ANNUAL REPORT
2021

The future is built with wood

Moelven

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Front cover photo: Bjørnar Fjeldberg

The CEO's remarks

A year for the history books

2021 was an unforgettable year, and for many years into the future we will probably have to compare ourselves with the 2021 results. This was also the year that timber prices became part of everyday language, and the market reached record levels.
But what was most encouraging were our people's efforts.

We are of course pleased with delivering a financial result that not even the greatest optimists among us could have imagined. But behind the twelve months resulting in sales of NOK 14.8 billion and an operating profit of close to NOK three billion there is much to be proud of for us at Moelven.

We deliver

Last year we launched an updated brand, and we renovated our values. One of our values is "We deliver." And I suppose that is really how I would sum up the extraordinary year of 2021.

We have delivered on demand that really has required a lot from us. Our people made an effort, taken responsibility and used the opportunities we have to deliver the products and solutions the market has been crying out for. This has taken place while the pandemic has ravaged our society, with all kinds of restrictions and a high rate of absence. The good social environment at work has been curtailed into small cohorts, while at the same time we have never had so much work and everyone has had to pull in the same direction.

This kind of effort does not grow on trees, and we know we are lucky to have such people on our team.

In addition, we have delivered in an area where we previously have not succeeded well enough in, and that's our safety work. From 2020 to 2021 we reduced our LTI rate from 11.7 to 6.9. The LTI rate describes injuries leading to absence converted to the number of million of worked hours. Moelven has long had an LTI rate in excess of 10, and this is the first time we have had so few injuries with resulting absence. This means that our people to a far greater degree thanm previously have arrived home in one piece, and that is our most important promise as an employer. We have taken responsibility and worked diligently on even stronger systems and measures in our safety work. It is therefore pleasing to see such a marked decline in the number of injuries. We have really worked for it, but the work is far from over.

Those who make a difference

Our employees are our most important assets, and in 2021 Moelven initiated the most comprehensive development programme the Group has seen in its 122 year history. All of our 3,300 employees have completed the first parts of the "Active employee participation" programme. Here we all receive training in how we can make a difference in everyday life for ourselves, others and for our workplace. This is an initiative I am proud to be a part of, that contributes to bring out the best in all of us. We need it to keep up with the competition in the years to come. Because it's far from certain that we will experience a tailwind like the one in 2021.

We take advantage of our opportunities

Our financial result allows us to look forward and prepare for what lies ahead. It was the reason the Group Board gave the go-ahead for the largest investment drive in Moelven ever. Towards 2024 we will upgrade our sawmills at Moelven Edanesågen AB and Moelven Valåsen AB with greater capacity and modernisation of the processes – an investment of NOK 600 million. These are investments that are needed if we are to maintain our international competitiveness. Because the industry we operate in and the market is international. This means that every day we have to be competitive in terms of price, delivery and quality – and of course sustainability.

Opportunities grow on trees

2021 will also go down in history as a year where all of Moelven was readied for the future. A new and even clearer strategic direction has been pointed out for the Group. Our strategic framework has been upgraded, and we now have clear goals and ambitions that we will deliver on going forward. Another modernisation and improvement concerns our brand. We have not made a habit of updating it very often, but after three years of work across the company we launched Moelven's new visual profile and our upgraded value platform in October. Our modern brand now complements all the amazing things we do at Moelven – throughout our value chain. We are dressed and ready for the future, and ready to deliver – again.

CEO Morten Kristiansen.

This is Moelven

Moelven is one of Europe's largest industrial wood processing groups. We have 33 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.

OPERATING REVENUES
14 872 000 000

OPERATING PROFIT
2 986 000 000

LTI1
6,9
Number of injuries with absence per million worked hours, past 12 months.

LTI2
21,1
Number of injuries with and without absence per million worked hours, past 12 months.

PRODUCTION
41 Locations
33 Companies
2 Countries

EMPLOYEES
3312
2892 Men
420 Women

CUSTOMERS IN
40
COUNTRIES

Vision

Opportunities grow on trees – we grow with opportunities

We make use of our opportunities

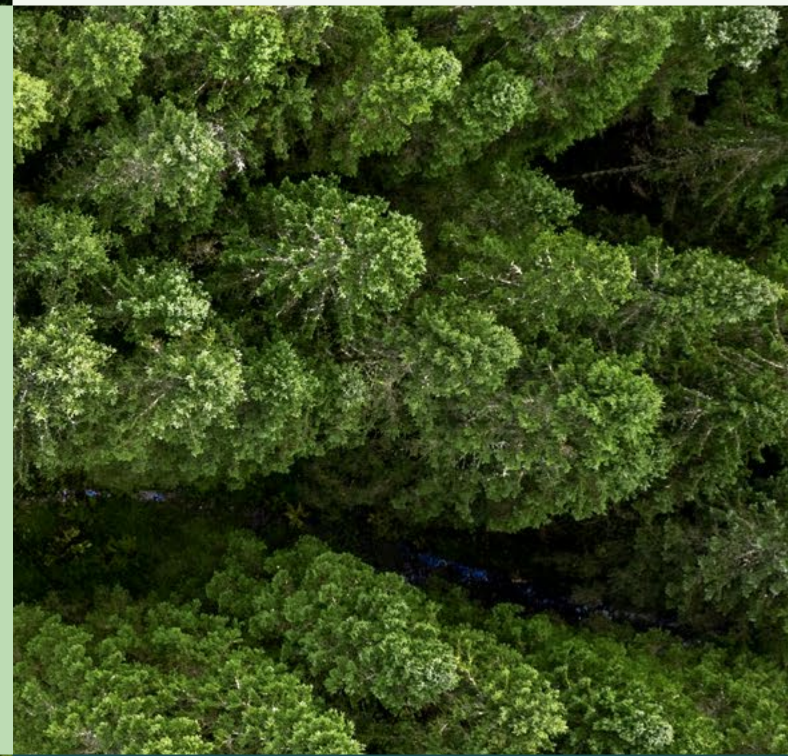
We reach for the opportunities that surround us, just like the branches of a tree. We think out of the box and adapt to our environment, so that we can grow and remain viable under all conditions.

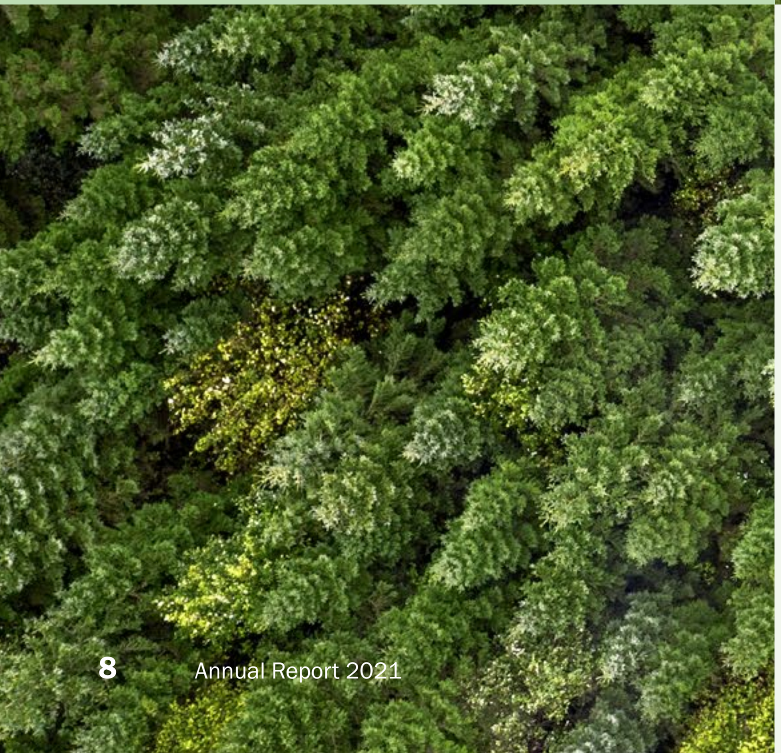
Mission

We harvest our 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.

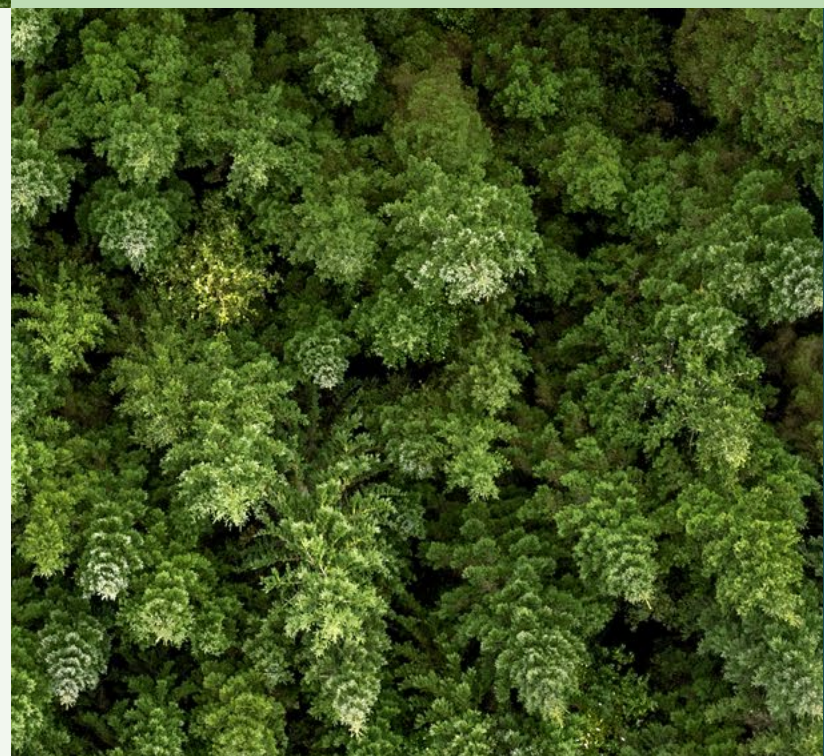




HR concept

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.

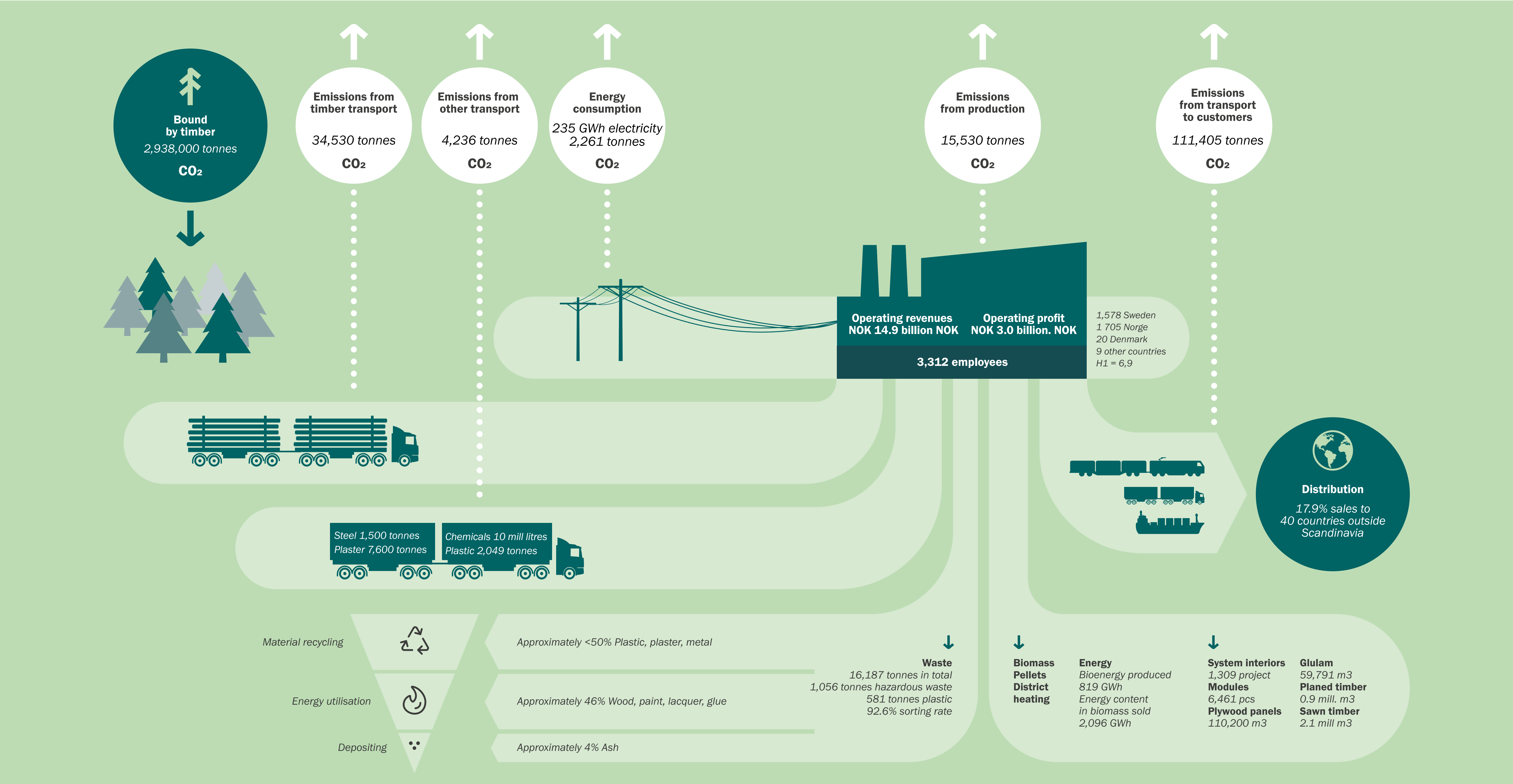
We are Moelven – You make the difference!



We take responsibility

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

Climate-smart, sustainable value creation



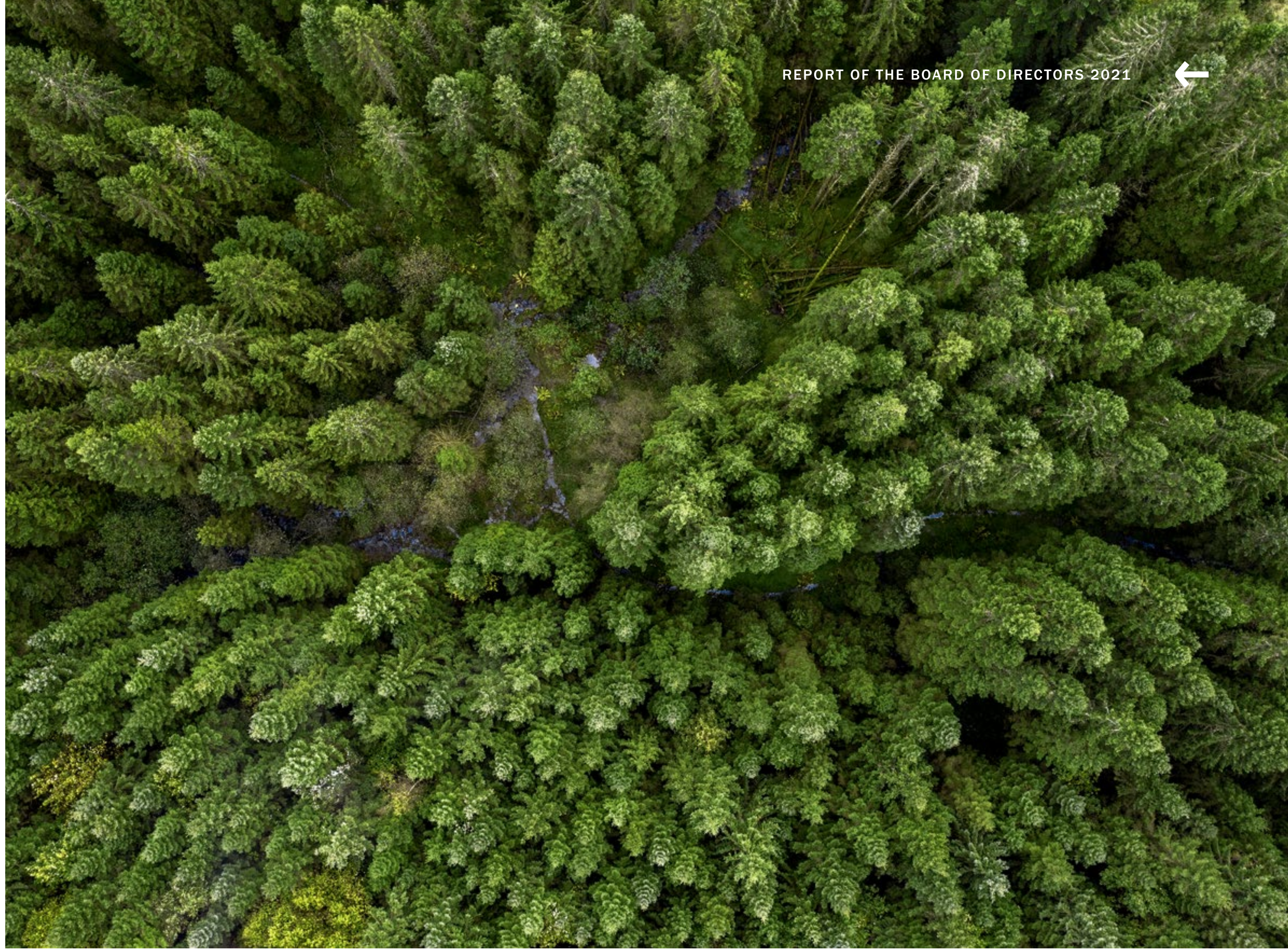
Priority areas, goals and priorities

Basic assumption
– we are a reliable partner

Four priority areas	Important topics	Results	2019	2020	2021	Goals and priorities 2025
13 CLIMATE ACTION We and our materials shall be climate positive	1. Energy consumption in own production 2. Goods transport 3. Production of bioenergy 4. Climate benefits from the forest 5. Climate-smart design	Electricity consumption (GWh)	229	249	235	Reduce CO2 emissions per unit produced. 95 % of needs for thermal energy covered by self-produced bioenergy.
		Carbon footprint (tCO_2e)	138,570	159,888	168,862	156,500
		Carbon stored in finished goods (tCO_2)	1,469,283	1,576,605	1,484,288	5 % annual reduction in carbon intensity.
		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.
15 LIFE ON LAND We shall use renewable resources and utilise the entire resource	1. Sustainable materials 2. Resource optimisation 3. Resource-efficient design and packaging 4. Waste management in production 5. 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)	387	392	581	Share of recycled plastic > 30 %
		Plastic consumed (tons)	1,651	1,909	2,049	Collaborate with customers and suppliers on concepts to minimise the need for packaging. Development and testing of alternative packaging materials.
		Sorting ratio	85 %	87.6 %	92.6 %	90 % sorting rate for Group and all units
3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION We shall be an attractive and safe workplace	1. HSE 2. Involved and competent employees 3. Safe chemical use	LTI	11.3	11.7	6.9	< 4
		LTI2	34.8	25.1	21.2	< 16
		Rate of absence due to injury	207.5	256	184.6	
		Risk reports	3,208	3,843	7,265	> 1.2 per employee
		Absence due to illness	5.40 %	6.20 %	5.6 %	< 4.0 %
		Employees	3,399	3,391	3,312	
		Apprentices	31	30	31	
8 DECENT WORK AND ECONOMIC GROWTH We shall create more green jobs	1. Economic value creation in local communities 2. The local environment	Total tax contributions in Norway and Sweden (MNOK)	828	931	1,450	Sustainability is one of the four cornerstones 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)	4,235	5,004	7,308	
		Direct jobs	3,399	3,391	3,312	
		Violation of the Pollution Control Act or equivalent	None	None	None	Moelven shall not be responsible for any violation of the Pollution Control Act or equivalent legislation. Moelven shall continuously work to improve its environmental footprint in the local community

