

# Quarterly report 1/2021

*The world's most environmentally friendly furniture factory, The Plus, is being built by Vestre AS at Magnor with load bearing structures in glulam from Moelven Limtre AS.  
Photo: Big/Vestre*

**MOELVEN®**

Amounts in NOK million	First quarter		12 months	
	2021	2020	2020	2019
Operating revenues	3 182,0	2 735,5	11 665,2	10 297,5
EBITDA	378,2	149,4	1 010,6	629,8
Gross operating margin/EBITDA in per cent	11,9 %	5,5 %	8,7 %	6,1 %
Depreciation and impairment	88,3	79,8	348,4	294,4
Operating profit	290,0	69,6	662,2	335,4
Net operating margin/EBIT in per cent	9,1 %	2,5 %	5,7 %	3,3 %
Value change of financial instruments to fair value	5,2	-91,2	6,8	-23,7
Profit before tax	296,7	-30,5	603,6	239,7
Profit per share in NOK	1,80	-0,18	3,64	1,46
Cash flow from operational activities, in NOK per share	1,11	-1,65	7,99	5,09
Total equity	2 981,4	2 461,8	2 865,0	2 368,2
Equity ratio	48,0 %	39,8 %	49,1 %	42,9 %
Total assets	6 209,9	6 180,2	5 833,0	5 518,0
Investments	72,4	67,6	271,9	478,7
Return on capital employed in per cent, 12 month rolling	24,2 %	7,3 %	17,9 %	9,4 %
Capital employed	3 592,5	3 889,4	3 500,3	3 524,0
Net interest-bearing liabilities	516,5	1 412,8	535,6	1 136,4
Net working capital	2 634,9	2 745,9	2 272,6	2 293,2
Number of employees	3 353	3 374	3 391	3 399
Sick leave percentage	5,5 %	6,5 %	6,2 %	5,4 %
Lost Time Injury Frequency rate, rolling LTI-rate	11,9	9,6	11,7	11,3
Number of shareholders	863	869	869	869
Average number of shares (mill)	129,5	129,5	129,5	129,5

- Revenues in the first quarter were NOK 3,182.0 million (2,735.5).
- The operating result was NOK 290.0 million (NOK 69.6 million).
- Return on capital employed (12-month rolling basis) was 24.2 per cent (7.3).
- Strong demand and high level of activity in the international market for sawn timber.
- High demand from the building products trade, but low inventories have restricted delivery volumes to levels slightly below the first quarter of 2020.
- Production volumes at the sawlog consuming units somewhat lower than in the first quarter of 2020 due to operating conditions in January and February.
- Improved order situation in Building Systems, but continued low activity level.
- Covid-19 has not resulted in significant operational disruptions, but measures to secure necessary production volumes result in increased costs.



## In brief

The first quarter of 2021 was a very strong quarter for the Moelven group, and concluded as the second-best quarterly result of all time, only surpassed by the second quarter of the record year 2007.

On the international sawn timber market, which comprises the majority of the group's exports, demand was very good in the quarter. Prices continued to increase, driven by high demand in the US, which also affects the market balance in Europe. The main reasons for the positive market developments are largely private consumption, which affects demand for timber both directly through maintenance and renovation, and indirectly through increased online shopping – which contributes to good demand for timber for packaging purposes. In addition, wood is considered an attractive building material and is taking market shares from other types of materials.

Activity in the building products trade in Scandinavia was higher than in the first quarter of 2020, but low inventories at manufacturers have limited delivery volumes. Start-up of new homes has dropped in both Norway and Sweden, but the renovation, conversion and extension market – especially in the consumer segment – has seen a very high level of activity during the pandemic and is the main cause of the strong demand. Deliveries from the Wood division were lower than in the first quarter the previous year, due to low inventories after a long period of high delivery rates.

For the Building Systems division, activity in building and construction, infrastructure and smaller projects has been good. Demand for module-based buildings for housing and holiday homes has been somewhat poorer, although the level is better than the previous year. In Sweden in particular the market has been hesitant and projects have been slow to start. This causes some uncertainty related to the capacity utilisation in certain factories going forward.

