



BILLERUDKORSNÄS

Interim report January–March 2022

Continued strong growth and all-time high profitability

Q1 2022

KEY HIGHLIGHTS

- Strong sales growth and stable production
- All-time high EBITDA
- Pricing impact and mix improvements more than offset cost inflation
- Acquisition of Verso successfully completed
- Excellent Verso stand-alone performance

QUARTERLY DATA

- Net sales grew by 13% to SEK 7 397 million (6 520). Excluding currency effects net sales increased by 11%
- Adjusted EBITDA* increased to SEK 1 664 million (1 003), corresponding to an adjusted EBITDA margin of 22% (15%)
- Operating profit was SEK 1 189 million (528),
- Net profit was SEK 884 million (377)
- Earnings per share amounted to SEK 4.27 (1.82)

OUTLOOK FOR Q2

- Strong market conditions in all product segments expected to prevail
- Accelerated cost inflation for fibre, chemicals, transports, and energy – which we expect to fully offset by pricing and mix improvements

KEY FIGURES*

SEKm	Q1	Q1	Change	Q4	Change
	2022	2021		2021	
Net sales	7 397	6 520	13%	6 688	11%
Adjusted EBITDA	1 664	1 003	66%	1 075	55%
Operating profit	1 189	528	125%	418	184%
Adjusted operating profit	1 189	528	125%	595	100%
Net profit	884	377	134%	320	176%
Adjusted EBITDA margin, %	22	15		16	
Adjusted operating profit margin, %	16	8		9	
Adjusted ROCE, %	11	4		9	
Operating cash flow after investments in tangible and intangible assets	198	165		682	
Interest-bearing net debt/adjusted EBITDA	2.3	1.8		1.0	

* For key figures and a reconciliation of alternative performance measures including adjusted EBITDA, adjusted operating profit, adjusted EBITDA margin, adjusted operating profit margin, adjusted ROCE and interest-bearing net debt/adjusted EBITDA, see pages 19-21 and page 7 for operating cash flow after investments in tangible and intangible assets.

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Comments by the CEO



SEK 7 397 million

Net sales

SEK 1 664 million

Adjusted EBITDA

22%

Adjusted EBITDA margin

Quarter one was the first quarter fully focused on our new strategy. Despite all the macro-economic uncertainties further exasperated by the Russian war, we believe that our prioritisation on paperboard and growth opportunities in North America remain the right choices. We have made progress in the implementation of the strategy with the acquisition of Verso and its closure in the first quarter and the signing of a term sheet for a joint venture with Viken Skog to explore opportunities for pulp production. The organisation has been very focused on all key elements of the strategy, resulting in an excellent business performance in the first quarter.

Net sales excluding currency effects and adjusted for the divestment of Beetham grew by 13%. The all-time high EBITDA in the quarter was a result of implemented price increases and mix improvements, which more than offset higher costs for raw materials and transports.

We strongly condemn Russia's brutal war in Ukraine and our thoughts are with all those suffering. While our sales exposure to Russia and Ukraine was only 1% in 2021, the impact on our business is mainly indirect. Wood supply and prices have been affected by the stop of imported Russian wood. Chemical prices are on the rise as a secondary consequence of energy price hikes. These effects have been in addition of the already tight market situation due to corona and logistics disruption.

For 2022, we expect the strong market conditions to prevail. Despite the more uncertain macro-economic outlook in our main markets, we are confident that most of our products target very resilient end-segments. Market conditions are also expected to remain strong in North America.

We will counteract the inflationary pressure by continued focus on price management, product mix adjustments, and efficiency improvements. For the second quarter, we expect to fully offset the cost inflation.

The acquisition of Verso was completed on 31 March. Our offering now includes a very profitable graphic and speciality paper business in the U.S. in addition to our current business. Our strategy to transform the North American operations towards paperboard remains very attractive and will add significant shareholder value. Verso has been consolidated in our balance sheet as of 31 March 2022. Our interest-bearing net debt to adjusted EBITDA ratio of 2.3. and adjusted ROCE of 11% will improve going forward.

Verso's financial performance in the last six months has been impressive and we are very pleased that the closure of the transaction happened earlier than we expected. We are welcoming our new colleagues and are looking forward to working together. As part of the integration, we have decided to propose to the AGM to simplify the company name and brand to Billerud. We are also initiating preparations for the planned conversion to create a world-class paperboard production in North America. In this work, we will use competencies in both organisations and lessons learned from previous projects, such as our recent brownfield projects at Frövi and Gruvön.

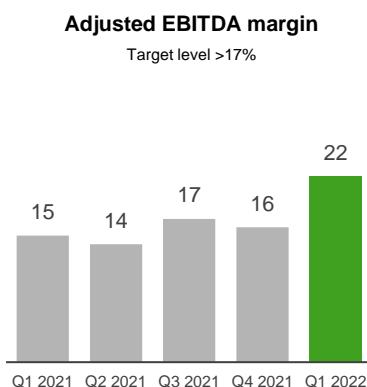
Our priorities for 2022 remain to be delivering on our strategy, mix improvements, cost saving programme and as of now to integrate the North American operations. Uncertainties will remain high for the foreseeable future. Our organisation remains fully committed to mitigate any risk through proactive preparation and agile responses.

We sincerely hope that the war between Russia and the Ukraine will stop as soon as possible. In the meanwhile, BillerudKorsnäs has contributed to UNHCR to support the refugees from Ukraine.

Christoph Michalski
President and CEO

The quarter in review

The adjusted EBITDA margin was 22% for the first quarter



SALES AND RESULTS

Net sales for the first quarter increased by 13% to SEK 7 397 million (6 520). Net sales excluding currency effects increased by 11%, despite lower volumes due to the divestment of Beetham on 31 October 2021 and UPM's strike which affected the production at Pietarsaari during the first quarter. The Beetham mill had sales of SEK 102 million in the first quarter 2021.

Adjusted EBITDA strengthened to SEK 1 664 million (1 003). The improvement was the result of implemented price increases, an improved product mix, mainly driven by the ramp-up at Gruvön, and the continued focus on efficiency. Higher costs for chemicals, logistics and fibre had an adverse effect.

No items affecting comparability impacted the result in the first quarter (–).

MARKET DEVELOPMENT AND OUTLOOK

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

The market outlook for the second quarter in 2022 is positive. The strong market conditions in all product segments are expected to prevail. Substantially higher costs for fibre, chemicals, energy and transports are anticipated. BillerudKorsnäs expects to fully offset the cost inflation with further price increases and mix improvements.

