election of the chairman and deputy of the Board of Directors.
- Proposal to shareholder-elected members of the Corporate Assembly regarding election of shareholder-elected members and deputy members to the Board of Directors.

The proposals must include information about the candidates' expertise, capacity and impartiality. The guidelines for the nominating committee specify that the governing bodies must be composed based on an overall assessment of the company's need for expertise, capacity and balanced decisions that safeguard the interests of shareholders.

The remuneration committee consists of the nominating committee, complemented by a representative designated by the employee-elected members of the Corporate Assembly. The remuneration committee submits a proposal to the annual general meeting on determining remuneration for the members of the Corporate Assembly and to the Corporate Assembly on determining remuneration for the Board of Directors. Remuneration to the Board and Corporate Assembly shall not be performance-based.

8. Board of Directors, composition and independence

The Board of Directors should be composed so that it can ensure the interests of the shareholder community and the company's need for expertise, capacity and diversity. It should be taken into account that the board can function well as a collegial body.

The Board should be composed so that it can act independently of special interests. The majority of shareholder-elected members should be independent of senior executives and significant business contacts. At least two of the shareholder-elected members should be independent of the company's main shareholders.

Senior executives should not be members of the board of directors. If senior employees are board members, this should be justified and have consequences for the organisation of the board's work, including the use of board committees to contribute to a more independent preparation of board matters, cf. Chapter 9 of the recommendation.

The Annual General Meeting (or Corporate Assembly) should elect the chairman of the Board of Directors.

Board members should not be elected for more than two years at a time.

In the annual report, the board should provide information on participation in board meetings and on matters that may shed light on the board members' competence. In addition, it should be stated which members are considered independent.

Board members should be encouraged to own shares in the company.

The recommendation is followed in its entirety, with the following statement and exceptions:

Pursuant to the company's articles of association, the company shall have a corporate assembly with 12 members. The General Meeting elects eight members and eight personal alternates for these members. Four members and personal deputies, as well as two additional deputies are elected by the employees.

The company's two largest shareholders, who together control 99.6 per cent of the shares, are both represented in the Corporate Assembly. The members of the board of Moelven Industrier ASA are elected by the Corporate Assembly, normally for 2 year at a time. Three Corporate Assembly meetings are held annually. The board has seven members, five of them shareholder-elected and two representatives of the employees. The employees also elect one deputy representative, who attends board meetings. The chair of the board is independent of the company's main shareholders and is appointed by the Corporate Assembly. The deputy chair and one of the other three shareholder-elected board members are connected with the company's main shareholders. The shareholder's agreements include provisions relating to the election of the chair and shareholder-elected board members. The representatives of the employees are independent of the company's general management. No senior executives are members of the board. Two of the five shareholder-elected board members are women. The proportion of female employees in the Group is below 20 per cent. The rules on gender representation therefore do not apply to the employees' representatives, and the composition of the board of directors satisfies the requirements for gender representation on the board. For information on gender equality and diversity in the Group,

see the Group's sustainability report. Only the employees' representatives receive remuneration from the company other than directors' fees. From experience, non-attendance at board meetings is exceptional.

There has been a deviation from the recommendation on the following issue:

Through the guidelines for the work of the

9. The work of the board

The Board of Directors should determine instructions for the Board and for the day-to-day management with particular emphasis on clear internal division of responsibilities and tasks.

The instructions should state how the board and the day-to-day management shall manage agreements with affiliated parties, including whether an independent valuation shall be obtained. In its annual report, the Board of Directors should account for such agreements.

The Board of Directors should ensure that board members and senior executives familiarise the company with significant interests they may have in matters to be considered by the Board.

In order to ensure a more independent consideration of matters of a significant nature where the chairman himself is or has been actively engaged, another board member should lead the discussion.

According to the Public Limited Liability Companies Act, large companies must have an audit committee. The board should not act as the company's audit committee. Smaller companies should consider establishing an audit committee. In addition to the requirements of the Act relating to the composition of the audit committee, etc., the majority of the members of the committee should be independent of the business.

The Board of Directors should also consider a remuneration committee to contribute to thorough and independent consideration of matters relating to remuneration to senior executives. Such a committee should consist of board members who are independent of senior executives.

The Board of Directors should provide information on any use of board committees in the annual report.

The Board of Directors should evaluate its work and expertise annually.

nominating committee, which are described under point 7, the main shareholders are assured good knowledge of the board members' background and general competence. With the existing ownership structure, therefore, no further information is given.

The recommendation is followed in its entirety, with the following statement and exceptions:

The board's administration of the company follows the provisions of the Public Limited Company Act. Instructions have been determined for the board of Moelven Industrier ASA that give guidelines for the board's work. Every meeting reviews the monthly reporting of operational developments, financial data and HSE statistics for the Group. There is also the following schedule of work for every calendar year:

- January: Report for fourth quarter of preceding year. Review and evaluation of Group guidelines and policies, including risk management and internal control.
- March: Annual accounts with notes and annual report for preceding year, and sustainability report.
- April: Report for first quarter and preparation for ordinary general meeting.
- June: Status reporting and strategic discussions.
- August: Report for first six months.
- September: Recapitulation of strategic discussions with summary of ongoing strategic discussions throughout the year.
- October: Report for third quarter and strategy plan as finished document.
- December: Business plan and budget for the coming year.

Transactions with the owners are performed in some areas of the ordinary activities. Among other things, this relates to purchase of timber, where the Norwegian forest owner cooperatives are suppliers. Of Moelven's total purchasing requirement of approximately 4.5 million m³ measured under bark, approximately 43 per cent comes from the Norwegian forest owner cooperatives that are also shareholders. All transactions are performed in areas where there are observable market prices and the arm's length principle is applied. Where other suppliers can offer better prices or terms, these will be chosen.

Moelven has a long tradition of running its operations in accordance with the laws and ethical guidelines of the industry with the opinion that competition is positive for all parties in industry. In order to ensure that this culture is maintained, ethical guidelines



and guidelines for complying with legislation on competition have been devised. Instructions for the Board of Directors and the general manager of Moelven Industrier ASA also state that agreements with shareholders or their close associates with a duration of more than 12 months shall be approved by the Board of Directors. The provision applies to all group companies.

The chair of the board is independent of the company's main shareholders. The board has not addressed issues of a material nature in which the chair is or has been a party. According to the rules of procedure that are reviewed annually, the board members must not participate in the consideration or decision of issues that are of particular importance to themselves or to any related parties that must be considered to have major personal or financial interest in the matter. The same applies to the CEO. By related parties it is also understood companies in which the board member represents ownership interests.

Self-evaluation of the work of the board is performed annually. The board only determines remuneration for the President and CEO. Remuneration for the remainder of management is determined by the President and CEO in line with guidelines adopted by

the board. There are no option programmes or share-based payments for senior executives. The task of the board in respect of compensation is therefore limited and no separate compensation committee has been set up in the board. In addition to board members, the CEO, CFO and board secretary normally also attend normal board meetings. Other representatives of the administration, the divisions or auditor attend as needed.

The board has determined instructions for the work of the CEO. The Group Executive Board consists of the CEO and division manager for each division. Group management and the directors of the Group's shared services attend Group management meetings. For more information about governing bodies and Group management, refer to the notes to the annual accounts.

There has been a deviation from the recommendation on the following issue:

The board uses committees as needed. Based on an assessment of risk conditions and the need for control, as well as ownership structure, it has been decided to deviate from the NUES recommendation and allow the complete board function as an audit committee.

10. Risk management and internal control

The Board of Directors must ensure that the company has good internal control and appropriate systems for risk management in relation to the scope and nature of the company's activities.

The Board of Directors should conduct an annual review of the company's most important risk areas and internal control.

to limit reporting to the board to a focus on group, divisions and competitive arenas, as well as selected key figures and non-compliance reporting by unit. In connection with annual strategy and budget activities, the board reviews the Group's most important risk areas. If needed, and based on the annual risk assessment, the Group's reporting and control routines are adapted so that identified risks can be satisfactorily covered. In addition to established internal rules and routines, the internal control is largely based on the internal control environment. This environment includes people at all levels of the company. It covers integrity, ethical values, competence, management philosophy, form of operation, organisational structure, distribution of responsibility and authority and personnel policy. The board and management place great emphasis on communicating the established basic position to risk management out in the organisation.

All units close their accounts monthly and report to the parent company on the third working day of the following month. Reporting occurs in accordance with standardised systems and common guidelines so as to ensure consistency and the greatest possible comparability right across all units. The Group's sustainability policy and ethical guidelines also provide guidelines for how consideration for the outside world is integrated in value creation.

The recommendation is followed in its entirety, with the following statement:

All units within the Group have individual, local profit responsibility and operate as independent parts of a coordinated network that is characterised by openness and cooperation. Risk management and internal control are tailored for the organisational model. The local company management and the boards of the individual companies follow up on risk management and internal control in accordance with prevailing laws and regulations, as well as Moelven's risk policy. There are also control functions at divisional level, as well as in individual companies where the nature of the business leads to increased risk of faults, non-compliance or irregularities. The Group has a central Risk Management function that shall be a driving force and facilitator for the use of the risk policy in the Group.

Because of the scope of activities, it has been decided

An important control measure that follows naturally from the management and organisational model is the monthly benchmark and consolidated data report from the Group to the reporting units. The same monthly report that is sent to the board is also sent back to company management in each individual company. In this way, many are involved in control and follow-up of management and governing data. The reporting cycle supports the feeling of responsibility, not just for the results of one's own unit, but also for the divisions and group as a whole. The board considers that this reporting and control environment gives satisfactory control of the business.

The board has reviewed and approved the following general guidelines:

- Instructions to the board and general manager of Moelven Industrier ASA
- Moelven's finance policy
- Moelven's dividend policy
- Moelven's risk policy
- Moelven's guidelines for compliance with competition law
- Moelven's insurance and risk strategy - general insurance
- Moelven's sustainability policy
- Moelven's Code of Conduct
- Policy for open corporate culture (including procedures for notifying of blameworthy conditions)
- Moelven's guidelines and procedures for compliance with the EU General Data Protection Regulation (GDPR)

11. Remuneration to the board

The remuneration to the board should reflect the board's responsibilities, expertise, time spent and the complexity of the business.

Remuneration to the Board shall not be performance-based. Options should not be issued to board members.

Board members, or companies to which they are affiliated, should not undertake special duties for the company in addition to the directorship. If they nevertheless do, the entire board should be informed. Remuneration for such tasks should be approved by the Board of Directors.

If remuneration has been granted beyond the usual board remuneration, it should be specified in the annual report.

The recommendation is followed in its entirety, with the following statement:

Remuneration to the board is decided annually by the Corporate Assembly. The remuneration to board members is a fixed amount that is determined in advance and is independent of profits. No option or share based remuneration is used and neither are there any other incentive schemes.

For further information about directors' fees and any remuneration other than fees to board members, refer to the notes to the accounts.

12. Salary and other remuneration of senior executives

The guidelines on salary and other remuneration shall be clear and understandable, and contribute to the company's business strategy, long-term interests and financial sustainability.

The scheme for salary and other remuneration should contribute to concurrent interests between shareholders and senior executives, and be simple.

A cap should be placed on performance-dependent remuneration.

The board determines the CEO's salary. There are no option or share based payments. Principles and ceilings have been determined for profits-related payment within the Group. Among other things, it has been determined that agreements of profits-related remuneration shall have a duration of a maximum of one year at a time and that such remuneration shall have an upper ceiling. The board's declaration on management salaries, including guidelines for determining remuneration to senior executives, is presented to the annual general meeting. For further information about remuneration to Group management, refer to the notes to the annual accounts.

The recommendation is followed in its entirety, with the following statement:



13. Information and communication

The Board of Directors should establish guidelines for the company's reporting of financial and other information based on transparency and in respect of the requirement for equal treatment of securities market participants.

The Board of Directors should establish guidelines for the company's contact with shareholders outside the Annual General Meeting.

The recommendation is followed in its entirety, with the following statement:

The board determines the Group's financial calendar annually; this is published in the annual report and on the company's website. The Group's quarterly and annual reports are primarily published on the internet, but are also sent by post on request. The board has established a practice of organising annual owners' meetings so as to create an arena for the exchange of information and discussion between the owners. It has not been found necessary to establish guidelines for these.

14. Company takeover

The Board of Directors should draw up the main principles for how it will act in the event of a takeover bid.

In an offer situation, the board and management should have an independent responsibility to contribute to ensuring that the shareholders are treated equally, and that business is not unnecessarily disrupted. The Board of Directors has a special responsibility to ensure that the shareholders have information and time to be able to decide on the bid.

The Board of Directors should not prevent or impede anyone from making an offer for the company's business or shares.

Agreements with the bidder to limit the company's ability to obtain other offers for the company's shares should only be entered into when it can clearly be justified by the common interest of the company and shareholders. The same applies to compensation agreements to the bidder if the purchase is not completed. Any compensation should be limited to the costs of the bidder in the preparation of the bid.

Agreements between the company and the bidder of significance for the market's assessment of the offer should be made public at the latest at the same time as notification that the offer will be made.

If an offer is made for the company's shares, the company's board of directors should not exploit share issue authorisations or take other measures for the purpose of preventing the execution of the offer, without this being approved by the Annual General Meeting after the offer is known.

If a bid is made for the company's shares, the Board of Directors should issue a statement with a recommendation on whether the shareholders should accept or not. In the board's statement on the offer, it should be stated whether the assessment is unanimous, and otherwise on what basis some board members have made reservations regarding the board's statement. The Board of Directors should obtain a valuation from an independent expert. The valuation should be justified and published no later than at the same time as the board's statement.

Transactions that actually involve divestment of the business should be decided by the Annual General Meeting (or the corporate assembly).

There has been a deviation from the recommendation on the following issue:

The company is not listed and there is a shareholders' agreement between the two largest shareholders, who together own 99.6 per cent of the shares, that regulates the transfer of shares, among other things. No guidelines have therefore been prepared for the board in connection with any takeover bid.

15. Auditor

The Board of Directors should ensure that the auditor presents the main features of a plan for carrying out the audit work every year.

The Board of Directors should summon the auditor to meetings where they process the annual accounts. At the meetings, the auditor should review any significant changes in the company's accounting principles, key aspects of the audit, assessment of material accounting estimates and all significant matters where there has been disagreement between the auditor and the administration.

The Board of Directors should review the company's internal control with the auditor at least once a year, as well as weaknesses identified by the auditor and proposed improvements.

The Board of Directors should establish guidelines for the day-to-day management's right to use the auditor for services other than auditing.

The recommendation is followed in its entirety, with the following statement:

The auditor has annual meetings with the board without administration being present. The auditor also participates in board meetings when the annual accounts are discussed. The auditor also presents the audit plan, summaries following interim audits of the subsidiaries and central risk areas and the Group's handling of these.

Remuneration to the auditor, expressed as statutory audit and other services, appears in a separate note to the annual accounts.

Moelv, 15 March 2023
Moelven Industrier ASA

Morten Kristiansen
Group CEO

Olav Fjell
Chairman of the Board

Gudmund Nordtun
Deputy Chair

Olav Breivik

Wenche Ravlo

Martin Fauchald

Hege Kverneland

Oscar Östlund



By bringing nature home and furnishing with wood, you get several forest health benefits included.
Photo above: Lipkin
Photo below: Johan Alp



ANNUAL ACCOUNTS 2022

GROUP



Financial key figures

| Amounts in NOK million | Explanations* | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------|--------|--------|--------|--------|--------|
| RESULTS | | | | | | |
| Operating revenues | | 14,439 | 14,872 | 11,665 | 10,297 | 11,021 |
| Gross operating profit (EBITDA) | A | 2,106 | 3,389 | 1,011 | 630 | 935 |
| Depreciation and impairment | | 350 | 403 | 348 | 294 | 348 |
| Operating profit | | 1,756 | 2,986 | 662 | 335 | 586 |
| Net interest and financial items | | -3 | 5 | -59 | -96 | -8 |
| Profit before tax | | 1,754 | 2,991 | 604 | 240 | 578 |
| Net profit | | 1,389 | 2,349 | 472 | 188 | 451 |
| BALANCE SHEET | | | | | | |
| Investments in production equipment | B | 501 | 420 | 272 | 479 | 497 |
| Total assets | | 7,904 | 8,269 | 5,833 | 5,518 | 5,302 |
| Equity | | 4,737 | 4,588 | 2,865 | 2,368 | 2,435 |
| Net interest-bearing liabilities | C | -1,079 | -1,312 | 536 | 1,136 | 721 |
| Capital employed | D | 4,998 | 4,890 | 3,500 | 3,524 | 3,163 |
| EARNINGS/RETURN | | | | | | |
| Net operating margin | E | 12.2% | 20.1% | 5.7% | 3.3% | 5.3% |
| Gross operating margin | F | 14.6% | 22.8% | 8.7% | 6.1% | 8.5% |
| Return on equity | G | 29.8% | 63.0% | 18.0% | 7.8% | 19.9% |
| Return on capital employed. 12 months rolling | H | 35.6% | 73.5% | 17.9% | 9.4% | 19.0% |
| Return on total assets | I | 21.7% | 42.3% | 11.7% | 6.2% | 11.3% |
| Interest cover | J | 23.8 | 81.1 | 8.3 | 2.9 | 9.5 |
| CAPITAL STRUCTURE | | | | | | |
| Equity ratio | K | 59.9% | 55.5% | 49.1% | 42.9% | 45.9% |
| Asset turnover | L | 1.8 | 2.1 | 2.1 | 1.9 | 2.1 |
| Debt-equity ratio | M | -0.23 | -0.29 | 0.19 | 0.48 | 0.30 |
| Net interest bearing debt / EBITDA | | -0.51 | -0.39 | 0.53 | 1.80 | 0.77 |
| LIQUIDITY | | | | | | |
| Liquid ratio I | N | 2.15 | 1.95 | 1.68 | 1.82 | 1.76 |
| Liquid ratio II | O | 1.22 | 1.04 | 0.81 | 0.73 | 0.77 |
| Cash flow from operational activities | P | 1,441 | 2,718 | 1,070 | 504 | 653 |
| SHARES | | | | | | |
| Profit per share in NOK | Q | 10.72 | 18.13 | 3.64 | 3.47 | 2.26 |
| Average number of shares (mill) | | 129.5 | 129.5 | 129.5 | 129.5 | 129.5 |
| Cash flow from operational activities. in NOK per share | R | 11.13 | 20.98 | 8.26 | 3.89 | 5.04 |
| Equity per share | S | 36.55 | 35.39 | 22.03 | 18.18 | 18.70 |
| Assessment value in NOK as at 01.01 | | 32.42 | 21.15 | 19.44 | 20.06 | 18.10 |
| Dividend per share in NOK | T | 5.36 | 9.06 | 3.64 | 0.72 | 1.74 |
| PERSONNEL | | | | | | |
| Number of employees as at 31.12 | | 3,332 | 3,312 | 3,391 | 3,399 | 3,524 |
| Sick leave percentage | U | 6.7% | 5.7% | 6.2% | 5.4% | 5.5% |
| Frequency of accidents with absence. LTI1 value | V | 8.0 | 6.9 | 11.7 | 11.3 | 10.9 |

* Explanations of key figures are presented on the following page

Formulas for the key figures

| | |
|-----------|--|
| A: | $\frac{\text{Operating profit} + \text{depreciation}}{\text{Operating revenues}}$ |
| B: | Capitalized investments - goodwill |
| C: | Interest bearing debt - (bank deposits + money market funds) |
| D: | Equity + interest bearing debt |
| E: | $\frac{\text{Operating profit}}{\text{Operating revenues}}$ |
| F: | $\frac{\text{Operating profit} + \text{depreciation and impairments}}{\text{Operating revenues}}$ |
| G: | $\frac{\text{Net profit}}{\text{Average equity}}$ |
| H: | $\frac{\text{Operating profit} + \text{interest income}}{\text{Average capital employed, 12 months}}$ |
| I: | $\frac{\text{Operating profit} + \text{interest income}}{\text{Average total capital}}$ |
| J: | $\frac{\text{Profit before tax} + \text{finance cost}}{\text{Finance cost}}$ |
| K: | $\frac{\text{Equity}}{\text{Total capital}}$ |
| L: | $\frac{\text{Operating revenues}}{\text{Average total capital}}$ |
| M: | $\frac{\text{Net interest bearing debt}}{\text{Equity}}$ |
| N: | $\frac{\text{Current assets}}{\text{Short term debt}}$ |
| O: | $\frac{\text{Liquid funds} + \text{financial assets} + \text{receivables}}{\text{Short term debt}}$ |
| P: | Profit after tax payable + depreciation - non controlling interest and correction regarding non liquid items from result and working capital |
| Q: | $\frac{\text{Earnings assigned to Moelven's shareholders}}{\text{Average number of shares}}$ |
| R: | $\frac{\text{Cash flow from operations}}{\text{Average number of shares}}$ |
| S: | $\frac{\text{Total equity assigned to Moelven's shareholders}}{\text{Average number of shares}}$ |
| T: | Dividend proposal |
| U: | $\frac{\text{Sickness absence}}{\text{Available hours} - \text{overtime}}$ |
| V: | Number of injuries absence per million working hours, 12 months rolling |



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Income statement for the group

| Amounts in NOK million | Note | 2022 | 2021 |
|--|------------|---------------|---------------|
| Sales revenue | 6,7 | 14,324 | 14,733 |
| Other operating revenues | 28 | 114 | 139 |
| Operating revenues | 6 | 14,439 | 14,872 |
| Product expenses | | 8,296 | 7,564 |
| Payroll expenses | 11, 20, 26 | 2,395 | 2,465 |
| Depreciation of tangible and intangible assets | 8, 9, 10 | 331 | 346 |
| Impairment of tangible and intangible assets | 8, 10, 28 | 18 | 57 |
| Other operating expenses | 11 | 1,642 | 1,454 |
| Operating expenses | | 12,683 | 11,886 |
| Operating profit | | 1,756 | 2,986 |
| Financial income | 12 | 74 | 43 |
| Financial expenses | 12 | 77 | 37 |
| Net financial items | | -3 | 5 |
| Profit before tax | | 1,754 | 2,991 |
| Income tax | 13 | 365 | 642 |
| Net profit | | 1,389 | 2,349 |

Profit assigned to:

| | | | |
|--|--|--------------|--------------|
| Non-controlling interests | | 0.2 | 0.4 |
| Owners of parent company | | 1,389 | 2,349 |
| Annual profit transferred to/from other equity | | 1,389 | 2,349 |
| Total allocation | | 1,389 | 2,349 |