The supply of forest raw materials has been good in both Norway and Sweden in the first quarter. The production units have had adequate raw materials for full production throughout the quarter. At the end of the quarter the sawlog inventories were at the same level as for 2020, and thus normal for the season and satisfactory in relation to the current production plans. In both countries the prices for sawlogs have increased somewhat compared to the first quarter of 2020. High supply of chip and fibre products has overall led to a slight decline in prices to levels somewhat lower than in the same period last year in both Norway and Sweden.

Moelven 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 a 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 Moelven Limtre AS has already hoisted the first glulam beams that will constitute the load-bearing structure into place in the building.

In the first quarter Moelven Limtre AS has also commenced deliveries and assembly of the load-bearing structures for a 3,800 m<sup>2</sup> commercial building that developer AB Invest and contractor HENT are building next to Mjøstårnet. According to schedule, the building will be completed in February 2022. In addition, Moelven Byggmodul AS is currently hoisting in and installing modules for three apartment buildings in the same area. Building with modules is fast, and the apartments are scheduled to be ready for occupation as early as the autumn of 2021.

In Karlstad Moelven Töreboda AB has started delivery and assembly of glulam for Karlstad's new sports centre "Sannafältets sportcenter". The sports centre will comprise both indoor and outdoor arenas for athletics and ball sports. In 2019 the municipality decided that a brand new sports centre was to be built in Karlstad. The municipality has also adopted a resolution that as much construction as possible under the municipality's direction shall use wood as a building material.

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.

In January 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 development plans for the company and contribute to improve competitiveness. The energy centre is scheduled for completion in the fourth quarter of 2021.

When the annual deadline for Moelven's trainee programme expired in February 2021, a record 231 applicants had applied. Due to the Covid-19 pandemic, the group has taken the opportunity to modernise the entire recruitment process for the trainee programme. For the first time, the entire process was conducted digitally, from marketing to interviews and signing contracts with the applicants admitted to the programme. The process started with digital webinars and marketing in social media. The traditional recruitment day with interviews was also conducted digitally. Feedback from the candidates during the entire process has been very good, and there is a lot to indicate that this is yet another example of the Covid-19 pandemic leading to positive changes in working methods that will be extended even after society reopens.

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 a base amount of NOK 500,000. In addition, Moelven and SOS Children's Villages have several ongoing activities that may further increase the amount.

During the end of 2020 Glommen Mjøsen Skog SA was in a process to reduce its ownership share from 78.8 per cent to 66.8 per cent. As a result of this process Viken Skog SA was given the opportunity to exercise pre-emptive rights to buy the shares. The transaction was carried out in February 2021 and entailed that Viken Skog SA increased its stake in Moelven from 20.8 to 32.8 per cent.

## Operating revenues and results

Operating revenues increased compared to the same period last year, due to increased demand and thereby increased prices in the wood processing business, as well as increased activity in the module business in both Norway and Sweden.

In terms of results, the wood processing business had a significantly better quarter than in the same period last year, mainly due to the increase in finished goods prices for sawn timber and processed wood. A slight increase in sawlog prices and a decline in prices for chip and fibre products have the opposite effect. The result has also been negatively affected by reduced productivity due to the harsh cold in January and February, as well as measures to secure production capacity at a time when the Covid-19 pandemic causes both increased absence and a risk of production disruptions in the event of outbreaks.