EVENTS IN THE QUARTER

BillerudKorsnäs' production in Pietarsaari has from 1 January 2022 been affected by the strike at UPM's pulp mill, which supplies the operation with pulp, purified water, steam and compressed air. The production at Pietarsaari has run at lower capacity and we have sourced pulp from other suppliers. The negative impact of the strike on the first quarter result amounted to around SEK 15 million.

The annual maintenance shutdown at Gruvön started in the last week of March. The total maintenance costs in the first quarter amounted to around SEK 80 million.

On 3 March, it was announced that BillerudKorsnäs and the Norwegian forest owner group Viken Skog form a joint venture to explore the possibilities of working together to establish production of bleached chemi-thermomechanical pulp (BCTMP) at Viken Skog's Follum mill in Hønefoss. A feasibility study about future pulp production at Follum will be initiated and is estimated to be completed during the first half of 2023. The intention is to establish a state-of-the-art production line for BCTMP with a capacity assumption of up to 200 ktonnes per year. The Follum mill already has much of the infrastructure needed to establish such a production line and is located in an area with competitive and sustainable wood supply and good transports to BillerudKorsnäs' board mills. If the project will proceed after the feasibility study, the investment for BillerudKorsnäs is estimated to be around NOK 600–800 million.

The Nomination Committee announced on 10 March that it will propose Magnus Nicolin and Florian Heiserer as new Board members at the 2022 Annual General Meeting. The Nomination Committee further proposes re-election of the Board members Andrea Gisle Joosen, Bengt Hammar, Jan Svensson, Jan Åström and Victoria Van Camp, and re-election of Jan Svensson as Chairman of the Board. Michael M.F. Kaufmann, Kristina Schauman and Tobias Auchli have declined re-election at the 2022 Annual General Meeting.

On 11 March, a special meeting of Verso's shareholders was held, during which holders of the requisite majority of Verso's outstanding shares of common stock voted to adopt the merger agreement between BillerudKorsnäs and Verso, and to approve the transaction. On 29 March, the remaining regulatory approvals for BillerudKorsnäs' acquisition of Verso had been received.

On 31 March, the acquisition of Verso was completed for a purchase price of USD 27.00 per share. The acquisition reinforces BillerudKorsnäs' strategy to drive profitable and sustainable growth and its ambition to accelerate growth in North America. BillerudKorsnäs is thereafter one of the largest providers of virgin paper and packaging materials with a cost and quality advantage. For more information about the acquisition of Verso and its financial impact see pages 8-9 and page 18.



On 31 March, it was also communicated that Rob Kreizenbeck, Verso's SVP of Operations, as of 1 April 2022 will assume the position of President, North America and become a member of BillerudKorsnäs' Executive Management Team. It was furthermore announced that BillerudKorsnäs intends to simplify its company name and brand to Billerud. The Board of Directors proposes that the 2022 AGM resolves to amend the company's name to Billerud AB (publ), and the change will be successively implemented thereafter.

EVENTS AFTER THE QUARTER

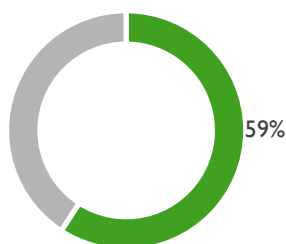
In the convening notice to the 2022 Annual General Meeting, published on 8 April, the Board of Directors proposes that the Board shall be authorised by the AGM to, for a period up until the end of next annual general meeting, resolve on an issue of shares with preferential right for the shareholders amounting to maximum SEK 3.5 billion. The proceeds from the rights issue will be used to repay a part of the debt which was raised in conjunction with the acquisition of Verso.

BillerudKorsnäs' four largest shareholders, AMF Pension and Funds, Frapag Beteiligungsholding, The Fourth Swedish National Pension Fund and Swedbank Robur Funds, which together hold around 37.6% of BillerudKorsnäs' share capital, have expressed their intention to vote for the rights issue and subscribe for their pro rata share. Danske Bank and SEB, acting as financial advisors to BillerudKorsnäs in relation to the rights issue, have confirmed their commitment, subject to customary conditions and to BillerudKorsnäs obtaining binding subscription commitments for at least 25% of the rights issue, to enter into an underwriting agreement in connection with the rights issue. The rights issue will, by way of the shareholder commitments and the underwriting banks, be fully covered.

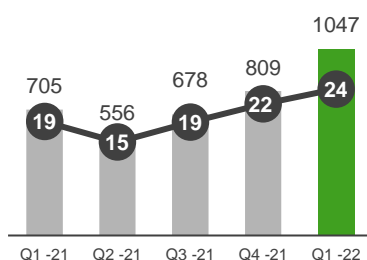
On 22 April, the strike at UPM, which has negatively impacted the paper production at Pietarsaari, ended. BillerudKorsnäs will return to full production at Pietarsaari as soon as possible.

Product area Board

Share of Group's net sales
Q1 2022



EBITDA, SEKm and EBITDA margin, %



About Product area Board

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

KEY FIGURES

	Q1 2022	Q1 2021	Q4 2021	Full year 2021
SEKm				
Net sales	4 375	3 785	3 762	14 852
of which liquid packaging board	2 218	2 073	1 865	7 850
of which cartonboard	775	529	593	2 228
of which containerboard	1 296	1 077	1 195	4 366
Net operating expenses, other	-3 328	-3 080	-2 953	-12 104
EBITDA	1 047	705	809	2 748
EBITDA margin, %	24%	19%	22%	19%
Operating profit/loss	725	380	486	1 451
Operating margin, %	17%	10%	13%	10%
Sales volumes, ktonnes	495	521	456	1 917

SALES AND RESULTS

Net sales for the first quarter increased by 16% to SEK 4 375 million (3 785). Net sales increased for all product categories compared to the same quarter last year. Net sales excluding currency effects grew by 12%, driven by higher prices and an improved product mix despite lower sales volumes.

EBITDA improved to SEK 1 047 million (705), corresponding to an EBITDA margin of 24%. The improvement was a result of increased share of coated products and cartonboard as well as higher sales prices.

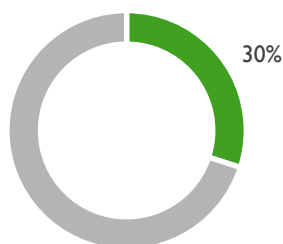
MARKET DEVELOPMENT

In the first quarter of 2022, the demand for primary fibre paperboard was strong. For liquid packaging board market conditions were stable. Price increases for our containerboard and cartonboard products were implemented and realized in the quarter. New price increases were announced.