Key figures for last 5 years

Amounts in NOK millions	2021	2020	2019	2018	2017
THE GROUP					
Operating revenue	14,872	11,665	10,297	11,021	10,768
EBITDA	3,389	1,011	630	935	716
Depreciation	351	344	296	282	278
Impairment	52	4	-2	66	18
Operating profit	2,986	662	335	586	420
Financial items	5	-59	-96	-8	-47
Result before tax	2,991	604	240	578	374
Total capital	8,269	5,833	5,518	5,302	5,045
Equity in per cent	55.5	49.1	42.9	45.9	41.5
Operating margin in per cent	20.1	5.7	3.3	5.3	3.9
Investments	420	272	479	497	357
Number of employees	3,312	3,391	3,399	3,524	3,546
TIMBER					
Operating revenue	5,046	3,445	3,119	3,263	3,118
EBITDA	1,794	366	243	449	267
Depreciation	103	103	97	99	103
Impairment	-	4	-	7	18
Operating profit	1,691	259	146	343	147
Financial items	-9	1	-5	-4	-17
Result before tax	1,682	260	141	339	129
Total capital	3,079	1,743	1,513	1,663	1,545
Operating margin in per cent	33.5	7.5	4.7	10.5	4.7
Investments	194	88	116	137	99
Number of employees	630	636	629	620	650
WOOD					
Operating revenue	6,164	4,730	4,018	3,977	3,806
EBITDA	1,504	482	265	318	266
Depreciation	117	111	102	108	111
Impairment	3	-	-2	59	-
Operating profit	1,384	372	165	152	155
Financial items	-20	-19	-29	-16	-25
Result before tax	1,364	353	136	136	130
Total capital	3,866	2,802	2,514	2,467	2,414
Operating margin in per cent	22.5	7.9	4.1	3.8	4.1
Investments	155	130	117	198	120
Number of employees	1,108	1,099	1,114	1,108	1,079
BUILDING SYSTEMS					
Operating revenue	3,913	3,347	3,003	3,743	3,856
EBITDA	160	166	135	191	207
Depreciation	140	90	78	62	53
Impairment	49	-	-	-	-
Operating profit	19	76	57	128	154
Financial items	4	-5	-4	-1	-2
Result before tax	23	71	53	127	152
Total capital	1,694	1,909	1,751	1,751	1,809
Operating margin in per cent	0,5	2.3	1.9	3.4	4.0
Investments	54	22	56	93	119
Number of employees	1,383	1,490	1,494	1,647	1,687
OTHER ACTIVITIES					
Operating revenue	4,553	3,802	3,728	3,548	3,415
EBITDA	-6	-4	-14	-24	-23
Depreciation and impairment	41	41	19	13	12
Operating profit	-47	-45	-32	-37	-35
Financial items	31	-36	-58	13	-3
Result before tax	-16	-81	-90	-25	-38
Investments	18	32	190	69	19
Number of employees	191	166	162	149	130



Report of the Board of Directors 2021

2021 in brief

Very strong international demand for timber and COVID-19 characterised 2021. Overall, the year was a record year for Moelven, with operating revenues of more than NOK 14.8 billion in 2021. This is an increase of NOK 3.2 billion compared to 2020. Operating profit was just shy of NOK 3 billion, compared to NOK 662 million in 2020.

As early as the first quarter, which is ordinarily a poor quarter in the business areas in which Moelven operates, a revenue and profit record was set for the Group as a whole. At the same time, the COVID-19 pandemic posed challenges in terms of maintaining a sufficiently high production and delivery rate to meet the customers' needs for products, activity at construction sites, logistics and implementing planned investment projects. For many units a higher production rate than planned lead to increased operating costs, including for maintenance. The Group's employees showed great willingness and ability to identify good solutions to maintain deliveries. This was essential in order for the Group to deliver a record result that has given the Group a unique opportunity for modernisation and development of the industrial activities.
In the last part of 2021 prices in the international market dropped somewhat, but stabilised towards the turn of the year at a consistent high level. How long the strong economic situation will last is uncertain, but the global green shift that is ongoing will continue to support demand for renewable and sustainable building materials in the years ahead.

2021 was not only a financially strong year for Moelven. Personal injury statistics were also significantly improved. After exceeding 10 over a long period of time, the frequency of injuries with subsequent sickness absence during the year was reduced from 11.7 injuries per million hours worked to 6.9. In the course of the year the development programmes

"Active employee participation" and "Active leadership" were completed by the Group's 3,300 employees and managers. In addition to launching the Group's new brand profile in October, this has contributed to Moelven leaving 2021 as a stronger and more unified group than ever.

The improvement programme in the Group's long-term strategy plans has also contributed to improving results in 2021. The main objectives in the strategy plans are focused on creating 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 at the end of 2021 the Group emerges as significantly more robust than previously.

The Moelven Group exports products to more than 40 countries on several continents. Developments in the world economy are therefore important to Moelven. Combined, approx. 15 per cent of the Group's turnover is in markets beyond Scandinavia, mainly in the euro zone, the UK, 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 45 per cent, and for Wood it is 10 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.

For the Timber division the high demand for sawn timber that started in the spring of 2020 continued throughout 2021, but with lower intensity towards the end of the year. For the year as a whole, market activity was very good.

The key drivers were, as in 2020, largely private consumption and the fact that wood is taking market shares from other building materials such as steel and concrete. The American market in particular, which is the world's largest market for timber, had a high level of activity in 2021. At the same time, several regions that previously have delivered large volumes to the American market have reduced production as a result of poor access to raw materials due to beetle attacks. This has led to delivery volumes being moved to the US from the European market, which regardless of this already had a low supply of goods in relation to the overall demand. Overall this led to a large surplus in demand for timber globally, and prices on the international sawn timber market rose to historically high levels.

The Wood division mainly sells its processed wood products on the industrial and building materials markets in Scandinavia. The division also has six so-called combined units that use saw timber as a raw material in their operations. Depending on the quality and dimensions of raw materials, this results in a certain volume of sawn timber that is not ordinarily processed at the unit but sold externally. In order to ensure adequate raw materials for the Group's processing units without own sawn timber production, the share of external sales of sawn timber from the combined units was somewhat reduced in 2021 compared to the previous year.

The high demand for sawn timber from the building products trade in Scandinavia that started in the spring of 2020, continued through 2021 until somewhat into the fourth quarter. As a result of high demand, a general shortage of goods and increased raw material costs, timber prices rose to historically high levels in the course of 2021.

The Group's timber-consuming units entered 2021 with timber inventories at a normal level in relation to the business's size and production rate. Activity in the forest has been high throughout the entire year, and has provided good access to saw timber. Inventory levels at the end of 2021 were close to the maximum at several units. Development has been driven by both high demand for forest raw material due to the timber boom, and that the price increase on sawn timber internationally has contributed to increase price levels for saw timber too. In addition, the increase of powder-post beetles has resulted in an increased supply of timber, particularly in Sweden. For Moelven's timber-consuming units, prices throughout 2021 have been at a higher level than in 2020.

A high supply of chip and fibre products has overall led to a slight decline in prices to levels somewhat lower than in 2020 in both Norway and Sweden. However, market balances took a turn for the better through the second half of the year, and demand for the Group's bioenergy products increased in particular.

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. In this segment demand was very good in 2021, driven by the high activity in the consumer market related to the renovation and maintenance of homes and holiday homes. For the other market segments in the division, activity levels were lower and somewhat more varied through the year. COVID-19 led to certain challenges with maintaining activity levels at construction sites. However, general developments were in the direction of improved market activity as 2021 progressed, and at the turn of the year demand was at satisfactory levels for all segments except the Norwegian market for modular homes.

Working environment manager Karin Löfgren works to ensure that everyone gets home from work in one piece at Moelven Byggmodul AB.

Events in 2021

HSE

In the fourth quarter of 2020 Moelven drew up a prioritised action plan for the further development of a good safety culture in the whole Group – "HSE towards 2023." The initiative came after a period where despite continuous focus on HSE improvement work, we had seen stagnation in the positive developments from 2016 to 2018 with regard to the frequency of injuries with subsequent sick leave. The main points in the "HSE towards 2023" 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.

Travel restrictions and infection control measures related to COVID-19 have caused a number of challenges and some changes to the implementation plan in 2021. Much has nevertheless been resolved, including with support from digital tools, and developments in injury statistics show that the measures yield the desired effect. An important part of the action plan that has not been possible to implement using digital tools is technical safety inspections. With external assistance, inspections have nevertheless have been carried out at all facilities in 2021. The discrepancies that have been uncovered have been registered and assigned priority, and an action plan has been drawn up for closing them. Approximately 34 per cent of discrepancies were closed as early as 2021. Of the remainder, 95 will be closed in 2022. 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 remediating uncovered risks led to an increase in operating costs of NOK 19.8 million in 2021. Permanent remediation of remaining discrepancies is estimated to entail costs of NOK 45.2 million in 2022, while NOK 67.9 million will be incurred in the form of investments in the period 2022-2023.

In January 2021 Moelven Notnäs Ransby AB was fined SEK 500,000 following the accident in October 2019 where an employee was seriously injured when a timber truck crashed with a passenger car inside the industrial site. Necessary safety measures and procedures to prevent similar accidents were implemented shortly after the incident. The company has accepted the fine.

Moelven Limtre AS was fined NOK 100,000 after the accident in 2021 where an operator sustained serious crushing injuries when 4 glulam beams toppled on him in connection with hoisting. The company has accepted the fine.

Following a vote among all of the Group's employees, Moelven has selected SOS Children's Villages as partner in humanitarian work for the upcoming three-year period. SOS Children's Villages is dependent on long-term partners in order to reach more children without satisfactory care. 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. In addition, I Moelven and SOS Children's Villages have several ongoing activities that may further increase the amount. Due to the war in Ukraine, Moelven has increased the contribution in 2022 to NOK 1,500,000.

COVID-19

COVID-19 strongly marked activity in the consumer market in 2021. Demand for building materials for refurbishments reached record levels. In order to meet demand for goods, Moelven decided early on to introduce strict infection control measures to prevent a major halt in production. The strategy succeeded, and in the course of 2021 infection outbreaks have only led to brief production interruptions at certain units. At the end of 2021 a total of 321 employees had been infected and 2,378 employees had been quarantined since the pandemic started in March 2020.

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. Both the world and Moelven have changed a lot since then. With the new brand, the Group is bringing its history along, and moving in a more modern direction. Moelven is committed to ensuring that our identity reflects what we are doing today and where we want to be in the future. Behind the launch of the new brand are three years of analysis, project work and acquired insight. All parts of the Group have been represented in reference groups and work groups, and together we have developed a new value platform, including a mission, vision, values and staff ideas, as well as a graphic profile that reflects today's and tomorrow's Moelven. In the years that have passed since the last visual change, Moelven has continued to develop and focus its activities towards wood-based industry and climate-smart solutions. This permeates Moelven's identity from vision to colour.

Moelven harvests raw materials from the forest and turns them into products and solutions the world needs, so it is natural that we move ourselves in a blue-green direction. The blue symbolises industry, and the green the renewable natural resource the company lives off and with. Combined they become our new colour, a blue-green teal variant. The new M symbol in the logo illustrates parts of a tree, assembled with a plank.

A sustainable rollout of the new brand was chosen. Digitally, Moelven's transformation took place immediately, while the remainder will be replaced gradually. For example, this means that workwear and packaging will be replaced when what is in stock has been used. This saves the Group several million kroner, and it is sustainable. This phase will take around one year.

In December Moelven launched its own podcast, "Hyttepodden." Scandinavians love to be at the cabin. But why are we so happy about cabin life? Along with cabin-happy guests, we talk about what the cabin means to us and why and how we are affected by surrounding ourselves with nature. When you build and furnish with wood, at the same time you gain a number of health benefits.

Business activities

In January 2021 a contract was signed for the construction of a new energy centre at Moelven Valåsen AB. The energy centre will secure Valåsen's future energy requirements within the framework of the

Hyttepodden is a podcast for those who dream of owning a cabin or who already own a cabin.
Photo: Einar Breen

Moelven Edanesågen AB.

development plans for the company and contribute to improve competitiveness. The energy centre was completed in the fourth quarter of 2021.

Moelven Limtre AS is part of a project where furniture manufacturer Vestre AS is building what will become the world's most eco-friendly furniture factory in Magnor, close to the Swedish border. The factory has been assigned the concept name The Plus, and is the largest investment in the Norwegian furniture industry in several decades. The factory will be a global showcase for sustainable and highly efficient production. In addition, spectacular architecture, a visitor centre and 30 hectare adventure park will contribute to develop Magnor into an attractive destination for visitors from all over the world. This is how Vestre intends to inspire more people to be a part of the green shift. In partnership with Woodcon AS, in the first quarter of 2021 Moelven Limtre AS hoisted the first glulam beams that will constitute the load-bearing structure into place in the building.

In May 2021, Mjøstårnet in Brumunddal was awarded yet another prize. This time it was the recognised organisation CTBUH (Council on Tall Buildings and Urban Habitat) that was responsible for the award. Every year, CTBUH awards the world's best buildings in a number of categories. In the combined award for 2020 and 2021, Moelven and Sweco received an "Award of Excellence" in Construction Technology. Among all the skyscrapers that have been built in the world in recent years, 13 of these have received this award, and the Mjøsa Tower (Mjøstårnet) was one of them. What started out as a wild idea and a desire to show what it is possible to build in wood now inspires people worldwide.

In June 2021, it was decided to start extensive development projects at both Moelven Edanesågen AB and Moelven Valåsen AB. The projects are important prerequisites for the implementation of the Group's long-term strategy. At Moelven Edanesågen AB, a complete renovation of the entire production process will be carried out from timber sorting, timber intake, saw line and dryer, which will improve efficiency and increase capacity. The project will be Moelven's largest ever single investment, with a framework of SEK 450 million, and will be completed during the second half of 2024. Capacity will also be increased at Moelven Valåsen AB in Karlskoga. The decision to build a new energy centre for SEK 60 million that was commissioned at the end of the year is a part of the development plans. Furthermore, an additional SEK 185 million will be invested to further develop the sawmill. This entails new investments in saw intake, raw sorting with camera technology, as well as a new saw line for small timber. When all of this is completed in 2024, efficiency and capacity at the sawmill will increase.

On 22 October 2021 module number 95,000 was transported from Moelven Byggmodul AS' factory in Moelv. The module is one of 800 modules supplied to our customer Adapteo, where it is included in the delivery of accommodation facilities in connection with the construction of the Undersea Link Tunnel Femern Bælt Tunnel between Denmark and Germany.

In partnership with Swedish Trioworld, in the fourth quarter Moelven transitioned to a packaging plastic made with 50 % recycled plastic. Thus, Moelven decreases its CO_2 footprint for plastic packaging, compared to the plastic we use today. Moelven is among the first in the industry to adopt a packaging plastic consisting of as much as 50 per cent recycled PCR plastic, or consumer recycled plastic. In this way, Moelven

EMPLOYEESHIP	CREATIVITY	SUSTAINABILITY	COMPETITIVENESS
WE WILL			
– Have a safety culture that ensures that everyone goes home safe and sound. – Be active employees and leaders. – Promote diversity. – Have a culture of improvement.	– Be the best at creating innovative products and solutions in wood. – Be the best at using the technology of today and tomorrow. – Take advantage of the strengths and opportunities offered by our value chain. – Streamline our industrial processes and business operations.	– Offer customers the most sustainable solutions. – Use certified raw materials sourced from sustainable forestry. – Make the best use of resources. – Ensure our business has a low carbon footprint.	– Deliver the quality expected by the customer and on time. – Develop and invest for the future. – Industrialise our value chain through optimal utilisation of our facilities.
OUR GOALS			
– Sickness absences < 4 % – Injuries: Vision zero – H1 < 4 – H2 < 16	– 10 new products / concepts / solutions to market per year – Increased digitalisation of the value chain – 100 % of employees to have access to and knowledge of digital solutions	– 100 % oversight of raw materials throughout the value chain – CO2 efficient: Annual improvement > 5 % – Percentage of recycled plastic > 30 % – Percentage of waste sorted > 90 %	– ROCE 13 % – EBITDA 7 % – Equity ratio: 40 % – Dividends 50 %

ONE MOELVEN

Our strategic framework

Vision
Opportunities grow on trees
- we grow with opportunities.

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

Values
We make use of our opportunities
We deliver
We take responsibilty

HR Concept
We are Moelven
- You make the difference!

Moelven and Trioworld make use of the waste, while helping to reduce CO_2 emissions. The new plastic is 100 percent recyclable.

Strategy – Employee participation, Creativity, Sustainability and Competitiveness

The Board's strategy work is based on managing of strategic topics continuously 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 2022 to 2024 was laid down in October 2021. The strategy adheres to main lines, goals and ambitions from the last year's board work and decisions. The main direction from the previous year's strategy plan is also extended, but the opportunities that the results from 2021 have led to are incorporated.