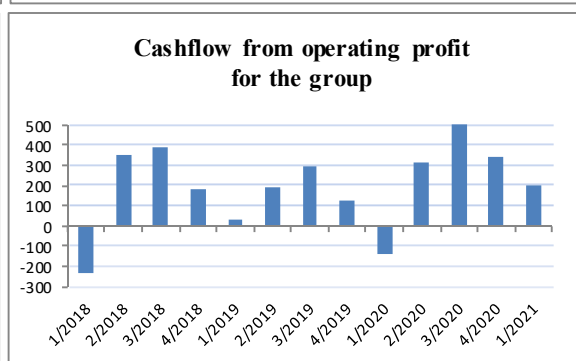
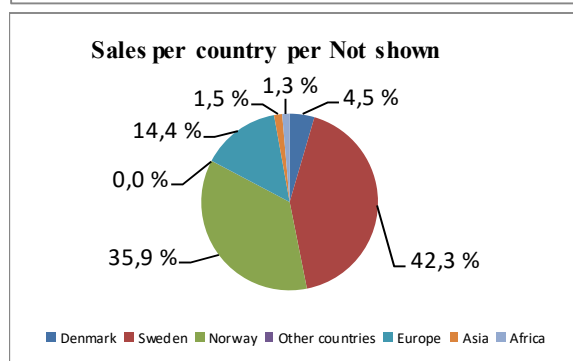
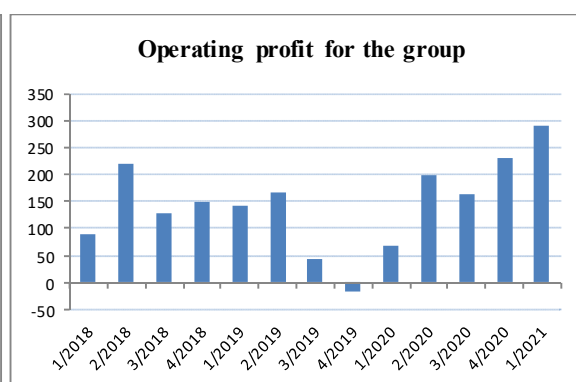
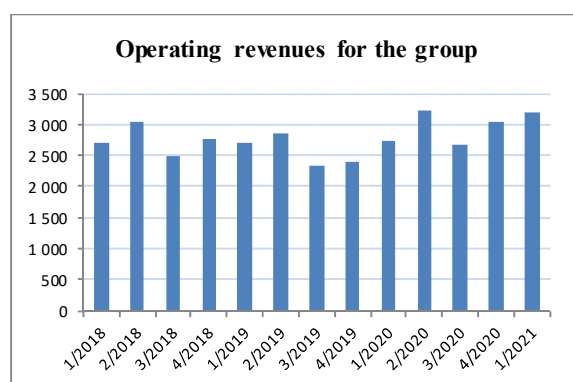
The result for the first quarter for the Building Systems division also improved in 2021 compared to the previous year, but to a lesser extent than for the wood processing business. The improvement is mainly in the module business, after the activity level increased compared to the first quarter of 2020. Demand for glulam was good in the first quarter, but price developments for sawn timber have led to an increase in costs that is restricting the improvement in results. For the interiors companies activity levels remain low in a market characterised by intense competition and uncertainty related to operating conditions at building sites due to infection control issues.

Inventories for the wood processing operations are assessed monthly against developments in manufacturing costs and fair value. This has had a positive impact on the operating result of NOK 22.7 million in the quarter (-29.4 million). The items do not have any impact on cash flow.

The Group employs financial instruments as a hedge against short-term fluctuations in foreign exchange rates, interest rates and power prices. Non-cash items connected to fair value adjustments on unrealised hedging instruments comprised NOK 5.2 million for the quarter (-91.2 million). The positive development is mainly due to the exchange rate developments for NOK and SEK following the sharp depreciation in March/April 2020.

Profit before tax was NOK 296.7 million compared to NOK -30.5 million in the first quarter of 2020.

Amounts in NOK million	First quarter		12 months	
	2021	2020	2020	2019
<b>Operating revenues</b>				
Timber	1 003,5	855,3	3 444,9	3 118,9
Wood	1 181,0	1 059,1	4 730,3	4 018,1
Building Systems	956,5	794,7	3 346,6	3 002,7
Other businesses	1 220,2	985,7	3 802,4	3 728,0
<i>Internal</i>	-1 179,2	-959,3	-3 659,0	-3 570,2
<b>The Group</b>	<b>3 182,0</b>	<b>2 735,5</b>	<b>11 665,2</b>	<b>10 297,5</b>
<b>EBITDA</b>				
Timber	193,2	77,2	365,9	243,1
Wood	142,0	59,7	482,3	265,4
Building Systems	47,0	17,8	166,2	135,0
Other businesses	-4,0	-5,4	-3,8	-13,7
<b>The Group</b>	<b>378,2</b>	<b>149,4</b>	<b>1 010,6</b>	<b>629,8</b>
<b>Operating profit</b>				
Timber	167,7	52,7	258,9	145,8
Wood	112,3	33,9	371,7	165,1
Building Systems	24,1	-3,1	76,4	56,8
Other businesses	-14,1	-13,9	-44,7	-32,3
<b>The Group</b>	<b>290,0</b>	<b>69,6</b>	<b>662,2</b>	<b>335,4</b>



## Investments, balance sheet and funding

During the first quarter, total investments were NOK 72.4 million ( 67.6 million). According to the investment programme in the group's current strategy plan, investments in 2021 shall be increased somewhat compared to 2020. The increase will intensify as the year progresses due to the reduction in investment activity in 2020 as a consequence of the uncertainty caused by the Covid-19 pandemic.