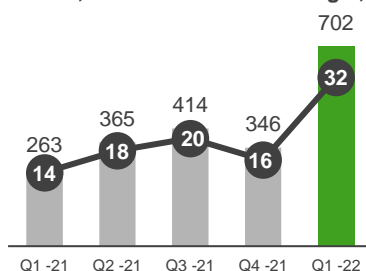


Product area Paper

Share of Group's net sales
Q1 2022



EBITDA, SEKm and EBITDA margin, %



About Product area Paper

In the first quarter of 2022 the Paper product area included kraft and sack paper, mainly used in packaging for medical applications, dry food and the construction industry as well as market pulp. The mills at Skärblacka, Karlsborg and Pietarsaari were part of this product area.

From 1 April 2022 this product area includes graphic paper, used for printed communication, and specialty paper, used for release liners and labels, and market pulp produced in the USA. In addition to the facilities above, the mills at Quinnesec, Escanaba and Wisconsin Rapids are part of the product area.

KEY FIGURES

	Q1 2022	Q1 2021	Q4 2021	Full year 2021
SEKm				
Net sales	2 219	1 903	2 138	8 127
of which sack paper	827	628	756	2 726
of which kraft paper	877	836	854	3 511
of which pulp	504	426	517	1 855
Net operating expenses, other	-1 517	-1 640	-1 792	-6 739
EBITDA	702	263	346	1 388
EBITDA margin, %	32%	14%	16%	17%
Operating profit/loss	583	145	224	906
Operating margin, %	26%	8%	10%	11%
Sales volumes, ktonnes	219	255	231	960

SALES AND RESULTS

Net sales for the first quarter increased by 17% to SEK 2 219 million (1 903). Net sales excluding currency effects grew by 10%, positively affected by price increases which overcompensated for lower volumes. The Beetham mill, which was divested on 31 October 2021, had sales of SEK 102 million in the first quarter 2021.

EBITDA strengthened to SEK 702 million (263), corresponding to an EBITDA margin of 32%. The improvement was a result of higher sale prices and better product mix. The production disturbances at Pietarsaari due to the strike at UPM's nearby facility had a negative impact on the result of around SEK 15 million.

MARKET DEVELOPMENT

In the first quarter of 2022, market conditions were favourable for both sack and kraft paper. Price increases were realized across all product segments and new price increases were announced. The market price for pulp increased towards the end of the quarter. Russian paper export limitations impact the global brown sack paper availability.

Solutions and Other

SALES AND RESULTS

Net sales for the first quarter amounted to SEK 803 million (832). The decline was mainly due to negative effects of currency hedging and account receivables valuation, offsetting sales growth in Managed Packaging and wood sourcing operations.

EBITDA amounted to SEK -85 million (35). The negative change was primarily due to negative effects of currency hedging and the valuation of accounts receivables.

KEY FIGURES (INCLUDING CURRENCY HEDGING ETC)

SEKm	Q1	Q1	Q4	Full year
	2022	2021	2021	2021
Net sales	803	832	788	3 227
<i>of which Managed Packaging</i>	188	144	211	744
Net operating expenses, other	-888	-797	-1 045	-3 462
EBITDA	-85	35	-257	-235
Operating profit/loss	-119	3	-292	-368

Cash flow and financial position

CONDENSED CASH FLOW STATEMENT

SEKm	Quarter	
	Q1 -22	Q1 -21
Operating surplus, etc.	1 561	929
Net financial items, taxes, etc.	-73	-83
Change in working capital, etc.	-734	-481
Cash flow from operating activities	754	365
Investments in tangible and intangible assets	-556	-200
Operating cash flow after investments in tangible and intangible assets	198	165

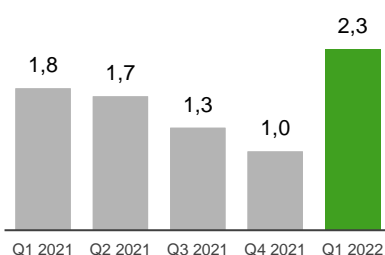
Operating cash flow after investments in tangible and intangible assets amounted to SEK 198 million (165) for the first quarter 2022. The cash flow was positively affected by the improved operating surplus and negatively affected by the change in working capital, mainly due to increased accounts receivables and higher values for raw materials kept in stock.

FINANCING

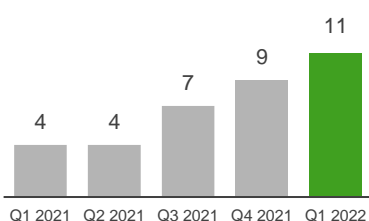
On 31 March 2022, interest-bearing debt amounted to SEK 10 706 million (6 792). Interest-bearing debt increased due to the acquisition of Verso, which was completed on 31 March 2022 and financed with a term-loan amounting to SEK 6 000 million. SEK 1 700 million in bond loans under the MTN program were repaid during the quarter.



Net debt/Adjusted EBITDA
target level <2.5



Adjusted return on capital employed



Debt portfolio and maturity profile on 31 March 2022

Loan	Limit, SEKm	Maturity, years			Total utilised
		0-1	1-2	2-	
Syndicated credit facilities	5 500				-
Term loans		3 592	2 992	722	7 306
Bond loans within MTN program	7 000	1 800			1 800
Other bond loans			600	1 000	1 600
Commercial paper	4 000				-
Group total		5 392	3 592	1 722	10 706

The interest-bearing net debt on 31 March 2022 amounted to SEK 10 770 million (5 234).

The net interest-bearing debt in relation to EBITDA at the end of the period was 2.4 (1.8). The ratio was 2.3 when adjusted EBITDA was used.

INVESTMENTS AND CAPITAL EMPLOYED

Investments in property, plant, equipment, and intangible assets amounted to SEK 556 million (200) for the first quarter 2022. The increase was due to investments in the new recovery boiler at Frövi.

The investment in a new recovery boiler at the Frövi mill will improve environmental performance and provide opportunities for enhanced efficiency and it is planned to be in operation by the end of 2023. The project is proceeding in line with budget and schedule. In April 2022, the assembly phase begins, and the steel construction starts to be built on the site. The investment is estimated to total SEK 2.6 billion. The capital expenditure for this project was around SEK 400 million in 2021 and is estimated to amount to around SEK 1.1 billion in 2022.