Earnings per share (in NOK)

| | | | |
|---|----|-------|-------|
| Earnings per share assigned to Moelven's shareholders | 18 | 10.72 | 18.13 |
|---|----|-------|-------|

Statement of comprehensive income

| Amounts in NOK million | Note | 2022 | 2021 |
|---|------|--------------|--------------|
| Net profit | | 1,389 | 2,349 |
| Other comprehensive income | | | |
| Items that are not reclassified subsequently to profit or loss | | | |
| Actuarial gains (losses) on defined-benefit pension schemes | 20 | -0.4 | -2 |
| Reclassification of realised translation differences to profit and loss | 28 | -3 | -6 |
| Income tax on items that are not reclassified to profit or loss | 13 | 0.1 | 0.4 |
| | | -3 | -8 |
| Items that may be reclassified subsequently to profit or loss | | | |
| Translation differences | | -62 | -138 |
| Other comprehensive income, net of tax | | -65 | -146 |
| Total comprehensive income for the period | | 1,324 | 2,203 |
| Comprehensive income assigned to: | | | |
| Owners of parent company | | 1,323 | 2,203 |
| Non-controlling interests | | 0.2 | 0.2 |



Consolidated statement of financial position 31.12

| Amounts in NOK million | Note | 2022 | 2021 |
|--|-------|--------------|--------------|
| ASSETS | | | |
| Deferred tax assets | 14 | 45 | 69 |
| Goodwill | 10 | 16 | 16 |
| Other intangible assets | 10 | 0.7 | 1 |
| Total intangible assets | | 62 | 86 |
| Land | 8 | 149 | 139 |
| Buildings and other property | 8 | 638 | 566 |
| Machinery and plant | 8 | 1,436 | 1,365 |
| Fixtures and fittings, tools, office machines etc. | 8 | 35 | 29 |
| Right of use assets | 9 | 85 | 101 |
| Total fixed assets | | 2,343 | 2,200 |
| Investments in associated companies | 15 | 3 | 2 |
| Investments in other shares | | 0.4 | 0.5 |
| Bonds and other receivables | | 0.2 | 0.2 |
| Total financial fixed assets | | 3 | 3 |
| Total non-current assets | | 2,408 | 2,289 |
| Inventories | 16 | 2,166 | 2,235 |
| Accounts receivable | 17 | 1,593 | 1,837 |
| Contract asset | 7, 17 | 132 | 88 |
| Other receivables | 17 | 235 | 187 |
| Total receivables | | 1,960 | 2,111 |
| Financial derivatives | 24 | 30 | 420 |
| Bank deposits, cash etc. | | 1,340 | 1,214 |
| Total current assets | | 5,495 | 5,980 |
| Total assets | | 7,904 | 8,269 |

Consolidated statement of financial position 31.12

| Amounts in NOK million | Note | 2022 | 2021 |
|--|--------|--------------|--------------|
| LIABILITIES AND EQUITY | | | |
| Share capital | 25 | 648 | 648 |
| Share premium reserve | | 131 | 131 |
| Retained earnings | | 3,956 | 3,806 |
| Total equity assigned to owners of parent company | | 4,735 | 4,585 |
| Non-controlling interests | | 3 | 2 |
| Total equity | | 4,737 | 4,588 |
| Pension liabilities | 20 | 21 | 22 |
| Deferred tax | 14 | 257 | 215 |
| Other provisions | 21 | 73 | 76 |
| Total provisions | | 350 | 312 |
| Liabilities to credit institutions | 5 | 169 | 195 |
| Lease liabilities | 5, 9 | 89 | 102 |
| Total long term liabilities | | 258 | 297 |
| Financial derivatives | 24 | 17 | 50 |
| Accounts payable | 24 | 968 | 910 |
| Public duties payable | | 166 | 182 |
| Tax payable | 13 | 261 | 623 |
| Contract liability | 7,24 | 115 | 157 |
| Other short term liabilities | 22, 29 | 1,031 | 1,149 |
| Total short term liabilities | | 2,559 | 3,072 |
| Total liabilities | | 3,166 | 3,682 |
| Total equity and liabilities | | 7,904 | 8,269 |
| Number of shares (Face value per share NOK 5.-) | 25 | 129,541,284 | 129,541,284 |

Moelv, 15 March 2023
Moelven Industrier ASA

Morten Kristiansen
Group CEO

Olav Fjell
Chairman of the Board

Gudmund Nordtun
Deputy Chair

Olav Breivik

Wenche Ravlo

Martin Fauchald

Hege Kverneland

Oscar Östlund



Consolidated statement of changes in equity

| Amounts in NOK million | Equity assigned to owners of parent company | | | | Non-controlling interests | Total equity |
|---|---|---------------|--------------|--------------|---------------------------|--------------|
| | Share capital | Share premium | Other equity | Total | | |
| Total as at 01.01.2021 | 648 | 131 | 2,076 | 2,854 | 11 | 2,865 |
| Comprehensive income for the period | | | | | | |
| Net profit | - | - | 2,349 | 2,349 | 0.4 | 2,349 |
| Other comprehensive income | | | | | | |
| Translation differences | - | - | -138 | -138 | -0.2 | -138 |
| Reclassification of realised translation differences to profit and loss | - | - | -6 | -6 | - | -6 |
| Actuarial gains (losses) on defined-benefit pension schemes | - | - | -2 | -2 | - | -2 |
| Income tax on other comprehensive income | - | - | 0.4 | 0.4 | - | 0.4 |
| Other comprehensive income (net of tax) | - | - | -146 | -146 | -0.2 | -146 |
| Other changes | | | | | | |
| Transactions with owners, entered directly against equity | | | | | | |
| Exit of non controlling interests due to sale (loss of control) of subsidiary | - | - | - | - | -8 | -8 |
| Dividend to owners | - | - | -472 | -472 | -0.2 | -472 |
| Total transactions with owners | - | - | -472 | -472 | -8 | -480 |
| Total as at 31.12.2021 | 648 | 131 | 3,806 | 4,585 | 2 | 4,588 |

| Amounts in NOK million | Equity assigned to owners of parent company | | | | Non-controlling interests | Total equity |
|---|---|---------------|--------------|--------------|---------------------------|--------------|
| | Share capital | Share premium | Other equity | Total | | |
| Total as at 01.01.2022 | 648 | 131 | 3,806 | 4,585 | 2 | 4,588 |
| Comprehensive income for the period | | | | | | |
| Net profit | - | - | 1,389 | 1,389 | 0.2 | 1,389 |
| Other comprehensive income | | | | | | |
| Translation differences | - | - | -62 | -62 | -0.1 | -62 |
| Reclassification of realised translation differences to profit and loss | - | - | -3 | -3 | - | -3 |
| Actuarial gains (losses) on defined-benefit pension schemes | - | - | -0.4 | -0.4 | - | -0.4 |
| Income tax on other comprehensive income | - | - | 0.1 | 0.1 | - | 0.1 |
| Other comprehensive income (net of tax) | - | - | -65 | -65 | -0.1 | -65 |
| Transactions with owners, recognized directly against equity | | | | | | |
| Dividend to owners | - | - | -1,174 | -1,174 | -0.1 | -1,174 |
| Total as at 31.12.2022 | 648 | 131 | 3,956 | 4,735 | 3 | 4,737 |

Consolidated cash flow statement

| Amounts in NOK million | Note | 2022 | 2021 |
|--|----------|---------------|--------------|
| CASH FLOW FROM OPERATIONAL ACTIVITIES: | | | |
| Net profit | | 1,389 | 2,349 |
| Adjustments to reconcile net profit with net cash flow from operations: | | | |
| Depreciation and impairment | 8, 9, 10 | 350 | 403 |
| Income from associated companies | 15 | -0.5 | 2 |
| Tax paid | 13 | -662 | -119 |
| Unpaid pension costs entered as costs and unreceived pension funds entered as income | | -0.6 | 2 |
| (Profit) / loss on sale of fixed assets | | -3 | -51 |
| Net value change of financial instruments to fair value | | -43 | -15 |
| Interest income / expenses | | 0.6 | 21 |
| (Agio) / disagio on long term loans | 23 | 0 | -3 |
| Income tax | 13 | 365 | 642 |
| Other items | | 5 | -15 |
| Changes in operating assets and liabilities: | | | |
| Changes in inventory | | 28 | -731 |
| Changes in accounts receivable and other receivables | | 101 | -301 |
| Changes in trade accounts payable | | 80 | 251 |
| Changes in provisions and benefits to employees | | -3 | 27 |
| Changes in short-term liabilities excluding borrowing | | -164 | 253 |
| Herow related to reclassification to held for sale | | 0 | 4 |
| Cash flow from operational activities | | 1,441 | 2,719 |
| CASH FLOW FROM INVESTMENT ACTIVITIES: | | | |
| Investment in fixed assets and immaterial assets excl. goodwill | 8,10 | -501 | -420 |
| Investment in money market fund | | 400 | -400 |
| Receipts from sale of fixed assets | | 4 | 68 |
| Purchase of subsidiaries, reduced by cash in company | 4 | 0 | -3 |
| Sale of subsidiaries, reduced by cash in company | 28 | 69 | -10 |
| Cash flow from investment activities | 8 | -28 | -766 |
| CASH FLOW FROM FINANCING ACTIVITIES: | | | |
| Change in long term debt facility - loan payments | 23 | -29 | -894 |
| Change in long term debt facility - new loans | 23 | 0 | 637 |
| Interests paid | 12, 23 | -17 | -18 |
| Interest income cash pool | | 19 | 4 |
| Principal payments - leases | | -39 | -40 |
| Interest payments - leases | 9, 12 | -3 | -6 |
| Payment of dividend | | -1,174 | -472 |
| Cash flow from financial activities | | -1,242 | -788 |
| Net increase (reduction) in liquid assets during year | | 172 | 1,165 |
| Liquid assets 1.1 | | 1,214 | 100 |
| Effect of exchange rate changes on liquid assets | | -46 | -51 |
| Liquid assets 31.12 | | 1,340 | 1,214 |
| Herow restricted bank deposits | | 0 | 0 |



Note 1 | General information

Moelven Industrier ASA is a public limited liability company, registered in Norway. The company's headquarters are located at Industriveien 2,

2390 Moelv, Norway.

The group's activities are described in the board's annual report.

Note 2 | Basis for preparing the annual accounts

The consolidated accounts of the Moelven group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS interpretations committee (IFRIC), as determined by the EU.

The consolidated accounts were presented by the board on 15/3/2023 and the ordinary general meeting to discuss the annual accounts has been fixed for 4/5/2023. The consolidated accounts are based on the principles of historic cost accounting with the exception of the following items:

- Defined-benefit pension schemes are valued at present value of the future pension benefits that have been earned on the date of balance. Pension funds are valued at fair value.
- Financial instruments at fair value through profit or loss. These include equity based instruments, derivatives for hedging interest rates and foreign exchange.

The consolidated accounts have been prepared with uniform accounting principles for similar transactions and events under otherwise similar conditions. The consolidated accounts have been prepared under the going concern assumption.

Note 3 | Significant accounting principles

Presented below are the most important accounting principles that have been used in preparing the consolidated accounts. These principles have been used in the same way for the comparison figures in the consolidated accounts unless stated otherwise.

3.1 Consolidation principles

The consolidated accounts include Moelven Industrier ASA and companies over which Moelven Industrier ASA has control. Control is ordinarily achieved when the Group owns more than 50% of the shares in the company, but annual assessments are carried out of whether the Group also has control of companies where the stake is less than 50%. An investor controls an undertaking in which an investment is made when the investor is exposed to or has rights to variable returns from its involvement in that undertaking, and has the opportunity to influence these returns through its power over the undertaking in which the investment is made. Non-controlling interest are included in group equity.

The acquisition method is used for recognising company mergers on the income statement. Companies which are bought or sold during the course of the year are included in the group accounts from the date on which control is achieved until the date on which it ceases.

Changes in holdings in the subsidiaries that do not lead to loss of control are entered as an equity transaction. The remuneration is entered at fair value and the difference between remuneration and the value of the holding entered on the balance sheet is entered against the majority owner's equity.

With changes in holdings that lead to loss of control, remuneration is measured at fair value. The balance sheet value of holdings and obligations in the subsidiary and the non-controlling interest are deducted on the date of loss of control. The difference between the remuneration and the balance sheet value of the holding is included on the income statement as a gain or loss. Any remaining holding is measured at fair value and any gain or loss included on the income statement as part of the gain/loss on the sale of the subsidiary. Amounts included in other income and costs are entered on the income statement.

Associated companies are enterprises in which the group has significant influence, but not control, over the financial and operational

management. We have holdings between 20% and 50% in our associated companies. The Group accounts include the Group's share of profits from associated companies entered by equity method from the time significant control was achieved and until such control ceases.

When the group's losses exceed the investment in an associated company, the group's balance sheet value is reduced to zero and further loss is not entered unless the group has an obligation to cover this loss.

All other investments are entered in accordance with IFRS 9, Financial instruments, where detailed information is provided in note 24.

Internal group transactions and intra group balances, including internal earnings and unrealised gains and losses are eliminated. Unrealised earnings in respect of transactions with associated companies and jointly controlled enterprises are eliminated with the group's share of the company/enterprise. Unrealised losses are eliminated in the same way, but only to the extent that there are indications of depreciation of value of assets that are sold internally.

3.2 New standards and interpretations

During 2021 there has been no updates of IFRS that have materially affected the consolidated accounts.

3.3 Currency

The Group's presentation currency is NOK. This is also the functional currency of the parent company. Subsidiaries with other functional currencies are converted to the day rate for balance items and to the average rate for income statement items. Translation differences are entered against other income and expenses ("OCI"). In any future sale of investments in foreign subsidiaries, accumulated translation differences that are referred to the majority owners will be entered on the income statement.

Transactions in foreign currencies

Foreign exchange transactions are calculated at the exchange rate prevailing at the time of the transaction. Monetary items in foreign currency are converted to the functional currency using the rate of exchange on the balance date. Non-monetary items which are measured at historical exchange rates expressed in foreign currency are converted

to functional currency by using the exchange rate at the time of transaction. Non-monetary items which are measured at fair value expressed in foreign currency are converted to the exchange rate determined at the time of the balance. Foreign currency fluctuations are recognised on the income statement continuously over the accounting period.

3.4 Use of estimates in preparing the annual accounts

Management has used estimates and assumptions which have affected assets, liabilities, income, costs and information regarding potential obligations. This applies in particular to depreciation of fixed assets, assessment of added value and goodwill in connection with acquisitions, inventory, project assessments and pension commitments. Future events may cause the estimates to change. Estimates and the underlying assumptions are continually assessed. Changes in accounting estimates are entered into the accounts during the period in which the changes occur. Where changes also affect future periods, the effect is distributed across the current and future periods. Also see note 4.

3.5 Principles for income recognition

The group's contracts with customers are entered in the accounts to the extent the contractual parties have approved the contract, each parties rights and terms of payment may be identified, the contract has a business like content and it is likely that the group will receive the remuneration it is entitled to. Sales income is presented after deduction of value added tax and discounts. Internal sales within the group are eliminated.

The sale of goods is recognised as income at the time the group fulfils its delivery obligation to the customer. Moelven will ordinarily fulfil its delivery obligation when the product is transferred to the customer and the customer gains control of the product. A product is considered to be transferred when it is transported to or picked up at the place defined by the delivery terms of the contract.

For the Building operations segment a contract will be recognised as income over time if the asset produced does not have an alternative use for Moelven without this leading to significant financial loss, but only to the extent that Moelven is entitled to payment for the services provided to date. Alternative use is not deemed to exist if the project to a significant extent is tailored to the customer's needs and the asset being produced is difficult to sell to others without major adjustments.

Examples are:

- Moelven enters into contracts with customers on the sale of modules for housing purposes, schools, office premises, service buildings or other commercial purposes. The contract includes factory production of modules, delivery to the customer's building site and installation of the modules. The contract comprises a project and has a total price for the delivery, payment from the customer is made on an ongoing basis according to the contract's payment plan.
- Moelven enters into agreements with a small number of larger customers that include custom manufactured modules, e.g. rental modules, that have been produced in accordance with the customer's needs and specifications. The difference from the previous example is that the contract includes only production and no installation. The modules are unique for the recipient customer and cannot be sold to others without significant adjustments.
- Moelven enters into a contract for the sale and installation of walls or a complete system of interior walls. The module walls are factory-produced and installed at the customer. The walls are adapted for the customer's floor plan and the requirements specified in the contract.
- Moelven custom-produces load-bearing glulam elements designed according to the customer's needs and order. Examples of such deliveries are custom straight or curved glulam beams for bridges and buildings. It is common that assembly is included for custom-produced solutions. Without significant adjustments, it is not

possible to sell these customised units to other customers as they have been designed, constructed and produced to meet a function in a building or for a bridge. A special delivery usually comprises several elements that are to be installed and fit the structure they are produced for.

Moelven will have enforceable right to payment for services that are provided to date if this is agreed with the buyer, or if such settlement is custom or practice established over time in the construction industry. Where it is recognised over time, the customer has no right of cancellation. When considering whether the group has met its delivery obligation over time, one will use the method that is best suited to measure the actual progression. In some group companies operating revenues are recognised based on an "input method," in that accrued costs are considered in relation to total estimated costs, while other group companies perform recognition based on an "output method" in that progression in the delivery obligation is measured in relation to the overall contract price. If the progression in the delivery obligation cannot be measured to a reasonable degree, only operating revenue that correspond to accrued contract costs are recognised in the result. For contracts that are expected to result in losses, the estimated loss is recognised as a whole.

Additional claims and disputed amounts are not normally entered until agreement has been reached or there is a court judgement. However part of the claim is entered if there is an overwhelming probability of the anticipated outcome. Provision is made for claims activities based on historical experience and identified risks. Guarantee periods are normally from three to five years.

For projects that are directed by outside companies, invoicing is performed monthly with 30 day payment terms. Invoicing is normally done in line with the completion of the work, but there are also payment schedules that do not correspond to progress in the delivery obligation.

For contracts that are recorded as income over time, both income and expenses are deferred. Earned income that is not invoiced is recognised in the balance sheet as a contractual asset. Invoiced income that has not yet been earned (forward payment plans) is entered as a contractual obligation.

The group produces and sells energy to end customers. The sales is entered as income when the energy has been delivered and is read off at the customer's premises. Sales are entered based on the prices achieved, which are contract prices, but which can also be subject to price guarantee for the delivery period. Not including the financing element in sales is being considered. Otherwise, payment terms correspond to those that are normal in the market.

3.6 Segment

For management purposes the group is organised into four different divisions according to products and range of services. The divisions represent the basis for the primary report segments. In segment reporting, internal earnings on sales between the segments are eliminated. Financial information regarding segments and geographical distribution is presented in note 6.

3.7 Income tax

Tax costs consist of payable tax and changes in deferred tax. Deferred tax/tax benefits are calculated on all differences between book and taxable values of assets and liabilities, with the exception of:

- group goodwill
- temporary differences related to subsidiaries the Group controls when the temporary differences will be reversed and it is not assumed to occur in the foreseeable future.



Deferred tax asset is recognised on the balance sheet when it is probable that the company will have sufficient tax surplus in later periods to utilise the tax advantage. This assessment is updated on each balance sheet day.

Deferred tax and deferred tax asset are measured based on anticipated future tax rates for the companies in the group where temporary differences have previously arisen. Deferred tax and deferred tax advantages are recognised at nominal value and are classified as financial capital expenditure (long-term liability) on the balance sheet. Payable tax and deferred tax are entered directly against equity to the extent that the tax entries relate to equity transactions.

3.8 Research & Development

Expenses associated with research activities are recognised on the income statement when they arise. Costs relating to development activities are entered on the balance sheet to the extent to which the product or process is technically and commercially realisable and the group has sufficient resources to complete the development. The costs that are entered include material costs, direct payroll costs and a proportion of directly attributable joint expenses. Development costs entered on the balance sheet are entered as acquisition costs minus accumulated depreciation and write-down.

Development costs entered on the balance sheet are depreciated on a straight line basis over the estimated lifetime of the asset.

3.9 Tangible fixed assets

Tangible fixed assets are measured at acquisition cost, less accumulated depreciations and write downs. When assets are sold or disposed of, the value on the balance sheet is deducted and any profit or loss is entered on the income statement.

Acquisition price for fixed assets is the purchase price including duties/taxes and costs directly associated with preparing the fixed assets for use. Borrowing costs are recognized as part of the acquisition cost to the extent it is directly linked to the purchase of a fixed asset and the manufacturing process is more than 12 months. Costs after the fixed asset has been taken into use, such as continuous maintenance, are entered on the income statement, while other costs that are expected to provide future financial benefit are entered on the balance sheet.

The depreciation plans are based on remaining useful lifetime and scrap value of the fixed assets. These are reassessed at the end of each reporting period.

Plants under construction are classified as fixed assets and are recorded at cost until manufacture or development is completed. Plant under manufacture is not depreciated until the asset is taken into use.

An impairment of fixed assets are recognized if book value is below estimated recoverable amount. The fixed assets are tested for impairment only if there exist indications of impairment. The assessment is carried out at cash generating unit (CGU) level.

Depreciation is calculated on a straight-line basis with the following decomposition and depreciation period:

| Type of asset | Significant components | Depreciation period |
|--|--|---|
| Office buildings | Building Sprinkling Fire alarm Technical installations | 15 - 20 years 10 years 10 years 7 - 10 years |
| Warehouse | Building only | 15 - 20 years |
| Dryer | Dryers are structured that should be viewed as a whole. Depreciation should be the same for all dryer elements: Building Machine Control Culvert | 10 - 15 years 10 - 15 years 10 - 15 years 10 - 15 years |
| Machines | Machine Control systems Foundation | 10 - 12 years 10 - 12 years 10 - 12 years |
| Production premises | Building Technical installation Water and drainage Sprinkler system | 10 - 15 years Approx. 10 years Approx. 10 years Approx. 10 years |
| Boiler house | Building Culvert Boiler unit | 15 - 20 years 10 - 15 years 10 - 15 years |
| Fixtures and fittings, tools, office machinery, etc. | No decomposition | 4 - 7 years |
| Vehicles | No decomposition | 4 - 7 years |
| Plots | | No depreciation |

3.10 Leasing

IFRS 16 requires recognition of right of use assets and leasing obligations on almost all lease agreements, and one no longer distinguishes between financial and operational leases. Initial recognition of both right of use assets and lease obligations are based on the calculation of net present value of the future lease obligation. Right of use assets are accrued linearly over the useful lifetime (normally the same as the leasing period), while the lease obligation in subsequent periods are measured at amortized cost. Hence, the leasing contracts are recognized in the income statement as accruals and interest expenses. Moelven largely owns all buildings and associated machinery used in operations, with a limited exception at individual units. Other than these, the groups lease contracts mainly consists of cars and forklifts. Certain contracts include several lease components, including options for purchases. Recognition of options are assessed according to the probability requirements in IFRS 16 27 d).