Moelven's vision, mission, values and personnel concept have been subject to extensive discussions, where a large number of the Group's employees are different levels have been involved. The work has led to a clear modernisation of the Moelven brand, and the company has now emerged with a renewed appearance.

"Our strategic framework" clarifies to a far greater extent than previously what we WILL DO, and this will be guiding for all strategic and operational decisions 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. 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 2021 the Group has made som headway in reaching the long-term goal of zero injuries. In the strategy plan, intermediate objectives have been established on the path towards the long-term objective:

Sustainability is an important mainstay i Moelven, and shall form the basis of all development, building and operation. The business will be based on certified raw materials from sustainable forestry, and Moelven will contribute in the work to stop climate change by being a low-carbon business that contributes to value creation at customers by providing the most sustainable solutions.

A transparent world market imposes stringent environmental requirements. It is challenging, but provides Moelven's wood-based products with very good opportunities for future growth. Access to raw materials will be good, provided there is a market for all products in the entire value chain, that are directly and indirectly created in connection with the overall production.

In business terms, the Group can look back at a year with historically good market conditions for most of the Group's units. The economic cycle is expected to normalise in the upcoming strategy period, but demand for renewable sustainable building materials from wood is expected to remain at a high level. There are however still several parts of the business that during normal economic conditions fail to meet the profitability and return requirements laid down. 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.

Both self-imposed and public infection control measures related to COVID-19 have created challenges for the implementation of improvement work and investment projects in 2021. This has particularly applied to projects that involve key personnel from different countries, regions and units, and where videoconference equipment is not a fully satisfactory alternative to physical meetings.

The historically good earnings and cash flow in 2021 have however provided opportunities to initiate

	2020 Realised	2021 Realised	2022	2023	2025
LTI rate	11.7	6.9	< 6	< 5	< 4
LTI2 rate	25.1	21.1	< 24	< 20	< 16
Reports per employee	1.1	2.2	> 1.1	> 1.2	> 1.2
Absence due to illness	6.2 %	5.7 %	< 4.0 %	< 4.0 %	< 4.0 %

several large and comprehensive investment programmes that will encompass several years, and that will contribute to strengthen and secure the Group's international competitiveness over time.

Corporate governance

On 28 April 2021 Kristin H. Holth and Lars Håkan Karlsson resigned from the board. Wenche Ravlo joined the board as a new shareholder-elected board member, and Oscar Östlund was elected by the company's employees. The Board has since comprised Olav Fjell (chairman), Gudmund Nordtun (deputy chairman), Aud Ingvild Storås, Wenche Ravlo, Olav Breivik, Martin Fauchald and Oscar Östlund. Ingrid Marie Vetlesen Jensen is a permanent deputy.

In May 2021, Vera Flatebø (44) was appointed new division manager for the Building Systems division. CEO Morten Kristiansen has been acting division manager since autumn 2019. Flatebø came from the position of CEO of Hydal Aluminium Profiler AS at Raufoss, and took up the position on 1 September 2021.

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.com and in note 26.

Corporate structure

Moelven's 51 per cent stake in Moelven Telemarksbruket AS was sold to AT Skog SA, effective from 4 January 2021.

The Group's two wholly-owned building module companies, Moelven Byggmodul AS and Moelven Byggmodul Hjellum AS, were merged in terms of organisation from 1 January 2021, but with formal effect from 1 February 2021. Moelven Byggmodul AS is the acquiring company. Both companies produce wooden modules and will continue to cultivate their different market segments.

On 5 October 2021 an agreement was signed for the sale of all shares in Moelven Modus AB to the investment company Mimir Capital AB. The takeover date was October 8.

The sale is a result of recognition that Moelven has been unable to achieve the desired profitability in Moelven Modus AB in the past five years. The company has not delivered results that are in line with the Group's stated profitability targets, and in accordance with the Group's policy, it was decided to not prioritise using further resources to develop the company.

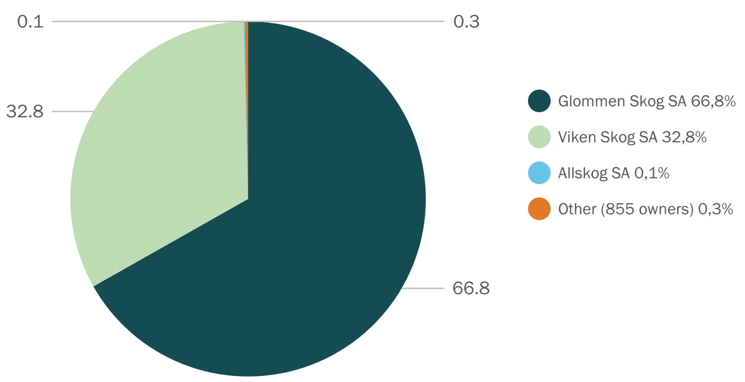
Following the transaction, Moelven Modus AB is no longer a part of the Moelven brand. The sale will have no impact on the Norwegian interior systems company, Moelven Modus AS.

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 shared among Allskog SA with 0.1 per cent and other 0.3 per cent with 855 smaller shareholders.

Moelven-group owners



Towards the end of 2020, Glommen Mjøsen Skog SA worked to reduce its ownership interest in Moelven Industrier ASA from 78.8 per cent to 66.8 per cent. In connection with this process, Viken Skog SA, in accordance with the pre-emption right in the existing shareholder agreement, was given the opportunity to purchase the shares. The transaction was completed in February 2021, and resulted in Viken Skog SA increasing its ownership interest in Moelven from 20.8 to 32.8 per cent.

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 33 production companies in 41 production locations, and a number of offices for sales, service and fitting. Most of the production units are legal entities and 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 3,312 (3,391) employees at the end of 2021, 1,705 (1,631) work in Norway, 1,578 (1,707) in Sweden, 20 (20) in Denmark and 9 (8) in other countries.

Divisions

Moelven offers a broad range of natural and climate-smart products, systems 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 85 per cent of sales revenues, and 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 55 per cent of operating revenues come from Scandinavian customers. At the end of 2021, there were 621 (636) employees, 231 (258) of them in Norway, 381 (370) in Sweden and 9 (8) in other countries.

Wood

The Wood division comprises 16 production companies, 3 customer centres and one project sales company. 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 90 per cent of its operating revenues come from Scandinavian customers. At the end of 2021, there were 1,108 (1,099) employees, 592 (579) of them in Norway, 496 (500) in Sweden and 20 (20) in Denmark.

Building Systems

The Building Systems division consists of 5 production companies at 9 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 prefabricated house industry. Operating revenues are primarily from Scandinavian customers. At the end of 2021, there were 1,383 (1,490) employees, 790 (749) of them in Norway and 593 (741) 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 as if they had been employed in Moelven.

Other Businesses

Other businesses include Moelven Industrier ASA, with shared services for finance, accounting, insurance, communications, HR and ICT. 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 and Moelven Pellets AS. At the end of 2021, there were 200 (166) employees, 92 (70) of them in Norway and 108 (96) in Sweden.

Corporate social responsibility

The Board has processed and approved the Group's general strategy and guidelines relating to HSE, 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.

Operating income and profit/loss

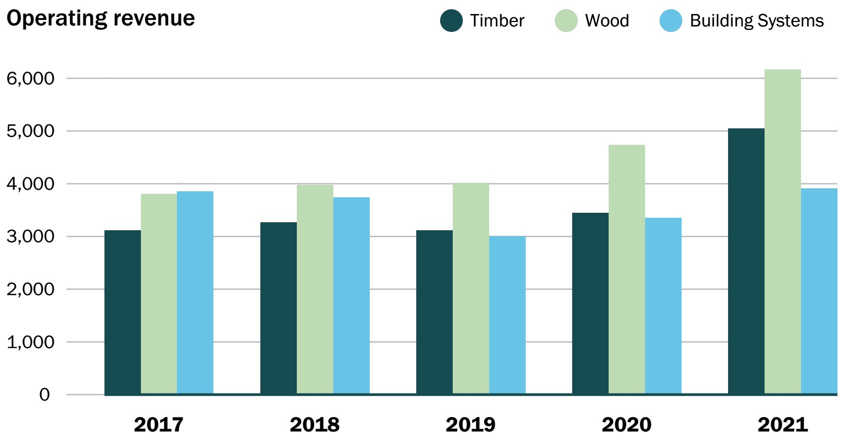
Amounts in NOK millions	2021	2020
Operating revenue	14,872	11,665
EBITDA	3,389	1,011
Depreciation and impairment	403	348
Operating profit	2,986	662
Result before tax	2,991	604

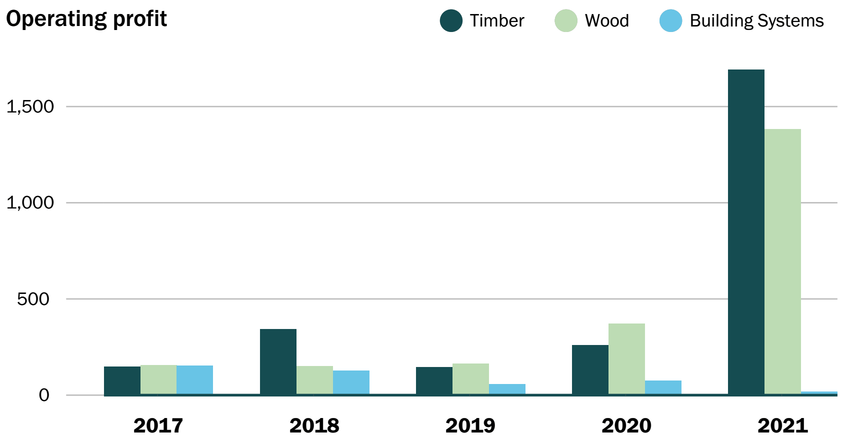
The operating revenues for 2021 were considerably higher than in 2020. The persistently high demand for lumber both internationally and in domestic markets has resulted in an increase in finished goods prices for the timber processing business activities of the Group.

In terms of profitability, the timber processing business delivered substantially better results than the previous year, mainly due to the international price picture with higher finished goods prices for sawn timber and further processed timber. Reduced prices for chip and fibre products pull in the opposite direction, together with increased saw timber prices and a generally higher cost level for all input factors. Measures to ensure production capacity, at a time when the COVID-19 pandemic has resulted in both increased risk of absence and production disruption in the event of an outbreak of infection and quarantine restrictions, have also resulted in increased costs.

Operating profit in the Building Systems Division was considerably lower than in 2020. One main reason is reduced earnings within the module business in Norway, where increased raw material costs and the introduction of new concepts for modules for housing purposes have yielded weaker margins. Impairments of NOK 30 mill have been made related to facilities in Moelven Byggmodul AS on the basis that a weak profit trend in recent years has resulted in a need to consider a restructuring process for the company. Impairments of NOK 19 million have also been made in connection with the sale of Moelven Modus AB in October 2021.

Demand for glulam was good in 2021, but price developments for sawn timber as a significant input factor led to an increase in costs that limited the improvement in earnings. For the interiors company Moelven Modus AS, the activity level was good and the result satisfactory given the restructuring process that the company is undergoing.





Timber

Amounts in NOK millions	2021	2020
Operating revenue	5,046	3,445
EBITDA	1,794	366
Depreciation and impairment	103	107
Operating profit	1,691	259
Result before tax	1,682	260

The high demand for sawn timber that started in the spring of 2020 continued in 2021, but with lower intensity towards the end of the year. For the year as a whole, market activity was very good.

The key drivers were, as in 2020, largely private consumption and the fact that wood is taking market shares from other building materials such as steel and concrete. The American market in particular, which is the world's largest market for timber, had a high level of activity in 2021. This has led to delivery volumes being moved to the US from the European market, which regardless of this already had a low supply of goods in relation to the overall demand. In the late winter and spring of 2020 general expectations were that the COVID-19 pandemic would cause activity in the economy to decline, and this was also the situation that many manufacturers in the timber processing industry planned for. However, demand increased as 2020 progressed, and a shortage of finished goods arose. The result was record-high price levels in the international sawn timber market in 2021. The supply-demand ratio became more balanced towards the end of 2021. Towards the end of the year, prices stabilised at somewhat lower levels than previously in the year, but nevertheless higher than at the same time in 2020.

Delivery volumes from the division's units were overall lower in 2021 than in the previous year. The main reasons were low inventories and somewhat reduced production in the first quarter as a result of cold weather, as well as logistics challenges related to international transport capacity.

Production volumes increased somewhat compared to 2020, although the number of production units was reduced after the Group's 51 percent interest in Moelven Telemarksbruket AS was sold to AT Skog SA with effect from 4 January 2021. In isolation, this enabled reduced unit costs. However, the need for additional staffing to deal with the COVID-19 situation, increased maintenance costs as a result of high utilisation rates at the facilities, as well as technical operational disruptions at some facilities led to an overall increase in processing costs compared to 2020. Generally high demand for transportation capacity has also resulted in increased transportation costs.

Technical safety inspections that have been conducted in connection with the improvement project "HSE towards 2023" have revealed a need for remedial measures in several places and have contributed significantly to the increased maintenance costs for the division as a whole.

The Group's timber-consuming units entered 2021 with timber inventories at a normal level in relation to the business's size and production rate. Activity in the forest has been high throughout the entire year, and has provided good access to saw timber. Inventory levels at the end of 2021 were close to the maximum at several units. Development has been driven by both high demand for forest raw material due to the timber boom, and that the price increase on sawn timber internationally has contributed to increase price levels for saw timber too. In addition, the increase of powder-post beetles has resulted in an increased supply of timber, particularly in Sweden. For Moelven's timber-consuming units, prices throughout 2021 have been at a higher level than in 2020.

A high supply of chip and fibre products has overall led to a slight decline in prices to levels somewhat lower than in 2020 in both Norway and Sweden. However, market balances took a turn for the better through the second half of the year, and demand for the Group's bioenergy products increased in particular.

Wood

Amounts in NOK millions	2021	2020
Operating revenue	6,164	4,730
EBITDA	1,504	482
Depreciation and impairment	119	111
Operating profit	1,384	372
Result before tax	1,364	353

The high demand from the building products trade in Scandinavia that started in the spring of 2020, continued through 2021 until somewhat into the fourth quarter. In the last part of the fourth quarter, demand for wood-based building materials fell more than usual for the season. The main reason was the decline in the consumer market related to the refurbishment and maintenance of residential and leisure housing. Within the professional market, activity remained at a normal level for the season. In total, finished goods prices for 2021 were considerably higher than the year before, and resulted in an increase in operating revenues despite delivery volumes being lower than 2020. The main reason for the decline in delivery volumes was limited deliverycapacity as a result of low inventory levels as early as at the beginning of 2021 following the very strong demand in the second half of 2020. Despite measures being taken to increase the rate of production, for parts of the year it was necessary to adjust the delivery capacity to avoid emptying inventories.

With the exception of the cold period in the first quarter, which resulted in some lost production volumes for the timber-consuming units, operating conditions throughout the year were generally good. However, for the division as a whole, processing costs increased somewhat compared to 2020. The main reasons are more demanding administration and logistics as a result of high market activity and low finished goods inventories, as well as increased cost consumption for maintenance due to abnormally high utilisation rates at the facilities in order to increase the production rate beyond the planned level. Generally high demand for transportation capacity has also resulted in increased transportation costs.

Technical safety inspections that have been conducted in connection with the improvement project "HSE towards 2023" have revealed a need for remedial measures in certain places and have contributed to increased maintenance costs for the division as a whole.

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 increased through the year.

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Building Systems

Amounts in NOK millions	2021	2020
Operating revenue	3,913	3,347
EBITDA	160	166
Depreciation and impairment	140	90
Operating profit	19	76
Result before tax	23	71

At year-end, the order backlog for the division as a whole was at the same level as at the beginning of 2021. With the exception of the residential and leisure segment for the building module operations in Norway, conditions are good for high levels of activity in the factories through the first half of 2022.

For the glulam businesses in both Norway and Sweden, the standard segment has followed the same development as for goods from the Group's wood processing units in Timber and Wood, with high market activity throughout the year and a slight reduction in demand towards the end of the year. At the end of 2021, market activity was at a normal level for the season. During the peak season in the second and third quarters, it was particularly necessary in Sweden to take action to increase the pace of production and reduce delivery times to customers. In the project market, activity levels have been at a normal level throughout 2021.

High demand, particularly in the standard segment, resulted in an increase in price levels that partially compensated for higher raw material prices. Prices for other important input factors, such as steel, also increased in 2021. Steel is an essential component of the multiple joint technology used in larger glulam structures. As a result, in the project market it has been more challenging to achieve calculated earnings on concluded project contracts.

Throughout the year, significant resources have invested in preparing the introduction of a new ERP system for the glulam companies. Through the "One ERP" project, the glulam business activities will be given the same ERP system as the timber processing activities in Timber and Wood. Implementation takes place on January 3, 2022 in Sweden and March 21, 2022 in Norway. At year-end, business activities in both countries were well positioned both to meet increasing market activity during the first half of 2022, and to complete the implementation of a new ERP system

For the building module operations in Norway, activities in the building and construction segment were satisfactory with good production. The launch of a new concept of high-standard modules for workmen's sheds in the building and construction market showed promising results. In the project market, activity was low with small volumes in public tenders. Also within the residential and leisure housing market, demand for modular builds was lower than expected. Rising prices for most categories of building materials used as input factors in production, as well as some challenges in obtaining adequate deliveries of certain goods, place high demands on planning and efficiency in operations to ensure a sound level of profitability.

For the Swedish building module operations, demand for standard modules for rental purposes was weaker than normal. The housing segment was characterised by a hesitant attitude, and starts of building projects were postponed more often than normal. However, market activity improved throughout the year, and in the latter part of 2021 was good in all market segments. In 2021 the Swedish business activities also experienced a challenging situation in terms of price developments and access to building materials in general.

For system interiors the hesitant market activity from 2020 continued in both Norway and Sweden through the first half of 2021. In addition, the COVID-19 pandemic complicated both physical customer meetings and work on construction sites, and capacity adjustments were needed to adapt cost levels to market assumptions. Regardless of the COVID-19 pandemic, profitability in both countries has been unsatisfactory for some time. In 2020 a number of measures were therefore implemented to improve competitiveness and profitability in both Norway and Sweden. However, in 2021, a decision was made to sell the business in Sweden, and on 8 October all shares in Moelven Modus AB were transferred to the investment company Mimir Capital AB. Moelven as owner has not been able to achieve satisfactory profitability in Moelven Modus AB for the past five years, and the measures implemented in 2020 proved insufficient to lift the company to a level in compliance with the Group's clear profitability goals. Following the transaction, Moelven Modus AB is no longer a part of the Moelven brand. The sale will have no impact on the Norwegian interior systems company, Moelven Modus AS.