Depreciations in the quarter were NOK 88.3 million (79.8 million). At the end of the first quarter, the book value of the Group's total assets was NOK 6,209.9 million ( 6,180.2 million).

Cash flow from operating activities in the first quarter was NOK 143.3 million ( -213.1 million), corresponding to NOK 1.11 per share (-1.65). The change compared to the same period last 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 -164.1 million (-324.4 million).

Net interest-bearing liabilities were NOK 516.5 million (1,412.8 million) at the end of the quarter. Financial leases are included in net interest-bearing liabilities with NOK 167.1 million (185.3 million). Compared to first quarter 2020, the debt reduction is mainly due to strong cash flow from operations. The high level of activity has led to an increase in receivables compared to the same time in 2020. The group has a restrictive credit policy, and uses credit insurance and guarantees to secure receivables.

Cash reserves including unused credit facilities were NOK 1,729.6 million (734.1 million). In the Group's main financing the available loan facility varies over time with the natural fluctuations in the Group's tied-up capital through the year.

Equity at the end of the quarter amounted to NOK 2,981.4 million (2,461.8 million), equivalent to NOK 23.01 (19.00) per share. The equity ratio was 48.0 per cent (39.8 per cent).

The proposed dividend for 2020 of NOK 3.64 per share (0.72), totalling NOK 471.5 million (93.3), will, assuming approval at the Annual General Meeting on 28 April, be charged to equity and disbursed in the second quarter. 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 likely exchange rate fluctuations are within acceptable risk limits. In the first quarter, exchange rate fluctuations resulted in an unrealised change in equity of NOK -109.0 million (131.9 million).

Approximately half of the Group's assets are recognised in SEK. The total assets thus also change based on the exchange rate. The equity ratio in percent is therefore less impacted by exchange rate fluctuations than the nominal equity.

## Divisions

### Timber

Amounts in NOK million	First quarter		12 months	
	2021	2020	2020	2019
Sales to external customers	793,9	699,9	2 745,0	2 512,3
Sales to internal customers	209,6	155,5	699,9	606,6
Operating revenues	1 003,5	855,3	3 444,9	3 118,9
Depreciation and impairment	25,5	24,5	107,0	97,4
Operating profit	167,7	52,7	258,9	145,8
Operating margin in per cent	16,7 %	6,2 %	7,5 %	4,7 %
Net operating capital (% of operating revenues)	12,3 %	16,0 %	13,3 %	15,8 %
Total assets	1 908,9	1 716,3	1 742,9	1 513,1
Equity	1 037,6	877,2	930,8	799,8
Capital employed	1 198,1	1 098,1	1 100,5	1 031,6
Return on capital employed in per cent, 12 month rolling	31,8 %	9,7 %	22,4 %	13,4 %
Investments	32,2	14,3	88,0	115,8
Total number of employees	604	625	636	629

The high demand for sawn timber in 2020 continued through the winter. Market activity has been higher than normal for the season. Demand is largely driven by private consumption and because wood is taking market shares from other building materials such as concrete and steel. The US market in particular has a high level of activity. Delivery volumes have been 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. As a result of this, prices have seen positive developments throughout 2020, and this has continued in the first quarter of 2021. Price levels in the quarter were thus higher than in the same period of 2020. The markets in North Africa, the Middle East and Asia have generally been weaker than the US and Europe, but in Japan and China in particular the activity level has recently improved.