Moelven applies the practical solutions cf. IFRS 16 clause 5 a) and b). This concerns contracts of low value, as well as agreements with a shorter term than 12 months. This entails that no balance entry is made of lease agreements that are ended within twelve months after the time of initial application or where the underlying asset is of low value. These contracts are recognized as other administrative expenses.

The simplification rules related to contractual changes due to COVID-19 has not been relevant for Moelven.

3.11 Intangible assets

Intangible assets acquired separately are entered on the balance sheet at cost. The cost of intangible assets acquired through acquisitions are recognized in the consolidated financial statements at fair value at the acquisition date. Intangible assets entered on the balance sheet are entered in the accounts at cost less any depreciation or write down.

Internally generated intangible assets, with the exception of recognised development costs, are not entered on the balance sheet but are entered as costs on an ongoing basis.

Useful lifetime is either predetermined or non-predetermined. Intangible assets with a predetermined limited economic useful life are depreciated over this period and tested for write down if there are indications of impairment. Depreciation method and period are assessed at least annually. Changes in depreciation method and/or period are treated as estimate changes.

Intangible assets with indefinite useful lives are tested for impairment at least yearly.

Intangible assets with indefinite useful life are not depreciated. The useful life is assessed annually to determine whether the assumption of indefinite useful life is reasonable. If not, a change is made to predetermined useful life prospectively.

Software

Costs relating to the purchase of new software are entered on the balance sheet as an intangible asset as long as these costs are not part of the acquisition cost of hardware. Software is normally depreciated on a straight line basis over 3 years. Costs arising as a result of maintaining the future usefulness of software are entered as costs if the changes to the software do not increase the future financial benefit of the software.

3.12 Business combinations, goodwill and non-controlling interests

Business combinations are entered in accordance with the acquisition method. Transaction costs are entered on the income statement as they occur.

Remuneration for the purchase of a company is measured at fair value on the date of acquisition.

When a company is purchased, all assets and obligations taken over are assessed for classification and assignment in accordance with contract conditions, economic circumstances and relevant conditions on the date of acquisition. Assets and debts taken over are recognised on the balance sheet at fair value on the consolidated opening balance unless IFRS 3 indicates that other measurement rules shall be used.

Allocation of added value in business combinations is amended if new information arises regarding fair value on the date of taking control. Allocation can be changed up to 12 months after the date of acquisition if this is specified at the time of acquisition. The non-controlling interest are calculated as the minorities' percentage of identifiable assets and debts.

In the case of step by step acquisition, earlier assets are measured at fair value on the date of acquisition. Changes in the value of earlier assets are entered on the income statement.

Goodwill is calculated as the sum of the remuneration and book value of the non-controlling interest and fair value of previously owned assets, less the net value of identifiable assets and obligations calculated on the date of acquisition. Goodwill is not depreciated but tested at least annually for loss in value.

If the net value of identifiable assets and obligations calculated on the date of acquisition exceeds the remuneration (negative goodwill), the difference will be recognized at the acquisition date.

Minority interests in the consolidated financial statements represent the minority's share of the carrying value of equity. In a business combination, non-controlling interest are measured according to their proportionate share of identified assets and debt.

The subsidiary company's results, as well as the individual components of other income and costs, are attributable to owners of the parent company and the non-controlling interest. The total result is attributed to the parent company's owners and to the non-controlling interest, even if this leads to a negative minority interest.

3.13 Public grants

Public grants are entered in the accounts when there is reasonable certainty that the company will fulfil the conditions associated with the grants. Recognition of operational grants is calculated systematically over the grant period. Grants are recognised as deductions from the cost that the grant is intended to cover. Investment subsidy is entered on the balance sheet in a systematic way over the life cycle of the asset. Investment subsidy is entered either as deferred income or as a deduction when determining the value of the asset on the balance sheet.

3.14 Financial instruments

In accordance with IFRS 9 Financial Instruments, financial assets are classified as measured at amortised cost, measured to fair value over other income and expenses or to fair value through profit or loss. Financial liabilities are classified as measured at amortised cost or fair value through profit or loss.

Financial assets

The main principles in IFRS 9 for classification of financial assets are:

- Equity based instruments are always measured at fair value through profit and loss unless the company designates any such instruments as fair value through OCI. Moelven does not use this option.
- Derivatives are measured at fair value through profit and loss. However derivatives could be designated as hedging instruments if



certain requirements are fulfilled. Moelven has not designated any derivatives as hedging instruments during 2021 or 2020.

- Classification of debt based instruments depends on two tests. Whether the related cash flows are solely payments of interest and principal. And whether Moelven holds these instruments solely to receive contractual cash flows or also intends to sell. Debt based instruments held by Moelven per 2021 and 2020 are held to receive contractual cash flows of interest and principal payments only. Hence they are classified as measured at amortised cost.

Financial liabilities

Financial liabilities are measured at amortised cost except for financial liabilities held for trading purposes (not applicable for Moelven per 2021 or 2020), or financial liabilities designated as fair value through profit and loss (not applicable for Moelven per 2021 or 2020).

Fair value measurement

The fair value of financial instruments that are traded in active markets is determined at the end of the reporting period by referring to the listed market price from traders of financial instruments (buying rate for long positions and selling rate for short positions), without deduction for transaction costs.

For financial instruments that are not traded in an active market, the fair value is determined with the aid of a suitable valuation method. Such valuation methods involve the use of recent market transactions at arm's length between well-informed and voluntary parties, if such are available, referral to the current fair value of another instrument that is practically the same, discounted cash flow calculation or other valuation model.

An analysis of fair value of financial instruments and other details regarding the measurement of these is given in the note 24.

3.15 Derivatives, hedging and accounting

The group performs financial hedging transactions using financial derivatives. On the basis of an assessment of cost and benefit of hedge accounting in accordance with IFRS 9, it has been decided that the group does not perform hedge accounting.

Financial derivatives that are not recognised as hedging instruments are classified and assessed at fair value through profit or loss. Changes in fair value are entered on the income statement on an ongoing basis.

An inbuilt derivative is separated from the host contract and recognised as a derivative if and only if all the following conditions are fulfilled:

- The financial characteristics and the financial risk of an inbuilt derivative are not closely related to the financial characteristics and the financial risk of the host contract.
- A separate instrument with the same conditions as the inbuilt derivative would have satisfied the definition of a derivative.
- The combined instrument (main contract and inbuilt derivative) is not measured at fair value through profit or loss.

3.16 Impairment of financial assets

For financial assets assessed at amortised cost, a loan loss provision is recognised based on expected credit loss. The loan loss provision is subsequently measured at each reporting time at an amount corresponding to expected credit loss in the lifetime, if the credit risk for the financial instrument has significantly increased since initial recognition. If the credit risk has not increased significantly since initial recognition, the loan loss provision is measured at an amount that corresponds to the expected credit loss over twelve months. Accounts receivable or contractual assets arising from transactions that are subject to

IFRS 15, must always be measured on the basis of expected credit loss in the lifetime. The cumulative changes to expected credit loss in the lifetime is recognised in the result at each reporting time as profit or loss in the event of loss in value.

3.17 Inventory

Inventory is recognised on the income statement at the lower of acquisition cost or net sales price. Net sales price is an estimated sales price for ordinary operations minus estimated costs for completion, marketing and distribution. Acquisition cost is allocated by use of the FIFO method and includes expenses accrued when acquiring the goods and the costs of bringing the goods to their current condition and location. Proprietary goods include variable and fixed costs that can be allocated based on normal capacity utilisation.

3.18 Cash and cash equivalents

Cash includes cash holdings and bank deposits. Cash equivalents are short term liquid investments that can be immediately converted into a known amount of cash and that have a maximum of 3 months to maturity.

In the cash flow statement, the bank overdraft has been subtracted from the balance of cash and cash equivalents.

3.19 Equity

Own shares

On repurchase of own shares, the purchase price including immediate costs is entered as a change in equity. The nominal value of treasury shares is presented on a separate line below share capital, while payment in excess of nominal value reduces other equity. Losses or gains on own share transactions are not entered on the income statement, but are offset against equity.

Costs of equity transactions

Transaction costs directly associated with equity transactions are entered directly to equity after deduction for tax.

Other equity

Translation differences Translation differences arise in conjunction with currency differences on consolidation of foreign units.

Currency differences on monetary items (liability or receivable) that are in reality part of a company's net investment in a foreign unit are also entered as translation differences.

For disposal of foreign units the accumulated translation difference associated with the unit is reversed and entered on the income statement for the same period as the profit or loss on the disposal is entered on the income statement.

3.20 Pensions

The Group's Norwegian companies:

All Norwegian companies have collective, contribution-based pension schemes. The contribution-based scheme provides coverage for disability. Pension premiums are entered as costs as they occur. The company's collective defined benefit scheme was terminated in 2015 by issuing paid-up policies. All new employees are included in the defined contribution scheme. A few defined benefit schemes remain for a limited number of individuals. The closed schemes are defined benefit plans that give the employees entitlement to agreed future pension benefits. The benefits are based on the number of years of earning and pay level on retirement.

The Group's foreign companies:

Many of the group's foreign companies offer their employees pensions based on agreed individual contribution-based pension schemes. In Sweden, most employees are covered by a collective occupational pension agreement. The scheme is defined as a multi-employer plan. Salaried staff born before 1979 are included in an individual occupational pension scheme that is also defined as a defined benefit plan. Because of the difficulty of reliably measuring the benefit level of these plans, there is insufficient information on an individual basis to enter the plans in the accounts as defined benefit schemes. The plans are entered as if they were contribution-based schemes. Salaried staff born after 1979 are included in an occupational pension scheme that is premium based and is therefore treated in the accounts as contribution-based.

Defined contribution pension scheme

In 2015 defined contribution schemes were converted to defined benefit schemes for all Norwegian employees of Moelven. The contribution to the pension scheme comprises from 3.6% to 21.7% of salary. Pension premiums are entered as costs as they occur.

Defined-benefit pension schemes

Defined-benefit pension schemes are valued at present value of the future pension benefits that have been earned on the date of balance. Pension funds are valued at fair value.

Changes in defined-benefit pension commitments that are due to changes in pension plans are distributed over the estimated average remaining earnings period. Pension funds are valued at fair value. Changes in defined-benefit pension commitments that are due to changes in pension plans are distributed over the estimated average remaining earnings period. The period's net pension costs are classified as payroll and personnel costs.

Gains and losses on the curtailment or settlement of a defined-benefit pension scheme are recognised on the income statement on the date the curtailment or settlement occurs.

Curtailment occurs when the group decides on a significant reduction in the number of employees covered by a scheme or changes the conditions for a defined-benefit pension scheme so that a considerable part of the present employees' future earning no longer qualifies for benefits or only qualifies for reduced benefits.

3.21 Provisions

A provision is recognised when the group has an obligation (legal or self-imposed) as a result of an earlier event, it is probable (more probable than not) that a financial settlement will take place as a result of this obligation and the amount can be reliably measured. If the effect is considerable, the provision is limited by discounting anticipated future cash flow by using a discount rate before tax that reflects the market price of the monetary value and, if relevant, the risk associated with the specific provision.

A provision for guarantees is included when the underlying products or services are sold. Calculation of the provision is based on historical information on guarantees and a probability weighting of possible outcomes.

Provisions for restructuring costs are included when the group has approved a detailed and formal restructuring plan.

3.22 Conditional liabilities and assets

Conditional liabilities are not recognised in the annual accounts. Significant conditional liabilities are noted, with the exception of conditional liabilities where the probability of the liability is low.

A conditional asset is not recognised in the annual accounts, but is reported where it is probable that a benefit will accrue to the group.

3.23 Events after the balance sheet date

New information about the company's financial position on the balance date that arises after the balance date is taken in to consideration in the annual accounts. Events after the balance date that do not affect the company's financial position on the balance date, but which will influence the company's financial position in the future, are reported if they are significant.

3.24 Currency exchange rates

The following exchange rates against the Norwegian kroner (NOK) have been used in consolidating the accounts.

| | 2022 | 2021 |
|----------------------------|---------|---------|
| Swedish krone (SEK) | | |
| Income statement rate | 0.9506 | 1.0019 |
| Balance sheet rate | 0.9453 | 0.9745 |
| Danish krone (DKK) | | |
| Income statement rate | 1.3579 | 1.3666 |
| Balance sheet rate | 1.4138 | 1.3432 |
| Euro (EUR) | | |
| Income statement rate | 10.1021 | 10.1633 |
| Balance sheet rate | 10.5138 | 9.9888 |
| British pound (GBP) | | |
| Income statement rate | 11.8471 | 11.8179 |
| Balance sheet rate | 11.8541 | 11.8875 |

Income statement rate is an average rate for the year. Balance sheet rate is the closing rate as of 31.12.



Note 4 | Critical accounting estimates and judgements

In preparing the annual accounts in accordance with IFRS, the company's management have used estimates based on good faith and assumptions which are believed to be realistic. Situations or changes may arise which may mean that such estimates require adjustment and thereby affect the company's assets, debt, equity or profit and loss.

The company's most important accounting estimates relate to the following:

- Remaining useful lifetime and depreciation on tangible fixed assets**
 Anticipated useful life of the company's production equipment is affected by the technological development and profitability of the plant. Choice of depreciation period is an estimate based on judgement.
- Fair value of tangible when indications of impairment are present**
 Management performs an annual assessment of indications of impairment on tangible assets. The assessment is made per cash flow generating unit (CGU). If indications of impairment are present management prepares an impairment test to assess book values against the higher of value in use and sales value after sales expenses. The calculation is based on several assumptions made by management.

- Valuation of inventory**

If there are indications of a fall in value, the inventory in the subsidiaries must be tested for value loss. Book value is then compared with estimated net sales value. Management must take many things into account when making this estimate.

- Project valuations**

Project assessment is dependent on estimates of degree of completion, anticipated final status, any loss projects, guarantee obligations and claims. The managements of the subsidiaries within Building Systems use figures based on experience, among others, in preparing the estimates.



The brand new Eva Lisa Holtz Arena in Karlstad consists of several Moelven products. Moelven Töreboda AB has supplied glulam and cross laminated wood for the arena, while Moelven Wood AB is responsible for the external facade. Photo: Sören Håkanlind

Note 5 | Financial risk management

Risk management principles and processes

The Moelven Group's operations entail various forms of financial risk. The group has designed a financial policy whose main purpose is to reduce risk and establish predictable financial framework for the industrial operations. Financial risk is managed by the finance department of Moelven Industrier ASA in collaboration with the various operational unit, in a cost-effective manner. The adopted policy should minimize the potentially negative effects the financial markets may have on the group's cash flow. The financial guidelines are primarily based on the concept that it is the industrial operations, rather than financial transactions, that should ensure profitability. The most important financial risks and the principles for the finance department are described below.

5.1 – Market risk

The market risk is the risk that a financial instrument's fair value or future cash flow will fluctuate as a result of changes in market prices. Market risk includes three types of risk: currency exchange rate risk, interest rate risk and other price risk.

5.1.1 – Foreign currency - transaction risk

Transaction risk means the exchange rate risk that is caused by the possibility of exchange rate changes in the period between the time a transaction in foreign currency is agreed and the time of settlement. About 15 per cent of the group's operating revenues comes from markets outside Scandinavia and carry exchange rate risks. The companies import raw materials and finished goods to both Sweden and Norway. There is also significant trade both within the group and externally between Sweden and Norway. The key currencies are EUR, GBP and SEK, but the Moelven Group is also exposed to DKK, USD, CAD and CHF.

In accordance with the group's financial policy, cash flow fluctuations as a result of variation in exchange rates must be kept within a defined outcome area through the use of hedging instruments. Currency terms

are primarily used. All hedging in the group shall be done by the group's central financial department in Moelv, both internally for the group companies and net exposure externally. Norwegian subsidiaries hedge against NOK, Swedish subsidiaries against SEK. Results from Swedish subsidiaries are included as part of net investment in foreign subsidiaries and are not hedged for exchange rate fluctuations in compliance with the current finance policy.

In accordance with the financial policy, net exposure in foreign currency shall be hedged against rate fluctuations according to the following main principles:

- At least 90 per cent of obligations in foreign currency shall be hedged when entering into the contract. This relates mainly to investment projects where machinery and equipment is bought from abroad.
- Expected net exposure in the upcoming 24 months will be secured within the defined maximum and minimum limits.

Because of the hedging strategy that has been chosen, changes in exchange rates must be long-term so as to have the full effect on the Group's profitability. During the hedging period, operational adaptations may be made to compensate for the external changes.

Sensitivity - foreign currency

The table below shows the transaction volume for the main currencies in 2021 and 2020. The group does not use hedge accounting, and the equity effect of changed market values for currency hedges therefore corresponds to the ordinary result after taxes. The effects of changed competitiveness due to exchange rate changes are not included in the sensitivity analysis.

Transaction risk and hedges in the main currencies in 2022

| Amounts in NOK million | EUR | GBP | DKK | USD | Others |
|--|--------------|------------|------------|------------|-----------|
| Operating revenues | 1,873 | 874 | 135 | 285 | 4 |
| Operating expenses | 814 | 21 | 135 | 65 | 0 |
| Net exposure | 1,059 | 854 | 0 | 221 | 4 |
| Hedging volume as at 31.12.2021 maturing <12 months | 243 | 141 | 9 | 77 | 0 |
| Hedging ratio as at 31.12.2021 for the next 12 Months | 23% | 16% | -4% | 35% | 0% |

Transaction risk and hedges in the main currencies in 2021

| Amounts in NOK million | EUR | GBP | DKK | USD | Others |
|--|------------|------------|-------------|------------|-----------|
| Operating revenues | 1,665 | 923 | 20 | 65 | 4 |
| Operating expenses | 869 | 29 | 285 | 43 | 0 |
| Net exposure | 796 | 894 | -265 | 22 | 4 |
| Hedging volume as at 31.12.2021 maturing <12 months | 350 | 184 | -5 | 7 | 0 |
| Hedging ratio as at 31.12.2021 for the next 12 months | 44% | 21% | 2% | 31% | 0% |



5.1.1 – Currency - transaction risk (cont.)

In addition to the exposure shown in the above tables, the group has an annual exposure in SEKNOK corresponding to approximately 133 million. The exposure is due to net export from Swedish group companies to Norway, and is currency hedged in the usual manner at the company level. Since a large proportion of the group's total production takes place in Sweden, the group also has significant costs in Sweden. Net profit from the Swedish subsidiaries are included in retained earnings, and the currency risk arising in connection with these units' operating

income and expenses are taken into account the risk related with the risk of conversion to equity.

The table below shows sensitivity in the results before tax to exchange rate changes when all other conditions remain unchanged. The calculations are on the basis of rate changes being constant for the whole year. The effects of currency hedging, changes in the market value of financial hedging instruments and revaluing of balance sheet items have not been taken into account.

Profit before tax: estimated effects from FX changes

| | Average FX rate 2022 | Net exposure in NOK | NOK decrease 1 % | | NOK decrease 10 % | | NOK increase 1 % | | NOK increase 10 % | |
|-----------------|----------------------|---------------------|------------------------|-------------------|------------------------|-------------------|------------------------|-------------------|------------------------|-------------------|
| | | | FX rate after movement | Net gain (losses) | FX rate after movement | Net gain (losses) | FX rate after movement | Net gain (losses) | FX rate after movement | Net gain (losses) |
| Movement EURNOK | 10.10 | 1 059 | 10.20 | 10.59 | 11.11 | 105.90 | 10.00 | -10.59 | 9.09 | -105.90 |
| Movement GBPNOK | 11.85 | 853 | 11.97 | 8.53 | 13.03 | 85.30 | 11.73 | -8.53 | 10.66 | -85.30 |
| Movement DKKNOK | 1.36 | 141 | 1.37 | 1.41 | 1.49 | 14.08 | 1.34 | -1.41 | 1.22 | -14.08 |
| Movement SEKNOK | 0.95 | 133 | 0.96 | 1.33 | 1.05 | 13.26 | 0.94 | -1.33 | 0.86 | -13.26 |

The market value of financial derivatives used for currency hedging depends on the balance sheet exchange rate in relation to the hedging rates that have been achieved. Changes in market value will result in an unrealized gain or loss and be recognized as financial cost. The

table below shows how the ordinary result before taxes would have been affected by a change in the balance sheet date. The calculation is made on the basis of actual hedging volumes in the specified currencies per 31.12.2022.

Fair value of financial instruments per 31.12: Estimated effects from FX rate movements

| | FX rate per 31.12 | Hedge volume 31.12 | NOK decrease 1 % | | NOK decrease 10 % | | NOK increase 1 % | | NOK increase 10 % | |
|-----------------|-------------------|--------------------|------------------------|-------------------|------------------------|-------------------|------------------------|-------------------|------------------------|-------------------|
| | | | FX rate after movement | Net gain (losses) | FX rate after movement | Net gain (losses) | FX rate after movement | Net gain (losses) | FX rate after movement | Net gain (losses) |
| Movement EURNOK | 10.10 | 273 | 10.20 | -101.03 | 11.11 | -91.85 | 10.00 | 101.03 | 9.09 | 91.85 |
| Movement GBPNOK | 11.85 | 108 | 11.97 | -118.48 | 13.03 | -107.71 | 11.73 | 118.48 | 10.66 | 107.71 |
| Movement DKKNOK | 1.36 | 2 | 1.37 | -13.58 | 1.49 | -12.35 | 1.34 | 13.58 | 1.22 | 12.35 |
| Movement SEKNOK | 0.95 | 133 | 0.96 | 9.51 | 1.05 | 8.64 | 0.94 | -9.51 | 0.86 | -8.64 |

5.1.2 – Currency translation risk

In this context, translation risk means exchange rate risk due to the balance sheet including items that are denominated in a foreign currency. For the group companies, this translation risk is eliminated in that financing shall occur in the same currency as the asset is entered in the accounts.