Other Businesses

Amounts in NOK millions	2021	2020
Operating revenue	4,553	3,802
EBITDA	-6	-4
Depreciation and impairment	41	41
Operating profit	-47	-45
Result before tax	-16	-81

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 and Moelven Pellets AS.

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 large part of this turnover is intercompany. The positive financial result for other companies is due to the fact that the parent company, which includes the Group's financial and treasury function, is included in Other Businesses.

Investments, balance sheet and financing

During 2021, total investments were NOK 420 million (NOK 272 million). In the Group's long-term strategy plan an increase in investments in 2021 compared to the previous year was planned. Compared with 2020, the increase is greatest in the second half of the year as a consequence of a reduction in investment activity in 2020 resulting from the uncertainty caused by the COVID-19 pandemic.

Depreciations and impairments in 2021 were NOK 403 million (348). The amount includes impairments in connection with the sale of Moelven Modus AB of NOK 19 million and impairments on facilities in Moelven Byggmodul AS of NOK 30 million. At the end of 2021 the Group's total assets had a book value of NOK 8,269 million (5,833). The increase in total capital is mainly due to high receivables as a result of increased turnover in the wood processing operations, increased inventories of raw materials and finished products, in addition to higher cash holdings than normal due to good cash flow throughout 2021.

Cash flow from operating activities in 2021 was NOK 2,707 million (NOK 1,070 million), corresponding to NOK 20.90 per share (NOK 8.26). The change compared to the previous year is due to improved cash flow from operations and natural fluctuations in the working capital items. Cash flow from working capital items was NOK -502 million (-92) for the year as a whole. The Group has a restrictive credit policy, and uses credit insurance and guarantees to secure receivables.

The Group had at the end of 2021 a net interest-bearing investment of NOK 1,312 mill (536). Financial leases are included in net interest-bearing investments in the amount of NOK 102 million (174). The strong liquidity situation is mainly due to good cash flow from operations.

Cash reserves, including unused credit facilities and investments in money market funds, were NOK 3,490 million (1,572). The available loan facility in the Group's main financing varies in step with the natural fluctuations in the Group's tied-up capital through the year.

Equity at the end of 2021 amounted to NOK 4,588 million (NOK 2,865 million), equivalent to NOK 35.39 (NOK 22.03) per share. The equity ratio was 55.5 per cent (49.1). The dividend for 2020 of NOK 3.64 per share (0.72), totalling NOK 472 million (93), was paid out and charged to equity in the second quarter of 2021.

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. The total change for 2021 was NOK -138 million (+ 134). 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 percent 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 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. During 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.

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.

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. If the EU, in a sustainability perspective, chooses to regulate harvesting of forests, it may affect the available volume and price of saw timber 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 or rail transport are of great important to trade these products.

Electricity prices
The price of electric power is another important factor that affects the Group's profitability. About 235 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.

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	32	0.24
Timber price – spruce and pine	50	0.39
Price for chips, pulp/paper	4	0.03
Planed goods Scandinavia	60	0.47
Price of std. dimension laminated timber	3	0.03
Change in electricity price by EUR/MWh (before hedging)	2	0.02
Financial result		
Permanent weakening of NOK and SEK against the main currencies	21	0.16
Interest rate change +/- 100 bp	14	0.11

Interest rate risk
The Group has a financial situation at the end of 2021 with a net interest-bearing position. Against normally a net interest-bearing liability that is subject to interest 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 15-20 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 2024, with the possibility of requesting an extension of 1 year.

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 2021, the Group's key figures were significantly better than the levels at which the default clauses are triggered.

In addition, the Group has a seven-year loan agreement for NOK 200 million with the Nordic Investment Bank due 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 should occur. The plans cover immediate efforts, disaster management and the ability to continue deliveries to customers. Through its industrial insurance, the Group is covered for financial loss exceeding NOK 3 million per individual claim.

Information technology
In an increasingly connected world with an increasing technological and digital rate of development in general in society and also in businesses like Moelven, an ongoing assessment of IT risk is important. Interconnected value chains increase efficiency, productivity and quality, but also increase vulnerability to digital service outages. With increasing threats both domestically and internationally and recent years' media reported incidents following IT attacks against businesses and public institutions, Moelven has devoted extra attention to IT security and risk in recent years. Moelven follows basic 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.

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.

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, rail and sea. 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.

Investment activities
In 2021 Moelven has approved several significant/large 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, and to reduce the risk of undesirable incidents in these areas.

Moelven has conducted a climate risk and opportunity survey 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 work 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 percent, 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 and Canada. 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.

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

In the Group's strategy plan for 2022-2024, the emphasis on creativity has been made clear through the ambitions to:

- Be the best at creating innovative products and services using wood.
- Be the best at leveraging current and future technology.
- Exploit the potential of the value chain.
- 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. Digital twins have become an increasingly common concept in recent years, and for Moelven this has become a useful tool when investing in new production equipment.

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.

Moelven Töreboda AB has taken part in a project where, along with research communities, one has looked at how sound is affected by and moves in wooden structures. The project has provided valuable knowledge that is currently used in operational activities.

The picture shows a test rig that was established in connection with the project and is currently used for testing how the sound of steps best can be minimised in wooden beam layers.

Wood is a light, flexible and strong building material that is also well-suited for extensions, because it adds relatively little extra weight compared to a number of other building materials. Moelven Töreboda AB has participated in the Timber on Top project in Sweden to learn more about how its proprietary Trä8 system can be used and possibly further developed to be even better for such purposes.

Although it is not Moelven's strategy to engage in basic research, the Group wishes to maintain and strengthen affiliation and cooperation with academic research communities and business clusters where this can contribute to value creation for both parties.

The project "Timber on Top", where Moelven has participated in the capacity of a building systems supplier, is an example of collaboration with academia and research communities. The research in “Timber on Top” has been done by Linköping University, Luleå University of Technology and RISE, while the Swedish wood construction office and the Trästad Sverige association have the main responsibility for project management and the dissemination of knowledge respectively. In the first phase that lasted from December 2018 to July 2019, a feasibility study was carried out based on social, economic and technical sustainability. The work resulted in a number of focus areas that work continued on in phase 2, from August 2019 until August 2021. The goal of phase 2 has been to promote new technical solutions, business models, process support, increased knowledge and cooperation.

Moelven is a member and part owner of Norwegian Wood Cluster SA (NWC), which is an industry cluster with 29 members in the forestry, wood industry and building value chain. NWC’s objective is to develop the cluster through close cooperation into an internationally leading industrial cluster for industrial, sustainable wooden buildings. The cluster

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. 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.

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.

partnership aims to give participants access to key production factors, ideas and impulses for innovation through interaction and cooperation, increase added value and profitability amongst the cluster partners and promote their common interests to public authorities. NWC has had Arena status in the Innovation Norway cluster program since November 2020, providing a good basis both in terms of financing and not least opportunities for further innovation and collaboration across the value chain.

Through its subsidiary Moelven Van Severen AS, Moelven is also a participant in Woodworks! Norwegian Forest and Wood Cluster, which is a comprehensive forestry and wood-based industry cluster originating in Trøndelag. Woodworks! has Arena Pro status, which is the top level of Innovation Norway's Arena programme. The cluster works on sustainable solutions that replace fossil solutions, that can store CO_2 in the materials, and that will provide profitable, green industrial jobs in the future. The ambition is to make a national impression through work in the wood-based value chains and with cooperation across sectors and industries, increase value creation in existing businesses, create new jobs and resolve the climate challenges in these industries.

Product development and product innovation

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

It would not have been possible to build the world's tallest wooden building, the 85.4 metre tall Mjøstårnet in Brumunddal, as it stands today without technical solutions developed by both Moelven Limtre AS in Moelv and Moelven Töreboda AB in Töreboda. In 2021 Moelven delivered three wooden modular apartment buildings and a wooden office building next to Mjøstårnet. In the office building, parts of the same technology used in Mjøstårnet have been used. Several customers have shown interest in the wooden buildings, and more large wooden buildings are planned for the years ahead.

Moelven Limtre AS and Moelven Töreboda AS are part of an international research project called DynaTTB. This is an acronym for Dynamic Response of Tall Timber Buildings under Service Load. The project will be 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

Moelven Valåsen ABs CEO Thomas Haglund with a package of 7th sorting timber that has been used to test packaging solutions. The package has been stored outdoors without cover of the open areas. The area in the middle is a control area, while the areas on the sides have been treated with different natural agents to prevent mould and discoloration. The result in the area on the left shows that the relevant agent, which is a newly developed product that doesn't affect the quality or application of the wood material, can be included as part of a solution to reduce plastic consumption without compromising the protection of the timber.

Engineering in Oslo in June 2023. WCTE 2023 – www.wcte2023.com

Moelven Byggmodul AS made history when the company delivered a 6-storey module building for the first time in 2021. The project consists of 60 1-bedroom student apartments of 16, 18 and 20 square meters, across 6 floors in the centre of Hamar, just a few kilometres away from Moelven's modular factory in Moelv. Modular construction is an efficient construction method where several process take place in parallel. For a project like this, it takes only four months from start-up until the building is ready for occupation. To make this possible, it is crucial that the product is 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.

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.

Moelven Valåsen AB has carried out trails where the timber packages are covered with various cardboard-based products and the sides are treated with various natural means such as beeswax as basic moisture protection. The trials are promising, but much development remains before this solution can replace current plastic packaging based on recycled plastic.

The Moelven Group also has products that require packaging with other properties. At Moelven Limtre AS large volumes of plastic foil are used annually for packaging manufactured glulam beams. Here too the packaging must protect against UV rays and moisture to prevent discolouration, among other things, but there are other requirements to elasticity than for example for top covers. Trials have been conducted with a type of foil produced from tall oil, which is a natural by-product from the production of pulp and thus an environmentally friendly alternative to fossil oil, but the trials have unfortunately shown that the foil based on tall oil fails to meet Moelven's requirements.

Since it has not been possible to find good alternatives that can be used at full scale, in the in the autumn of 2021 Moelven decided to use a new type of cover plastic based on 50 percent recycled PCR plastic, or consumer recycled plastic. The plastic is developed and manufactured by Trioworld. Moelven is among the first in the industry to use packaging plastic with such a high proportion of recycled plastic. In this way, Moelven and Trioworld make use of the waste and become more circular, while at the same time help reduce CO_2 emissions. The new plastic is also 100 percent recyclable.

"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.
Photo: Trioworld

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.

The 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 EPDs and 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. Innovation work is divided into two main directions. One aims to develop modern products that contribute towards inspiration and new trends at the end-user. 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.

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.

Traditionally, plastic products have often been used for protection against the elements before a building is sealed. By using WeatherPly™, the use of plastic can be reduced.

If the plywood boards can be manufactured with satisfactory quality using fossil-free adhesive, this will have a further positive environmental impact.

Photo: Stian Throndsen

The other main direction aims to simplify work with the products at the building site. 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 December 2020 Moelven Vänerply AB launched its newest product WeatherPly™, which is a water-repellent construction plywood board for roof and wall 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 6 weeks. WeatherPly™ also has good slip protection with similar friction to untreated plywood.

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

The Moelven Group 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. Travel restrictions and infection control measures as a result of the COVID-19 pandemic made it necessary to adopt new technology quickly. In the time of the pandemic, work-related flights and passenger transport by car for the Moelven Group's employees have been significantly reduced. Some tasks are better managed when people can meet in person, and travel activity will increase when travel restrictions and other infection control measures no longer are a limitation. However, with the technology and user expertise that has been put in place in recent years, it is expected that future travel activity will be at a lower level than before. 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 % paper-free.

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. 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 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 then the machine's functionality in isolation.

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, and today one also knows that transport is responsible 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 aid. Digitalisation can contribute to higher utilisation ratios in vehicles 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. Through the procurement and use of the vehicle in operations, Moelven develops experience and expertise 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.

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 CO_2 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. This is now changing fast, and Moelven has already signed a contract to acquire a 14-ton electric forklift for testing. 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 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.

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.

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 was delivered in the fourth quarter of 2021 and which the company Woodtrans AS uses for the transport of chips and finished goods for Moelven.

An important focus area in the development of the Group is to employ new technology and exploit the opportunities inherent in new digital solutions. In the project "The Smart Digital Sawmill," Moelven has collaborated with a handful of technology partners in linking the entire value chain at Moelven Valåsen AB to a Big Data solution. Real-time data from all underlying systems and machinery are fed into one and the same system, where advanced analysis and machine learning technologies exploit the information in ways one has previously been unable to do.

Efforts to find ways to make process data available and distribute it to operators for corrective action have proven to be more complicated than expected. As a result, some parts of previous working methods with associated technology have been removed and replaced by new ones. The new approach provides a clearer distinction between real-time data that contributes to increased process control, and collected historical data for deeper analysis of interconnected subprocesses in the industry.

"The Smart Digital Sawmill" now comprises the template for deploying similar solutions at several of the Group's companies.

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. At Moelven Våler AS in Braskereidfoss, Norway's first timber intake with X-ray sorting arrived in 2018. 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.

In 2021 Moelven Mjøsbruket AS became 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 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. In connection with the conversion of Moelven Byggmodul AB's production facility in Säffle, new and improved production equipment was developed in cooperation with local suppliers. Besides capacity and efficiency improvements, the utilization of robot technology has enabled major improvements in HSE and logistics. The robot line, which was a significant part of the project, was then the first delivery of Randek AB's ZeroLabor Robotic System. The industrial mindset and experiences from the project in Säffle have been used as a template for investments in a robot line at the module factory in Moelv.

Digitalisation is an important tool for optimising production processes. In 2021 Moelven Byggmodul AS has 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 updates 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.

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 2021 was NOK 2,348.9 million (471.7). The equity ratio was 55.5 per cent (49.1). The Group has adequate equity to disburse a dividend in accordance with the board's proposal. Based on the results for 2021 and taking into account the Group's healthy financial position, the Board proposes a dividend of NOK 9.06 (3.64) per share to the annual general meeting. This totals NOK 1,173,644,033 (471,530,274).

The parent company Moelven Industrier ASA, which distributes a dividend for the Group, had a net profit of NOK 1,468.7 million (390.9) for the year in 2021 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

No events have occurred after the balance sheet date that affects the accounts that have been presented.

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

The IMF estimates in the January edition of the "World Economic Outlook" report that the world economy will grow by 4.4 per cent in 2022. The estimate for 2022 has been reduced by 0.5 percentage points since the previous report. The infection risk of the Omicron variant created great uncertainty at the beginning of 2022, but a few months into year it appears that the recovery in the economy will gain momentum as mass immunity is achieved and infection control measures are lifted. However, uncertainty concerning further developments in the world economy is greater than in a very long time after Russia attacked Ukraine. Beyond the humanitarian crisis experienced by the population in the area, it is impossible to predict which consequences this will have for the rest of the world. As early as the beginning of March 2022, there has been a significant increase in energy prices, and increasing scarcity of certain raw materials and other input factors originating in Russia or Belarus. It is not unlikely that a sustained war with associated sanctions targeting Russia and Belarus will hamper activity and growth in the world economy in a similar manner as has been observed during the pandemic. It must be expected that market balances will be disrupted as a consequence of both supply-side and demand-side changes, for example further increases in energy prices, raw material shortages, logistics challenges and reduced demand due to inflation.

Overall demand, particularly from consumer markets, may be adversely impacted by reduced disposable income as a result of generally increased cost levels. The consequences of the COVID-19 pandemic seem to have less and less significance, but will continue to affect the consumer market. Demand will largely depend on infection control measures and travel restrictions that apply at any time. Easing the infection control measures as we have seen in the first quarter of 2022 is expected to result in a shift in consumption towards increased spending on travel and experiences, while the situation in Ukraine is pulling in the opposite direction. For industry, the increased level of infection, even though the symptoms of the Omicron variant seem to be less severe and prolonged than previously, causes sickness absence to increase and maintaining planned production rates and activity on construction sites becomes more challenging. In particular, this will apply to businesses located in the Østlandet region of Norway if the government's heralded introduction of prohibition against the hiring of manpower is implemented. Moelven follows the infection situation closely, and maintains a high level of readiness for the reintroduction of intercompany measures if developments require it.

Changes in raw material and service producing industries as a result of pandemic-related bankruptcies also play a part in increasing the uncertainty related to where and in which sectors the recovery will be strongest. It therefore remains necessary to plan for several different scenarios.

International demand for wood-based products was very good in 2021, but passed its peak during the fourth quarter. Price levels in the international sawn timber market fell towards the end of the year, but have stabilised at a new and continued high level going into the first quarter of 2022.

Demand for sawn timber on export markets is expected to remain at a good level compared to previous years in the first quarter. NOK and SEK have strengthened considerably against the export currencies from the weakest levels experienced early on in the pandemic, but the rates are still at levels that ensure good competitiveness in the export markets. Increased demand for transport capacity resulting from increased world trade, as well as logistical challenges resulting from the infection situation and the war in Ukraine, is expected to result in further increases in transport costs for the export-related part of the business activities.

Within the market for further processed timber in Scandinavia, a clear division of demand between the professional market and the consumer market is expected. Good activity is expected in the professional market with associated good demand for building materials, while developments in demand from the consumer market will depend to a greater extent on the infection situation and infection protection measures.

Stock levels in the trade segment were low at the end of 2021, while levels in the manufacturing segment increased towards the end of the year. Among other things, the development is due to an expectation in the market of a decline in price levels compared to the second half of 2021. The situation is expected to normalise once new price levels have established themselves. Good activity is however expected to continue in rehabilitation, conversions and extensions. The start-up of new building projects is expected to remain low. This may partly be compensated by increased activity in public sector construction projects.

The timber stockpiles are high in both Norway and Sweden at the start of 2022 through a good supply situation in Moelven's geographies. Continued satisfactory access to raw materials is expected given the existing production plans.

Regardless of the COVID-19 pandemic, the Building Systems division has had a lower level of activity than desirable

in some business areas. The current production capacity has been adjusted to this. The market situation for the glulam companies is at a level that ensures good capacity utilisation with satisfactory profit levels. For the building module companies a generally satisfactory level of activity is expected. The activity level in the system interiors business is satisfactory, but the competition situation is demanding. Measures are being implemented to reestablish satisfactory profitability under the prevailing market conditions.