Capital employed on 31 March 2022 amounted to SEK 32 219 million (24 854). Return on capital employed (ROCE) for the last twelve months amounted to 10% (4). Adjusted ROCE amounted to 11% (4).

Return on equity was 10% (5) for the last twelve-months period.

The acquisition of Verso

On 31 March 2022, BillerudKorsnäs acquired Verso, a leading producer of coated papers in North America. The acquisition reinforces BillerudKorsnäs strategy to drive profitable and sustainable growth and the ambition to accelerate growth in America. The purchase price of USD 27.00 per share totaled approximately USD 798 million, corresponding to SEK 7 395 million, including settlement of warrants and incentive programmes. The transaction was financed by the combination of cash and a bank loan of SEK 6 000 million, whereof up to SEK 3 500 million is planned to be refinanced through an equity rights issue during 2022.

Verso was consolidated in BillerudKorsnäs' balance sheet as of 31 March 2022. The negative cash flow effect of the transaction amounted to about SEK 6 128 million, of which SEK 6 026 million affected cash flow in the first quarter 2022 and the remainder will affect cash flow in the second quarter 2022. A detailed acquisition analysis and the cash flow effect are presented on page 18.



KEY FIGURES FOR VERSO*	Q1 2022
SEKm	
Net sales	2 981
<i>of which graphical paper</i>	2 127
<i>of which specialty paper</i>	546
<i>of which pulp</i>	278
Adjusted EBITDA**	738
Adjusted EBITDA margin**, %	25%

* Based on internal consolidated financial information in accordance with US GAAP, derived from Verso's internal reporting systems, not audited by the company's auditors.

** Excluding transaction costs and severance payments.

For the second quarter 2022, the strong market conditions for Verso's products are expected to remain. The focus on price and mix management is expected to fully offset cost inflation for raw materials, energy, and wood.

During the second quarter, sales of the stock that has been valued at fair value in connection to the acquisition, is estimated to have a negative one-off impact of around SEK 150 million.

During the third quarter a maintenance shutdown at Escanaba is expected to have a negative impact of around SEK 180 million. In the third quarter, major replacement investments are also planned to be carried out at the Quinnesec mill, in conjunction with that mill's maintenance shutdown, with an estimated negative impact on the third quarter results of around SEK 400 million.

Due to the acquisition of Verso, BillerudKorsnäs' annual depreciations will increase by approximately SEK 800 million from the second quarter 2022.

BillerudKorsnäs' investments in tangible and intangible assets for Verso in 2022 are estimated to around SEK 700 million. The Group's total investments in tangible and intangible assets are estimated to amount to around SEK 3.3 billion during 2022.

Verso's results from 1 April 2022 will be reported in Product area Paper and its sales will be reported in the product categories Graphical paper, Kraft & Specialty paper and Pulp. Audited pro forma figures for the combined BillerudKorsnäs and Verso for the full year 2021 and the first quarter 2022 will be made available on the company's website and notice thereof will be made by means of a press release.

Planned conversion to paperboard production

BillerudKorsnäs has the intention to convert some of Verso's manufacturing assets into a world-class, sustainable paperboard production. One paper machine is planned to be converted by 2025 and a second paper machine by 2029, to a total capacity of around 1 100 ktonnes of paperboard per year. The total investment has initially been estimated to up to SEK 9 billion, whereof around two thirds to be invested up to 2025 and the remainder up to 2029.

During 2022 and 2023, Verso's current production will continue at full capacity and BillerudKorsnäs will continue to serve Verso's customers across all segments. The plan is to expand Verso's pulp production and make maintenance-related upgrades early in the conversion project, during 2023-2024, so that Verso's mills become self-sufficient in pulp after the conversion. The existing infrastructure and buildings are expected to be utilized without any major modifications. During the planned rebuilds, the downtime on each machine is estimated to be six months.

A thorough pre-study with more careful cost calculations and time schedules is planned to be completed in 2023, after which the Board of Directors will make an investment decision.

Cost and efficiency programme

In 2019, BillerudKorsnäs introduced a cost and efficiency programme with measures including employee reductions, purchasing savings and efficiency improvements throughout the business. By the end of 2021, the programme had delivered SEK 650 million of structural savings and efficiencies. The target for the accumulated delivery of the cost and efficiency programme is SEK 750 million by the end of 2022. In the first quarter 2022, the structural savings from the programme amounted to SEK 80.

Currency hedging

Currency hedging had a net sales impact of SEK -58 million (42) in the first quarter 2022 compared with no currency hedging.

Outstanding forward exchange contracts on 31 March 2022 had a market value of SEK -87 million, SEK -27 million of which is the portion of the contracts matched by trade receivables that affected earnings in the first quarter. Accordingly, other contracts had a market value of SEK -60 million.

Hedged portion of forecast currency flows for EUR, USD and GBP and exchange rates against SEK (31 March 2022)

Currency	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Total 15 months
EUR Share of net flow	82%	86%	82%	75%	69%	79%
Rate	10.17	10.25	10.17	10.37	10.59	10.30
USD Share of net flow	65%	65%	64%	64%	64%	64%
Rate	8.41	8.67	8.86	9.03	9.26	8.84
GBP Share of net flow	22%	-	-	-	-	4%
Rate	12.55	-	-	-	-	12.55
Market value of currency contracts*	-41	-28	-25	-6	13	-87

*On 31 March 2022.

Taxes

The tax cost for the first quarter 2022 amounted to SEK 261 million (109), equal to approximately 23 % (22) of profit before tax.

Parent company

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

Operating profit/loss for the first quarter 2022 was SEK -95 million (107). The operating result includes the effects of hedging contracts and revaluations of trade receivables.

The parent company hedges both its own and the Group's net currency flows. The parent company's result includes the results of these hedging measures. These effects were SEK -58 million (42) for the first quarter 2022.



The average number of employees on 31 March 2021 was 141 (142).

Cash and bank balances, and short-term investments amounted to SEK 239 million (2 427).

Sustainability

Sustainability KPIs, rolling 12 months (R12M)

	Q1 -22	Q4 -21	2022 target
Energy consumption ¹	5.12	5.12	5.1
Emissions of fossil CO2 ²	28.9	30.5	28

¹ Defined as preliminary energy consumption (MWh/tonne product).

² Defined as preliminary emissions of fossil CO2 in the manufacturing process (kg/tonne product).