About half of the group's total balance sheet is connected to activities in Sweden. The balance sheet figures will therefore be affected by the prevailing exchange rate between the Swedish and Norwegian kroner. A large part of equity is secured against fluctuations as the share investment in most of the group's Swedish subsidiaries is financed in Swedish kroner.

The table below shows the effect on consolidated equity by a change in the exchange rate of +/- 10 per cent:

| Amounts in NOK million | 2022 | 2021 |
|------------------------|------------|------------|
| 10% movement SEK/NOK | 245 | 240 |
| 10% movement EUR/NOK | 12 | 9 |
| 10% movement DKK/NOK | 1 | 6 |
| 10% movement GBP/NOK | 23 | 18 |
| Total effect | 281 | 272 |

5.1.3 – Interest rate risk

Interest rate risk is the risk that a financial instrument's fair value or future cash flows will fluctuate because of changes in market interest rates. The Group's net interest-bearing debt is subject to interest rate risk. The group companies are to be funded with internal loans from the parent company in the currency that is the subsidiary's local currency. This essentially means either NOK or SEK. All external borrowing is done by the parent company, which also makes hedging in accordance

with financial policy. Hedging instruments that can be used is interest rate swaps, FRAs and complex basis swap. The extent of hedging is measured in terms of the combined duration of outstanding debt and hedging activities. The total duration should be minimum of 12 months and maximum 60 months. Interest rate hedging agreements with a maturity of more than 10 years shall not be entered.

The group has in 2022 had solid liquidity, average net interest bearing assets was NOK 1,018 million. The group's average net interest bearing assets in 2021 was NOK 23 million. Pursuant to the financial policy, part of the debt is secured against interest rate fluctuations through the use of financial hedging instruments. Interest rate swaps are the main instrument. Unrealized market value changes of interest rate instruments are recognized in the profit and loss account, but do not affect the cash flow. The unrealized market value of interest rate instruments is tied to the remaining term of the instrument, which according to the group's finance policy may be up to 10 years.

5.1.4 - Other price risk

Other price risk is the risk that a financial instrument's fair value or future cash flow will fluctuate because of changes in market prices (apart from changes that are due to interest rate risk or exchange rate risk), regardless of whether these changes are caused by factors that are specific for the individual financial instrument or the instrument's

issuer, or by factors that affect all corresponding financial instruments that are traded in the market.

The price of electric power is an important factor that affects the group's profitability. The group's total consumption of electrical power in 2022 was ca. 226 GWh.

According to the group's financial policy, the need for electric power shall be secured against price fluctuations to ensure stability and predictability. The anticipated power requirement is hedged within stated maximum and minimum levels by forward buying on Nasdaq OMX with a 5 year maximum horizon.

The price of electric power is denominated in EUR. The group's power costs are therefore affected by both price changes and exchange rate changes. The market value change for energy hedges that can be attributed to exchange rate changes is treated as an embedded currency derivative. The value is included in the group accounts, while the actual supply contracts are kept outside pursuant to IFRS 9 (own use exemption). The value (including off-balance) as at 31.12.2022 amounted to NOK 247 million (81 million) The group's annual electricity consumption has been relatively stable, apart from increases caused by business combinations.

The table below illustrates the effects on profit before tax of a change in the electricity price of +/- 1 EUR per MWh at different exchange rate levels for EURNOK.

| Amounts in NOK million | Consumption | Residual effect | Effect on profit before tax provided EURNOK | | |
|--|-------------|-----------------|---|-------------|-------------|
| | Consumption | in EUR 1000 | 10.50 | 10.75 | 11.00 |
| Increase in the price of 1 EUR/MWh | 226 | -226.3 | -2.4 | -2.4 | -2.5 |
| Hedged share of consumption upcoming year | 78% | 177.3 | 1.9 | 1.9 | 1.9 |
| Sensitivity taking into account hedging | | -49.0 | -0.5 | -0.5 | -0.5 |

The effect on ordinary profit before tax of exchange rate changes on the total consumption per year is shown in the table below:

| Amounts in NOK million | Consumption | Price | EURNOK | | |
|---|-------------|---------|--------|------------|------------|
| | Consumption | EUR/MWh | 10.50 | 10.75 | 11.00 |
| Yearly consumption | 226 | 75 | 178.2 | 182.5 | 186.7 |
| Changes in the cost of currency change EURNOK from 10.00 | | | | 4.2 | 8.5 |

The table below shows the sensitivity to changes in the price level for electricity forward contracts at Nasdaq OMX. The starting point is hedged volume per 31.12.2022 and provided that the price curve for futures contracts changed with 1 EUR / MWh.

| Amounts in NOK million | Hedged vol. | Value in | EURNOK | | |
|--|-------------|-----------|--------|-------|-------|
| | in MWh | EUR 1000* | 10.50 | 10.75 | 11.00 |
| Hedging according to IFRS 9 relating to own use (consumption in Norway and Sweden) | 425 | 31.9 | 4.5 | 4.6 | 4.7 |

*Assuming EUR 75/MWh

5.1.5 – Liquidity risk

Liquidity risk means risk that the company will have difficulties in fulfilling financial obligations that are settled with cash or another financial asset. The group's external capital funding consists of a long-term credit facility maturing in May 2025, a loan of NOK 169 mill (originally 200 mill) maturing in June 2027 and short-term credit facilities of NOK 300 million.

The long-term credit facility was entered into in May 2020, and includes credit limits of a total of NOK 700 million and SEK 900 million respectively. The agreement had a 3 year term, with the option to request an extension of 1 year up to 2 times in the agreement's 2 first years in order to extend final maturity from May 2023 to May 2025. During spring in 2022 the agreements were extended a second time to May 2025.



The agreements include general default clauses on minimum equity ratio of 30 per cent, net equity value of NOK 1.1 billion and debt ratio of a maximum 1.0. As at 31 December 2022, the Group's key figures were significantly above the agreed levels. Long-term cash flow forecasts are prepared in connection with the strategy and budget process. The finance department monitors the utilisation of the credit facilities against the long-term liquidity needs, to ensure that the group has sufficient long-term financing to carry out operation and development of the group in accordance with the current strategy plan.

Short-term cash flow forecasts are prepared at the company level and reported weekly to the group's finance department, which aggregates the forecasts and monitors the group's total liquidity requirements.

Maturity structure

| Amounts in NOK million | Book value | | Cash flows per year | | | | |
|--|------------|------------|---------------------|-----------|-----------|-----------|-----------|
| | 31/12/2022 | 0-2 md | 3-12 md | 2024 | 2025 | 2026 | 2027 + |
| Debt to credit institutions | 169 | - | 45 | 43 | 42 | 40 | 19 |
| Leases* | 89 | 6 | 31 | 26 | 17 | 8 | 6 |
| Long-term contracts | 258 | 6 | 76 | 69 | 58 | 48 | 26 |
| Liabilities to suppliers | 968 | 968 | | | | | |
| Financial derivatives* | 17 | | | | | | |
| Total contracts with annual renewal | 985 | 968 | - | - | - | - | - |

*See maturity structure of nominal values in note 24.2.

Long-term interest-bearing debt by currency

| Amounts in NOK million | 2022 | 2021 |
|------------------------|------------|------------|
| NOK | 169 | 195 |
| Total | 169 | 195 |

5.1.6 – Refinancing risk

Refinancing risk is the risk of difficulties arising in refinancing the group's long-term liabilities. In accordance with the group's financial policy, the remaining time to maturity of the group's main financing shall be a minimum of 1 year. The group's long-term financing is syndicated loans from a few selected financial institutions which the group has cooperated closely with for an extended period. The background for this is the significance of these financial institutions' focus on the mechanised wood industry, combined with industry competence and knowledge of risk profiles and seasonal and other fluctuations. The present financing has been taken up with negative pledge declaration and default clauses linked with key figures on the balance sheet. The loan agreements do not contain any profit-related default clauses.

5.1.7 – Credit risk

Credit risk arises in transactions with settlements ahead in time. For the Moelven Group this mainly concerns transactions with customers and suppliers, in addition to trading in financial derivatives and deposits in banks and financial institutions.

As a general rule, the group only enters into financial transactions with financial institutions that participate in the long-term financing of the group. None of these has a credit rating poorer than A with the major credit rating agencies. The group has corresponding principles in relation to bank deposits and purchasing of financial services.

Based on these forecasts, the finance department ensures that the group has sufficient and reasonable cash equivalents available to meet operational obligations. Surplus liquidity is used for amortization of long-term debt, but due to the group's strong financial position this has not been the case in 2022. Investments may, in accordance with the group's finance policy, only be carried out through Moelvens main bank connections. And only as deposits or money market funds with good liquidity and minimal volatility.

Due to the annual seasonal variation in raw material access and market activity, the group's net working capital varies by approx. NOK 1.000 million from its highest level in May/June to its lowest in December.

In accordance with the group's financial policy, credit is only given against satisfactory security. This mainly means credit insurance or warranties, but letter of credit, advance payments and offsetting are also used. The group's framework agreements for credit insurance and guarantees are with counterparties recognized in the market and with an A credit rating.

In certain cases it is not possible to obtain satisfactory security for credit sales. A function has therefore been established for determining internal credit limits and follow-up of credit sales.

The group has considered accounts receivable and contractual assets on the basis of an "expected credit loss model" in accordance with IFRS 9. Refer to note 3 and 17 for a further description and effect on the consolidated accounts.

Of the group's total capitalized receivable, the use of the various forms of hedging against credit risk are distributed as follows:

| | |
|--|---------------|
| Credit insurance | approx. 60% |
| Guarantees | approx. 8-10% |
| Cash advances, offset agreements, etc. | approx. 25% |
| Letters of credit, etc. | < 1% |
| Unsecured acc, credit policy | < 1% |
| Other | approx. 4-6% |

5.2 – Risk related to asset management

The rule of thumb in the group's dividend policy indicates that a cash dividend corresponding to 50 per cent of net profit, albeit a minimum of 40 øre per share. Considerations to the company's financial position and other capital sources must always be satisfactorily maintained.

The equity ratio goal is a minimum of 40 per cent, a level that is appropriate in light of the economic fluctuations that have been seen

in recent years. In addition, Moelven's operations have a seasonal requirement for working capital that cause great variations in the equity ratio.

The group has an objective of a debt ratio of 0.50 for a normal seasonal balance. In accordance with the current loan agreement, the debt ratio cannot exceed 1.00. The debt ratio is calculated by dividing net interest-bearing debt by equity.

| Amounts in NOK million | 2022 | 2021 |
|---|---------------|---------------|
| Interest-bearing debt | 260 | 302 |
| Interest-bearing assets | 1,340 | 1,614 |
| Net interest-bearing liabilities | -1,079 | -1,312 |
| Total equity | 4,737 | 4,587 |
| Liabilities/equity | -0.23 | -0.29 |



Photo: Johan Alp



Note 6 | Operating segments

6.1 – Main figures for the group and operating segments

Criteria for division

The divisions are divided in accordance with Moelven's three core activities: Timber (industrial goods), Wood (construction materials) and Building Systems (projects). There is also a division named "Other" in which the remaining units are placed. The divisions are built up around independent subsidiaries with activities clearly defined within the divisions. All transactions between the divisions are conducted on normal commercial terms. The split into divisions differs from the formal legal ownership structure.

Group management represents the group's decision maker. The operating segments are managed by their peculiarity.

The segments are divided in accordance with who the customers are. Timber has mainly industrial customers, Wood has mainly end users and building product chains as customers and Building Systems has customers in the contracting sector. The others are the remaining companies, mainly the parent company, timber supply and bioenergy.

In Timber and Wood especially, there is a great deal of collaboration between segments, but there are internal transactions between all four segments. Transactions between the segments are agreed on the arm's length principle. Income from customers outside the segment is reported to group management according to the same principles as the consolidated income statement.

Group management is mostly focused on the following key figures: Sales income, profit margins, net operating capital, employed capital and returns on employed capital, interest-bearing debt and investments. In addition, the development of sickness absence and injury statistics is carefully monitored.

The accounting principles that form the basis for segment reporting are the same as those used for consolidated accounting and are described in note 3.

| Principal figures | The Group | | Timber | | Wood | | Building Systems | | Other | |
|---|-----------|--------|--------|--------|-------|-------|------------------|-------|-------|-------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Amounts in NOK million | | | | | | | | | | |
| Sales to external customers | 14,439 | 14,872 | 4,121 | 3,906 | 5,248 | 5,901 | 3,829 | 3,899 | 1,241 | 1,165 |
| Sales to internal customers | 0 | 0 | 824 | 1,139 | 280 | 263 | 3 | 13 | 3,501 | 3,388 |
| Operating revenues | 14,439 | 14,872 | 4,944 | 5,046 | 5,528 | 6,164 | 3,833 | 3,913 | 4,741 | 4,553 |
| Gross operating profit (EBITDA) | 2,106 | 3,389 | 1,239 | 1,794 | 757 | 1,504 | 84 | 160 | -31 | -6 |
| Depreciation and impairment | 350 | 403 | 106 | 103 | 112 | 119 | 69 | 140 | 62 | 41 |
| Operating profit | 1,756 | 2,986 | 1,132 | 1,691 | 645 | 1,384 | 15 | 19 | -93 | -47 |
| Financial income | 74 | 43 | 15 | 7 | 45 | 20 | 6 | 11 | 14 | 22 |
| Financial costs | -77 | -37 | -14 | -16 | -33 | -40 | -9 | -7 | -28 | 9 |
| Profit before tax | 1,754 | 2,991 | 1,133 | 1,682 | 658 | 1,364 | 13 | 23 | -107 | -16 |
| Operating margin in per cent | 12.2% | 20.1% | 22.9% | 33.5% | 11.7% | 22.5% | 0.4% | 0.5% | -2.0% | -1.0% |
| Cash flow from operating profit | 2,106 | 3,389 | 1,239 | 1,794 | 757 | 1,504 | 84 | 160 | -31 | -6 |
| Fixed assets | 2,343 | 2,200 | 755 | 698 | 932 | 825 | 337 | 357 | 318 | 320 |
| Inventory | 2,111 | 2,174 | 523 | 540 | 1,267 | 1,357 | 241 | 241 | 96 | 110 |
| Accounts receivable | 1,593 | 1,837 | 270 | 400 | 564 | 733 | 577 | 542 | 181 | 162 |
| Accounts payable | 915 | 823 | 237 | 288 | 346 | 337 | 250 | 249 | 363 | 299 |
| Projects net | 16 | -69 | 0 | 0 | 0 | 0 | 16 | -69 | 0 | 0 |
| Net operating capital (% of operating revenues) | 19.4% | 20.8% | 12.1% | 14.5% | 27.4% | 28.6% | 15.3% | 11.1% | 2.5% | 5.2% |
| Total assets | 7,904 | 8,269 | 2,907 | 3,079 | 3,392 | 3,866 | 1,775 | 1,694 | 3,344 | 3,969 |
| Interest bearing liabilities | 260 | 302 | 38 | 42 | 355 | 217 | 199 | 116 | -21 | 154 |
| Interest free liabilities | 2,906 | 3,379 | 1,361 | 1,752 | 1,387 | 2,120 | 898 | 912 | 923 | 1,101 |
| Capital employed | 4,998 | 4,890 | 1,545 | 1,327 | 2,005 | 1,746 | 877 | 782 | 2,421 | 2,868 |
| Return on capital employed | 35.6% | 73.5% | 56.4% | 104.8% | 28.7% | 62.7% | 2.2% | 2.2% | -5.5% | -2.3% |
| Equity | 4,737 | 4,588 | 1,508 | 1,285 | 1,650 | 1,529 | 678 | 667 | 2,443 | 2,714 |
| Equity ratio | 59.9% | 55.5% | 51.9% | 41.7% | 48.6% | 39.6% | 38.2% | 39.4% | 73.0% | 68.4% |
| Investments | 501 | 420 | 177 | 194 | 234 | 155 | 36 | 54 | 54 | 18 |
| Number of full-time equivalents | 3,332 | 3,312 | 653 | 630 | 1,084 | 1,108 | 1,408 | 1,383 | 187 | 191 |
| Sick leave in % | 6.7% | 5.7% | 6.2% | 5.2% | 6.7% | 5.7% | 7.4% | 6.2% | 2.8% | 1.7% |
| LTI1 value | 8.0 | 6.9 | 11.6 | 10.9 | 4.7 | 2.2 | 9.8 | 9.6 | 0.0 | 0.0 |

Reconciliation between reported segments operating revenues, profit before tax, assets and liabilities and other significant conditions

| | 2022 | 2021 |
|--|--------|--------|
| Operating revenues | | |
| Operating revenues for reported segments | 19,047 | 19,675 |
| Elimination of internal transactions | -4,608 | -4,803 |
| Consolidated operating revenues | 14,439 | 14,872 |
| Profit before tax | | |
| Annual profit from reported segments | 1,697 | 3,053 |
| Elimination of internal transactions | 57 | -62 |
| Consolidated profit before tax | 1,754 | 2,991 |
| Assets | | |
| Total assets from reported segments | 11,418 | 12,609 |
| Elimination of internal transactions | -3,515 | -4,340 |
| Consolidated total assets | 7,904 | 8,269 |
| Liabilities | | |
| Total liabilities from reported segments | 5,140 | 6,414 |
| Elimination of internal transactions | -1,974 | -2,732 |
| Consolidated total liabilities | 3,166 | 3,682 |

6.2 – Geographical segments

The presentation of geographical segments shows operating revenues based on the geographical location of the customers.

| Amounts in NOK million | 2022 | 2021 |
|------------------------|---------------|---------------|
| Norway | 5,445 | 6,056 |
| Sweden | 5,300 | 5,453 |
| Denmark | 610 | 687 |
| United Kingdom | 859 | 912 |
| Germany | 387 | 355 |
| Other Europe | 976 | 920 |
| Asia | 534 | 280 |
| Africa | 288 | 177 |
| Other countries | 39 | 32 |
| Total | 14,439 | 14,872 |

No customers represents more than 10% of income.

Presentation of number of employees, fixed assets, employed capital and investments is shown based on geographical location of the assets.

| Amounts in NOK million | Number of employees | | Fixed Assets | | Capital employed | | Investments | |
|------------------------|---------------------|--------------|--------------|--------------|------------------|--------------|-------------|------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Norway | 1,700 | 1,705 | 1,177 | 1,139 | 2,539 | 2,537 | 215 | 144 |
| Sweden | 1,620 | 1,578 | 1,165 | 1,060 | 3,123 | 2,998 | 286 | 276 |
| Denmark | 3 | 20 | 0 | 1 | 4 | 47 | 0 | 0 |
| England | 5 | 5 | 0.1 | 0.1 | 19 | 15 | 0 | 0 |
| Germany | 4 | 4 | 0 | 0 | 12 | 9 | 0 | 0 |
| Internal | | | | | -700 | -716 | | |
| Total | 3,332 | 3,312 | 2,343 | 2,200 | 4,998 | 4,890 | 501 | 420 |



Note 7 | Sales income

Revenue from contracts with customers is discussed in note 3, section 3.5. In the following table the group's operating revenue is divided into geographic markets, customer types and times of recognition. The table

further shows a reconciliation towards the group's operating segments, as they emerge in note 6.

| Amounts in NOK million | Reporting segment | | | | | | | | | |
|---|-------------------|--------------|--------------|--------------|------------------|--------------|--------------|--------------|---------------|---------------|
| | Timber | | Wood | | Building Systems | | Other | | The Group | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Geographic market | | | | | | | | | | |
| Norway | 567 | 616 | 2,559 | 3,296 | 1,745 | 1,735 | 509 | 322 | 5,402 | 5,969 |
| Sweden | 739 | 824 | 1,937 | 1,875 | 1,887 | 1,927 | 693 | 780 | 5,258 | 5,405 |
| Other European countries | 2,034 | 2,012 | 601 | 668 | 189 | 189 | - | - | 2,809 | 2,869 |
| Rest of the world | 775 | 444 | 88 | 46 | - | - | 0 | - | 855 | 490 |
| Total | 4,116 | 3,896 | 5,185 | 5,886 | 3,822 | 3,850 | 1,202 | 1,101 | 14,324 | 14,733 |
| Customer type | | | | | | | | | | |
| Industrial customers | 4,115 | 3,895 | 1,480 | 1,254 | 169 | 232 | 921 | 842 | 6,684 | 6,222 |
| Building products chains / Retailers | - | 1 | 3,422 | 4,405 | 231 | 221 | - | - | 3,653 | 4,627 |
| Contractors/Developers | - | - | 189 | 122 | 2,120 | 1,916 | - | - | 2,309 | 2,038 |
| Other customers | 0.5 | - | 94 | 105 | 1,302 | 1,481 | 282 | 259 | 1,677 | 1,846 |
| Total | 4,116 | 3,896 | 5,185 | 5,886 | 3,822 | 3,850 | 1,202 | 1,101 | 14,324 | 14,733 |
| Fulfilment of delivery obligation | | | | | | | | | | |
| A specific time | 4,116 | 3,896 | 5,185 | 5,886 | 400 | 453 | 1,202 | 1,101 | 10,902 | 11,336 |
| Over time | - | - | - | - | 3,422 | 3,397 | - | - | 3,422 | 3,397 |
| Total | 4,116 | 3,896 | 5,185 | 5,886 | 3,822 | 3,850 | 1,202 | 1,101 | 14,324 | 14,733 |
| Other operating revenue (outside IFRS 15), external | 5 | 10 | 63 | 15 | 8 | 49 | 38 | 64 | 114 | 139 |
| External operating revenue as stated in Note 6 | 4,121 | 3,906 | 5,248 | 5,901 | 3,829 | 3,899 | 1,241 | 1,165 | 14,439 | 14,872 |

Recognised operating revenue and costs where the delivery obligation is met over time *

| Amounts in NOK million | Note | 2022 | 2021 |
|---|--------|------------|------------|
| Consolidated operating revenues | | 2,229 | 2,085 |
| Accumulated accrued expenses | | 1,981 | 1,841 |
| Accumulated contributions | | 248 | 245 |
| Recognised loss from loss of value on contractual assets | | - | - |
| Contractual asset (Earned, not invoiced income) | 17, 24 | 132 | 88 |
| Contractual obligation (Advance payment from customer) | 24 | 115 | 157 |
| Other accruals related to contracts with customers (+ obligation / - asset) | | -2 | 26 |

* Projects in production, not handed over to customer

For projects that are directed by outside companies, invoicing is performed monthly with payment terms from the contract. Invoicing is normally done in line with the completion of the work, but there are also payment schedules that do not correspond to progress in the delivery obligation.

is used per contract. Thus each contract shows either net receivable for the customer or net liability to the customer. The entire opening balance for contractual obligations is recognised as operating revenue in the reporting period. Operating revenue in the reporting period based on fulfilled delivery obligations in earlier periods is not recognised.