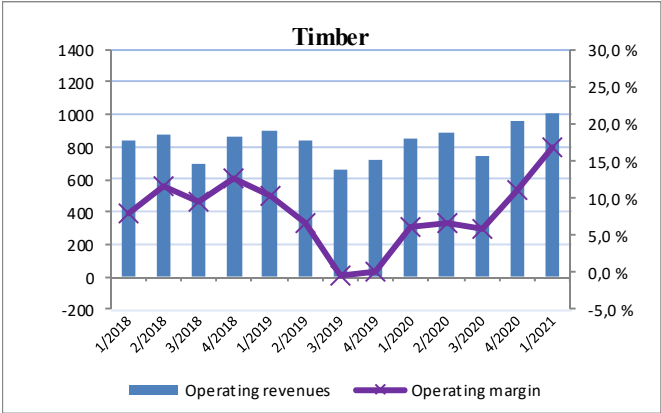
Delivery volumes in the quarter were lower than the same period in 2020. The main reason is that the cold weather in January and February caused reduced production and low inventory build-up. For the division as a whole, processing costs increased somewhat compared to the same period last year. Besides operational challenges due to the cold weather, the main causes are increased costs for maintenance after a year of lower investment activities than planned due to uncertainty related to the impact of Covid-19, as well as increased personnel costs related to infection control measures. There are still certain units where rationalisation measures are required in order to provide satisfactory results.

The currency situation is continuing to provide good competitiveness in the export markets, although NOK and SEK have strengthened considerably against the main currencies compared to the same time in 2021.

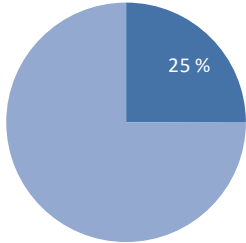
The supply of forest raw materials has been good in both Norway and Sweden in the first quarter. The production units have had adequate raw materials for full production throughout the quarter. At the end of the quarter the sawlog inventories were at the same level as for 2020, and thus normal for the season and satisfactory in relation to the current production plans. In both countries the prices for sawlogs have increased somewhat compared to the first quarter of 2020. High supply of chip and fibre products has overall led to a slight decline in prices to levels somewhat lower than in the same period last year in both Norway and Sweden.



Inventories are assessed monthly against developments in manufacturing costs and fair value. This has had a positive impact on the operating result to the tune of NOK 18.5 million in the quarter (-2.0 million). The items do not have any impact on cash flow.



**Timber's share of the Groups sale to external customers**



## Wood

Amounts in NOK million	First quarter		12 months	
	2021	2020	2020	2019
Sales to external customers	1 121,8	975,7	4 518,0	3 827,9
Sales to internal customers	59,2	83,4	212,4	190,2
Operating revenues	1 181,0	1 059,1	4 730,3	4 018,1
Depreciation and impairment	29,7	25,8	110,6	100,3
Operating profit	112,3	33,9	371,7	165,1
Operating margin in per cent	9,5 %	3,2 %	7,9 %	4,1 %
Net operating capital (% of operating revenues)	30,2 %	36,1 %	26,8 %	32,3 %
Total assets	3 001,6	2 940,8	2 802,3	2 514,4
Equity	1 295,5	1 158,8	1 243,4	1 064,2
Capital employed	1 825,0	1 987,7	1 793,3	1 711,6
Return on capital employed in per cent, 12 month rolling	24,0 %	9,2 %	19,6 %	9,3 %
Investments	17,4	38,7	130,2	117,2
Total number of employees	1 099	1 087	1 099	1 114

The high demand from the building products trade in Scandinavia continued through the first quarter. The situation is largely driven by a strong consumer market linked to the renovation and maintenance of homes and holiday homes. The overall price level was higher than for the corresponding period in 2020.

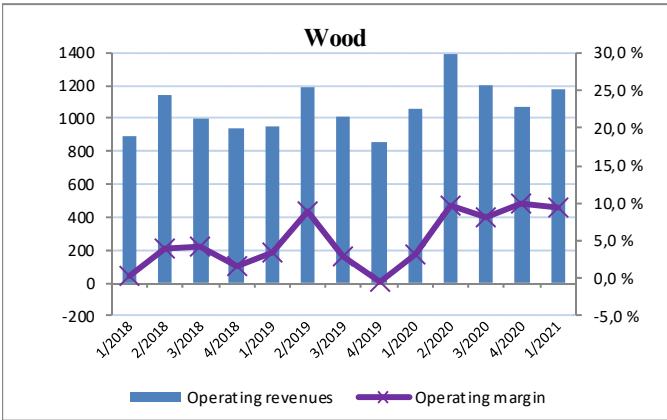
The persistent strong demand has led to finished goods inventories falling to very low levels, and delivery capacity is limited to the rate of production. Harsh cold in January and February caused challenging operating conditions for the timber consuming units, which led to increased production costs and lower volumes. Measures are ongoing to increase production towards the summer to build up inventories to levels that provide satisfactory delivery capacity. The production costs are also to a certain extent affected by increased personnel costs related to infection control measures.