BillerudKorsnäs is working towards a vision of fossil-free production. The company has developed a plan to achieve its science-based targets by 2030, systematically preparing all mills for a fossil free production by 2030. This work is mainly aimed at phasing out fossil fuels from production, along with investments in energy efficiency and reducing indirect emissions.

Preliminary fossil CO2-emissions in production amounted to 28.9 kg CO2e/tonnes in the last twelve months. Preliminary energy consumption was 5.12 MWh/tonne in the same period. This data does not include Verso's operations, which was acquired on 31 March 2022.

Holding of treasury shares

The holding of treasury shares was unchanged during the first quarter of 2022. On 31 March 2022, the number of own shares was 1 349 047, which corresponds to approximately 0.65% of the total amount of shares. The total amount of shares was 208 219 834 and the number of shares on the market was 206 870 787.

Annual General Meeting and proposed dividend

The Annual General Meeting will be held at Norra Latin in Stockholm on 10 May 2022 at 15:00 CET. The convening notice of the Annual General Meeting with all related documents is available on BillerudKorsnäs' website, under the headings About us, Corporate Governance, General Meetings, AGM 2022.

The Board of Directors proposes a dividend of SEK 4.30 per share (4.30) for 2021. The proposal entails a total share dividend of approximately SEK 890 million. The last day for trading in BillerudKorsnäs' shares including the right to receive payment of dividend is 10 May 2022. The dividend is estimated to be paid out on 17 May.



Risks and uncertainties

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

The direct impact of Russia's war in Ukraine on BillerudKorsnäs' operations is marginal. Russia and Ukraine accounted for around 1% of the net sales in 2021. BillerudKorsnäs complies with applicable sanctions and regulations and has suspended all sales to Russia except for one non-Russian owned customer of packaging material for essential food applications in Russia. The limited, indirect supply of wood originating from Russia (approx. 57 000 m² during 2021) has been cut off. BillerudKorsnäs is expected to be indirectly affected by the war in Ukraine through its influence on the economic development and price developments for energy, wood, chemicals, and fuel.

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

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

Related-party transactions

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

Financial calendar

Annual General Meeting – 10 May 2022

Q2 2022 report – 20 July 2022

Q3 2022 report – 25 October 2022

Solna, 5 May 2022

BillerudKorsnäs AB (publ)

Christoph Michalski

President and CEO

This information constituted inside information prior to publication. This is information that BillerudKorsnäs AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. This report has been prepared in both a Swedish and an English version.



Review report

Translation of the Swedish original

To the Board of Directors of BillerudKorsnäs AB (publ)

Corp. id. 556025-5001

Introduction

We have reviewed the condensed interim financial information (interim report) of BillerudKorsnäs AB (publ) as of 31 March 2022 and 31 March 2021 respectively and the three-month period ended 31 March 2022 and 31 March 2021 respectively. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 5 May 2022

KPMG AB

Ingrid Hornberg Román

Authorized Public Accountant

CONDENSED INCOME STATEMENT

SEKm	Quarter			Full year
	Q1 -22	Q4 -21	Q1 -21	2021
Net sales	7 397	6 688	6 520	26 206
Other operating income	59	72	35	211
Change in inventories	14	479	-53	296
Raw materials and consumables	-3 296	-3 617	-3 245	-13 172
Other external costs	-1 546	-1 901	-1 270	-5 856
Employee benefits expense	-969	-914	-983	-3 873
Depreciation, amortization and impairment of non-current assets	-475	-480	-475	-1 912
Profit/Loss from participations in associated companies	5	91	-1	89
Operating profit/loss	1 189	418	528	1 989
Financial net	-44	-18	-42	-113
Profit before tax	1 145	400	486	1 876
Taxes	-261	-80	-109	-391
Profit for the period	884	320	377	1 485
Profit/Loss attributable to:				
Owners of the parent company	884	320	377	1 485
Non-controlling interests	-	-	-	-
Net profit/loss for the period	884	320	377	1 485
Earnings per share, SEK	4.27	1.55	1.82	7.18
Diluted earnings per share, SEK	4.27	1.55	1.82	7.17

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter			Full year
	Q1 -22	Q4 -21	Q1 -21	2021
Net profit for the period	884	320	377	1 485
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Actuarial gains or losses on defined benefit pension plans	58	-17	-	-17
Change in fair value of shareholding in Other holdings	-	-4	-4	-6
Tax attributable to items not to be reclassified to profit or loss	-12	4	-	4
Total items never reclassified to profit or loss	46	-17	-4	-19
Items that have been or may be reclassified subsequently to profit or loss				
Differences arising from the translation of foreign operations' accounts	2	7	36	39
Change in fair value of cash flow hedges	578	37	-105	177
Tax attributable to items that have been or may be reclassified subsequently to profit or loss	-103	-24	22	-53
Total items that have been or may be reclassified subsequently to profit or loss	477	20	-47	163
Total comprehensive income for the period	1 407	323	326	1 629
Attributable to:				
Owners of the parent company	1 407	323	326	1 629
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	1 407	323	326	1 629

CONDENSED BALANCE SHEET

SEKm	31 Mar	31 Mar	31 Dec
	2022	2021	2021
Intangible assets	2 182	1 959	1 957
Tangible assets, including Right of use assets	28 133	22 769	22 689
Other non-current assets	2 472	1 257	1 525
Total non-current assets	32 787	25 985	26 171
Inventories	5 555	3 472	3 836
Accounts receivable	4 305	3 369	3 047
Other current assets	2 275	929	1 366
Cash and cash equivalents	1 971	2 651	3 558
Total current assets	14 106	10 421	11 807
Total assets	46 893	36 406	37 978
Equity attributable to owners of the parent company	21 449	19 620	20 041
Non-controlling interests	-	-	-
Total equity	21 449	19 620	20 041
Interest-bearing liabilities	5 314	4 700	4 655
Lease liabilities	230	178	169
Provisions for pensions	1 659	833	816
Other liabilities and provisions	500	144	91
Deferred tax liabilities	4 262	3 583	3 962
Total non-current liabilities	11 965	9 438	9 693
Interest-bearing liabilities	5 392	2 091	1 791
Lease liabilities	162	100	111
Accounts payables	4 251	3 284	3 809
Other liabilities and provisions	3 674	1 873	2 533
Total current liabilities	13 479	7 348	8 244
Total equity and liabilities	46 893	36 406	37 978