For projects, income are scheduled. Income that has been earned but not yet invoiced is entered under the contractual assets item. Invoiced income that has not yet been earned (forward payment plans) is entered under the contractual obligation item. Only one of these items

Note 8 | Fixed assets

| Amounts in NOK million | Plots | Buildings and other property | Machinery and plant | Fixtures and fittings, tools etc. | Total |
|--|------------|------------------------------|---------------------|-----------------------------------|--------------|
| Acquisition value as at 31.12.2020 | 138 | 1,547 | 5,026 | 336 | 7,048 |
| Acquisitions | 10 | 49 | 350 | 11 | 420 |
| Disposals | -2 | -4 | -10 | -6 | -22 |
| Transfers | -3 | -1 | -3 | 4 | -3 |
| Translation differences | -3 | -35 | -145 | -8 | -192 |
| Acquisition value as at 31.12.2021 | 139 | 1,556 | 5,219 | 338 | 7,251 |
| Accumulated ordinary depreciations 31.12.2020 | 0 | 942 | 3,698 | 288 | 4,929 |
| Disposals accumulated depreciations | 0 | 0 | -5 | 0 | -5 |
| Depreciations for the year | 0 | 55 | 229 | 17 | 301 |
| Impairment for the year | 0 | 11 | 31 | 10 | 52 |
| Translation differences | 0 | -18 | -99 | -6 | -124 |
| Accumulated ordinary depreciations 31.12.2021 | 0 | 990 | 3,854 | 309 | 5,152 |
| Book value 31.12.2020 | 138 | 605 | 1,328 | 48 | 2,119 |
| Book value 31.12.2021 | 139 | 566 | 1,365 | 29 | 2,099 |
| Acquisition value as at 31.12.2021 | 139 | 1,556 | 5,219 | 338 | 7,251 |
| Acquisitions | 11 | 120 | 335 | 36 | 501 |
| Disposals | 0 | 0 | 0 | -6 | -6 |
| Transfers | 0 | 15 | -19 | 2 | -2 |
| Translation differences | -1 | -16 | -67 | -3 | -87 |
| Acquisition value as at 31.12.2022 | 149 | 1,675 | 5,467 | 367 | 7,657 |
| Accumulated ordinary depreciations 31.12.2021 | 0 | 990 | 3,854 | 309 | 5,152 |
| Disposals accumulated depreciations | 0 | 0 | 0 | -6 | -6 |
| Depreciations for the year | 0 | 55 | 217 | 19 | 291 |
| Impairment for the year | 0 | 0 | 6 | 12 | 18 |
| Translation differences | 0 | -8 | -45 | -3 | -56 |
| Accumulated ordinary depreciations 31.12.2022 | 0 | 1,037 | 4,031 | 332 | 5,400 |
| Book value 31.12.2021 | 139 | 566 | 1,365 | 29 | 2,099 |
| Book value 31.12.2022 | 149 | 638 | 1,436 | 35 | 2,257 |

Ordinary depreciation rates are given in note 3.11

8.2. Impairment

On the night of 22 December 2022, a fire broke out in the chip dryer at Moelven Pellets AS (Division Other Business) pellet factory at Sokna. In connection with the fire, a write-down of NOK 6 million has been recognized in machinery and plant. As of 2022, an expected insurance settlement of NOK 3 million has also been recognized as other operating income.

The accounts for 2022 are charged with a write-down of NOK 12 million related to reduced expected economic lifetime of the ERP system at some of the subsidiaries. This is in connection with a project to upgrade to a common ERP solution for the majority of the companies in the group. The write-down has been carried out in the Other business division.

The accounts for 2021 includes an impairment of NOK 30 mill related to the modular buildings operations in Norway (defined as CGU) within segment Building systems.

The accounts for 2021 includes an impairment of NOK 19 mill (this amount includes only the part related to tangible assets, impairment of inventory and intangible assets comes in addition) related to the sale of shares in the former subsidiary Moelven Modus AB.



Note 9 | Leases

The majority of Moelven's production facilities and machines are purchased. Leases are mainly related to buildings, cars and fork trucks.

Som leases includes option to extend the lease period and / or purchase of property.

The table below shows Moelven's booked right of use assets.

Right of use assets

| Amounts in NOK million | Buildings and other property | Machines, transport and operating equipment | Total |
|---|------------------------------|---|------------|
| Per 01.01.2021 | 104 | 70 | 173 |
| Additions | 2 | 26 | 28 |
| Derecognition closed leases | -0.4 | -4 | -4 |
| Depreciation | -13 | -28 | -40 |
| Derecognition due to reassessment of option | -52 | 0 | -52 |
| Gain or loss from sale and sublease | -1 | -3 | -4 |
| Book value per 31.12.2021 | 40 | 61 | 101 |
| Additions | 0 | 23 | 23 |
| Derecognition closed leases | 0 | 0 | 0 |
| Depreciation | -15 | -25 | -40 |
| Indexregulation | 3 | 0 | 3 |
| Translation difference | -0.4 | -1 | -2 |
| Book value per 31.12.2022 | 28 | 58 | 85 |

The table below shows booked lease liabilities.

Lease liabilities

| Amounts in NOK million | 2022 | 2021 |
|---|-----------|------------|
| Per 1.1. | 102 | 174 |
| Additions | 23 | 28 |
| Accrued interests | 3 | 6 |
| Payments | -42 | -46 |
| Derecognition closed leases | 0 | -4 |
| Derecognition due to reassessment of option | 0 | -52 |
| Indexregulation | 3 | 0 |
| Translation difference | -2 | -4 |
| Booked amount per 31.12. | 88 | 102 |

See note 5.1.5 for maturity structure on future lease obligations.

The table below shows a summary of profit and loss from leases.

Leases - Profit and loss

| Amounts in NOK million | 2022 | 2021 |
|-----------------------------------|-----------|-----------|
| Depreciation | 40 | 40 |
| Interest expenses | 3 | 6 |
| Expenses on leases with low value | 3 | 3 |
| Expenses on short term leases | 6 | 11 |
| Total expenses | 52 | 61 |

Note 10 a | Intangible assets

| Amounts in NOK million | Goodwill | Other intangible assets | Total |
|--|------------|-------------------------|-----------|
| Acquisition value as at 31.12.2020 | 17 | 78 | 95 |
| Translation differences | 0 | -2 | -2 |
| Acquisition value as at 31.12.2021 | 17 | 76 | 93 |
| Accumulated depreciation and impairment 31.12.2020 | 0 | 67 | 67 |
| Depreciation and impairment for the year | 0 | 10 | 10 |
| Translation differences | 0.2 | -1 | -1 |
| Accumulated ordinary depreciations 31.12.2021 | 0.2 | 75 | 76 |
| Book value 31.12.2020 | 17 | 11 | 28 |
| Book value 31.12.2021 | 16 | 1 | 17 |
| Acquisition value as at 31.12.2021 | 17 | 76 | 93 |
| Translation differences | 0.0 | -0.7 | -1 |
| Acquisition value as at 31.12.2022 | 17 | 76 | 92 |
| Accumulated ordinary depreciations 31.12.2021 | 0.2 | 75 | 76 |
| Depreciation and impairment for the year | 0 | 0.3 | 0 |
| Translation differences | 0.1 | -0.7 | -0.6 |
| Accumulated ordinary depreciations 31.12.2022 | 0 | 75 | 75 |
| Book value 31.12.2021 | 16 | 1 | 17 |
| Book value 31.12.2022 | 16 | 0.7 | 17 |
| Ordinary depreciation rates in per cent | 0% | 20% | |

Note 10 b | Impairment test of goodwill

As of 31 December 2022 book value of goodwill amounted to NOK 16 million. This is linked to the acquisitions of Sør-Tre Bruk AS, Granvin Bruk AS and Eco Timber AS within segment Wood and Broberg Skogs AB within segment Other. Goodwill is tested for impairment on the

lowest level monitored by management, which means groups of cash generating units. In Moelven the segments are assessed to be the groups of cash generating units which is subject to impairment testing on goodwill. There were no impairments of goodwill in 2022 or 2021.

Book value of goodwill

| Amounts in NOK million | 2022 | 2021 |
|------------------------|-----------|-----------|
| Wood | 13 | 13 |
| Other units | 3 | 3 |
| Total | 16 | 16 |



Note 11 | Payroll expenses, employees and remuneration to auditor

11.1 - Payroll expenses

| Amounts in NOK million | 2022 | 2021 |
|--|--------------|--------------|
| Payroll cost | 1,849 | 1,938 |
| Social security cost | 325 | 333 |
| Other personnel expenses | 85 | 69 |
| Pension costs - contribution-based pension schemes | 137 | 125 |
| Pension costs - defined-benefit pension schemes | 0 | 1 |
| Total | 2,395 | 2,465 |

11.2 - Number of employees

Average number of employees in 2022 was 3,334 and in 2021 3,360.

Moelven had 3,332 employees at the end of 2022 compared to 3,312 employees at the end of 2021.

11.3 - Remuneration to auditor

| Amounts in NOK million, paid during the financial year | 2022 | 2021 |
|--|----------|----------|
| Legally required audit | 6 | 5 |
| Other attestation services | 0 | 0 |
| Tax consultancy | 0 | 0 |
| Other, non auditing services | 0.2 | 0.8 |
| Total | 6 | 6 |

Note 12 | Financial income and expenses

| Amounts in NOK million | 2022 | 2021 |
|--|------------|------------|
| Financial income | | |
| Income from investment in associated companies | 0.5 | -2 |
| Interest income from financial assets | 19 | 4 |
| Foreign currency gains | 28 | 32 |
| Other financial income | 2 | 2 |
| Value increase of financial instruments to fair value* | 24 | 8 |
| Total financial income | 74 | 43 |
| Financial expenses | | |
| Interest costs of financial liabilities | -9 | -22 |
| Interest costs on long term financial liabilities | 9, 23 | -3 |
| Other financial costs | -12 | -11 |
| Total financial expenses | -77 | -37 |
| Net financial items | -3 | 5 |

*Presented as net financial income or financial expense

Note 13 | Tax expense

| Amounts in NOK million | 2022 | 2021 |
|--|------------|------------|
| Tax payable | 294 | 643 |
| Deferred tax changes | 71 | -2 |
| Total tax expenses | 365 | 642 |
| Tax payable in the balance sheet* | 261 | 623 |

*Tax payable in the balance sheet includes settlement of tax payable in Sweden for previous years.

Reconciliation of tax calculated against the group's weighted average tax rate and tax expense as it appears in the Income Statement:

| Amounts in NOK million | 2022 | 2021 |
|--|---------------|---------------|
| Profit before tax | 1,754 | 2,991 |
| Tax calculated with the group's tax rate 22 per cent (22 per cent) | 386 | 658 |
| Tax effects of: | | |
| Difference due to different tax rates | -16 | -23 |
| Contribution from associated companies | -0.1 | -0.1 |
| Permanent differences | -5 | 11 |
| Other | 0 | -3,4 |
| Tax cost on the income statement | 365 | 642 |
| Weighted average tax rate | 20.8 % | 21.5 % |

Tax on items entered against other income and expenses

| Amounts in NOK million | 2022 | | | 2021 | | |
|--|-------------|------------|-------------|-------------|------------|-------------|
| | Before tax | Tax costs | After tax | Before tax | Tax costs | After tax |
| Elements not later reclassified to earnings | | | | | | |
| Actuarial gains (losses) on defined-benefit pension schemes | -0.4 | 0.1 | -0.3 | -1.8 | 0.4 | -1.4 |



Note 14 | Deferred tax

Deferred tax benefits and deferred tax are netted when there is a legal right to give and receive group contribution between the entities.

The table below shows the basis that has resulted in recognised deferred tax benefits and deferred tax.

14.1 Assets and obligations with deferred tax consist of:

| Amounts in NOK million | 2022 | 2021 |
|---|--------------|------------|
| Temporary differences | | |
| Asset reserves | -5 | -3 |
| Inventory | 17 | -52 |
| Cost provisions | -66 | -48 |
| Other short-term temporary differences | 765 | 467 |
| Sub-total short-term differences | 710 | 364 |
| Fixed assets | -12 | -24 |
| Profit and loss account | 4 | 3 |
| Pension liabilities | -21 | -22 |
| Other long-term items | 336 | 373 |
| Sub-total long-term items | 307 | 330 |
| Tax-assessed loss carry-forward. | -7 | -7 |
| Net temporary differences | 1,010 | 687 |
| Deferred tax asset | 45 | 69 |
| Deferred tax | 257 | 215 |
| Net deferred tax | 211 | 146 |

14.2 Analysis of deferred tax through the year

| Amounts in NOK million | 2022 | 2021 |
|--|------------|------------|
| Net deferred tax obligation 1 January | 146 | 163 |
| Included on income statement | 71 | -2 |
| Other comprehensive income (OCI) pensions | -0,1 | -0,4 |
| Reclassification to held for sale | 0 | 0 |
| Translation differences and other | -5 | -15 |
| Net deferred tax obligation 31 December | 211 | 146 |

Note 15 | Investments in associated companies

| Amounts in NOK million | Holding % * | The company's share capital in SEK/NOK | The company's total equity | The company's net profit in 2022 | Number of shares in Moelven's ownership | Total face value | Book value 31.12 |
|----------------------------------|-------------|--|----------------------------|----------------------------------|---|------------------|------------------|
| Owned by Moelven Industrier ASA: | | | | | | | |
| Weda Skog AB, Sweden** | 30.0% | SEK 10.0 | 10.2 | -0.0 | 3,000,000 | 3.0 | - |
| WoodTrans AS, Norway | 34.0% | NOK 1.3 | 9.4 | 1.4 | 445 | 0.4 | 2.7 |
| Sum | | | | | | | 3 |

* Voting rights is equal to ownership share.

** The company is decided to be liquidated. Moelv's share of operations will be continued through Moelven Skog AB.

Note 16 | Inventory

| Amounts in NOK million | 2022 | 2021 |
|---|--------------|--------------|
| Raw materials and purchased semi finished goods | 641 | 841 |
| Goods in processing | 247 | 214 |
| Finished own products | 1,160 | 1,042 |
| Prepayments to supplier | 119 | 139 |
| Total inventory | 2,166 | 2,235 |
| Inventory valued at acquisition cost | 1,564 | 1,724 |
| Inventory valued at fair value | 602 | 511 |
| Total inventory | 2,166 | 2,235 |

Write down of inventory to fair value in 2022 is included in profit and loss with NOK 78 million. The equivalent value in 2021 was NOK 48 million.

Note 17 | Accounts receivable and other receivables

| Amounts in NOK million | Note | 2022 | 2021 |
|---|------|--------------|--------------|
| Accounts receivable | | | |
| Accounts receivable gross | | 1,596 | 1,840 |
| Provision for loss on accounts receivable | | -3 | -3 |
| Earned not invoiced | 7 | 132 | 88 |
| Accounts receivable entered on the balance sheet | | 1,724 | 1,925 |
| Overdue receivables without hedging | | 37 | 27 |
| in % of gross receivables | | 2.3 % | 1.4 % |
| LGD (Loss given default) of gross accounts receivables* | | 0.0 | 0.0 |
| The year's confirmed losses on receivables | | -0.0 | 0.0 |
| Changes in provision for loss | | -0.3 | 0.2 |
| Losses on receivables on income statement | | -0.3 | 0.2 |
| *POD is calculated on the basis of the last three years' loss on claims | | | |
| Other receivables | | | |
| VAT in credit | | 42 | 18 |
| Other receivables | | 193 | 168 |
| Total other receivables | | 235 | 187 |



A major part of the outstanding receivables is secured in the form of credit insurance, bank guarantees or other forms of security. There is not considered to be any credit risk associated with public sector customers.

Refer to note 5 on financial risk.

Other receivables consist of other deferred income, prepayments and operations-related items.

Currency breakdown of accounts receivable before provision for loss

| Amounts in NOK million | 2022 | 2021 |
|------------------------|--------------|--------------|
| NOK | 698 | 853 |
| SEK | 726 | 719 |
| EUR | 83 | 93 |
| DKK | 10 | 40 |
| GBP | 45 | 113 |
| Other currencies | 31 | 20 |
| Total | 1,593 | 1,837 |

Age distribution of outstanding accounts receivable

| Amounts in NOK million | 2022 | 2021 |
|---|--------------|--------------|
| Accounts receivable within credit terms | 1,300 | 1,531 |
| Under 30 days beyond due date | 231 | 254 |
| 31 to 60 days beyond due date | 16 | 23 |
| 61 to 90 days beyond due date | 5 | 12 |
| 91 to 180 days beyond due date | 7 | 2 |
| Over 180 days beyond due date | 34 | 15 |
| Total | 1,593 | 1,837 |

Note 18 | Earnings per share and equity per share

Earnings per share

Earnings per share is calculated by dividing the share of the annual profits allocated to the company's shareholders by a weighted average of the number of ordinary shares issued over the year, less own shares.

| | 2022 | 2021 |
|--|--------------|--------------|
| Annual profit assigned to Moelven's shareholders | 1,389 | 2,349 |
| Average number of shares | 129.5 | 129.5 |
| Earnings per share | 10.72 | 18.13 |

Equity per share

Equity per share is calculated by dividing the share of equity assigned to the company's shareholders by a weighted average of the number of ordinary shares issued over the year, less own shares.

| | 2022 | 2021 |
|---|--------------|--------------|
| Total equity assigned to owners of parent company | 4,735 | 4,585 |
| Average number of shares | 129.5 | 129.5 |
| Equity per share | 36.55 | 35.40 |

Note 19 | Group companies

The following companies are included in the group. The list is group according to division structure. Book value shows the book value in the separate financial statement of the owner of the company.

| | Holding % | The company's share capital | Number of shares in Moelven's ownership | Organization number |
|----------------------------|-----------|-----------------------------|---|---------------------|
| Timber | | | | |
| Moelven Väler AS | 100% | 48,000 | 4,800 * | 982 793 076 |
| Moelven Numedal AS | 100% | 10,000 | 1,000 * | 982 792 991 |
| Moelven Løten AS | 100% | 12,000 | 1,200 * | 982 792 932 |
| Moelven Mjøsbuket AS | 100% | 12,000 | 12,000 * | 935 944 562 |
| Moelven Valåsen AB | 100% | 50,000 SEK | 500,000 ** | 556310-4206 |
| Moelven Dalaträ AB | 100% | 20,000 SEK | 200,000 ** | 556118-4614 |
| Moelven Årjäng Säg AB | 100% | 300 SEK | 3,000 ** | 556215-9177 |
| Moelven Notnäs Ransby AB | 100% | 3,250 SEK | 650,000 ** | 556217-1636 |
| Moelven Component AB | 100% | 2,580 SEK | 25,800 ** | 556217-2543 |
| Moelven Profil AS | 100% | 15,000 | 15,000 * | 997 404 165 |
| UJ-Trading AB | 100% | 1,500 SEK | 15,000 ** | 556227-4547 |
| Moelven U.K. Ltd | 100% | 950 GBP | 950,000 * | 1775490 |
| Moelven Deutschland GmbH | 100% | 110 EUR | 11 * | 2920400496 |
| Moelven Export Sales AB | 100% | 5,000 SEK | 50,000 ** | 559158-0211 |
| Wood | | | | |
| Moelven Wood AS | 100% | 5,500 | 5,500 * | 941 809 030 |
| Moelven Wood AB | 100% | 9,000 SEK | 90,000 ** | 556201-9785 |
| Moelven Van Severen AS | 100% | 35,000 | 3,500 * | 982 793 068 |
| Moelven Østerdalsbruket AS | 100% | 20,000 | 2,000 * | 982 793 041 |
| Moelven Soknabruket AS | 100% | 30,000 | 3,000 * | 982 793 017 |
| Moelven Langmoen AS | 100% | 18,000 | 1,800 * | 882 792 862 |
| Moelven Eidsvoll AS | 100% | 8,500 | 850 * | 951 278 017 |
| Moelven Treinteriør AS | 100% | 3,500 | 3,500 * | 910 888 471 |
| Moelven Danmark Sales A/S | 100% | 400 DKK | 4,000 * | 43 115 693 |
| Moelven Are AS | 100% | 300 | 100 * | 839 265 832 |
| Moelven Eidsvold Værk AS | 100% | 32,500 | 32,500 * | 937 577 087 |
| Moelven Trysil AS | 100% | 15,600 | 15,600 * | 984 029 497 |
| Moelven Sør Tre AS | 100% | 8,487 | 8,487 * | 835 259 072 |
| Moelven Granvin Bruk AS | 99.3% | 1,490 | 2,959 * | 881 146 312 |
| Moelven List AB | 100% | 5,500 SEK | 55,000 ** | 556297-9129 |
| Moelven Wood Interiør AB | 100% | 3,800 SEK | 38,000 ** | 556148-6803 |
| Moelven Valåsen Wood AB | 100% | 20,100 SEK | 201,000 ** | 556343-2839 |
| Moelven Edanesågen AB | 100% | 4,000 SEK | 4,000 ** | 556061-4462 |
| Moelven Lovene AB | 100% | 5,000 SEK | 50,000 ** | 556851-8517 |
| Moelven Vänerply AB | 100% | 20,000 SEK | 200,000 ** | 556851-5026 |
| Moelven Wood Prosjekt AS | 100% | 300 | 3,000 * | 982 680 913 |
| Moelven Wood Fastighet AB | 100% | 2,580 SEK | 2,580 ** | 556451-0278 |
| Byggsystemer | | | | |
| Moelven Limtre AS | 100% | 11,000 | 11,000 * | 913 711 300 |
| Moelven Töreboda AB | 100% | 12,000 SEK | 120,000 ** | 556023-8023 |
| Moelven ByggModul AS | 100% | 31,688 | 158,440 * | 941 809 219 |
| Moelven Byggmodul AB | 100% | 5,000 SEK | 50,000 ** | 556310-7134 |
| Moelven Modus AS | 100% | 22,000 | 2,200 * | 951 269 778 |
| KB Sannerud 2:95 | 100% | I/A | I/A ** | 916913-1787 |
| Øvrige | | | | |
| Moelven Industrier AB | 100% | 197,046 SEK | 19,704,581 * | 556064-4170 |
| Moelven Skog AB | 100% | 5,000 SEK | 400 ** | 556624-0957 |
| Broberg Skogs AB | 100% | 300 SEK | 3,000 ** | 556466-8563 |
| Moelven Virke AS | 100% | 5,000 | 50,000 * | 975 924 955 |
| Moelven Bioenergi AS | 100% | 6,000 | 6,000,000 * | 990 041 881 |
| Vänerbränsle AB | 82.3% | 336 SEK | 2,613 ** | 556432-9851 |
| Skåre Kontorshotell AB | 100% | 100 SEK | 1,000 ** | 556550-1664 |
| Moelven Pellets AS | 100% | 37,500 | 37,500 * | 921 244 665 |
| Moelven Pellets AB | 100% | 37,500 SEK | 375,000 ** | 559374-9251 |
| Moelven Elprosjekt AS | 100% | 10,000 | 50,000 * | 980 342 182 |
| Trettentretti AS | 100% | 38,250 | 510 * | 826 808 772 |

* Company owned by Moelven Industrier ASA

** Company owned by Moelven Industrier AB

In addition profit and loss includes Moelven Danmark A/S in the period up to sale and loss of control (1 March 2022), see note 28.