The Group has a long-term goal of a return on capital employed of 13 per cent over an economic cycle and achieved a huge 73.6 per cent in 2021. In 2022, a normalisation of market activity and profit levels is expected. Uncertainty remains high, however, especially due to the war in Ukraine.

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. For 2022, the Board expects a level of activity and result that is lower than for 2021, but still at a good level compared to earlier years.

Moelv, 15 March 2022
The Board of Moelven Industrier ASA

Morten Kristiansen Group CEO	Olav Fjell Chairman of the Board	Gudmund Nordtun Deputy Chair
Olav Breivik	Ingvild Storås	Martin Fauchald
Wenche Ravlo		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.

Photo: Frederik Garshol

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.

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 an 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 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.

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.

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.

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 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.

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

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 2022
The Board of Moelven Industrier ASA

Olav Fjell Chairman of the Board	Ingvild Storås	Gudmund Nordtun Deputy Chair
Wenche Ravlo	Olav Breivik	Martin Fauchald
Oscar Östlund		Morten Kristiansen Group CEO

With its massive glulam roof from Moelven Töreboda AB, Arena Billingen is an impressive landmark in Skövde. The arena is home to an ice rink in winter and will for the rest of the year be a venue for exhibitions, concerts, sports competitions and other events.
Photo: Sören Håkanlind

Annual Accounts 2021 Group

Financial key figures

Amounts in NOK million	Explanations*	2021	2020	2019	2018	2017
RESULTS						
Operating revenues		14,872	11,665	10,297	11,021	10,768
Gross operating profit (EBITDA)	A	3,389	1,011	630	935	716
Depreciation and impairment		403	348	294	348	296
Operating profit		2,986	662	335	586	420
Net interest and financial items		5	-59	-96	-8	-47
Profit before tax		2,991	604	240	578	374
Net profit		2,349	472	188	451	293
BALANCE SHEET						
Investments in production equipment	B	420	272	479	497	357
Total assets		8,269	5,833	5,518	5,302	5,045
Equity		4,588	2,865	2,368	2,435	2,093
Net interest-bearing liabilities	C	-1,312	536	1,136	721	762
Capital employed	D	4,890	3,500	3,524	3,163	2,884
EARNINGS/RETURN						
Net operating margin	E	20.1 %	5.7 %	3.3 %	5.3 %	3.9 %
Gross operating margin	F	22.8 %	8.7 %	6.1 %	8.5 %	6.6 %
Return on equity	G	63.0 %	18.0 %	7.8 %	19.9 %	15.0 %
Return on capital employed. 12 months rolling	H	73.5 %	17.9 %	9.4 %	19.0 %	14.2 %
Return on total assets	I	42.3 %	11.7 %	6.2 %	11.3 %	8.6 %
Interest cover	J	81.1	8.3	2.9	9.5	5.9
CAPITAL STRUCTURE						
Equity ratio	K	55.5 %	49.1 %	42.9 %	45.9 %	41.5 %
Asset turnover	L	2.1	2.1	1.9	2.1	2.2
Debt-equity ratio	M	-0.29	0.19	0.48	0.30	0.36
Net interest bearing debt / EBITDA		-0.39	0.53	1.80	0.77	1.06
LIQUIDITY						
Liquid ratio I	N	1.95	1.68	1.82	1.76	1.67
Liquid ratio II	O	1.04	0.81	0.73	0.77	0.77
Cash flow from operational activities	P	2,718	1,070	504	653	422
SHARES						
Profit per share in NOK	Q	18.13	3.64	3.47	2.26	1.41
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	20.98	8.26	3.89	5.04	3.25
Equity per share	S	35.39	22.03	18.18	18.70	16.08
Assessment value in NOK as at 01.01		21.15	19.44	20.06	18.10	13.98
Dividend per share in NOK	T	9.06	3.64	0.72	1.74	0.68
PERSONNEL						
Number of employees as at 31.12		3,312	3,391	3,399	3,524	3,546
Sick leave percentage	U	5.7 %	6.2 %	5.4 %	5.5 %	5.6 %
Frequency of accidents with absence. H1 value	V	6.9	11.7	11.3	10.9	12.4

* Explanations of key figures are presented on the following page

Formulas for the key figures

A:	Operating profit + depreciation
B:	Capitalized investments - goodwill
C:	Interest bearing debt - (bank deposits + money maket funds)
D:	Equity + interest bearing debt
E:	Operating profit / Operating revenues
F:	Operating profit + depreciation and impairments / Operating revenues
G:	Net profit / Average equity
H:	Operating profit + interest income / Average capital employed, 12 months
I:	Operating profit + interest income / Average total capital
J:	Profit before tax + finance cost / Finance cost
K:	Equity / Total capital
L:	Operating revenues / Average total capital
M:	Net interest bearing debt / Equity
N:	Current assets / Short term debt
O:	Liquid funds + financial assets + receivables / Short term debt
P:	Profit after tax payable + depreciation - non controlling interest and correction regarding non liquid items from result and working capital
Q:	Earnings assigned to Moelven's shareholders / Average number of shares
R:	Cash flow from operations / Average number of shares
S:	Total equity assigned to Moelven's shareholders / Average number of shares
T:	Dividend proposal
U:	Sickness absence / Available hours - 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	2021	2020
Sales revenue	6,7	14,733	11,600
Other operating revenues		139	65
Operating revenues	**6**	**14,872**	**11,665**
Product expenses		7,564	7,191
Payroll expenses	11, 20, 26	2,465	2,280
Depreciation of tangible and intangible assets	8, 9, 10	346	344
Impairment of tangible and intangible assets	8, 10, 28	57	4
Other operating expenses	11	1,454	1,184
Operating expenses		**11,886**	**11,003**
Operating profit		**2,986**	**662**
Financial income	12	43	24
Financial expenses	12	37	83
Net financial items		**5**	**-59**
Profit before tax		**2,991**	**604**
Income tax	13	642	132
Net profit		**2,349**	**472**
Profit assigned to:			
Non-controlling interests		0.4	-0.4
Owners of parent company		2,349	472
Annual profit transferred to/from other equity		2,349	472
Total allocation		**2,349**	**472**
Earnings per share (in NOK)			
Earnings per share assigned to Moelven's shareholders	18	18.13	3.64

Statement of comprehensive income

Amounts in NOK million	Note	2021	2020
Net profit		2,349	472
Other comprehensive income			
Items that are not reclassified subsequently to profit or loss			
Actuarial gains (losses) on defined-benefit pension schemes	20	-2	-2
Reclassification of realised translation differences to profit and loss	28	-6	0
Income tax on items that are not reclassified to profit or loss	13	0.4	0.4
Items that may be reclassified subsequently to profit or loss			
Translation differences		-138	134
Other comprehensive income, net of tax		**-146**	**133**
Total comprehensive income for the period		**2,203**	**605**
Comprehensive income assigned to:			
Owners of parent company		2,203	605
Non-controlling interests		0.2	-0.2

Consolidated statement of financial position 31.12

Amounts in NOK million	Note	2021	2020
ASSETS			
Deferred tax assets	14	69	46
Goodwill	10	16	17
Other intangible assets	10	1	11
Total intangible assets		**86**	**74**
Land	8	139	138
Buildings and other property	8	566	605
Machinery and plant	8	1,365	1,328
Fixtures and fittings, tools, office machines etc.	8	29	48
Right of use assets	9	101	173
Total fixed assets		**2,200**	**2,293**
Investments in associated companies	15	2	4
Investments in other shares		0.5	0.5
Bonds and other receivables		0.2	1
Total financial fixed assets		**3**	**6**
Total non-current assets		**2,289**	**2,373**
Inventories	16	**2,235**	**1,504**
Accounts receivable	17	1,837	1,476
Contract asset	7, 17	88	92
Other receivables	17	187	242
Total receivables		**2,111**	**1,809**
Financial derivatives	24	420	20
Bank deposits, cash etc.		1,214	100
Total current assets		**5,980**	**3,433**
Held for sale assets		**-**	**27**
Total assets		**8,269**	**5,833**

Consolidated statement of financial position 31.12

Amounts in NOK million	Note	2021	2020
LIABILITIES AND EQUITY			
Share capital	25	648	648
Share premium reserve		131	131
Retained earnings		3,806	2,076
Total equity assigned to owners of parent company		**4,585**	**2,854**
Non-controlling interests		2	11
Total equity		**4,588**	**2,865**
Pension liabilities	20	22	21
Deferred tax	14	215	208.803
Other provisions	21	76	50
Total provisions		**312**	**280**
Liabilities to credit institutions	5	195	454
Lease liabilities	5, 9	102	174
Total long term liabilities		**297**	**629**
Financial derivatives	24	50	65
Accounts payable	24	910	659
Public duties payable		182	178
Tax payable	13	623	83
Contract liability	7,24	157	140
Other short term liabilities	**22**	**1,149**	**918**
Total short term liabilities		**3,072**	**2,042**
Held for sale liabilities		**-**	**17**
Total liabilities		**3,682**	**2,968**
Total equity and liabilities		**8,269**	**5,833**
Number of shares (Face value per share NOK 5.-)	25	129,541,284	129,541,284

Moelv, 15 March 2022
Moelven Industrier ASA

Morten Kristiansen Group CEO	Olav Fjell Chairman of the Board	Gudmund Nordtun Deputy chair
Olav Breivik	Ingvild Storås	Martin Fauchald
Wenche Ravlo		Oscar Östlund

Consolidated statement of changes in equity

Amounts in NOK million	Equity assigned to owners of parent company					
	Share capital	Share premium	Other equity	Total	Non-controlling interests	Total equity
Total as at 1.1.2020	**648**	**131**	**1,576**	**2,355**	**13**	**2,368**
Comprehensive income for the period						
Net profit	**-**	**-**	**472**	**472**	**-0.4**	**472**
Other comprehensive income						
Translation differences	-	-	134	134	0.2	135
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)	**-**	**-**	**133**	**133**	**0.2**	**133**
Other changes	-	-	-12	-12	-2	-15
Transactions with owners, entered directly against equity						
Dividend to owners	-	-	-93	-93	-	-93
Total transactions with owners	**-**	**-**	**-93**	**-93**	**-**	**-93**
Total as at 31.12.2020	**648**	**131**	**2,076**	**2,854**	**11**	**2,865**

	Share capital	Share premium	Other equity	Total	Non-controlling interests	Total equity
Total as at 1.1.2021	**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**
Transactions with owners, recognized directly against equity						
Dividend to owners	-	-	-472	-472	-0.2	-472
Exit of non controlling interests due to sale (loss of control) of subsidiary	-	-	-	-	-8	-8
Total transactions with owners	**-**	**-**	**-472**	**-472**	**-8**	**-480**
Total as at 31.12.2021	**648**	**131**	**3,806**	**4,585**	**2**	**4,588**

Consolidated cash flow statement

Amounts in NOK million	Note	2021	2020
CASH FLOW FROM OPERATIONAL ACTIVITIES:			
Net profit		2,349	471
Adjustments to reconcile net profit with net cash flow from operations:			
Depreciation	8. 9. 10	346	344
Impairment	8. 10	57	4
Income from associated companies	15	2	-1
Tax paid	13	-119	-85
Unpaid pension costs entered as costs and unreceived pension funds entered as income		2	2
(Profit) / loss on sale of fixed assets		-51	0
Net value change of financial instruments to fair value		-15	-7
Interest income / expenses		21	50
(Agio) / disagio on leng term loans		-3	67
Income tax	13	642	132
Other items		-15	0
Changes in operating assets and liabilities:			
Changes in inventory		-731	238
Changes in accounts receivable and other receivables		-301	-373
Changes in trade accounts payable		251	97
Changes in provisions and benefits to employees		27	38
Changes in short-term liabilities excluding borrowing		253	101
Herow related to reclassification to held for sale		4	-9
Cash flow from operational activities		**2,718**	**1,070**
CASH FLOW FROM INVESTMENT ACTIVITIES:			
Investment in plant and equipment exc. acquisition	8.10	-420	-272
Investment in money market fund		-400	0
Receipts from sale of fixed assets		68	2
Sale of other long-term investments	4	-3	-30
Purchase of subsidiaries. reduced by cash in company	28	-10	0
Reclassification to held for sale		0	-4
Cash flow from investment activities	**8**	**-765**	**-304**
CASH FLOW FROM FINANCING ACTIVITIES:			
Change in long term debt facility - loan payments	23	-894	-1,007
Change in long term debt facility - new loans	23	637	251
Other new loans	23	0	200
Interests paid	12	-17	-50
Interest income cash pool		4	0.1
Principal payments - leases		-40	-38
Interest payments - leases	12	-6	-5
Payment of dividend		-472	-93
Cash flow from financial activities		**-788**	**-742**
Net increase (reduction) in liquid assets during year		**1,165**	**24**
Liquid assets 1.1		100	19
Effect of exchange rate changes on liquid assets		-51	56
Liquid assets 31.12		**1,214**	**100**
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 15/3/2022 and the ordinary general meeting to discuss the annual accounts has been fixed for 28/4/2022.

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 it's 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 measures 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.

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**

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.

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 Assets and liabilities held for sale

Moelven classifies fixed assets or disposal groups as held for sale if the book value mainly will be collected through a sales transaction rather than own use. The following criteria's must be fulfilled:

- The assets / disposal group must be available for immediate sale, limited only by terms that are ordinary practice in sales transactions of such assets / disposal groups.
- The sales transaction must be highly probable
- The disposal will happen trough an actual sale and not a liquidation

Assets or disposal groups classified as held for sale are measured to the lowest of book value and fair value less transaction costs.

3.25 Currency exchange rates

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

	2021	2020
Swedish krone (SEK)		
Income statement rate	1.0019	1.0227
Balance sheet rate	0.9745	1.0435
Danish krone (DKK)		
Income statement rate	1.3666	1.4389
Balance sheet rate	1.3432	1.4071
Euro (EUR)		
Income statement rate	10.1633	10.7258
Balance sheet rate	9.9888	10.4703
British pound (GBP)		
Income statement rate	11.8179	12.0635
Balance sheet rate	11.8875	11.6462

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.

- **Options related to leases**
  Certain lease agreements include options to exted the lease period and/or purchase of property. Moelven has assessed the probability that such options will be enforced and recognized right iof use assets and lease liabilities also for the option when it is reasonably certain that the option will exercised. An updated assessment is made whenever significant changes in facts and circumstances arise.

In 2021, Moelven has not been significantly negatively affected with regard to delivery volumes, earnings or losses. However, the Covid-19 pandemic still causes considerable uncertainty about the future. Especially in the consumer markets, there is great uncertainty about which goods and services will be in demand after a long period of closure and social distancing. Changes in goods- and service-producing industries as a result of possible outbreaks and pandemic-related bankruptcies also contribute to increasing uncertainty.

As far as possible, the group has introduced measures both to help limit infection in society in general and to protect its own employees and the business against operational disruptions as a result of the pandemic. During 2021, there have been some cases of infection at the group's production units, but the measures that have been introduced have proven to have a good effect, and the outbreaks have come under control quickly. The measures will therefore be maintained until it can be established with great certainty that the risk of major outbreaks has been significantly reduced.

The uncertainty means that it is still necessary to plan for several different scenarios, but Covid-19 has not required any special items in the accounts for 2021.

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, DKK and SEK, but the Moelven Group is also exposed to 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 ones 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 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 %**

Transaction risk and hedges in the main currencies in 2020

Amounts in NOK million	EUR	GBP	DKK	USD	Others
Operating revenues	1,179	533	222	81	3
Operating expenses	687	23	204	19	0
Net exposure	**492**	**510**	**18**	**62**	**3**
Estimated annual net exposure	297	364	-51	45	-15
Hedging volume as at 31.12.2020 maturing <12 months	295	149	6	0	0
Hedging ratio as at 31.12.2020 for the next 12 months	**99 %**	**41 %**	**-11 %**	**0 %**	**0 %**

Profit before tax: estimated effects from FX changes

			NOK decrease 1 %		NOK decrease 10 %		NOK increase 1 %		NOK increase 10 %	
	Avrage FX rate 2020	Net exposure in NOK	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	10.16	867	10.26	8.67	11.18	86.70	10.06	-8.67	9.15	-86.70
Movement GBPNOK	11.82	894	11.94	8.94	13.00	89.40	11.70	-8.94	10.64	-89.40
Movement DKKNOK	1.37	-265	1.38	-2.65	1.50	-26.50	1.35	2.65	1.23	26.50
Movement SEKNOK	1.00	162	1.01	1.62	1.10	16.23	0.99	-1.62	0.90	-16.23

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

			NOK decrease 1 %		NOK decrease 10 %		NOK increase 1 %		NOK increase 10 %	
	FX rate per 31.12	Hedge volume 31.12	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	10.16	378	10.26	-102.26	11.18	-92.96	10.06	102.26	9.15	92.96
Movement GBPNOK	11.82	189	11.94	-118.91	13.00	-108.10	11.70	118.91	10.64	108.10
Movement DKKNOK	1.37	5	1.38	-13.75	1.50	-12.50	1.35	13.75	1.23	12.50
Movement SEKNOK	1.00	147	1.01	10.08	1.10	9.16	0.99	-10.08	0.90	-9.16

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 162 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.

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 31.12.2021.

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 percent::

Amounts in NOK million	2021	2020
10 % movement SEK/NOK	240	165
10 % movement EUR/NOK	9	7
10 % movement DKK/NOK	6	4
10 % movement GBP/NOK	18	14
Total effect	**272**	**191**

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 2021 had solid liquidity, average net interest bearing assets was NOK 23 million. The group's average net debt in 2021 was NOK 1,018 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. About 232 GWh of electric power a year is bought via the group's electricity suppliers on the Nasdaq OMX exchange.

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 a embedded currency derivative. The value is included in the group's accounts, while the actual supply contracts are kept outside pursuant to IFRS 9. The value (including off-balance)as at 31.12.2021 amounted to NOK 81 million (minus 8 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.