CONDENSED STATEMENT OF CHANGES IN EQUITY

SEKm	Quarter		Full year
	Q1 -22	Q1 -21	2021
Opening balance	20 041	19 294	19 294
Comprehensive income for the period	1 407	326	1 629
Share-based payment to be settled in equity instruments	5	-	7
Hedgingresult transferred to acquisition cost in fixed assets	-4	-	1
Dividend to owners of the parent company	-	-	-890
Closing balance	21 449	19 620	20 041
Equity attributable to:			
Owners of the parent company	21 449	19 620	20 041
Non-controlling interests	-	-	-
Closing balance	21 449	19 620	20 041



CONDENSED CASH FLOW STATEMENT

SEKm	Quarter			Full year
	Q1 -22	Q4 -21	Q1 -21	2021
Operating surplus, etc. *	1 561	1 185	929	3 932
Net financial items, taxes, etc.	-73	-80	-83	-237
Change in working capital, etc.	-734	49	-481	197
Cash flow from operating activities	754	1 154	365	3 892
Investments in tangible and intangible assets	-556	-472	-200	-1 526
Acquisition of financial assets/ contribution associated companies	-8	-24	-19	-43
Disposal/repayment of financial assets/other holdings	-	-	30	30
Sales of subsidiary	-	29	-	29
Business combinations, Note 3	-6 026	-	-	-
Dividend from associated companies	-	-	-	10
Disposal of property, plant and equipment	-	-	-	1
Cash flow from investing activities	-6 590	-467	-189	-1 499
Change in interest-bearing receivables	-	2	1	8
Change in interest-bearing liabilities	4 223	-30	-574	-1 014
Dividend to owners of the parent company	-	-	-	-890
Cash flow from financing activities	4 223	-28	-573	-1 896
Total cash flow (=change in cash and cash equivalents)	-1 613	659	-397	497
Cash and cash equivalents at start of period	3 558	2 887	3 036	3 036
Translation differences in cash and cash equivalents	26	12	12	25
Cash and cash equivalents at the end of the period	1 971	3 558	2 651	3 558

*RECONCILIATION OF OPERATING SURPLUS

SEKm	Quarter			Full year
	Q1 -22	Q4 -21	Q1 -21	2021
Operating profit	1 189	418	528	1 989
Reversed depreciation	475	479	475	1 912
Earnings from associated companies	-5	-91	1	-89
Pension liabilities	-20	-19	-7	-43
Other provisions	31	3	-24	13
Net result from electricity certificates and emission rights	-114	269	-44	20
Incentive programmes	5	3	-	7
Capital gain/loss from divestment of subsidiary	-	123	-	123
Operating surplus, etc	1 561	1 185	929	3 932



NOTE 1 ACCOUNTING POLICIES

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

NOTE 2 FINANCIAL ASSETS AND LIABILITIES

	Fair value hedging instruments	Amortised cost	Fair value through other compre- hensive income	Financial liabilities measured at amortised costs	Total carrying amount	Fair value
<i>Valuation classification</i>	<i>Level 2</i>		<i>Level 3</i>			
Group 31 March 2022						
Other shares and participations	-	-	70	-	70	70
Long-term receivables	245	130	-	-	375	375
Accounts receivable	-	4 305	-	-	4 305	4 305
Other receivables	721	516	-	-	1 237	1 237
Cash and cash equivalents	-	1 971	-	-	1 971	1 971
Total	966	6 922	70	-	7 958	7 958
Non-current interest-bearing liabilities	-	-	-	5 544	5 544	5 544
Current interest-bearing liabilities	-	-	-	5 553	5 553	5 556
Accounts payables	-	-	-	4 251	4 251	4 251
Other liabilities	104	-	-	478	582	582
Total	104	-	-	15 826	15 930	15 933

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

NOTE 3 BUSINESS COMBINATIONS

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

The purchase price was USD 27.00 on the outstanding shares and the total purchase price was USD 798 million, or SEK 7 395 million, including settlement of warrants and incentive programs. The acquisition of Verso was financed by a bank loan of SEK 6 000 million and cash. The acquisition of Verso is fully in line with BillerudKorsnäs' strategy to drive profitable growth in paperboard, and the ambition to expand into North America. BillerudKorsnäs' Board of Directors proposes that the AGM on 10 May 2022 authorize the Board to resolve on a rights issue of up to SEK 3.5 billion, with the aim to use the proceeds from the rights issue to repay part of the bank loan provided for the acquisition of Verso.

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

Since the total purchase consideration exceeded the net value of acquired assets and liabilities, a goodwill of SEK 207 million is recognized. The acquisition had no effect on the first quarter's net sales or profit, due to the fact that the acquisition was made on March 31, 2022. Acquisition costs amounted to SEK 135 million and was accounted for in 2021 as other external costs. No additional acquisition costs have been accounted for during 2022. Verso's balance sheet is included in the consolidated balance sheet of March 31, 2022. For the first quarter 2022, Verso's net sales amounted to USD 319 million. The result for Verso for the first quarter has not yet been converted to IFRS as the acquisition occurred in the end of March 2022.

A preliminary acquisition analysis of the transaction is presented below.

SEKm	
Group	2022
Acquired balance sheet	
Goodwill	207
Tangible assets, including Right of use assets	5 315
Deferred tax asset, net	528
Other non-current assets	118
Inventories	1 552
Accounts receivables	973
Other current assets	85
Cash and cash equivalents	1402
Total Assets	10 180
Provisions for pensions	917
Other non-current liabilities	460
Accounts payables	697
Other current liabilities	711
Total liabilities	2 785
Purchase consideration	
Purchase consideration	-7 293
Deferred consideration (settlement of warrants and incentive programs)	-102
Total consideration	-7 395
Acquisition costs	-135
Cash and cash equivalents (acquired)	1402
Net effect on cash and cash equivalents, total	-6 128
Deferred consideration to be paid out	102
Net effect on cash and cash equivalents in Q1	-6 026

NOTE 4 OTHER DISCLOSURES

Other disclosures in accordance with IAS 34.16A can be found on the pages prior to the income statement and the statement of comprehensive income. Information regarding product areas/segments can be found on pages 5-7, information regarding financing on pages 7-8, seasonal effects on page 22 and events after the end of the quarter on page 4.