Note 20 | Pension costs and pension commitments

Pension schemes

The pension funds and commitments on the balance sheet mainly relate to the group's Norwegian companies.

Secured schemes

The group's defined benefit scheme regarding the Norwegian companies was ended in 2015. New employees will be affiliated a contributions based pension scheme. The contribution scheme include a risk coverage in case of disability.

The group is required to have an occupational scheme by legislation on compulsory occupational pensions. The pension schemes fulfil the requirements of this legislation.

Unsecured schemes

Unsecured schemes relate to guaranteed pension liabilities. These are calculated in accordance to IFRS pension costs. There are no unsecured pension commitments that have not been included in the calculation mentioned above. The remaining pension commitments in balance sheet, are related to agreed arrangements for a small number of previous and current employees.

The group's foreign companies

Many of the group's foreign companies offer their employees pensions based on agreed individual contribution-based pension schemes.

In Sweden, most employees are covered by a collective occupational pension agreement. The scheme is defined as a multi-employer plan. Salaried staff born before 1979 are included in an individual occupational pension scheme that is also defined as a defined benefit plan. Because of the difficulty of reliably measuring the benefit level of these plans, there is insufficient information on an individual basis to enter the plans in the accounts as defined benefit schemes. The plans are accounted for as if they were contribution-based, in accordance with good accounting practice. Salaried staff born after 1979 are included in an occupational pension scheme that is premium based and is therefore treated in the accounts as contribution-based.

20.1 – Economic and actuarial assumptions

The following economic assumptions have been made:

| Amounts in NOK million | 2022 | 2021 |
|--|-------|-------|
| Discount rate | 3.00% | 1.90% |
| Annual pay increase | 3.50% | 2.75% |
| Annual G adjustment (National Insurance Scheme's amount) | 3.25% | 2.50% |
| Annual adjustment of pensions being paid | 3.25% | 2.50% |

20.2 - Breakdown of net pension obligation

| Amounts in NOK million | 2022 | 2021 |
|---|-----------|-----------|
| Present value of unfunded pension obligations | 21 | 22 |
| Net pension obligation outside Norway | 0 | 0.1 |
| Net pension obligation | 21 | 22 |

20.3 – Pension costs

| Amounts in NOK million | 2022 | 2021 |
|--|------------|------------|
| Pension entitlements accrued in the year | 0 | 0 |
| Net financial costs/income | 0.4 | 0.3 |
| Pension costs secured and unsecured defined benefit schemes | 0.4 | 0.4 |
| Contribution pension costs and other pension costs | 137 | 125 |
| Pension cost (net) entered on the income statement | 137 | 126 |

Note 21 | Provisions

Guarantee liability on projects

| Guarantee provisions | 2022 | 2021 |
|-----------------------------------|-----------|-----------|
| Guarantee provisions as at 1.1 | 49 | 48 |
| Used during the year | -5 | -20 |
| Reversed during the year | 0 | -1 |
| New provisions during the year | 18 | 23 |
| Translation difference | -1 | -2 |
| Guarantee provisions 31.12 | 61 | 49 |

In the balance sheet the guarantee obligation is entered with the following amount:

| Amounts in NOK million | 2022 | | 2021 | |
|------------------------------|-----------------------------|-----------|-----------------------------|-----------|
| | Amount in the balance sheet | Guarantee | Amount in the balance sheet | Guarantee |
| Other provisions | 73 | 54 | 76 | 46 |
| Other short term liabilities | 1,199 | 7 | 1,393 | 3 |
| | | 61 | | 49 |

Warranty on the group's delivered projects are normally between 2 - 5 years.

Other guarantee liability

| Amounts in NOK million | 2022 | 2021 |
|---|----------|------------|
| Loan guarantees/financial guarantees | 0 | 3.4 |

Note 22 | Other short-term liabilities

Other short term liabilities

| Amounts in NOK million | 2022 | 2021 |
|---|--------------|--------------|
| Accrued holiday pay | 207 | 205 |
| Accrued payroll | 87 | 50 |
| Bonus provisions (customer related) | 182 | 341 |
| Accrued lumber cost | 120 | 168 |
| Accrued costs | 204 | 175 |
| Other short term liabilities | 230 | 210 |
| Total other short term liabilities | 1,031 | 1,149 |



Note 23 | Breakdown of changes in long term debt

| Amounts in NOK million | 01/01/2022 | Cash flow | Fx changes | Other | 31/12/2022 |
|---|------------|------------|------------|----------|------------|
| Liabilities to credit institutions | 195 | | | | |
| Drawdown debt facility | | | | | |
| Repayment of debt facility | | -29 | | | |
| Interest cost | | | | 6 | |
| Paid interests | | -6 | | | |
| Fx changes | | | | | |
| Other | | | | 2 | |
| Total - Liabilities to credit institutions | 195 | -34 | - | 8 | 169 |

| Amounts in NOK million | 01/01/2021 | Cash flow | Fx changes | Other | 31/12/2021 |
|---|------------|-------------|------------|-----------|------------|
| Liabilities to credit institutions | 454 | | | | |
| Repayment of debt facility | | 637 | | | |
| Drawdown debt facility | | -894 | | | |
| Interest cost | | | | 16 | |
| Paid interests | | -16 | | | |
| Fx changes | | | -3 | | |
| Reclassification to held for sale | | | | 2 | |
| Total - Liabilities to credit institutions | 454 | -274 | -3 | 18 | 195 |

Note 24 | Financial instruments

24.1 Book value of financial assets and obligations by category

Financial assets 31.12.2022

| Amounts in NOK million | Amortized cost | Fair value through P&L | Book value | Level 1* | Level 2* | Level 3* | Total fair value |
|---|----------------|------------------------|--------------|----------|----------|----------|------------------|
| Accounts receivable | 1,593 | | 1,593 | | | | |
| Contract asset | 132 | | 132 | | | | |
| Other receivables | 235 | | 235 | | | | |
| Financial instruments - currency derivative | | 16 | 16 | | 16 | | 16 |
| Financial instruments - interest derivative | | 14 | 14 | | 14 | | 14 |
| Bank deposits etc. | 1,340 | | 1,340 | | | | |
| Investments in equities | | 0.4 | 0.4 | | | 0.4 | 0.4 |
| Total | 3,299 | 30 | 3,330 | | | | |

*Description is presented on the next page

Financial obligations 31.12.2022

| Amounts in NOK million | Amortized cost | Fair value through P&L | Book value | Level 1* | Level 2* | Level 3* | Total fair value |
|---|----------------|------------------------|--------------|----------|----------|----------|------------------|
| Liabilities to credit institutions | 169 | | 169 | | | | |
| Leases | 89 | | 89 | | | | |
| Financial instruments - currency derivative | | 8 | 8 | | 8 | | 8 |
| Fin. instr. - emb. cur. derivative in hedg. of el.power | | 9 | 9 | | 9 | | 9 |
| Payables | 968 | | 968 | | | | |
| Contract asset | 115 | | 115 | | | | |
| Total | 1,341 | 17 | 1,358 | | | | |

Financial assets 31.12.2021

| Amounts in NOK million | Amortized cost | Fair value through P&L | Book value | Level 1* | Level 2* | Level 3* | Total fair value |
|---|----------------|------------------------|--------------|----------|----------|----------|------------------|
| Accounts receivable | 1,837 | | 1,837 | | | | |
| Contract asset | 88 | | 88 | | | | |
| Other receivables | 187 | | 187 | | | | |
| Financial instruments - currency derivative | | 18 | 18 | | 18 | | 18 |
| Fin. instr. - emb. cur. derivative in hedg. of el.power | | 0.5 | 0.5 | | 0.5 | | 0.5 |
| Financial instruments - power derivative | | 0.9 | 0.9 | | 0.9 | | 0.9 |
| Money market fund | | 400 | 400 | | 400 | | 400 |
| Bank deposits etc. | 1,214 | | 1,214 | | | | |
| Investments in equities | | 0.5 | 0.5 | | | 0.5 | 0.5 |
| Total | 3,325 | 421 | 3,746 | | | | |

Financial obligations 31.12.2021

| Amounts in NOK million | Amortized cost | Fair value through P&L | Book value | Level 1* | Level 2* | Level 3* | Total fair value |
|---|----------------|------------------------|--------------|----------|----------|----------|------------------|
| Liabilities to credit institutions | 195 | | 195 | | | | |
| Financial leases | 102 | | 102 | | | | |
| Financial instruments - currency derivative | | 24 | 24 | | 24 | | 24 |
| Financial instruments - interest derivative | | 26 | 26 | | 26 | | 26 |
| Payables | 910 | | 910 | | | | |
| Contract asset | 157 | | 157 | | | | |
| Total | 1,364 | 50 | 1,414 | | | | |

Level 1

Listed price in an active market for an identical asset or liability.

Level 2

Valuation based on observable factors other than listed price (used in level 1) either directly or indirectly derived from prices for the asset or liability. Assets and liabilities valued according to this method are mainly financial instruments for hedging future cash flows in foreign currency, interest and electricity. Market value is the difference between the financial instrument's value according to the signed contract and how a similar financial instrument is priced at the balance sheet date. The balance sheet market prices are based on market data from Norges Bank, the ECB, Nasdaq OMX and the financial contract counterparty.

Level 3

Valuation based on factors not obtained from observable markets (non-observable assumptions). The valuation method is used to a very small extent and only for unlisted shares. Since market value is not available, the expected future cash flow from the shares is used as an estimate.



24.2 Nominal value of financial derivatives

| Amounts in NOK million | 2022 | 2021 |
|--|------------|--------------|
| Interest rate derivatives | | |
| Maturing under 1 year | 0 | 0 |
| Maturing 2 - 5 years | 163 | 264 |
| Maturing 6 - 10 years | 95 | 148 |
| Total | 257 | 412 |
| Currency derivatives, forward contracts for sale of foreign currency | | |
| Maturing 0-6 months | 637 | 672 |
| Maturing 7-12 months | 227 | 330 |
| Maturing >12 months | 16 | 5 |
| Total | 879 | 1,007 |
| Currency derivatives, forward contracts for purchase of foreign currency | | |
| Maturing 0-6 months | 106 | 86 |
| Maturing 7-12 months | 25 | 37 |
| Maturing >12 months | 96 | 89 |
| Total | 227 | 212 |
| Forward contracts for purchase of foreign currency consists of contracts to purchase foreign currency against NOK and SEK. Nominal value in NOK is calculated through nominal value in SEK and SEKNOK rate per the balance sheet date. | | |
| Power derivatives accounted according to IAS 39 as purchase for own use* | | |
| Maturing less than 1 year | 82 | 79 |
| Maturing 1-2 years | 84 | 43 |
| Maturing 3-4 years | 21 | 2 |
| Total | 187 | 124 |

*The market value of power derivatives for own consumption was NOK 247 million per 2022 and NOK 81 million per 2021.

Note 25 | Share capital and share premium reserve

| Shareholders | Number of shares | Ownership of voting shares in per cent |
|-------------------------------|--------------------|--|
| Glommen Mjøsen Skog SA Norway | 86,619,028 | 66.84% |
| Viken Skog SA Norway | 42,484,334 | 32.80% |
| 2 largest owners | 129,103,362 | 99.64% |
| Other 841 shareholders | 437,922 | 0.36% |
| Total 843 shareholders | 129,541,284 | 100% |

| Summary of shareholders as at 31.12.2022 | | Summary of shareholders as at 31.12.2021 | |
|--|--------------------|--|--------------------|
| Number of shares | 129,542,384 | Number of shares | 129,542,384 |
| Number of own shares | 1,100 | Number of own shares | 1,100 |
| Number of voting shares | 129,541,284 | Number of voting shares | 129,541,284 |
| Face value | NOK 5.- | Face value | NOK 5.- |
| Share capital | 647,711,920 | Share capital | 647,711,920 |
| Number of shares on average | 129,541,284 | Number of shares on average | 129,541,284 |

Note 26 | Remuneration to group management, board and corporate assembly

26.1 – Shares in Moelven Industrier ASA owned by members of the group management, board and corporate assembly

| The Corporate assembly | | Deputy members | | Group Executive Board | |
|-------------------------|-----|--------------------------------|---|------------------------|-------|
| Rolf Th. Holm | 888 | Gunnar Gundersen | 0 | Morten Kristiansen | 1,000 |
| Heidi Hemstad | 0 | Siv Høye | 0 | Anders Lindh | 2,695 |
| Per Jacob Svenkerud | 0 | Gunnar Aakrann Eek | 0 | Bjarne Hønningstad | 5,650 |
| Tor Henrik Kristiansen | 0 | Vibeke Tronrud Teslo-Andersen | 0 | Vera Flatebø | 1,000 |
| Sigrid Bergseng | 0 | Jens Holene | 0 | Lars Storslett | 0 |
| Even Ifarness | 0 | Torgrim Fjellstad | 0 | Eldrid Mona Furuhoivde | 1,068 |
| Anne Mæhlum | 0 | Yngve Holth | 0 | | |
| Jens Naas-Bibow | 0 | Sverre Lang-Ree | 0 | | |
| Trond Sønes * | 0 | Stein Morten Velta * | 0 | | |
| Ann-Christine Löfborg * | 0 | Andreas Liedberg * | 0 | | |
| John Inge Lorentsen * | 0 | Leif Bjarne Undem * | 0 | | |
| Jan Larsson * | 0 | Camilla Nilsson * | 0 | | |
| The board of Directors | | Deputy members | | Group shared services | |
| Olav Fjell | 0 | Einar Skaarseth Enger | 0 | Stefan Djupvik | 0 |
| Gudmund Nordtun | 0 | Ragnhild Hallenstvedt | 0 | Magne Vikøren | 1,289 |
| Olav Peder Breivik | 0 | Ingrid Maria Vetlesen Jensen * | 0 | Yngve Andreassen | 1,243 |
| Wenche Ravlo | 0 | Ole-Magnus Vinna * | 0 | | |
| Hege Kverneland | 0 | Marcus Sörensson * | 0 | | |
| Martin Fauchald * | 0 | Leif Eneblom * | 0 | | |
| Oscar Östlund * | 0 | | | | |

* Employee's representatives

26.2 – Declaration of determination of remuneration for the Group Executive Board

Background

The board of Moelven Industrier ASA has prepared a declaration on the fixing of pay and other remuneration for senior executives within the group. The declaration, which was adopted by the general meeting 28th of April 2022, has been the guideline for the 2022 financial year. An identical declaration, which will be presented to the general meeting of 4th of May 2023, will be the guideline for the 2023 financial year.

The following persons are covered

The declaration covers the group management of Moelven Industrier ASA. Group management means the CEO, Division Managing Directors, Managing Director of business area Forest and CFO.

General

Moelven shall have a level of pay and other terms of employment that is necessary in order to be able to keep and recruit managers with good competence and the capacity to achieve the objectives that are set.

Salary

Moelven's main principle is that senior executives shall have fixed salary. Salary is adjusted annually, normally with effect from 1 July.

Other benefits in kind

Moelven shall have other benefits, in the form of free car, free newspapers and free telephony for example, where this makes work easier and is deemed to be reasonable in relation to general practice in the market.

Bonuses and other variable elements of the remuneration

Group management is included in the group's scheme for profit sharing and has the same right to profit sharing as other employees. The scheme establishes that everyone with more than 6 months of employment during the year is entitled to an equal share (adjusted for absence) of the company's total profit sharing. The individual subsidiary's total profit

sharing is calculated on the basis of operating profit and a fixed multiplier on the condition that the company has achieved the group's profitability target. Employees in supporting entities (such as Moelven Industrier ASA) receive profit sharing based on an average of the companies they have a support function towards. The scheme is new from 2022 and has been adopted up to and including 2023. Group management has no other bonus agreements or variable remuneration.

Remuneration linked to shares etc.

Moelven has no form of remuneration for companies within the group that is linked to shares or the development of the share price, including shares, subscription rights and options. In the event of the establishment of such a scheme, it shall cover a large number of employees and such remuneration shall represent a smaller proportion than the fixed pay.

Pension schemes

Moelven shall have pension conditions that are on a level with the general market in the home country. New employees shall join contributory pension schemes.

Pay after termination of employment

In the event of immediate termination of employment by the company, management shall as a standard be entitled to pay for 18 months, less pay earned by any new employer during this period.

Previous financial years

Management pay policy in previous financial years has been in line with the content of this declaration.

The board reserves the right to deviate from these guidelines if there are serious grounds for doing so in individual cases. If the board should deviate from these guidelines, their reasons for doing so must appear in the minutes of the meeting.



26.3 – Remuneration to senior executives etc.

| Amounts in NOK 1,000 paid during the financial year | 2022 | | | 2021 | | |
|--|---------------|---------------|----------------|---------------|---------------|----------------|
| | Salary | Pension costs | Other benefits | Salary | Pension costs | Other benefits |
| Remuneration to: | | | | | | |
| CEO Morten Kristiansen | 5,376 | 213 | 242 | 5,244 | 210 | 212 |
| Managing Director Timber, Anders Lindh | 2,770 | 201 | 283 | 2,395 | 175 | 249 |
| Managing Director Wood, Bjarne Hønningstad | 2,780 | 214 | 254 | 2,689 | 192 | 268 |
| Managing Director Building Systems, Vera Flatebø from September 2021 | 2,236 | 209 | 185 | 741 | 63 | 53 |
| Managing Director area Forest, Lars Storslett | 2,680 | 188 | 183 | | | |
| CFO, Eldrid Mona Furuhovde from 8 August 2022 | 880 | 86 | 47 | | | |
| Total | 16,722 | 1,111 | 1,194 | 11,070 | 640 | 782 |

Managing Director area Forest and CFO are included in the group management from 2022.

On termination of employment, the President and CEO and the Managing Directors have 18 month's pay after termination, less pay from new position/employer.

26.4 – Remuneration to the board and corporate assembly

| Amounts in NOK 1,000 paid during the financial year | 2022 | 2021 |
|---|-------|-------|
| Remuneration to the board of Directors | 1,655 | 1,384 |
| Remuneration to the corporate assembly | 477 | 594 |

The chairman of the board of directors receives NOK 590,499 and the board members NOK 180,000 in annual remuneration.

Deputy members of the board receive NOK 6,597 per meeting.

The chairman of the corporate assembly receives NOK 67,465 in annual remuneration.

The members and deputy members of the corporate assembly receive NOK 6,283 per meeting.

Note 27 | Shareholders' agreement and related parties

27.1 Shareholders' agreement

The share capital of Moelven Industrier ASA consists of 129,542,384 shares with a face value of NOK 5 and there is only one share class. In total the shares are distributed among 858 shareholders, of which the two largest, the forest owner cooperatives Glommen Mjøsen Skog SA and Viken Skog SA, control a total of 99.6 per cent. There is several shareholders' agreements between these shareholders. Among other things, this shareholders' agreement has clauses that determine that the company shall be run as an independent unit with a long-term perspective and with continued focus on Scandinavia as the main market. The agreement also contains clauses regarding the composition of the board, dividend policy, strategic focus areas and share transfer.

27.2 Related parties

Transactions with the owners are performed in some areas of the ordinary activities. Among other things, this relates to purchase of timber, where the Norwegian forest owner cooperatives are suppliers.

All these transactions have in common that the arm's length principle shall be applied. Where other suppliers can offer better prices or terms, these will be used. About 40 per cent of Moelven's total purchasing requirement for timber of 4.6 million cubic metres comes via the Norwegian forest owner cooperatives.

Moelven has in 2022 purchased timber from other companies within the Glommen Mjøsen group, which Moelven is part of, for NOK 828 million. Payables to other entities within Glommen Mjøsen group amounted to NOK 66 million per 2022.

Moelven has a long tradition of running its operations in accordance with all the laws and ethical guidelines of the industry and is of the opinion that competition is positive for all parties in industry. In order to ensure that this culture is maintained, ethical guidelines and guidelines for complying with legislation on competition have been devised.

Note 28 | Assets and debt held for sale

Sale of Moelven Danmark A/S

An agreement has been entered into for the sale of all shares in Moelven Danmark A/S (division Wood) to Frøslev Træ Holding A/S. Transfer of control was 1 March 2022.

In connection with the sale, a gain of NOK 26 million has been recognized and presented as other operating revenue in the profit and loss.

Cash flow from the sale adjusted for cash transferred was NOK 69 million.

In connection with the sale, NOK 3 million in historical translation differences has been realized and reclassified from other comprehensive income to financial income in the income statement (currency gain in note 12).

Note 29 | Events after the date of balance

Due to lack of incoming orders, it was decided in December 2022 to wind down operations at Moelven Byggmodul AS's production line at Hjellum. In March 2023, a contract for the sale of the facility was agreed. The property was not owned by Moelven, but an agreement

was made with both the lessor and buyer, which means that Moelven avoids future rental obligations and associated expenses (electricity, insurance, plowing, etc.).