	Consumption	Residual effect	Effect on profit before tax provided EURNOK		
Amounts in NOK million	Consumption	in EUR 1000	10.00	10.25	10.50
Increase in the price of 1 EUR / MWh	232	-232.0	-2.3	-2.4	-2.4
Hedged share of consumption upcoming year	78 %	182.0	1.8	1.9	1.9
Sensitivity taking into account hedging		**-50.0**	**-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:

	Consumption	Price		EURNOK	
Amounts in NOK million	Consumption	EUR/MWh	10.00	10.25	10.50
Yearly consumption	232	40	92.8	95.1	97.4
Changes in the cost of currency change EURNOK from 10.00				**2.3**	**4.6**

The table below shows the sensitivity to changes in the price level for elctricity forward contracts at Nasdaq OMX. The starting point in secured volume per 31.12.2021 and provided that the price curve for futures contracts changed with 1 EUR / MWh.

	Hedged vol.	Value in		EURNOK	
Amounts in NOK million	in MWh	EUR 1000*	10.00	10.25	10.50
Hedging according to IFRS 9 relating to own use (consumption in Norway and Seden)	453	18.1	4.5	4.6	4.8

*) Assuming EUR 40/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 2024, a loan of NOK 200 mill maturing in June 2027 and short-term credit facilities in the banking systems. The long-term loan agreement was 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. During spring in 2021 the agreements were extended by one year to May 2024 after request from from Moelven.

The agreement includes 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 2021, the Group's key figures were significantly above the agreed levels. In addition to the long-term credit facility, the group also has available short-term credit of NOK 300 million, which is renewed annually. As at 31 December 2020, the Group's had a net deposit of NOK 1,213.8 million. 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. 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. Short-term investments are thus only made exceptionally, but due to solid cash flow for some time short-term investements have increased during 2021. Investments may, in accordance with the groups 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 working capital varies by NOK 300 million to NOK 450 million from its highest level in May/June to its lowest in November/December.

Maturity structure

	Book value	Cash flows per year					
Amounts in NOK million	31.12.2021	0-2 mths	3-12 mths	2023	2024	2025	2026 +
Debt to credit institutions	195		33	42	41	40	58
Leases*	102	6	33	31	21	9	8
Long-term contracts	**297**	**6**	**66**	**73**	**61**	**49**	**66**
Liabilities to suppliers	910	910					
Financial derivatives*	50						
Total contracts with annual renewal	**960**	**910**	-	-	-	-	-

*See maturity structure of nominal values in note 24.2.

Long-term interest-bearing debt by currency

Amounts in NOK million	2021	2020
NOK	195	200
SEK	0	254
Total	**195**	**454**

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.
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 consideres 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 ration cannot exceed 1.00. The debt ratio is calculated by dividing net interest-bearing debt by equity.

Amounts in NOK million	2021	2020
Interest-bearing debt	302	635
Interest-bearing assets	1,614	100
Net interest-bearing liabilities	**-1,312**	**536**
Total equity	4,587	2,865
Liabilities/equity	-0.29	0.19

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	
Amounts in NOK million	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Sales to external customers	14,872	11,665	3,906	2,741	5,901	4,514	3,899	3,343	1,165	1,067
Sales to internal customers	0	0	1,139	703	263	216	13	4	3,388	2,735
Operating revenues	14,872	11,665	5,046	3,445	6,164	4,730	3,913	3,347	4,553	3,802
Gross operating profit (EBITDA)	3,389	1,011	1,794	366	1,504	482	160	166	-6	-4
Depreciation and impairment	403	348	103	107	119	111	140	90	41	41
Operating profit	2,986	662	1,691	259	1,384	372	19	76	-47	-45
Financial income	35	10	7	10	20	20	11	4	22	16
Financial costs	-37	-75	-16	-9	-40	-38	-7	-10	9	-52
Profit before tax	2,991	604	1,682	260	1,364	353	23	71	-16	-81
Operating margin in per cent	20.1 %	5.7 %	33.5 %	7.5 %	22.5 %	7.9 %	0.5 %	2.3 %	-1.0 %	-1.2 %
Cash flow from operating profit	3,388	1,010	1,793	365	1,503	482	159	166	-6	-3
Fixed assets	2,200	2,293	697	630	825	814	356	508	320	339
Inventory	2,174	1,504	539	364	1,356	903	240	187	110	49
Accounts receivable	1,836	1,475	399	251	732	610	542	452	162	161
Accounts payable	823	658	288	233	337	274	249	214	298	268
Projects net	-69	-48	0	0	0	0	-69	-48	0	0
Net operating capital (% of operating revenues)	20.8 %	19.5 %	14.5 %	13.3 %	28.6 %	26.8 %	11.1 %	11.3 %	5.2 %	4.4 %
Total assets	8,269	5,833	3,079	1,743	3,866	2,802	1,694	1,909	3,969	2,474
Interest bearing liabilities	302	635	42	170	217	550	116	176	154	362
Interest free liabilities	3,379	2,333	1,752	642	2,120	1,009	912	881	1,101	663
Capital employed	4,890	3,500	1,327	1,101	1,746	1,793	782	1,028	2,868	1,811
Return on capital employed	73.5 %	17.9 %	104.8 %	22.4 %	62.7 %	19.6 %	2.2 %	7.3 %	-2.3 %	-1.0 %
Equity	4,588	2,865	1,285	931	1,529	1,243	667	852	2,714	1,450
Equity ratio	55.5 %	49.1 %	41.7 %	53.4 %	39.6 %	44.4 %	39.4 %	44.6 %	68.4 %	58.6 %
Investments	420	272	194	88	155	130	54	22	18	32
Number of full-time equivalents	3,312	3,391	630	636	1,108	1,099	1,383	1,490	191	166
Sick leave in %	5.7 %	6.2 %	5.2 %	5.4 %	5.7 %	6.2 %	6.2 %	7.0 %	1.7 %	2.2 %
H1 value	6.9	11.7	10.9	14.8	2.2	7.9	9.6	14.4	0.0	0.0

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

	2021	2020
Operating revenues		
Operating revenues for reported segments	19,675	15,324
Elimination of internal transactions	-4,803	-3,659
Consolidated operating revenues	14,872	11,665
Profit before tax		
Annual profit from reported segments	3,053	604
Elimination of internal transactions	-62	0
Consolidated profit before tax	2,991	604
Assets		
Total assets from reported segments	12,609	8,928
Elimination of internal transactions	-4,340	-3,095
Consolidated total assets	8,269	5,833
Liabilities		
Total liabilities from reported segments	6,414	4,453
Elimination of internal transactions	-2,732	-1,485
Consolidated total liabilities	3,682	2,968

6.2 – Geographical segments

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

Amounts in NOK million	2021	2020
Norway	6,056	4,504
Sweden	5,453	4,792
Denmark	687	464
United Kingdom	912	528
Germany	355	238
Other Europe	920	619
Asia	280	294
Africa	177	223
Other countries	32	4
Total	**14,872**	**11,665**

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.

	Number of employees		Fixed Assets		Capital employed		Investments	
Amounts in NOK million	2021	2020	2021	2020	2021	2020	2021	2020
Norway	1,705	1,656	1,139	1,242	2,537	2,051	144	138
Sweden	1,578	1,707	1,060	1,050	2,998	2,263	276	134
Denmark	20	20	1	1	47	44	0	0
England	5	6	0.1	0.1	15	12	0	0
Germany	4	2	0	0	9	7	0	0
Internal					-716	-877		
Total	**3,312**	**3,391**	**2,200**	**2,293**	**4,890**	**3,500**	**420**	**272**

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.

	Timber		Wood		Building Systems		Other		The Group	
Amounts in NOK million	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Geographic market										
Norway	616	402	3,296	2,338	1,735	1,440	322	281	6,000	4,461
Sweden	824	632	1,875	1,587	1,927	1,796	780	755	5,402	4,771
Other European countries	2,012	1,257	668	505	189	84	-	-	2,848	1,846
Rest of the world	444	444	46	78	-	-	-	-	484	522
Total	**3,896**	**2,737**	**5,886**	**4,508**	**3,850**	**3,320**	**1,101**	**1,036**	**14,733**	**11,600**
Customer type										
Industrial customers	3,895	2,737	1,254	1,275	232	83	842	1,036	6,222	5,130
Building products chains / Retailers	1	-	4,405	3,233	221	178	-	-	4,627	3,411
Contractors/Developers	-	-	122	-	1,916	2,429	-	-	2,038	2,429
Other customers	-	-	105	-	1,481	630	259	-	1,846	630
Total	**3,896**	**2,737**	**5,886**	**4,508**	**3,850**	**3,320**	**1,101**	**1,036**	**14,733**	**11,600**
Fulfilment of delivery obligation										
A specific time	3,896	2,466	5,886	3,785	453	265	1,101	1,036	11,336	7,552
Over time	-	-	-	-	3,397	3,055	-	-	3,397	3,055
Revenue from contract with customers	**3,896**	**2,737**	**5,886**	**4,508**	**3,850**	**3,320**	**1,101**	**1,036**	**14,733**	**11,600**
Other operating revenue	10	5	15	6	49	23	64	31	139	65
External operating revenue as stated in Note 6	**3,906**	**2,741**	**5,901**	**4,514**	**3,899**	**3,343**	**1,165**	**1,067**	**14,872**	**11,665**

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

Amounts in NOK million	Note	2021	2020
Consolidated operating revenues		2,085	1,456
Accumulated accured expenses		1,841	1,198
Accumulated contributions		**245**	**257**
Recognised loss from loss of value on contractual assets		-	-
Contractual asset (Earned, not invoiced income)	17, 24	88	153
Contractual obligation (Advance payment from customer)	24	157	88
Other accruals related to contracts with customers (+ obligation / - asset)		26	18

*) 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.

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 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.

Note 8 | Fixed assets

Amounts in NOK million	Plots	Buildings and other property	Machinery and plant	Fixtures and fittings, tools etc.	Total
Acquisiton value as at 31.12.2019	**121**	**1,463**	**4,651**	**312**	**6,548**
Acquisitions	2	57	233	11	302
Disposals	-	-	-2	-	-2
Transfers	14	-3	-9	3	5
Translation differences	4	47	192	11	254
Acquisiton value as at 31.12.2020	**141**	**1,563**	**5,065**	**336**	**7,107**
Accumulated ordinary depreciations 31.12.2019	-	876	3,381	262	4,518
Disposals accumulated depreciations	-	-	0.4	-	0.5
Depreciation and write downs for the year	-	59	224	19	301
Translation differences	-	24	130	8	162
Accumulated ordinary depreciations 31.12.2020	**-**	**958**	**3,735**	**288**	**4,981**
Reclassification to held for sale	**-3**	**-1**	**-2**	**-**	**-6**
Book value 31.12.2019	121	587	1,271	50	2,029
Book value 31.12.2020	**138**	**605**	**1,328**	**48**	**2,119**
Acquisiton 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
Acquisiton value as at 31.12.2021	**139**	**1,556**	**5,219**	**338**	**7,251**
Accumulated ordinary depreciations 31.12.2020	-	942	3,698	288	4,929
Disposals accumulated depreciations	-	-	-5	-	-5
Depreciations for the year	-	55	229	17	301
Impairment for the year	-	11	31	10	52
Translation differences	-	-18	-99	-6	-124
Accumulated ordinary depreciations 31.12.2021	**-**	**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**

Ordinary depreciation rates are given in note 3.9

8.2. Impairment

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 background for the impairment is a weak development in profitability in later years and a restructuring process that has been started. Calculation of value in use (enterprise value) is performed with a discount rate of 8.2 % (after tax). The impairment is related to class machinery and plant and is presented as impairment of tangible assets in the income statement.

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. See note 28.

The accounts for 2020 includes an impairment of NOK 4.3 mill related to the sale of Moelvens shares in Moelven Telemarksbruket AS. Related fixed assets are classified as held for sale per 31 December 2020 ref note 28. The sales transaction was carried out January 2021.

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 inculdes option to extend the lease period and / or purchase of property. See note 4.

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 1.1.2020	132	65	197
Additions	14	28	41
Derecognition closed leases	-31	-1	-31
Depreciation	-15	-27	-41
Gain or loss from sale and sublease	3	5	8
Book value per 31.12.2020	**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
Translation difference	-0.7	-3	-4
Book value per 31.12.2021	**40**	**61**	**101**

The table below shows booked lease liabilities.

Lease liabilities

Amounts in NOK million	2021	2020
Per 1.1.	174	199
Additions	28	41
Accrued interests	6	5
Payments	-46	-47
Derecognition closed leases	-4	-31
Derecognition due to reassesment of option	-52	0
Translation difference	-4	9
Booked amount per 31.12.	**102**	**174**

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	2021	2020
Depreciation	40	41
Interest expenses	6	5
Expenses on leases with low value	3	0.1
Expenses on short term leases	11	4
Total expenses	**61**	**50**

Note 10 a | Intangible assets

Amounts in NOK million	Goodwill	Other intangible assets	Total
Acquisiton value as at 31.12.2019	**16**	**75**	**92**
Acquisitions	-	0.5	0.5
Translation differences	0.3	1	2
Acquisiton value as at 31.12.2020	17	77	93
Accumulated depreciation and impairment 31.12.2019	**-**	**59**	**59**
Depreciation and impairment for the year	-	6	6
Accumulated ordinary depreciations 31.12.2020	**-**	**66**	**66**
Book value 31.12.2019	16	16	32
Book value 31.12.2020	**17**	**11**	**28**
Acquisiton value as at 31.12.2020	**17**	**77**	**93**
Translation differences	-0.2	-0.4	-1
Acquisiton value as at 31.12.2021	**16**	**76**	**93**
Accumulated ordinary depreciations 31.12.2020	-	66	66
Depreciation for the year	-	5	5
Impairment for the year	-	5	5
Accumulated ordinary depreciations 31.12.2021	**-**	**76**	**76**
Book value 31.12.2020	17	11	28
Book value 31.12.2021	**16**	**1**	**17**
Ordinary depreciation rates in per cent	0 %	20 %	

Note 10 b | Impairment test of goodwill

As of 31 December 2021 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 impariment 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 2021 or 2020.

Book value of goodwill:

Amounts in NOK million	2021	2020
Wood	13	13
Other units	3	3
Total	**16**	**17**

Note 11 | Payroll expenses, employees and remuneration to auditor

11.1 Payroll expenses

Amounts in NOK million	2021	2020
Payroll cost	1,938	1,803
Social security cost	333	299
Other personnel expenses	69	59
Pension costs - contribution-based pension schemes	125	119
Pension costs - defined-benefit pension schemes	1	1
Total	**2,465**	**2,280**

11.2 Number of employees

Average number of employees in 2021 was 3,360 and in 2020 3,371. Moelven had 3,312 employees at the end of 2021 compared to 3,391 employees at the end of 2020.

11.3 Remuneration to auditor

Amounts in NOK million, paid during the financial year	2021	2020
Legally required audit	5	5
Other attestation services	0	0.4
Tax consultancy	0	0
Other, non auditing services	1	1
Total	**6**	**6**

Note 12 | Financial income and expenses

Amounts in NOK million	Note	2021	2020
Financial income			
Income from investment in associated companies		-2	1
Interest income from financial assets*		4	3
Foreign currency gains	28	32	3
Other financial income		2	4
Value increase of financial instruments to fair value*		8	14
Total financial income		**43**	**24**
Financial expenses			
Interest costs of financial liabilities*		-1	-1
Interest costs on long term financial liabilities*		-23	-46
Foreign currency losses		-3	-19
Other financial costs		-11	-9
Value reduction of financial instruments to fair value*		-0	-8
Total financial expenses		**-37**	**-83**
Net financial items		**5**	**-59**

* 2021 presented net.

Note 13 | Tax expence

Amounts in NOK million	2021	2020
Tax payable	643	106
Deferred tax changes	-2	26
Total tax expences	**642**	**132**
Tax payable in the balance sheet*	**623**	**83**

*) 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	2021	2020
Profit before tax	2,991	604
Tax calculated with the group's tax rate 22 per cent (22 per cent)	658	133
Tax effects of:		
Difference due to different tax rates	-23	-2
Change of tax rate in Norway	0	0
Contribution from associated companies	-0.1	-0.1
Permanent differences	11	1
Other	-3	0.4
Tax cost on the income statement	**642**	**132**
Weighted average tax rate	21.5 %	21.9 %

Tax on items entered against other income and expenses	Before tax	Tax costs	After tax	Before tax	Tax costs	After tax
Amounts in NOK million	2021			2020		
Elements not later reclassified to earnings						
Actuarial gains (losses) on defined-benefit pension schemes	**-1.8**	**0.4**	**-1.4**	**-1.7**	**0.4**	**-1.3**

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	2021	2020
Temporary differences		
Asset reserves	-3	-3
Inventory	-52	62
Cost provisions	-48	-24
Other short-term temporary differences	467	361
Sub-total short-term differences	**364**	**396**
Fixed assets	-24	-20
Profit and loss account	3	4
Pension commitments	-22	-21
Other long-term items	373	405
Sub-total long-term items	**330**	**368**
Tax-assessed loss carry-forward.	-7	-11
Net temporary differences	**687**	**753**
Deferred tax asset	69	46
Deferred tax	215	209
Net deferred tax	**146**	**163**

14.2 Analysis of deferred tax through the year

Amounts in NOK million	2021	2020
Net deferred tax obligation 1 January	163	121
Included on income statement	-2	26
Other comprehensive income (OCI) pensions	-0.4	-0.4
Reclassification to held for sale	0	1
Translation differences and other	-15	16
Net deferred tax obligation 31 December	**146**	**163**

Note 15 | Investments in associated companies

Amounts in NOK million	Holding % *)		The company's share capital	The company's total equity	The company's net profit in 2021	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	10.0	10.2	0.2	3,000,000	3.0	-
WoodTrans AS, Norway	34.0 %	NOK	1.3	7.9	1.5	445	0.4	2
Sum								**2**

*) Voting rights is equal to ownership share
1) The company is decided to be liquidated. Moelvens share of operations will be continued through Moelven Skog AB.

Note 16 | Inventory

Amounts in NOK million	2021	2020
Raw materials and purchased semi finished goods	841	573
Goods in processing	214	213
Finished own products	1,042	717
Prepayments to supplier	139	2
Total inventory	**2,235**	**1,504**
Inventory valued at acquisition cost	1,724	1,287
Inventory valued at fair value	511	218
Total inventory	**2,235**	**1,504**

Write down of inventory to fair value in 2021 is included in profit and loss with NOK 48 million. The equivalent value in 2020 was NOK 16 million.