KEY FIGURES

	Jan-Mar		Full year
	2022	2021	2021
Margins			
EBITDA margin, %	22	15	15
Adjusted EBITDA margin, %	22	15	16
Operating margin, %	16	8	8
Adjusted operating margin, %	16	8	8
Return (rolling 12 months)			
Return on capital employed, % (ROCE)	10	4	8
Adjusted Return on capital employed, % (adj ROCE)	11	4	9
Return on equity, %	10	5	8
Capital structure at end of period			
Capital employed, SEKm	32 219	24 854	24 008
Working capital, SEKm	4 557	2 734	2 017
Equity attributable to owners of the parent company, SEKm	21 449	19 620	20 041
Interest-bearing net debt, SEKm	10 770	5 234	3 968
Net debt/equity ratio	0.50	0.27	0.20
Interest-bearing net debt / EBITDA	2.4	1.8	1.0
Interest-bearing net debt / Adjusted EBITDA	2.3	1.8	1.0
Key figures per share			
Earnings per share, SEK	4.27	1.82	7.18
Adjusted earnings per share, SEK	4.27	1.82	2.40
Dividend (for the financial year) per share, SEK	-	-	4.30*
Other key figures			
Working capital as percentage of net sales, %	11	10	9
Investments in tangible and intangible assets, SEKm	556	200	1 526
Average number of employees	4 267	4 415	4 370

*Board of Directors' proposal



RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

	Quarter			Full year
	Q1 - 22	Q4 - 21	Q1 - 21	2021
Items affecting comparability*, SEKm				
Capital loss from the sale of Beetham (Operating expenses)	-	123	-	123
Acquisition costs, Verso (Operating expenses)	-	135	-	135
Revaluation of biological assets in associated companies (Profit from participations in associated companies)	-	-81	-	-81
Items affecting comparability	-	177	-	177
EBITDA, SEKm and EBITDA margin, %				
Operating profit	1 189	418	528	1 989
Depreciation, amortization and impairment of non-current assets	475	480	475	1 912
EBITDA, SEKm	1 664	898	1 003	3 901
Net sales	7 397	6 688	6 520	26 206
EBITDA margin, %	22	13	15	15
Adjusted EBITDA, SEKm and adjusted EBITDA margin, %				
EBITDA	1 664	898	1 003	3 901
Items affecting comparability*	-	177	-	177
Adjusted EBITDA, SEKm	1 664	1 075	1 003	4 078
Net sales	7 397	6 688	6 520	26 206
Adjusted EBITDA margin, %	22	16	15	16
Operating margin, %				
Operating profit	1 189	418	528	1 989
Net sales	7 397	6 688	6 520	26 206
Operating margin, %	16	6	8	8
Adjusted operating profit, SEKm and adjusted operating margin, %				
Operating profit	1 189	418	528	1 989
Items affecting comparability*	-	177	-	177
Adjusted operating profit	1 189	595	528	2 166
Net sales	7 397	6 688	6 520	26 206
Adjusted operating margin, %	16	9	8	8
Return on capital employed, %				
Operating profit over 12 months***	2 650	1 989	1 022	1 989
Average capital employed over 12 months**	25 974	24 463	25 099	24 463
Return on capital employed, %	10	8	4	8
Adjusted return on capital employed, %				
Adjusted operating profit over 12 months***	2 827	2 166	988	2 166
Average capital employed over 12 months**	25 974	24 463	25 099	24 463
Adjusted return on capital employed, %	11	9	4	9
Return on equity, %				
Net profit attributed to owners of the parent company over 12 months ***	1 992	1 485	873	1 485
Average shareholders' equity attributed to owners of the parent company **	19 989	19 558	19 184	19 558
Return on equity, %	10	8	5	8
Net debt/equity ratio				
Interest-bearing net debt	10 770	3 968	5 234	3 968
Total equity	21 449	20 041	19 620	20 041
Net debt/equity ratio	0.50	0.20	0.27	0.20
Interest-bearing net debt / EBITDA				
Interest-bearing net debt	10 770	3 968	5 234	3 968
EBITDA over 12 months***	4 563	3 901	2 949	3 901
Interest-bearing net debt / EBITDA	2.4	1.0	1.8	1.0



RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (CONT.)

	Quarter			Full year
	Q1 - 22	Q4 - 21	Q1 - 21	2021
Interest-bearing net debt / Adjusted EBITDA				
Interest-bearing net debt	10 770	3 968	5 234	3 968
Adjusted EBITDA over 12 months***	4 740	4 078	2 915	4 078
Interest-bearing net debt / Adjusted EBITDA	2.3	1.0	1.8	1.0
Adjusted earnings per share, SEK				
Profit attributed to owners of the parent company, SEKm	884	320	377	1 485
Items affecting comparability, attributed to owners of the parent company, SEKm *	-	177	-	177
Adjusted profit attributed to owners of the parent company, SEKm	884	497	377	1 662
Weighted number of outstanding shares, thousands	206 871	206 871	206 832	206 858
Adjusted earnings per share, SEK	4.27	2.40	1.82	8.03
Working capital as percentage of net sales, %				
Average working capital	3 287	2 219	2 513	2 357
Annualized net sales	29 586	26 755	26 081	26 206
Working capital as percentage of net sales, %	11	8	10	9

* Revenue = -, Cost = +

** Average for the five latest quarters.

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

	31 Mar 2022	31 Mar 2021	31 Dec 2021
Capital employed, SEKm			
Total assets	46 893	36 406	37 978
Accounts payables	-4 251	-3 284	-3 809
Other liabilities and provisions	-4 175	-2 017	-2 626
Deferred tax liabilities	-4 262	-3 583	-3 962
Non-current receivables from associates (interest-bearing)	-15	-17	-15
Cash and Cash equivalents	-1 971	-2 651	-3 558
Capital employed	32 219	24 854	24 008
Working capital, SEKm			
Inventories	5 555	3 472	3 836
Accounts receivables	4 305	3 369	3 047
Other current receivables	2 275	929	1 366
Accounts payables	-4 251	-3 284	-3 809
Other current liabilities and provisions	-3 674	-1 873	-2 533
Reduction of provisions	140	45	103
Reduction of tax liabilities/receivables	207	76	7
Working capital	4 557	2 734	2 017
Interest-bearing net debt, SEKm			
Provisions for pensions	1 659	833	816
Interest bearing non-current liabilities	5 314	4 701	4 655
Non-current lease liabilities	230	177	169
Interest bearing current liabilities	5 392	2 091	1 790
Current lease liabilities	161	100	111
Non-current receivables from associates (interest-bearing)	-15	-17	-15
Cash and Cash equivalents	-1 971	-2 651	-3 558
Interest-bearing net debt	10 770	5 234	3 968



Seasonal effects

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

PLANNED MAINTENANCE SHUTDOWNS

In addition to ongoing maintenance during production, BillerudKorsnäs' production units normally also require more extensive maintenance at some time during the year. Maintenance requires the production of pulp, paper and board to stop. The principal cost items in a maintenance shutdown are loss of volumes arising from the shutdown and fixed costs, mainly maintenance and overtime costs, as well as a certain portion of variable costs including higher consumption of electricity and wood when production is restarted. The effects of shutdowns on earnings vary depending on the extent of the measures carried out, their nature and the actual length of the shutdown. The estimated cost of shutdown involves an assessment of the impact on earnings of a normal shutdown compared with a quarter during which no periodic maintenance shutdown takes place.