ANNUAL ACCOUNTS 2022

MOELVEN INDUSTRIER ASA

Ingela Lóf (at the top), Mikaela Salsmark and Patrik Axelsson are three of our active employees who use the opportunities and make a difference.
Photo: Johan Alp





Income statement

| Amounts in NOK million | Note | 2022 | 2021 |
|--|-----------|---------------|-----------------|
| Other operating revenues | 2, 3 | 133.8 | 143.6 |
| Operating revenues | 3 | 133.8 | 143.6 |
| Payroll expenses | 4, 5 | 92.0 | 78.3 |
| Depreciation on tangible and intangible fixed assets | 6 | 26.7 | 11.5 |
| Other operating expenses | 4 | 132.4 | 100.5 |
| Operating expenses | | 251.0 | 190.4 |
| Operating profit | | -117.2 | -46.7 |
| Income from investment in subsidiaries * | | 892.5 | 1,713.7 |
| Value increase of financial instruments to fair value | 7 | 56.0 | 27.3 |
| Interest income from group companies | 2 | 30.3 | 39.5 |
| Other interest income | | 18.1 | 1.5 |
| Other financial income from group companies | | 1.5 | 10.1 |
| Other financial income | | 0.4 | 0.5 |
| Value reduction of financial instruments to fair value | 7 | 0.0 | -16.4 |
| Impairment of financial assets | 8 | 0.0 | -15.3 |
| Interest costs to group companies | | -24.9 | -3.4 |
| Other interest costs | | -15.8 | -16.9 |
| Other financial costs | | -57.9 | -10.2 |
| Net financial items | | 900.3 | 1,730.5 |
| Ordinary result before taxes | | 783.1 | 1,683.7 |
| Tax on ordinary result | 9 | 56.8 | 215.0 |
| Net profit | | 726.3 | 1,468.7 |
| Allocated to dividend, NOK 5.36 / NOK 9.06 per share | | -694.4 | -1,173.6 |
| To/from other equity | | -31.9 | -295.1 |
| Total | 10 | -726.3 | -1,468.7 |

* Including group contribution

Moelv, 15 March 2023
Moelven Industrier ASA

Morten Kristiansen
Group CEO

Olav Fjell
Chairman of the Board

Gudmund Nordtun
Deputy Chair

Olav Breivik

Wenche Ravlo

Martin Fauchald

Hege Kverneland

Oscar Östlund

Balance as at 31.12

| Amounts in NOK million | Note | 2022 | 2021 |
|---|-----------|----------------|----------------|
| ASSETS | | | |
| Deferred tax assets | 9 | 4.9 | 15.9 |
| Other intangible assets | 6 | 0.0 | 0.0 |
| Total intangible assets | | 4.9 | 15.9 |
| Land | | 5.0 | 3.7 |
| Buildings and other property | | 3.3 | 3.2 |
| Machinery and plant | | 1.8 | 2.5 |
| Fixtures and fittings, tools, office machinery etc. | | 20.6 | 38.2 |
| Total tangible fixed assets | 6 | 30.7 | 47.6 |
| Investments in subsidiaries | 11 | 1,064.7 | 1,076.1 |
| Investments in associated companies | 12 | 1.2 | 1.2 |
| Loans to group companies | 2 | 758.7 | 740.7 |
| Investments in other shares | | 0.0 | 0.0 |
| Other long-term receivables | | 0.2 | 0.2 |
| Total financial fixed assets | | 1,824.8 | 1,818.3 |
| Total fixed assets | | 1,860.4 | 1,881.7 |
| Accounts receivable | | 0.0 | 0.1 |
| Accounts receivable group companies | 2 | 5.1 | 19.2 |
| Receivables group contributions/dividend | 2 | 834.0 | 1,709.0 |
| Other receivables | | 24.5 | 23.4 |
| Total receivables | | 863.6 | 1,751.6 |
| Money market fund | | 0.0 | 400.8 |
| Financial derivatives | | 39.7 | 27.3 |
| Total current investments | 7 | 39.7 | 428.1 |
| Bank deposits, cash etc. | 13 | 352.5 | 920.8 |
| Total current assets | | 1,255.8 | 3,100.6 |
| Total assets | | 3,116.2 | 4,982.3 |

| Amounts in NOK million | Note | 2022 | 2021 |
|---|-----------|----------------|----------------|
| LIABILITIES AND EQUITY | | | |
| Share capital | | 647.7 | 647.7 |
| Own shares | | 0.0 | 0.0 |
| Share premium reserve | | 130.9 | 130.9 |
| Other contributed equity | | 0.0 | 0.0 |
| Total contributed equity | | 778.6 | 778.6 |
| Retained earnings | | 335.7 | 304.1 |
| Total equity | 10 | 1,114.3 | 1,082.7 |
| Pension liabilities | 5 | 20.7 | 21.6 |
| Total allowances for liabilities | | 20.7 | 21.6 |
| Liabilities to credit institutions | 13 | 168.9 | 195.2 |
| Total long term liabilities | | 168.9 | 195.2 |
| Liabilities to credit institutions | 13 | 998.6 | 2,195.4 |
| Financial derivatives | 7 | 25.0 | 69.0 |
| Trade accounts payable | | 7.7 | 9.1 |
| Trade accounts payable to group companies | 2 | 16.3 | 3.7 |
| Public duties payable | | 6.9 | 6.6 |
| Dividends | | 694.4 | 1,173.6 |
| Tax payable | 9 | 45.7 | 210.9 |
| Other short term liabilities | 14 | 17.8 | 14.5 |
| Total short term liabilities | | 1,812.3 | 3,682.8 |
| Total liabilities | | 2,001.9 | 3,899.6 |
| Total equity and liabilities | | 3,116.2 | 4,982.3 |
| Guarantee liability | 15 | 615.9 | 824 |
| Number of shares (Face value per share NOK 5.-) | 10 | 129,541,284 | 129,541,284 |



Cash flow statement

| Amounts in NOK million | Note | 2022 | 2021 |
|--|------|-----------------|--------------|
| CASH FLOW FROM OPERATIONAL ACTIVITIES: | | | |
| Ordinary result before taxes | | 783.1 | 1,683.7 |
| Tax paid this year | 9 | -210.9 | -37.4 |
| Gain on sale of fixed tangible assets | | -1.3 | 0.0 |
| Depreciation | 6 | 26.7 | 11.5 |
| Value change investments | | 0.0 | 15 |
| Correction items - financial derivatives | | -56.4 | -18.4 |
| Unpaid pension costs entered as costs and unreceived pension funds entered as income | 5 | -1.2 | -0.7 |
| Changes in accounts receivable and other receivables | | 13.0 | -28.3 |
| Delimitation of group contribution/dividend | | 875.0 | -1,224.4 |
| Changes in trade accounts payable | | 11.1 | 0.9 |
| Changes in short-term liabilities excluding borrowing | | 3.6 | -2.1 |
| Cash flow from operational activities | | 1,442.7 | 400.1 |
| CASH FLOW FROM INVESTMENT ACTIVITIES: | | | |
| Investment in plant and equipment exc. acquisition | 6 | -8.6 | -10.9 |
| Investment in money market fund | | 400.8 | -400.8 |
| Net cash flow from investments in shares | | 11.5 | 0.0 |
| Generated funds from mergers | | 0.0 | 0.0 |
| Long-term investments, financial | | -17.9 | 482.0 |
| Cash flow from investment activities | | 385.8 | 70.3 |
| Profit before tax | | | |
| Changes in short-term loans and overdraft | 13 | -1,196.8 | 1,181.0 |
| Changes in long-term liabilities | | -1,173.6 | -471.5 |
| Payment of dividend | | -26.3 | -259.0 |
| Cash flow from financial activities | | -2,396.7 | 450.4 |
| CASH HOLDINGS | | | |
| Net change in liquidity through year | | -568.3 | 920.8 |
| Cash holdings 1.1 | | 920.8 | 0.0 |
| Cash holdings 31.12 | | 352.5 | 920.8 |

Note 1 | Accounting principles

The annual accounts have been prepared in accordance with the provisions of the Norwegian Accounting Act and with generally accepted accounting principles.

1.1 Use of estimates

Management has used estimates and assumptions that have affected the income statement and the valuation of assets and liabilities, as well as uncertain assets and obligations on the date of balance in the preparation of the annual accounts in accordance with good accounting practice.

1.2 Foreign currency

Foreign exchange transactions are calculated at the exchange rate prevailing at the time of the transaction. Monetary items in foreign currency are converted to Norwegian kroner by using the rate of exchange on the balance date. Non-monetary items which are measured at historical exchange rates expressed in foreign currency, are converted to Norwegian kroner by using the exchange rate at the time of transaction. Non-monetary items which are measured at fair value expressed in foreign currency are converted to the exchange rate determined at the time of measurement. Exchange rate changes are entered on the income statement as they occur during the accounting period under other financial items.

1.3 Operating revenues

The operating revenues consist mainly of division of joint costs among the subsidiaries. Sales are invoiced as the services occur.

1.4 Tax

Tax costs consist of payable tax, changes in deferred tax and corrections of taxes in previous years. Deferred tax/tax benefits are calculated on all differences between the company's accounting and tax carrying values of assets and liabilities. Deferred tax is calculated at 22 per cent of the temporary differences between the book and taxable values, as well as tax losses carried forward at the end of the reporting year. Net deferred tax benefits are entered on the balance sheet to the extent that it is probable they can be utilised. Payable tax and deferred tax are entered directly against equity to the extent that the tax entries relate to equity items.

1.5 Classification and valuation of balance sheet items

Current assets and short-term debt include items which become due for payment within a year after the date of acquisition and items associated with the goods cycle. Other items are classified as fixed assets/long-term liabilities.

Current assets are valued at the lower of acquisition cost and fair value. Short-term debt is recognised on the balance sheet at the nominal amount at the time it is taken out. Fixed assets are measured at acquisition cost, less depreciations.

1.6 Research & Development

Research and development expenses are entered on the balance sheet to the extent to which a future financial benefit can be identified that is linked to the development of an identifiable intangible asset, and the expenses can be reliably measured. Otherwise, such expenses are recognised as costs on an on-going basis. Development that is entered on the balance sheet is depreciated on a straight line basis over the financial lifetime. Research expenses are recognised as costs on an on-going basis.

1.7 Tangible fixed assets

Tangible fixed assets are entered on the balance sheet and depreciated on a straight line basis over the asset's expected lifetime. Major assets

that consist of significant components having different lifetimes are depreciated with different depreciation times for the different components. Direct maintenance of equipment is recognised continuously as an expense under operating expenses, while increased costs or improvements are added to the equipment's price and amortised concurrently. If the recoverable value of the asset is lower than book value, it is written down to recoverable value. Recoverable value is the higher of net sales value and value in use. Value in use is the present value of the future cash flow that the asset is expected to generate.

1.8 Subsidiaries/associated companies

Subsidiary and associates are assessed by the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless write down has been necessary. Write down to fair value is been done when the decrease in value is due to causes that cannot be considered to be transitory and where this must be considered necessary according to good accounting practice. Write downs are reversed when the reason for write down no longer exists. Dividends, group contributions and other payments from subsidiaries are entered as revenue during the same year as provision is made for them in the subsidiary's accounts. If the dividend/group contribution exceeds the proportion of earned profit after the date of acquisition, the surplus represents part repayment of invested capital and is deducted from the value of the investment on the parent company's balance sheet.

1.9 Receivables

Trade accounts receivable and other receivables are recognised in the balance sheet at their nominal value after deductions for provision for expected loss. Provision for losses is made on the basis of individual assessment of each debt.

1.10 Short-term investments

Short-term investments (shares assessed as current assets) are valued at the lower of acquisition cost and fair value on the date of balance. Dividends received and other payments from the companies are entered as other financial income.

1.11 Pensions

The company has collective, contribution-based pension schemes. These are schemes with a savings portion and a risk portion with earnings right. Pension premiums are entered as costs as they occur.

Defined-benefit pension schemes

Of defined benefit plans, the company still have an on-going taxable joint annuity policy valid for a limited number of people. Defined-benefit pension schemes are valued at present value of the future pension benefits that have been earned on the date of balance. Pension funds are valued at fair value.

Changes in defined-benefit pension commitments that are due to changes in pension plans are distributed over the estimated average remaining earnings period. Estimate changes and changes in financial and actuarial assumptions (actuarial gains and losses) are entered against equity (OCI). The period's net pension costs are classified as payroll and personnel costs.

1.12 Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents comprise cash, bank deposits, and other short-term liquid investments.



Note 2 | Transactions with related parties

| Amounts in NOK million | Holding % | Other operating revenue | Interests from group companies on loans | Loans to group companies | Receivables group contributions | Accounts receivable group companies | Trade accounts payable group companies |
|-------------------------------|-----------|-------------------------|---|--------------------------|---------------------------------|-------------------------------------|--|
| Moelven Industrier ASA | | | | | | | |
| Moelven Van Severen AS | 100% | 2.0 | - | - | 33.4 | - | 0.5 |
| Moelven Østerdalsbruket AS | 100% | 1.5 | - | - | 29.3 | 0.0 | 0.8 |
| Moelven Våler AS | 100% | 7.6 | - | - | 37.6 | 0.1 | 1.1 |
| Moelven Soknabruket AS | 100% | 3.2 | 1.8 | 66.9 | 61.8 | - | 1.0 |
| Moelven Numedal AS | 100% | 2.8 | - | - | 30.0 | - | 0.4 |
| Moelven Løten AS | 100% | 1.4 | - | - | - | - | 0.4 |
| Moelven Wood AS | 100% | 11.3 | - | - | - | 0.1 | 3.7 |
| Moelven Langmoen AS | 100% | 1.8 | 0.6 | 21.7 | 0.5 | 0.0 | 0.3 |
| Moelven Eidsvoll AS | 100% | 1.0 | 0.5 | 9.7 | 5.6 | - | 0.1 |
| Moelven Treinteriør AS | 100% | 0.7 | - | - | 7.9 | 0.0 | 0.1 |
| Moelven Modus AS | 100% | 4.7 | - | - | 8.3 | 0.0 | 0.1 |
| Moelven ByggModul AS | 100% | 7.1 | 0.8 | 77.5 | - | 1.9 | 0.4 |
| Moelven Bioenergi AS | 100% | 1.5 | 0.0 | - | 4.2 | - | 0.2 |
| Moelven Elprosjekt AS | 100% | - | - | - | 1.0 | - | - |
| Moelven Limtre AS | 100% | 8.9 | 0.5 | 15.0 | 0.7 | 0.8 | 0.1 |
| Moelven Industrier AB | 100% | 0.1 | 8.4 | 340.3 | 472.7 | - | 2.6 |
| Moelven Are AS | 100% | 0.0 | - | - | - | - | 0.0 |
| Moelven Mjøsbuket AS | 100% | 3.5 | - | - | 105.0 | - | 0.5 |
| Moelven Eidsvold Værk AS | 100% | - | - | - | - | 0.0 | 0.0 |
| Moelven Trysil AS | 100% | 1.3 | - | - | - | - | 0.4 |
| Moelven Virke AS | 100% | 1.0 | - | - | 6.2 | 0.0 | - |
| Moelven Sør Tre AS | 100% | 0.6 | - | - | 2.4 | - | 0.0 |
| Moelven Granvin Bruk AS | 99,3% | 0.9 | 0.1 | 1.3 | 17.4 | - | - |
| Moelven Wood Prosjekt AS | 100% | 1.1 | 0.8 | 33.2 | 6.0 | 0.5 | 0.1 |
| Moelven Profil AS | 100% | 1.5 | 0.3 | 10.0 | 4.0 | 0.0 | 0.1 |
| Moelven Pellets AS | 100% | 0.7 | 3.4 | 103.4 | - | - | 0.7 |
| Trettentretti AS | 100% | - | - | - | - | 0.2 | - |
| Moelven Danmark Sales A/S | 100% | 0.2 | - | - | - | 0.0 | - |
| Moelven UK Ltd. | 100% | 0.1 | - | - | - | - | - |
| Moelven Deutschland GmbH | 100% | 0.1 | - | 0.0 | - | - | - |

Note 2 | Transactions with related parties (continues)

| Amounts in NOK million | Holding % | Other operating revenue | Interests from group companies on loans | Loans to group companies | Receivables group contributions | Accounts receivable group companies | Trade accounts payable group companies |
|---|-----------|-------------------------|---|--------------------------|---------------------------------|-------------------------------------|--|
| Swedish companies owned by Moelven Industrier AB | | | | | | | |
| Moelven Notnäs Ransby AB | 100% | 9.0 | - | - | - | - | - |
| Moelven List AB | 100% | 1.4 | 0.6 | 24.7 | - | 0.0 | - |
| Moelven ByggModul AB | 100% | 7.8 | - | - | - | 0.1 | - |
| Moelven Wood Interiör AB | 100% | 1.8 | - | - | - | - | - |
| Moelven Component AB | 100% | 2.0 | - | - | - | 0.0 | - |
| Skåre Kontorshotell AB | 100% | - | 0.1 | 4.9 | - | - | - |
| Moelven Wood AB | 100% | 7.5 | - | - | - | 0.5 | 2.2 |
| Moelven Valåsen Wood AB | 100% | 1.7 | 0.6 | 42.5 | - | 0.0 | - |
| Moelven Valåsen AB | 100% | 11.1 | - | - | - | 0.0 | - |
| Moelven Dalaträ AB | 100% | 4.6 | - | - | - | 0.0 | - |
| Moelven Edanesågen AB | 100% | 2.6 | - | - | - | 0.0 | 0.1 |
| Moelven Årjäng Såg AB | 100% | 4.0 | - | - | - | - | - |
| Moelven Skog AB | 100% | 2.0 | - | - | - | 0.0 | 0.4 |
| Moelven Töreboda AB | 100% | 5.4 | 0.2 | 7.5 | - | 0.0 | - |
| Vänerbränsle AB | 82,3% | 0.1 | - | - | - | - | - |
| Moelven Wood Fastighet AB | 100% | - | - | - | - | - | - |
| Moelven Lovene AB | 100% | 0.1 | - | - | - | - | - |
| Moelven Vänerply AB | 100% | 2.7 | 0.0 | - | - | 0.0 | - |
| UJ Trading AB | 100% | 0.3 | - | - | - | - | - |
| Moelven Export Sales AB | 100% | 0.1 | - | - | - | - | - |
| Moelven Pellets AB | 100% | - | - | - | - | 0.7 | - |
| Total 2022 | | 130.8 | 18.8 | 758.7 | 834.0 | 5.1 | 16.3 |
| Total 2021 | | 116.6 | 35.3 | 740.7 | 1 709.0 | 19.2 | 3.7 |



Note 3 | Operating revenues

| Amounts in NOK million | 2022 | 2021 |
|---|--------------|--------------|
| Subsidiaries' proportion of joint costs | 76.6 | 66.9 |
| Subsidiaries' proportion of IT services | 50.1 | 43.4 |
| Rent income - outside the group | 0.4 | 0.4 |
| Rent income - inside the group | 4.1 | 3.8 |
| Gain on sale of fixed tangible assets | 1.3 | 25.5 |
| Other | 1.3 | 3.6 |
| Total other operating income | 133.8 | 143.6 |

In accordance with the company specification under note 2, a total of NOK 130.8 million is operating income from our subsidiaries. Total Norwegian operating income amounts to NOK 66.3 million, Swedish NOK 64.2 million and other companies NOK 0.3 million.

Note 4 | Payroll expenses, remuneration to group management, board and auditor

4.1 – Payroll expenses

| Amounts in NOK million | 2022 | 2021 |
|--|-------------|-------------|
| Salaries | 72.7 | 59.9 |
| Employer contribution and social costs | 11.8 | 10.5 |
| Pension costs ref. defined benefit and contribution based pension schemes | 5.4 | 5.2 |
| Other benefits/other personnel costs inc. proportion charged to subsidiaries | 2.1 | 2.7 |
| Total | 92.0 | 78.3 |

| Number of man years | 2022 | 2021 |
|---------------------|-----------|-----------|
| | 72 | 65 |

4.2 – Remuneration to group management

| Amounts in NOK 1,000 paid during the financial year | 2022 | | | 2021 | | |
|--|---------------|---------------|----------------|---------------|---------------|----------------|
| | Salary | Pension costs | Other benefits | Salary | Pension costs | Other benefits |
| Remuneration to: | | | | | | |
| CEO Morten Kristiansen | 5,376 | 213 | 242 | 5,244 | 210 | 212 |
| Managing Director Timber, Anders Lindh | 2,770 | 201 | 283 | 2,395 | 175 | 249 |
| Managing Director Wood, Bjarne Hønningstad | 2,780 | 214 | 254 | 2,689 | 192 | 268 |
| Managing Director Building Systems, Vera Flatebø from September 2021 | 2,236 | 209 | 185 | 741 | 63 | 53 |
| Managing Director area Forest, Lars Storslett | 2,680 | 188 | 183 | | | |
| CFO, Eldrid Mona Furuhojve from 8 August 2022 | 880 | 86 | 47 | | | |
| Total | 16,722 | 1,111 | 1,194 | 11,070 | 640 | 782 |

Managing Director area Forest and CFO are included in the group management from 2022. On termination of employment, the President and CEO and the Managing Directors have 18 month's pay after termination, less pay from new position/employer. No loans or guarantees are granted to the company management. See note 26 to the consolidated accounts for fixing of salary and other benefits for group management.

4.3 – Remuneration to auditor

| Amounts in NOK million | 2022 | 2021 |
|---|------------|------------|
| Amount ex VAT | | |
| Legally mandated account audit | 1.0 | 0.7 |
| Other services related to certification | 0.0 | 0.0 |
| Tax advisory services | 0.0 | 0.0 |
| For services other than audit | 0.1 | 0.1 |
| Total | 1.1 | 0.8 |

Note 5 | Pension costs and pension liabilities

Pension schemes

The company is obliged to have an occupational pension scheme pursuant to the Act on Mandatory Occupational Pensions. The pension scheme complies with the law requirements, and is better than the minimum requirements in the law. With regard to defined-benefit pension schemes the company is still subject to taxable collective annuity scheme liabilities for a limited number of individuals.

Unsecured schemes

All obligations related to previous AFP schemes has ceased. Remaining unsecured schemes are related to other guaranteed obligations applicable to a limited number of people.

A new AFP scheme from 01 January 2011 for the Group's Norwegian companies

The new AFP scheme which came into force in 2011 is defined as a defined-benefit multi-company scheme, but is entered as a defined-contribution scheme until reliable and sufficient information enabling the companies to account for its proportionate share of pension costs, pension obligations and pension funds in the scheme. The company's obligations related to the new AFP scheme is therefore not recorded as a liability.