Note 17 | Accounts receivable and other receivables

Amounts in NOK million	Note	2021	2020
Accounts receivable			
Accounts receivable gross		1,840	1,479
Provision for loss on accounts receivable		-3	-3
Earned not invoiced	7	88	92
Accounts receivable entered on the balance sheet		**1,925**	**1,567**
Overdue receivables without hedging		27	17
in % of gross receivables		1.4 %	1.1 %
LGD (Loss given default) of gross accounts receivables*		0.0	0.1
The year's confirmed losses on receivables		0.0	0.1
Changes in provision for loss		0.2	-0.9
Losses on receivables on income statement		**0.2**	**-0.9**
POD is calculated on the basis of the last three years' loss on claims			
Other receivables			
VAT in credit		18	21
Other receivables		168	221
Total other receivables		**187**	**242**

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. Partly as a result of this credit risk is not assessed to have increased due to the Covid-19 pandemic. 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	2021	2020
NOK	852	690
SEK	718	613
EUR	92	74
DKK	39	26
GBP	112	76
Other currencies	20	-4
Total	**1,836**	**1,475**

Age distribution of outstanding accounts receivable

Amounts in NOK million	2021	2020
Accounts receivable within credit terms	1,531	1,271
Under 30 days beyond due date	253	176
31 to 60 days beyond due date	23	7
61 to 90 days beyond due date	11	14
91 to 180 days beyond due date	1	0
Over 180 days beyond due date	14	5
Total	**1,836**	**1,475**

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.

Amounts in NOK	2021	2020
Annual profit assigned to Moelven's shareholders (amounts in NOK million)	2,349	472
Average number of shares (in million)	129.5	129.5
Earnings per share	**18.13**	**3.64**

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.

Amounts in NOK	2021	2020
Total equity assigned to owners of parent company (amounts in NOK million)	4,585	2,854
Average number of shares (in million)	129.5	129.5
Equity per share	**35.40**	**22.03**

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 Våler 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 Mjøsbruket 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 Såg 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 A/S	100 %	5,000	DKK	50,000	*	11 932 371
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 Interiör 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
Building Systems						
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
Others						
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 Portefølje AS	100 %	1,000		1,000	*	982 792 835
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 Modus AB in the period up to sale and loss of control (8 October 2021), 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	2021	2020
Return on pension funds	0.00 %	1.70 %
Discount rate	1.90 %	1.70 %
Annual pay increase	2.75 %	2.25 %
Annual G adjustment (National Insurance Scheme's amount)	2.50 %	2.00 %
Annual adjustment of pensions being paid	2.50 %	2.00 %

20.2 - Breakdown of net pension obligation

Amounts in NOK million	2021	2020
Present value of funded pension obligations	0	6
Present value of unfunded pension obligations	22	19
Total present value of pension obligations	22	25
Pension plan assets (fair value)	0	-4
Net pension obligation outside Norway	0.1	0.2
Net pension obligation	**22**	**21**

20.3 – Pension costs

Amounts in NOK million	2021	2020
Pension entitlements accrued in the year	0	0,2
Net financial costs/income	0,4	0,4
Pension costs secured and unsecured defined benefit schemes	0,4	1
Contribution pension costs and other pension costs	125	119
Pension cost (net) entered on the income statement	**126**	120

Note 21 | Provisions

Guarantee liability on projects

Guarantee provisions	2021	2020
Guarantee provisions as at 1.1	48	38
Used during the year	-20	-3
Reversed during the year	-1	0
New provisions during the year	23	10
Translation difference	-2	3
Guarantee provisions 31.12	**49**	**48**

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

Amounts in NOK million	2021		2020	
	Amount in the balance sheet	Guarantee	Amount in the balance sheet	Guarantee
Other provisions	76	46	50	45
Other short term liabilities	1,393	3	1,058	4
		49		48

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

Other guarantee liability

Amounts in NOK million	2021	2020
Loan guarantees/financial guarantees	**3**	15

Note 22 | Other short-term liabilities

Other short term liabilities

Accrued holiday pay	2021	2020
Bonus provisions	205	214
Accrued costs	341	178
Other short term liabilities	175	198
Total other short term liabilities	429	328
Sum annen kortsiktig gjeld	**1,149**	**918**

Note 23 | Breakdown of changes in long term debt

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

Amounts in NOK million	01/01/2020	Cash flow	Fx changes	Other	31/12/2020
Liabilities to credit institutions	953				
Repayment of debt facility		-1,007			
Drawdown debt facility		251			
Drawdown other loans		200			
Fx changes			67		
Reclassification to held for sale				-10	
Total - Liabilities to credit institutions	**953**	**-555**	**67**	**-10**	**454**

Note 24 | Financial instruments

24.1 Book value of financial assets and obligations by category

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	149		149				
Other receivables	125		125				
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 - interest derivative		1	1		1		1
Money market fund		400	400		400		400
Bank deposits etc.	1,214		1,214				
Investments in equities		1	0,5			0,5	0,5
Total	**3,325**	**421**	**3,746**				

*Description is presented on the next page

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				
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**				

Financial assets 31.12.2020

Amounts in NOK million	Amortized cost	Fair value through P&L	Book value	Level 1	Level 2	Level 3	Total fair value
Accounts receivable	1,475		1,475				
Contract asset	92		92				
Other receivables	242		242				
Financial instruments - currency derivative		20	20		20		20
Bank deposits etc.	100		100				
Investments in equities		1	0,5			0,5	0,5
Total	**1,909**	**20**	**1,929**				

Financial obligations 31.12.2020

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	454		454				
Financial leases	174		174				
Financial instruments - currency derivative		11	11		11		11
Fin. instr. - emb. cur. derivative in hedg. of el.power		2	2		2		2
Financial instruments - interest derivative		52	52		52		52
Payables	659		659				
Contract asset	140		140				
Total	**1,427**	**65**	**1,492**				

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	2021	2020
Interest rate derivatives		
Maturing under 1 year	0	0
Maturing 2 - 5 years	264	358
Maturing 6 - 10 years	148	154
Total	**412**	**512**
Currency derivatives, forward contracts for sale of foreign currency		
Maturing 0-6 months	672	466
Maturing 7-12 months	330	175
Maturing >12 months	5	64
Total	**1,007**	**705**
Currency derivatives, forward contracts for purchase of foreign currency		
Maturing 0-6 months	86	14
Maturing 7-12 months	37	0
Maturing >12 months	89	0
Total	**212**	**14**
Forward contracts for purchase of forreign currency consistst of contracts to purchase forreign 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	79	42
Maturing 1-2 years	43	62
Maturing 3-4 years	2	20
Total	**124**	**124**

*The market value of power derivatives for own consumption was NOK 81 million per 2021 and NOK - 8 million per 2020.

Note 25 | Share capital and share premium reserve

Shareholders		Number of shares	Ownership of voting shares in per cent
Glommen Mjøsen Skog SA	Norge	86,589,028	66.84 %
Viken Skog SA	Norge	42,484,334	32.80 %
2 largest owners		**129,073,362**	**99.64 %**
Other 856 shareholders		467,922	0.36 %
Total 858 shareholders		**129,541,284**	**100 %**

Summary of shareholders as at 31.12.2021		Summary of shareholders as at 31.12.2020	
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	
Rolf Th. Holm	0
Heidi Hemstad	0
Ole Theodor Holth	0
Tor Henrik Kristiansen	0
Sigrid Bergseng	0
Anne Trolie	0
Siv Sviland Høie	0
Gaute Nøkleholm	0
Jan Larsson *)	0
Trond Sønes *)	0
Ann-Christine Löfborg *)	0
John Inge Lorentsen *)	0

Deputy members	
Gunnar Gundersen	0
Jens Naas-Bibow	0
Gunnar Aakrann Eek	0
Vibeke Tronrud Teslo-Andersen	0
Anne Mæhlum	0
Jan Gaute Lie	0
Jens Holene	0
Alfred Gullord	0
Camilla Nilsson*)	0
Stein Morten Velta *)	0
Andreas Liedberg *)	0
Leif Bjarne Undem *)	0

The board of Directors	
Olav Fjell	0
Gudmund Nordtun	0
Olav Peder Breivik	0
Wenche Ravlo	0
Aud Ingvild Storås	0
Martin Fauchald *)	0
Oscar Östlund *)	0

Deputy members	
Einar Skaarseth Enger	0
Ragnhild Hallenstvedt	0
Ingrid Maria Vetlesen Jensen *)	0
Ole-Magnus Vinna *)	0
Jan Peter Olsson *)	0
Leif Eneblom *)	0

Group Executive Board	
Morten Kristiansen	500
Anders Lindh	2,695
Bjarne Hønningstad	5,650
Vera Flatebø	1,000

Group shared services	
Morten Sveiverud	2,661
Petter Hallerby	0
Magne Vikøren	1,289
Yngve Andreassen	1,243
Lars Storslett	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 2021, has been the guideline for the 2020 financial year. An identical declaration, which will be presented to the general meeting of 28th of April 2022, will be the guideline for the 2021 financial year.

The following persons are involved
The declaration covers the group management of Moelven Industrier ASA. Group management means the CEO and the heads of the divisions.

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
Over and above the main principle of fixed pay, the board wishes it to be possible to offer other variable forms of remuneration in cases where this is found to be appropriate. Bonuses may be used to a limited extent and by special agreement and shall be directly dependent on operating profit.

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	2021 Salaries	2021 Pension costs	2021 Other benefits	2020 Salaries	2020 Pension costs	2020 Other benefits
Remuneration to:						
CEO Morten Kristiansen	5,244	210	212	5,242	218	262
Managing Director Timber, Anders Lindh	2,395	175	249	2,444	170	241
Managing Director Wood, Bjarne Hønningstad	2,689	192	268	2,779	191	217
Managing Director Building Systems, Vera Flatebø from September 2021	741	63	53			
Total	**11,070**	**640**	**729**	10,465	578	720

The CEO had the funtion as Managing Director of Building Systems in 2021 and 2020.
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	2021	2020
Remuneration to the board of Directors	1,537	1,420
Remuneration to the corporate assembly	441	331

The chairman of the board of directors receives NOK 562,380 and the board members NOK 154,500 in annual remuneration.
Deputy members of the board receive NOK 6,283 per meeting.
The chairman of the corporate assembly receives NOK 65,500 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 43 per cent of Moelven's total purchasing requirement for timber of 4.5 million cubic metres comes via the Norwegian forest owner cooperatives.

Moelven has in 2021 purchased timber from other companies within the Glommen Mjøsen group, which Moelven is part of, for NOK 755 million. Payables to other entities within Glommen Mjøsen group amounted to NOK 74 million per 2021.

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 Modus AB
On 5 October 2021 a share purchase agreement regarding Moelvens sale of Moelven Modus AB (segment Building Systems) to the investment company Mimir Capital AB was signed. The shares were handed over 8 October 2021.

In relation with the sale Moelven has recognized an impairment of NOK 39 million. The amount is presented on the below lineitems in profit and loss and in the balance sheet.

Cash flow from the sale adjusted for cash in the transferred entity was NOK - 8 million.

In relation with the sale NOK 6 million in historical translation differences are realised and reclassified from OCI to financial income in the income statement.

Amounts in NOK million	2021
Amount in profit and loss	
Product expenses	15
Other operating expenses	24
Total	**39**
Amount in the balance sheet	
Inventory	15
Buildings and other property	9
Fixtures and fittings, tools, office machines etc.	10
Other intangible assets	5
Total	**39**

Sale of Moelven Telemarksbruket AS
In December 2020 an agreeement was made with AT Skog SA regarding the sale of Moelvens share of 51 % in Moelven Telemarksbruket AS. The transaction was carried out on January 4th 2021. On this basis assets and debt in Telemarksbruket per 31 December 2020 has been classified as held for sale.

Cash flow from the sale adjusted for cash in the business transferred (on consolidated basis, 100 %) was NOK - 2 million.

Note 29 | Events after the date of balance

Moelven has during February and March 2022 signed a share purchase agreement and executed the sale of 100 % of the shares in Moelven Danmark A/S to the Danish entity Frøslev Træ Holding A/S.

Annual accounts 2021 Moelven Industrier ASA

Fredrik Jungermark and Lisa Nilsson are two of our employees who contribute commitment and who exploit the opportunities that surround us.

Income statement

Amounts in NOK million	Note	2021	2020
Other operating revenues	15	143.6	118.1
Operating revenues	2	**143.6**	**118.1**
Payroll expenses	10,11	78.3	71.0
Depreciation on tangible and intangible fixed assets	9	11.5	11.7
Other operating expenses	10	100.5	84.5
Operating expenses		**190.4**	**167.3**
Operating profit		**-46.7**	**-49.2**
Income from investment in subsidiaries 1)		1,713.7	484.6
Value increase of financial instruments to fair value	8	27.3	0.7
Interest income from group companies	15	39.5	56.6
Other interest income		1.5	0.1
Other financial income from group companies		10.1	0.7
Other financial income		0.5	2.8
Value reduction of financial instruments to fair value	8	-16.4	-8.5
Impairment of financial assets	6	-15.3	-5.4
Interest costs to group companies		-3.4	-2.1
Other interest costs		-16.9	-37.2
Other financial costs		-10.2	-17.0
Net financial items		**1,730.5**	**475.5**
Ordinary result before taxes		**1,683.7**	**426.3**
Tax on ordinary result	3	215.0	35.4
Net profit		**1,468.7**	**390.9**
Allocated to dividend, NOK 9.06 / NOK 3.64 per share		-1,173.6	-471.5
To/from other equity		-295.1	80.6
Total	14	**-1,468.7**	**-390.9**

1) Including group contribution

Moelv 15 March 2022
The Board of Directors of Moelven Industrier ASA

Morten Kristiansen
CEO

Olav Fjell
Chairman of the Board

Gudmund Nordtun
Deputy chair

Olav Breivik

Ingvild Storås

Martin Fauchald

Wenche Ravlo

Oscar Östlund

Balance as at 31.12

Amounts in NOK million	Note	2021	2020
ASSETS			
Deferred tax assets	3	15.9	19.6
Other intangible assets	9	0.0	1.7
Total intangible assets		**15.9**	**21.3**
Land		3.7	3.7
Buildings and other property		3.2	3.7
Machinery and plant		2.5	3.3
Fixtures and fittings, tools, office machinery etc.		38.2	35.8
Total tangible fixed assets	9	**47.6**	**46.5**
Investments in subsidiaries	12	1,076.1	1,087.8
Investments in associated companies	13	1.2	3.8
Loans to group companies	15	740.7	1,223.2
Other long-term recivables		0.2	0.8
Total financial fixed assets		**1,818.3**	**2,315.6**
Total fixed assets		**1,881.7**	**2,383.3**
Accounts receivable		0.1	0.2
Accounts receivable group companies	15	19.2	0.6
Receivables group contributions/dividend	15	1,709.0	484.6
Other receivables		23.4	13.6
Total receivables		**1,751.6**	**499.0**
Money market fund		400.8	0.0
Financial derivatives		27.3	29.1
Total current investments	**8**	**428.1**	**29.1**
Bank deposits, cash etc.	**5**	**920.8**	**0.0**
Total current assets		**3,100.6**	**528.1**
Total assets		**4,982.3**	**2,911.4**

Amounts in NOK million	Note	2021	2020
LIABILITIES AND EQUITY			
Share capital		647.7	647.7
Own shares		0.0	0.0
Share premium reserve		130.9	130.9
Total contributed equity		**778.6**	**778.6**
Retained earnings		304.1	10.2
Total equity	14	**1,082.7**	**788.8**
Pension liabilities	11	21.6	20.5
Total allowances for liabilities		**21.6**	**20.5**
Liabilities to credit institutions	5	195.2	454.2
Total long term liabilities		**195.2**	**454.2**
Liabilities to credit institutions	5	2,195.4	1,014.4
Financial derivatives	8	69.0	89.3
Trade accounts payable		9.1	9.3
Trade accounts payable to group companies	15	3.7	2.6
Public duties payable		6.6	6.3
Dividends		1,173.6	471.5
Tax payable	3	210.9	37.4
Other short term liabilities	4	14.5	17.1
Total short term liabilities		**3,682.8**	**1,648.0**
Total liabilities		**3,899.6**	**2,122.7**
Total equity and liabilities		**4,982.3**	**2,911.4**
Guarantee liability	7	823.9	671.5
Number of shares (Face value per share NOK 5.-)	14	**129,541,284**	**129,541,284**

Cash flow statement

Amounts in NOK million	Note	2021	2020
CASH FLOW FROM OPERATIONAL ACTIVITIES:			
Ordinary result before taxes		1,683.7	426.3
Tax paid this year	3	-37.4	-21.5
Depreciation	9	11.5	11.7
Value change investments		15.3	5.6
Correction items - financial derivatives		-18.4	8.5
Unpaid pension costs entered as costs and unreceived pension funds entered as income	11	-0.7	-1.2
Changes in accounts receivable and other receivables		-28.3	2.6
Delimination of group contribution/dividend		-1,224.4	-328.9
Changes in trade accounts payable		0.9	-3.6
Changes in short-term liabilities excluding borrowing		-2.1	0.7
Cash flow from operational activities		**400.1**	**100.3**
CASH FLOW FROM INVESTMENT ACTIVITIES:			
Investment in plant and equipment exc. acquisition	9	-10.9	-15.7
Investment in money market fund		-400.8	0.0
Net cash flow from investments in shares		0.0	0.0
Generated funds from mergers		0.0	0.0
Long-term investments, financial		482.0	162.1
Cash flow from investment activities		**70.3**	**146.4**
Profit before tax			
Changes in short-term loans and overdraft	5	1,181.0	333.9
Changes in long-term liabilities		-471.5	-93.3
Payment of dividend		-259.0	-487.4
Cash flow from financial activities		**450.4**	**-246.8**
CASH HOLDINGS			
Net change in liquidity through year		920.8	0.0
Cash holdings 1.1.		0.0	0.0
Cash holdings 31.12		**920.8**	**0.0**

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 | Operating revenues

Amounts in NOK million	2021	2020
Subsidiaries' proportion of joint costs	66.9	67.2
Subsidiaries' proportion of IT services	43.4	42.5
Rent income - outside the group	0.4	1.2
Rent income - inside the group	3.8	3.0
Gain on sale of fixed tangible assets	25.5	
Other	3.6	4.3
Total other operating income	**143.6**	**118.1**

In accordance with the company specification under note 16, a total of NOK 116.6 million is operating income from our subsidiaries.

Total Norwegian operating income amounts to NOK 55.6 million, Swedish NOK 60.1 million and other companies NOK 0.9 million.