In the first quarter of 2022 planned maintenance shutdown was performed at Gruvön. The maintenance cost in the first quarter amounted to around SEK 80 million.

ESTIMATED MAINTENANCE SHUTDOWN COST

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

Key Figures – Definitions and purpose

ADJUSTED KEY FIGURES

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

EBITDA

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

EBITDA MARGIN, %

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

ADJUSTED EBITDA

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

ADJUSTED EBITDA MARGIN, %

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

OPERATING MARGIN, %

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

ADJUSTED OPERATING PROFIT

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

ADJUSTED OPERATING MARGIN, %

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

RETURN ON CAPITAL EMPLOYED (ROCE)

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

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

ADJUSTED RETURN ON CAPITAL EMPLOYED (ROCE)

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

RETURN ON EQUITY, %

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

CAPITAL EMPLOYED

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

WORKING CAPITAL

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

INTEREST-BEARING NET DEBT

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

NET DEBT/EQUITY RATIO

Interest-bearing net debt divided by equity. The ratio shows the mix between interest-bearing net debt and equity financing. A higher ratio means higher financial leverage and may have positive

effects on return on equity but imply a higher financial risk.

INTEREST-BEARING NET DEBT/ EBITDA

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

INTEREST-BEARING NET DEBT/ADJUSTED EBITDA

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

EARNINGS PER SHARE

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

ADJUSTED EARNINGS PER SHARE

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

WORKING CAPITAL AS PERCENTAGE OF NET SALES

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

OPERATING CASH FLOW AFTER INVESTMENTS IN TANGIBLE AND INTANGIBLE ASSETS

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



Parent company

CONDENSED INCOME STATEMENT

SEKm	Quarter		Full year
	Q1 -22	Q1 -21	2021
Operating income*	82	237	634
Operating expenses	-177	-130	-470
Operating profit/loss	-95	107	164
Financial income and expenses	-37	-41	-143
Profit/Loss after financial income and expenses	-132	66	21
Appropriations	-	-	289
Profit/loss before tax	-132	66	310
Taxes	27	-14	-74
Net profit/loss for the period	-105	52	236

* Including currency hedging etc.

CONDENSED BALANCE SHEET

SEKm	31 Mar	31 Mar	31 Dec
	2022	2021	2021
Non-current assets	17 980	10 695	10 668
Current assets	14 400	16 569	16 588
Total assets	32 380	27 264	27 256
Shareholders' equity	7 209	8 009	7 309
Untaxed reserves	1 341	1 516	1 341
Provisions	260	229	253
Liabilities	23 570	17 510	18 353
Total equity and liabilities	32 380	27 264	27 256



QUARTERLY DATA

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

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

Quarterly net sales per product area and for the Group

SEKm	2022		2021			2020		
	Q1 -22	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Q2 -20
Product area Board	4 375	3 762	3 663	3 642	3 785	3 370	3 059	3 571
Product area Paper	2 219	2 138	2 047	2 039	1 903	1 777	1 835	1 940
Solutions & Other	815	757	725	772	696	667	637	722
Currency hedging, etc.	-12	31	59	51	136	-11	30	-77
Total Group	7 397	6 688	6 494	6 504	6 520	5 803	5 561	6 156

Quarterly EBITDA per product area and for the Group

SEKm	2022		2021			2020		
	Q1 -22	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Q2 -20
Product area Board	1 047	809	678	556	705	481	266	571
Product area Paper	702	346	414	365	263	165	241	323
Solutions & Other	-73	-288	-34	-89	-101	6	33	-83
Currency hedging, etc.	-12	31	59	51	136	-11	30	-76
Total Group	1 664	898	1 117	883	1 003	641	570	735

Quarterly EBITDA margin per product area and for the Group

%	2022		2021			2020		
	Q1 -22	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Q2 -20
Product area Board	24	22	19	15	19	14	9	16
Product area Paper	32	16	20	18	14	9	13	17
Group	22	13	17	14	15	11	10	12

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

SEKm	2022		2021			2020		
	Q1 -22	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Q2 -20
Product area Board	1 127	954	859	744	705	645	577	571
Product area Paper	702	485	525	381	263	296	329	323
Solutions & Other	-73	-111	-34	-89	-101	-67	33	-44
Currency hedging, etc.	-12	31	59	51	136	-11	30	-76
Total Group	1 744	1 359	1 409	1 087	1 003	863	969	774
Costs for maint. shutdowns	-80	-284	-292	-204	-	-295	-399	-
Items affecting comparability	-	-177	-	-	-	73	-	-39
EBITDA	1 664	898	1 117	883	1 003	641	570	735

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

%	2022		2021			2020		
	Q1 -22	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Q2 -20
Product area Board	26	25	23	20	19	19	19	16
Product area Paper	32	23	26	19	14	17	18	17
Total Group	24	20	22	17	15	15	17	13



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

SEKm	2022	2021				2020		
	Q1 -22	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Q2 -20
Product area Board	725	486	354	231	380	149	-67	233
Product area Paper	583	224	293	244	145	51	120	202
Solutions & Other	-107	-323	-67	-122	-133	-26	3	-113
Currency hedging, etc.	-12	31	59	51	136	-11	30	-77
Total Group	1 189	418	639	404	528	163	86	245

Quarterly operating margin per product area and for the group

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

Quarterly sales volumes per product area

ktonnes	2022	2021				2020		
	Q1 -22	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Q2 -20
Product area Board	495	456	466	474	521	460	419	472
Product area Paper	219	231	229	245	255	227	238	231
Total Group	714	687	695	719	776	687	657	703

This is BillerudKorsnäs

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

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

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

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

Find out more at billerudkorsnas.com

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