5.1 – Economic and actuarial assumptions

| | 2022 | 2021 |
|--|-------|-------|
| Return on pension funds | 0.00% | 0.00% |
| Discount rate | 3.00% | 1.90% |
| Annual pay increase | 3.50% | 2.75% |
| Annual G adjustment (National Insurance Scheme's basic amount) | 3.25% | 2.50% |
| Annual adjustment of pensions being paid | 3.25% | 2.50% |

5.2 – Pension costs

| Amounts in NOK million | 2022 | 2021 |
|--|------------|------------|
| Pension entitlements accrued in the year | 0.0 | 0.0 |
| Interest costs on the pension commitments | 0.4 | 0.3 |
| Pension costs secured and unsecured defined benefit schemes | 0.4 | 0.4 |
| Contribution pension costs and other pension costs | 5.0 | 4.8 |
| Profit before tax | 5.4 | 5.2 |

5.3 – Pension liabilities

| Amounts in NOK million | 2022 | 2021 |
|--|-------------|-------------|
| Balance as at 01.01. | | |
| Accrual of future pensions | 18.9 | 22.4 |
| Pension commitments (gross) | 18.9 | 22.4 |
| Pension funds | 0.0 | -4.4 |
| Employer contributions | 2.7 | 2.5 |
| Pension commitments (net) | 21.6 | 20.5 |
| Balance as at 31.12 | | |
| Pension commitments (gross) | 18.2 | 18.9 |
| Pension funds (anticipated) | 0.0 | 0.0 |
| Employer contributions | 2.6 | 2.7 |
| Pension commitments (net) | 20.7 | 21.6 |
| Net pension funds, secured schemes that can be netted | 0.0 | 0.0 |
| Pension commitments, secured (and unsecured) schemes that cannot be netted | 20.7 | 21.6 |
| Pension commitments, contractual pension (AFP) | 0.0 | 0.0 |
| Total pension commitments | 20.7 | 21.6 |



5.4 – Key figures

| Amounts in NOK million | 2022 | 2021 |
|--|------|------|
| Number of active members secured schemes | 1 | 1 |
| Number of pensioners secured schemes | 1 | 2 |

Note 6 | Fixed assets and intangible assets

| Amounts in NOK million | Land | Buildings and other property | Machinery and plant | Fixtures and fittings, tools etc. | Other intangible assets | Total |
|--|------------|------------------------------|---------------------|-----------------------------------|-------------------------|--------------|
| Acquisition value as at 31.12.2020 | 3.7 | 29.6 | 11.6 | 93.2 | 32.0 | 154.2 |
| Acquisitions | 0.0 | 0.0 | 0.0 | 10.9 | 0.0 | 10.9 |
| Disposal acquisition value | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Acquisition value as at 31.12.2021 | 3.7 | 29.6 | 11.6 | 104.1 | 32.0 | 181.0 |
| Accumulated ordinary depreciations 31.12.2020 | 0.0 | 26.0 | 8.3 | 57.3 | 30.4 | 121.9 |
| Profit before tax | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Depreciation and write downs for the year | 0.0 | 0.5 | 0.8 | 8.6 | 1.7 | 11.5 |
| Accumulated ordinary depreciations 31.12.2021 | 0.0 | 26.4 | 9.1 | 65.9 | 32.0 | 133.4 |
| Book value 31.12.2020 | 3.7 | 3.7 | 3.3 | 35.8 | 1.7 | 44.1 |
| Book value 31.12.2021 | 3.7 | 3.2 | 2.5 | 38.2 | 0.0 | 47.6 |
| Ordinary depreciation rates in per cent | 0 | 2.5-10 % | 5-10 % | 10-20 % | 20/33% | |

| Amounts in NOK million | Land | Buildings and other property | Machinery and plant | Fixtures and fittings, tools etc. | Other intangible assets | Total |
|--|------------|------------------------------|---------------------|-----------------------------------|-------------------------|--------------|
| Acquisition value as at 31.12.2021 | 3.7 | 29.6 | 11.6 | 104.1 | 32.0 | 181.0 |
| Acquisitions | 1.3 | 0.6 | 0.0 | 8.0 | 0.0 | 9.8 |
| Disposal acquisition value | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Acquisition value as at 31.12.2022 | 5.0 | 30.2 | 11.6 | 112.1 | 32.0 | 190.8 |
| Accumulated ordinary depreciations 31.12.2021 | 0.0 | 26.4 | 9.1 | 65.9 | 32.0 | 133.4 |
| Profit before tax | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Depreciation and write downs for the year | 0.0 | 0.5 | 0.7 | 25.6 | 0.0 | 26.7 |
| Accumulated ordinary depreciations 31.12.2022 | 0.0 | 26.9 | 9.8 | 91.5 | 32.0 | 160.2 |
| Book value 31.12.2021 | 3.7 | 3.2 | 2.5 | 38.2 | 0.0 | 47.6 |
| Book value 31.12.2022 | 5.0 | 3.3 | 1.8 | 20.6 | 0.0 | 30.7 |
| Ordinary depreciation rates in per cent | 0 | 2.5-10 % | 5-10 % | 10-20 % | 20/33% | |

Note 7 | Financial instruments

The following types of hedging are used:

Interest rate swaps, currency future contracts, structured forward buying of currency and future contracts for electric power.

Currency future contracts are measured at fair value through P&L. Interest rate swaps and future contracts for electric power are measured at the lower value of acquisition cost and fair value. Hedge accounting is not used.

| Financial assets recognized at fair value | 2022 | 2021 |
|---|-------------|-------------|
| Interest rate derivatives | 14.1 | 0.9 |
| Exchange rate derivatives | 25.6 | 26.4 |
| Total assets presented on the financial derivatives line | 39.7 | 27.3 |

| Financial obligations recognized at fair value | 2022 | 2021 |
|--|-------------|-------------|
| Interest rate derivatives | 0.0 | 25.7 |
| Exchange rate derivatives | 25.0 | 42.9 |
| Power derivatives * | 0.0 | 0.0 |
| Other financial instruments | 0.0 | 0.4 |
| Total obligations presented on the financial derivatives line | 25.0 | 69.0 |

* Power derivatives are recognized in accordance with the lowest value principle.

Fair value:

The Group has no hedging instruments not traded in functional markets.

Fair value is calculated based on observable market prices for similar instruments.

Presentation of nominal value and duration of financial instruments

| Amounts in NOK million | 2022 | 2021 |
|---|----------------|----------------|
| Interest rate derivatives | | |
| Maturing under 1 year | 0.0 | 0.0 |
| Maturing 2 - 5 years | 162.5 | 264.2 |
| Maturing 6 - 10 years | 94.5 | 147.5 |
| Total | 257.0 | 411.7 |
| Currency derivatives, forward contracts for sale of foreign currency | | |
| Maturing 0-6 months | 900.1 | 818.2 |
| Maturing 7-12 months | 308.7 | 380.6 |
| Maturing >12 months | 125.9 | 134.5 |
| Total | 1,334.6 | 1,333.3 |
| Currency derivatives, forward contracts for purchase of foreign currency | | |
| Maturing 0-6 months | 859.0 | 779.9 |
| Maturing 7-12 months | 261.7 | 380.6 |
| Maturing >12 months | 109.2 | 134.5 |
| Total | 1,229.8 | 1,295.0 |
| Power derivatives | | |
| Maturing under 1 year | 82.2 | 59 |
| Maturing 1-2 years | 83.8 | 66.5 |
| Maturing 3-4 years | 21.2 | 9.6 |
| Total | 187.3 | 135.1 |

Money market fund

The group's short-term investment in money market funds was realized in 2022.



Note 8 | Financial market risk and impairment of financial assets

8.1 - Finansiell marknadsrisk

Assets with associated financial market risk consist of loans in foreign currency to subsidiaries, mainly in SEK. Exchange rate exposure is eliminated in that the loans are financed with debts in the same currency. Interest rate risk connected with the same receivables and liabilities is reduced by using rate swaps. In order to assist subsidiaries in covering risks associated with buying and selling currency, and within limits defined by the Board, currency positions are taken for internal exchange. The company also carry out the the hedging of the Group's consumption of electricity. For the Swedish part of the Group, this is done through trading financial contracts on the Nasdaq OMX Commodities. The realized hedging income is allocated to the subsidiaries according to consumption, resulting in no net impact for Moelven Industrier ASA. Hedge accounting is not used.

8.2 - Impairment of financial assets

Shares in subsidiaries are assessed with regard to indications of impairment.



On Branäsberget in northern Värmland, Moelven Byggmodul AB has delivered 48 apartments. Photo: Andreas Hylthén

Note 9 | Tax

| Amounts in NOK million | 2022 | 2021 |
|--|--------------|--------------|
| Tax expense for the year | | |
| Recognized tax on ordinary income: | | |
| Total tax payable | 45.7 | 210.9 |
| Changes in deferred tax from income statement | 11.1 | 4.1 |
| Correction of taxes in previous years | 0.0 | 0.0 |
| Tax expense | 56.8 | 215.0 |
| Taxable income: | | |
| Ordinary result before taxes | 783.1 | 1,683.7 |
| Permanent differences | -525.0 | -706.6 |
| Actuarial losses entered against OCI | -0.4 | -1.8 |
| Changes in temporary differences | -50.2 | -16.8 |
| Use of tax loss carry forwards | 0.0 | 0.0 |
| Taxable income: | 207.6 | 958.5 |
| Tax payable in the balance sheet | | |
| Tax on income | -33.8 | -4.3 |
| Tax payable on received group contribution | 79.5 | 215.2 |
| Tax payable in the balance sheet | 45.7 | 210.9 |
| Calculation of effective tax rate | | |
| Ordinary result before taxes | 783.1 | 1,683.7 |
| Calculated tax on ordinary result before taxes | 172.3 | 370.4 |
| Tax effect of permanent differences | -115.5 | -155.4 |
| Effect on deferred tax from change in tax rate | 0.0 | 0.0 |
| Correction of taxes in previous years | 0.0 | 0.0 |
| Total | 56.8 | 215.0 |
| Effective tax rate | 7.3 % | 12.8 % |

Tax effect of temporary differences and carried forwards giving rise to delayed or deferred tax advantages, specified on types of temporary differences:

| Amounts in NOK million | 2022 | 2021 | Ending |
|---|--------------|--------------|-------------|
| Fixed assets | -16.8 | -8.8 | -8.1 |
| Gains and losses | 1.3 | 0.4 | 1.0 |
| Provisions | 0.0 | 0.0 | 0.0 |
| Pensions commitments | -20.7 | -21.6 | 0.9 |
| Other differences | -0.6 | -0.6 | 0.0 |
| Total | -36.9 | -30.6 | -6.3 |
| Shares and other securities | 14.7 | -41.7 | 56.4 |
| Calculation base for deferred taxes | -22.2 | -72.4 | 50.2 |
| Deferred tax assets / deferred tax (22% / 22%) | -4.9 | -15.9 | |



Note 10 | Equity

| Amounts in NOK million | Share capital | Share premium funds | Own shares | Other equity | Total equity |
|--|---------------|---------------------|------------|--------------|----------------|
| Equity 31.12.2021 | 647.7 | 130.9 | 0.0 | 304.1 | 1,082.7 |
| Annual profit | | | | 726.3 | 726.3 |
| Actuarial gains and losses, and other direct to equity | | | | -0.3 | -0.3 |
| Allocated to dividend | | | | -694.4 | -694.4 |
| Equity 31.12.2022 | 647.7 | 130.9 | 0.0 | 335.7 | 1,114.3 |

For information regarding developments in share capital, summary of shareholders, shareholder agreements and closely related parties, shares owned by members of the board of Directors, corporate assembly and group management, declaration on fixing of salary and other remuneration to group management and also remuneration to the board of directors and corporate assembly, see notes 25, 26 and 27 to the consolidated accounts.

Note 11 | Shares in subsidiaries

| Amounts in NOK 1,000 | Office, municipality / country | Holding % | The company's share capital | The company's total equity | The company's net profit in 2022 | Number of shares in Moelven's ownership | Total face value | Book value 31.12. |
|-------------------------------------|--------------------------------|-----------|-----------------------------|----------------------------|----------------------------------|---|------------------|-------------------|
| Moelven Industrier ASA owns | | | | | | | | |
| Moelven Van Severen AS | Namsos | 100% | 35,000 | 89,813 | 32,617 | 3,500 | 35,000 | 35,005 |
| Moelven Østerdalsbruket AS | Stor-Elvdal | 100% | 20,000 | 84,425 | 30,040 | 2,000 | 20,000 | 20,005 |
| Moelven Våler AS | Våler | 100% | 48,000 | 227,058 | 141,613 | 4,800 | 48,000 | 48,005 |
| Moelven Soknabruket AS | Ringerike | 100% | 30,000 | 197,196 | 65,110 | 3,000 | 30,000 | 32,511 |
| Moelven Numedal AS | Flesberg | 100% | 10,000 | 100,547 | 52,913 | 1,000 | 10,000 | 10,005 |
| Moelven Løten AS | Løten | 100% | 12,000 | 50,225 | 12,112 | 1,200 | 12,000 | 12,005 |
| Moelven Wood AS | Eidsvoll | 100% | 5,500 | 61,985 | 15,801 | 5,500 | 5,500 | 10,000 |
| Moelven Langmoen AS | Ringsaker | 100% | 18,000 | 97,025 | -4,843 | 1,800 | 18,000 | 37,156 |
| Moelven Eidsvoll AS | Eidsvoll | 100% | 8,500 | 34,835 | 11,198 | 850 | 8,500 | 18,500 |
| Moelven Treinteriør AS | Ringsaker | 100% | 3,500 | 30,340 | 12,215 | 3,500 | 3,500 | 8,482 |
| Moelven Modus AS | Ullensaker | 100% | 22,000 | 106,739 | 15,780 | 2,200 | 22,000 | 95,000 |
| Moelven ByggModul AS | Ringsaker | 100% | 31,688 | 131,136 | -101,747 | 158,440 | 31,688 | 131,188 |
| Moelven Bioenergi AS | Ringsaker | 100% | 6,000 | 16,820 | 3,182 | 6,000,000 | 6,000 | 6,800 |
| Moelven Limtre AS | Ringsaker | 100% | 11,000 | 75,319 | 9,109 | 11,000 | 11,000 | 43,028 |
| Moelven Industrier AB | Sverige | 100% | 197,046 SEK | 1,223,825 | -13,216 | 19,704,581 | 197,046 | 241,406 |
| Moelven Danmark Sales A/S | Danmark | 100% | 400 DKK | 2,944 | -557 | 4,000 | 400 | 2,115 |
| Moelven U.K. Ltd | Storbritannia | 100% | 200 GBP | 1,638 | 399 | 950,000 | 50 | 10,426 |
| Moelven Deutschland GmbH | Tyskland | 100% | 110 EUR | 1,098 | 187 | 11 | 110 | 217 |
| Moelven Are AS | Spydeberg | 100% | 300 | 48,712 | 0 | 100 | 300 | 43,116 |
| Moelven Mjøsbruket AS | Gjøvik | 100% | 12,000 | 111,872 | 98,214 | 12,000 | 12,000 | 15,990 |
| Moelven Eidsvold Værk AS | Eidsvoll | 100% | 32,500 | 29,898 | 0 | 32,500 | 32,500 | 13,578 |
| Moelven Trysil AS | Trysil | 100% | 15,600 | 97,511 | 20,588 | 15,600 | 15,600 | 35,634 |
| Moelven Virke AS | Ringsaker | 100% | 5,000 | 21,900 | 6,925 | 50,000 | 5,000 | 4,546 |
| Moelven Sør Tre AS | Kragerø | 100% | 8,487 | 30,850 | 3,424 | 8,487 | 8,487 | 50,000 |
| Moelven Granvin Bruk AS | Granvin | 99,3% | 1,490 | 40,508 | 17,975 | 2,959 | 1,480 | 16,672 |
| Moelven Wood Prosjekt AS | Ringsaker | 100% | 300 | 16,092 | 8,103 | 3,000 | 300 | 18,192 |
| Moelven Profil AS | Grue | 100% | 15,000 | 33,336 | 7,575 | 15,000 | 15,000 | 15,030 |
| Moelven Elprosjekt AS | Ringsaker | 100% | 10,000 | 10,617 | 231 | 50,000 | 10,000 | 12,000 |
| Moelven Pellets AS | Ringsaker | 100% | 37,500 | 108,023 | -4,834 | 37,500 | 37,500 | 75,000 |
| Trettentretti AS | Ringsaker | 100% | 38 | 38 | -17 | 510 | 38 | 3,048 |
| Total Moelven Industrier ASA | | | | | | | | 1,064,664 |

* Voting rights is equal to ownership share.

Note 12 | Investments in associated companies

| Amounts in NOK 1,000 | Holding % * | The company's share capital | The company's total equity | The company's net profit in 2022 | Number of shares in Moelven's ownership | Total face value | Book value 31.12. |
|---|-------------|-----------------------------|----------------------------|----------------------------------|---|------------------|-------------------|
| Owned by Moelven Industrier ASA: | | | | | | | |
| Weda Skog AB, Sweden ¹ | 30,0% SEK | 10,000 | 10,222 | 205 | 3,000,000 | 3,000 | - |
| Woodtrans AS, Norway | 34,0% NOK | 1,310 | 9,361 | 1,434 | 445 | 445 | 1,187 |
| Total | | | | | | | 1,187 |

* Voting rights is equal to ownership share.

¹ The company is decided to be liquidated. Moelven's share of operations will continue to be carried out through Moelven Skog AB.

Note 13 | Liquid holdings and debt

13.1 - Interest-bearing holdings and debt

| Amounts in NOK million | 2022 | 2021 |
|--|----------------|----------------|
| Overdraft and interest-bearing debt | 998.6 | 2,195.4 |
| Long-term interest-bearing liabilities in | | |
| NOK | 168.9 | 195.2 |
| SEK | 0.0 | 0.0 |
| DKK | 0.0 | 0.0 |
| EUR | 0.0 | 0.0 |
| Total long-term interest-bearing debt | 168.9 | 195.2 |
| Net interest-bearing debt | 1,167.5 | 2,390.6 |

13.2 - Repayment schedule long-term liabilities

| Amounts in NOK million | 2022 | 2021 |
|---|------|------|
| Long-term liabilities that fall due for payment in | | |
| 1 year | 38.1 | 28.6 |
| 2 years | 38.1 | 38.1 |
| 3 years | 38.1 | 38.1 |
| 4 years | 38.1 | 38.1 |
| 5 years | 19.0 | 38.1 |
| 6 years or later | 0.0 | 19.0 |

13.3 - Ceilings and withdrawals in syndicated loan market

| Amounts in NOK million | 2022 | 2021 |
|--------------------------|---------|---------|
| Facility | 1,823.5 | 1,777.1 |
| Withdrawal | 171.4 | 200.0 |
| Remaining term in months | 29/54 | 17/66 |

The company's external capital funding consists of three long-term credit facilities maturing in May 2024, and a loan of NOK 200 mill and short-term credit facilities in the banking systems. The long-term credit facilities were entered into in May 2020, and includes credit limits of a total of NOK 700 million and SEK 900 million respectively. The agreement has a 3 year term, with the option to request an extension of 1

year up to 2 times in the agreement's 2 first years in order to extend final maturity from May 2023 to May 2025. A one year extension was agreed during 2021.

The loans have been taken with negative security declaration and have normal clauses relating to equity, equity ratio and debt ratio.

13.4 - Future access to liquidity

Long financing

| Amounts in NOK million | 2022 | 2021 |
|------------------------|---------|---------|
| as at 31.12 | 1,823.5 | 1,770.1 |
| in 1 year | 1,785.4 | 1,748.5 |
| in 2 years | 1,474.3 | 1,710.4 |
| in 3 years | 57.1 | 95.2 |
| in 4 years | 19.0 | 57.1 |
| in 5 years | 9.5 | 19.0 |
| in 6 years or later | 0.0 | 9.5 |

Short financing

In addition to the long-term access to liquidity, the group has loan facilities that are renewed each year. As at 31.12.2022 these were NOK 300 million. The long term loan facilities as at 31.12.2022 will cover liquidity needs for the coming two and a half years.

Note 14 | Other short term liabilities

Other short-term liabilities consist mainly of accrued costs not yet due for payment.

Note 15 | Guarantee liability

| Amounts in NOK million | 2022 | 2021 |
|---------------------------------|--------------|--------------|
| Unconditional guarantees | 338.2 | 456.4 |
| Payment and contract guarantees | 207.4 | 300.3 |
| Tax deduction guarantees | 70.3 | 67.2 |
| Total | 615.9 | 823.9 |

The company has no restricted bank deposits. The company's cash credit accounts are included in the Group's account systems. The company can thus be collectively responsible for more than the

company's withdrawals. The employees' tax deduction funds are secured with guarantees furnished by an external credit institution.



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To the General Meeting of Moelven Industrier ASA

Independent Auditor's Report

Opinion

We have audited the financial statements of Moelven Industrier ASA, which comprise:

- the financial statements of the parent company Moelven Industrier ASA (the Company), which comprise the balance sheet as at 31 December 2022, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Moelven Industrier ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Offices in:

| | | | |
|---------|--------------|------------|------------|
| Oslo | Elverum | Mo i Rana | Tromsø |
| Alta | Finnsnes | Molde | Trondheim |
| Arendal | Hamar | Sandefjord | Tynset |
| Bergen | Haugesund | Stavanger | Ulsteinvik |
| Bodø | Knarvik | Stord | Ålesund |
| Drammen | Kristiansand | Straume | |

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statement on Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hamar, 17 March 2023
KPMG AS

Stein Erik Lund
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

Statement by the Corporate Assembly

The following items were discussed at the meeting of the Corporate Assembly held on 27 March 2023:

- Annual report and proposed Annual Financial Statements by the Board of Directors and President/CEO for the 2022 accounting year for Moelven Industrier ASA and group.
- Board's proposed allocation of net profit for year in Moelven Industrier ASA.
- Board's determination of remuneration to Group Executive Board.
- The Statement by the Corporate Assembly to the General Meeting.

The Corporate Assembly recommends that the general meeting approve the Board of Directors and CEO's annual report and accounts for Moelven Industrier ASA and group in 2022, including allocation of the net profit the year in Moelven Industrier ASA.

The Corporate Assembly also recommends that the general meeting approve the Board of Directors proposal for remuneration to corporate management.

27 March 2023



Rolf Th. Holm
Chairman of the Corporate Assembly

Financial calendar 2023



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Moelven strives to communicate actively and transparently with the market and to provide all interested parties with equal access to financial information.
www.moelven.com includes performance reporting, financial status and information on the policies Moelven is governed by.



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Modules from Moelven Byggmodul AS are towed into Odda via the Hardangerfjord. Here they will be used as construction rigs for Stord Innkvartering. Photo: Henning Sæbø/Stord Innkvartering

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