Note 3 | Tax

Amounts in NOK million	2021	2020
Tax expense for the year		
Recognized tax on ordinary income:		
Total tax payable	210.9	37.4
Changes in deferred tax from income statement	4.1	-2.0
Correction of taxes in previous years	0.0	0.0
Tax expence	**215.0**	**35.4**
Taxable income:		
Ordinary result before taxes	1,683.7	426.3
Permanent differences	-706.6	-265.4
Actuarial losses entered against OCI	-1.8	-1.7
Changes in temporary differences	-16.8	10.8
Taxable income:	**958.5**	**170.1**
Tax payable in the balance sheet		
Tax on income	-4.3	-9.6
Tax payable on received group contribution	215.2	47.0
Tax payable in the balance sheet	**210.9**	**37.4**
Calculation of effective tax rate		
Ordinary result before taxes	1,683.7	426.3
Calculated tax on ordinary result before taxes	370.4	93.8
Tax effect of permanent differences	-155.4	-58.4
Total	**215.0**	**35.4**
Effective tax rate	12.8 %	8.3 %

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	2021	2020	Endring
Fixed assets	-8.8	-8.3	-0.4
Gains and losses	0.4	0.5	-0.1
Provisions	0.0	0.0	0.0
Pensions commitments	-21.6	-20.5	-1.1
Other differences	-0.6	-0.6	0.0
Total	**-30.6**	**-29.0**	**-1.6**
Shares and other securities	-41.7	-60.2	18.4
Calculation base for deferred taxes	**-72.4**	**-89.2**	**16.8**
Deferred tax assets / deferred tax (22 % / 22 %)	**-15.9**	**-19.6**	

Note 4 | Other short term liabilities

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

Note 5 | Liquid holdings and debt

5.1 Interest-bearing holdings and debt

Amounts in NOK million	2021	2020
Overdraft and interest-bearing debt	2,195.4	1,014.4
Long-term interest-bearing liabilities in		
NOK	195.2	200.0
SEK	0.0	254.2
DKK	0.0	0.0
EUR	0.0	0.0
Total long-term interest-bearing debt	**195.2**	**454.2**
Net interest-bearing debt	**2,390.6**	**1,468.6**

5.2 Repayment schedule long-term liabilities

Amounts in NOK million	2021	2020
Long-term liabilities that fall due for payment in		
1 year	28.6	0.0
2 years	38.1	28.6
3 years	38.1	299.0
4 years	38.1	38.1
5 years	38.1	38.1
6 years or later	19.0	57.1

5.3 Ceilings and withdrawals in syndicated loan market

Amounts in NOK million	2021	2020
Facility	1,777.1	1,839.2
Withdrawal	200.0	460.9
Remaining term in months	17/66	29/78

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 facillities 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.

5.4 Future access to liquidity

Long-term financing

Amounts in NOK million	2021	2020
as at 31.12	1,770.1	1,839.2
in 1 year	1,748.5	1,839.2
in 2 years	1,710.4	1,810.6
in 3 years	95.2	133.3
in 4 years	57.1	95.2
in 5 years	19.0	57.1
in 6 years or later	9.5	28.6

Short-term financing

In addition to the long-term access to liquidity, the group has loan facilities that are renewed each year. As at 31.12.2020 these were NOK 300 million. As a result of normal seasonal variations, the group's net interest-bearing debt was at its highest in May 2021, NOK 761.9 million. The long term loan facilities as at 31.12.2021 will cover liquidity needs for the coming two and a half years.

Note 6 | Financial market risk and impairment of financial assets

6.1 Financial market risk

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.

6.2.Impairment of financial assets

Shares in subsidiaries are assessed with regard to indications of impairment. The total impairment for 2021 is NOK 15.3 million.

Note 7 | Guarantee liability

Amounts in NOK million	2021	2020
Unconditional guarantees	456.4	374.4
Payment and contract guarantees	300.3	236.0
Tax deduction guarantees	67.2	61.1
Total	**823.9**	**671.5**

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.

Note 8 | 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 reqognized at fair value	2021	2020
Interest rate derivatives	0.9	0
Exchange rate derivatives	26.4	29.1
Total assets presented on the financial derivatives line	**27.3**	**29.1**

Financial obligations reqognized at fair value	2021	2020
Interest rate derivatives	25.7	52.0
Exchange rate derivatives	42.9	29.7
Power derivatives	0.0	7.6
Other financial instruments	0.4	
Total obligations presented on the financial derivatives line	**69.0**	**89.3**

Power derivatives are reqognized 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	2021	2020
Interest rate derivatives		
Maturing under 1 year	0.0	0.0
Maturing 2 - 5 years	264.2	358.0
Maturing 6 - 10 years	147.5	154.4
Total	**411.7**	**512.4**
Currency derivatives, forward contracts for sale of foreign currency		
Maturing 0-6 months	818.18	495.6
Maturing 7-12 months	380.6	176.5
Maturing >12 months	134.48	149.6
Total	**1,333.3**	**821.6**
Currency derivatives, forward contracts for purchase of foreign currency		
Maturing 0-6 months	779.9	547.2
Maturing 7-12 months	380.6	181.5
Maturing >12 months	134.5	139.0
Total	**1,295.0**	**867.7**
Power derivatives		
Maturing under 1 year	79.5	42.0
Maturing 1-2 years	42.6	62.0
Maturing 3-4 years	2.4	19.8
Total	**124.5**	**123.8**

Note 9 | 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 31.12.2019	3.7	29.6	11.6	77.3	32.0	154.2
Acquisitions	0.0	0.0	0.0	15.7	0.0	15.7
Disposal acquisition value	0.0	0.0	0.0	0.2	0.0	0.2
Acquisition value as at 31.12.2020	**3.7**	**29.6**	**11.6**	**93.2**	**32.0**	**170.1**
Accumulated ordinary depreciations 31.12.2019	0.0	25.5	7.6	48.5	28.5	110.0
Disposals accumulated depreciations	0.0	0.0	0.0	0.2	0.0	0.2
Depreciation and write downs for the year	0.0	0.5	0.8	8.7	1.8	11.7
Accumulated ordinary depreciations 31.12.2020	**0.0**	**26.0**	**8.3**	**57.3**	**30.4**	**121.9**
Book value 31.12.2019	3.7	4.1	4.0	28.8	3.5	44.1
Book value 31.12.2020	**3.7**	**3.7**	**3.3**	**35.8**	**1.7**	**48.1**
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 31.12.2020	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%	

Note 10 | Payroll expenses, remuneration to group management, board and auditor

10.1 – Payroll expences

Amounts in NOK million	2021	2020
Salaries	59.9	55.5
Employer contribution and social costs	10.5	9.5
Pension costs ref. defined benefit and contribution based pension schemes	5.2	5.0
Other benefits/other personnel costs inc. proportion charged to subsidiaries	2.7	1.1
Total	**78.3**	**71.0**
Number of man years	65	60

10.2 – Remuneration to group management

Amounts in NOK 1,000	2021			2020		
	Salary	Pension costs	Other benefits	Salary	Pension costs	Other benefits
CEO Morten Kristiansen	5,244.3	209.9	212.3	5,241.6	217.5	262.5
Head of Timber division, Anders Lindh	2,394.7	174.6	248.6	2,443.6	170.2	240.6
Head of Wood division, Bjarne Hønningstad	2,689.4	192.4	268.0	2,779.4	190.5	216.8
Head	741.2	63.2	53.0			
Total	**11,069.6**	**640.2**	**728.9**	**10,464.6**	**578.2**	**719.9**

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.

10.3 – Remuneration to auditor

Amounts in NOK million	2021	2020
Amount ex VAT		
Legally mandated account audit	0.7	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	0.2
Total	**0.8**	**0.9**

Note 11 | 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 shemes 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 uncecured 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.

11.1 – Economic and actuarial assumptions

	2021	2020
Return on pension funds	0.00 %	1.70 %
Discount rate	1.90 %	1.70 %
Annual pay increase	2.75 %	2.25 %
Annual G adjustment (National Insurance Scheme's basic amount)	2.50 %	2.00 %
Annual adjustment of pensions being paid	**2.50 %**	**2.00 %**

11.2 – Pensjonskostnader

Amounts in NOK million	2021	2020
Pension entitlements accrued in the year	0.0	0.2
Interest costs on the pension commitments	0.3	0.4
Pension costs secured and unsecured defined benefit schemes	0.4	0.7
Contribution pension costs and other pension costs	4.8	4.3
Profit before tax	**5.2**	**5.0**

11.3 - Pension liabilities

Amounts in NOK million	2021	2020
Balance as at 01.01.		
Accrual of future pensions	22.4	21.1
Pension commitments (gross)	**22.4**	**21.1**
Pension funds	-4.4	-3.9
Employer contributions	2.5	2.4
Pension commitments (net)	**20.5**	**19.6**
Balance as at 31.12		
Pension commitments (gross)	18.9	22.4
Pension funds (anticipated)	0.0	-4.4
Employer contributions	2.7	2.5
Pension commitments (net)	**21.6**	**20.5**
Net pension funds, secured schemes that can be netted	**0.0**	**0.0**
Pension commitments, secured (and unsecured) schemes that cannot be netted	21.6	20.5
Pension commitments, contractual pension (AFP)	0.0	0.0
Total pension commitments	**21.6**	**20.5**

11.4 – Key figures

Amounts in NOK million	2021	2020
Number of active members secured schemes	1	3
Number of pensioners secured schemes	2	6

Note 12 | 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 2019	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		83,217	100,197	3,500	35,000	35,005
Moelven Østerdalsbruket AS	Stor-Elvdal	100 %	20,000		77,271	83,154	2,000	20,000	20,005
Moelven Våler AS	Våler	100 %	48,000		198,545	226,889	4,800	48,000	48,005
Moelven Soknabruket AS	Ringerike	100 %	30,000		185,422	216,925	3,000	30,000	32,511
Moelven Numedal AS	Flesberg	100 %	10,000		71,033	84,563	1,000	10,000	10,005
Moelven Løten AS	Løten	100 %	12,000		38,113	34,486	1,200	12,000	12,005
Moelven Wood AS	Eidsvoll	100 %	5,500		46,191	23,263	5,500	5,500	10,000
Moelven Langmoen AS	Ringsaker	100 %	18,000		102,279	69,368	1,800	18,000	37,156
Moelven Portefølje AS	Ringsaker	100 %	1,000		2,092	-4	1,000	1,000	1,152
Moelven Eidsvoll AS	Eidsvoll	100 %	8,500		34,847	9,257	850	8,500	18,500
Moelven Treinteriør AS	Ringsaker	100 %	3,500		24,316	22,226	3,500	3,500	8,482
Moelven Modus AS	Ullensaker	100 %	22,000		97,454	4,487	2,200	22,000	95,000
Moelven ByggModul AS	Ringsaker	100 %	31,688		131,188	-40,585	158,440	31,688	131,188
Moelven Bioenergi AS	Ringsaker	100 %	6,000		16,921	1,791	6,000,000	6,000	6,800
Moelven Limtre AS	Ringsaker	100 %	11,000		66,726	11,595	11,000	11,000	43,028
Moelven Industrier AB	Sverige	100 %	197,046	SEK	1,291,378	-46,990	19,704,581	197,046	241,406
Moelven Danmark A/S	Danmark	100 %	5,000	DKK	30,512	10,541	50,000	5,000	12,417
Moelven U.K. Ltd	Storbritannia	100 %	200	GBP	1,239	587	950,000	50	10,426
Moelven Deutschland GmbH	Tyskland	100 %	110	EUR	904	247	11	110	217
Moelven Are AS	Spydeberg	100 %	300		46,112	-2,730	100	300	43,116
Moelven Mjøsbruket AS	Gjøvik	100 %	12,000		95,558	108,671	12,000	12,000	15,990
Moelven Eidsvold Værk AS	Eidsvoll	100 %	32,500		25,648	-97	32,500	32,500	13,578
Moelven Trysil AS	Trysil	100 %	15,600		76,923	76,109	15,600	15,600	35,634
Moelven Virke AS	Ringsaker	100 %	5,000		19,787	6,403	50,000	5,000	4,546
Moelven Sør Tre AS	Kragerø	100 %	8,487		29,272	32,233	8,487	8,487	50,000
Moelven Granvin Bruk AS	Granvin	99.3 %	1,490		36,220	41,303	2,959	1,480	16,672
Moelven Wood Prosjekt AS	Ringsaker	100 %	300		12,687	9,324	3,000	300	18,192
Moelven Profil AS	Grue	100 %	15,000		28,881	10,471	15,000	15,000	15,030
Moelven Elprosjekt AS	Ringsaker	100 %	10,000		11,174	3	50,000	10,000	12,000
Moelven Pellets AS	Ringsaker	100 %	37,500		107,733	-886	37,500	37,500	75,000
Trettentretti AS	Ringsaker	100 %	38		38	0	510	38	3,032
Total Moelven Industrier ASA									**1,076,101**

*) Voting rights is equal to ownership share.

Note 13 | 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 2021	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	7,928	1,464	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 14 | Equity

Amounts in NOK million	Share capital	Share premium funds	Own shares	Other equity	Total equity
Equity 31.12.2020	**647.7**	**130.9**	**0.0**	**10.2**	**788.8**
Annual profit				1,468.7	1,468.7
Actuarial gains and losses, and other direct to equity				-1.4	-1.4
Allocated to dividend				-1,173.6	-1,173.6
Equity 31.12.2021	**647.7**	**130.9**	**0.0**	**304.1**	**1,082.7**

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 15 | 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 %	1.6	0.9		89.7	0.7	
Moelven Østerdalsbruket AS	100 %	1.2	0.8		73.5	0.7	
Moelven Våler AS	100 %	6.6	1.3		199.5	1.0	
Moelven Soknabruket AS	100 %	2.7	2.5	78.9	161.3	1.2	
Moelven Numedal AS	100 %	2.7	0.6		74.8	0.4	
Moelven Løten AS	100 %	1.3			29.3	0.3	
Moelven Wood AS	100 %	9.2				0.6	0.5
Moelven Langmoen AS	100 %	1.5	0.9	5.2	63.7	0.8	
Moelven Eidsvoll AS	100 %	1.0	0.6	20.2	8.3	0.5	
Moelven Treinteriør AS	100 %	0.7	0.1		21.3	0.4	0.3
Moelven Modus AS	100 %	4.5			2.8	3.1	
Moelven ByggModul AS	100 %	6.2	0.7	21.0		4.7	
Moelven Bioenergi AS	100 %	1.2	0.0	0.3	2.7	0.0	0.2
Moelven Elprosjekt AS	100 %				1.0		
Moelven Limtre AS	100 %	5.7	0.8	22.0	3.9	1.9	
Moelven Industrier AB	100 %	0.1	11.9	350.8	730.9		2.6
Moelven Are AS	100 %	0.0					
Moelven Mjøsbruket AS	100 %	3.3			96.3	0.4	
Moelven Eidsvold Værk AS	100 %	0.0				(0.0)	
Moelven Trysil AS	100 %	1.2	0.5		67.5	0.6	
Moelven Virke AS	100 %	0.6				0.1	
Moelven Sør Tre AS	100 %	0.5	0.1		30.2	0.2	
Moelven Granvin Bruk AS	99.3 %	0.7	0.4	3.3	37.2	0.3	
Moelven Wood Prosjekt AS	100 %	0.9	0.8	26.7	9.2	0.5	
Moelven Profil AS	100 %	1.5	0.6	12.0	6.0	0.3	0.1
Moelven Portefølje AS	100 %						
Moelven Pellets AS	100 %	0.6	5.7	158.2		0.1	0.0
Trettentretti AS	100 %					0.2	
Moelven Danmark A/S	100 %	0.8				0.2	0.2
Moelven UK Ltd.	100 %	0.1					
Moelven Deutschland GmbH	100 %	0.0		0.0			

Note 15 | Transactions with related parties (cont.)

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 %	8.8	0.8				
Moelven List AB	100 %	1.2	1.0	27.5			
Moelven ByggModul AB	100 %	6.7					
Moelven Wood Interiör AB	100 %	1.9					
Moelven Component AB	100 %	2.0	0.1				
Skåre Kontorshotell AB	100 %	-	0.2	5.3			
Moelven Wood AB	100 %	6.8					
Moelve Valåsen Wood AB	100 %	1.5	0.8				
Moelven Valåsen AB	100 %	10.5					
Moelven Dalaträ AB	100 %	4.0					
Moelven Modus AB 1)	100 %	2.8					
Moelven Edanesågen AB	100 %	2.4	1.0				
Moelven Årjäng Såg AB	100 %	4.0					
Moelven Skog AB	100 %	1.6	0.8				
Moelven Töreboda AB	100 %	2.7	0.2	4.1			
Vänerbränsle AB	82.3 %	0.1					
Moelven Wood Fastighet AB 2)	100 %	-					
Moelven Lovene AB	100 %	0.1					
Moelven Vänerply AB	100 %	2.4	1.1	5.2		0.07	
UJ Trading AB	100 %	0.4					
Moelven Export Sales AB	100 %	0.1					
Total 2021		**116.6**	**35.3**	**740.7**	**1,709.0**	**19.2**	**3.7**
Total 2020		**115.9**	**50.9**	**1,223.2**	**484.6**	**0.6**	**2.6**

1) Sold 08.10.2021

2) Company name changed from Moelven Malmö Holding AB

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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 2021, the income statement and cash flow 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 2021, 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 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and

- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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 laws and regulations 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.

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 accompanying information otherwise appears 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 legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements 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 or 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 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 2022
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 24 March 2022:
- Annual report and proposed Annual Financial Statements by the Board of Directors and President/CEO for the 2021 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 2021, 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.

24 March 2022

Rolf Th. Holm
Chairman of the Corporate Assembly

Financial calendar 2022

2 FEBRUARY 2022	Fourth quarter report 2021
7 APRIL 2022	Annual report and Sustainability report 2021
2 MAY 2022	First quarter report 2022
29 AUGUST 2022	Second quarter report 2022
31 OCTOBER 2022	Third quarter report 2022
2 FEBRUARY 2023	Fourth quarter report 2022

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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.

The annual result for 2021 was Moelven's strongest ever. The group reported an operating profit of NOK 3 billion, compared to NOK 662 million in 2020.

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Moelven Østerdalsbruket AS is one of Moelven’s 33 production companies. Photo: Hans Haug

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