For the division's sawlog consuming units, access to forest raw materials was good in both Norway and Sweden in the first quarter. The production units have had adequate raw materials for full production throughout the quarter. At the end of the quarter the sawlog inventories were at the same level as for 2020, and thus normal for the season and satisfactory in relation to the current production plans. In both countries the prices for sawlogs have increased somewhat compared to the first quarter of 2020. High supply of chip and fibre products has overall led to a slight decline in prices to levels somewhat lower than in the same period last year in both Norway and Sweden.

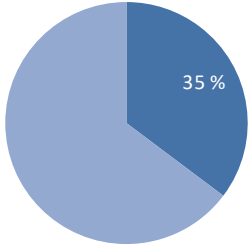
Inventories are assessed monthly against developments in manufacturing costs and fair value. This has had a positive impact on the operating result totalling NOK 4.2 million in the quarter (-27.4 million). The items do not have any impact on cash flow.

Moelven is one of four Norwegian manufacturers of royal-treated cladding, with a market share on the Norwegian market of approx. one to two per cent. Towards the end of 2020 it became known that the Norwegian Building Authority had carried out a market inspection of fire-treated cladding. In connection with this, indications had emerged that royal treated cladding did perhaps not qualify for classification in fire class D, which is how both Moelven and the rest of the industry has classified the product in accordance with established practice. Moelven quickly initiated its own tests, and on the basis of these the classification for the royal treated cladding products from Moelven was changed to fire class E. At the same time

Moelven also halted production and sales of royal treated cladding. Procedures have also been established to inform and follow up the customers. This applies only to the cladding products, not the terrace products, which are the largest segment for Moelven’s royal-treated products.



**Wood’s share of the Groups sale to external customers**



## Building Systems

Amounts in NOK million	First quarter		12 months	
	2021	2020	2020	2019
Sales to external customers	955,0	793,9	3 342,6	2 998,8
Sales to internal customers	1,4	0,8	4,0	3,9
Operating revenues	956,5	794,7	3 346,6	3 002,7
Depreciation and impairment	22,9	20,9	89,9	78,1
Operating profit	24,1	-3,1	76,4	56,8
Operating margin in per cent	2,5 %	-0,4 %	2,3 %	1,9 %
Net operating capital (% of operating revenues)	10,8 %	13,2 %	11,3 %	13,4 %
Total assets	1 947,6	1 866,3	1 908,6	1 751,0
Equity	841,1	850,4	851,6	808,8
Capital employed	1 003,9	1 080,3	1 027,9	1 066,3
Return on capital employed in per cent, 12 month rolling	9,8 %	2,9 %	7,3 %	5,6 %
Investments	18,9	10,3	21,6	55,9
Total number of employees	1 486	1 507	1 490	1 494

The order backlog for the division overall increased somewhat in the first quarter of 2021, and at the end of the quarter it totalled NOK 147 million more than at the same time in 2020. The increase, which is shared among several different units, is slightly moderated by a decline in the order backlog in the housing segment in the Building Module business in Sweden.

For the glulam operations in both Norway and Sweden market activity has been better than normal for the season in the standard segment, while activity in the project markets has been more normal. The order backlog ensures capacity utilisation into the third quarter. The strong demand and price increase for sawn timber, which is used as a raw material in glulam production, has however led to an increase in cost levels and reinforces the need to quickly realise the planned effects of the initiated rationalisation measures and concept adjustments.

For the building module operations in Norway, activities in the building and construction segment have been satisfactory with good production. In the housing and holiday home market, activity improved somewhat in 2020, and activity in the first quarter of 2021 has been satisfactory. In the project market, activity has been low with small volumes in public tenders. Overall, operations in the factories is ensured for large parts of the third quarter with a prudent profitability level.

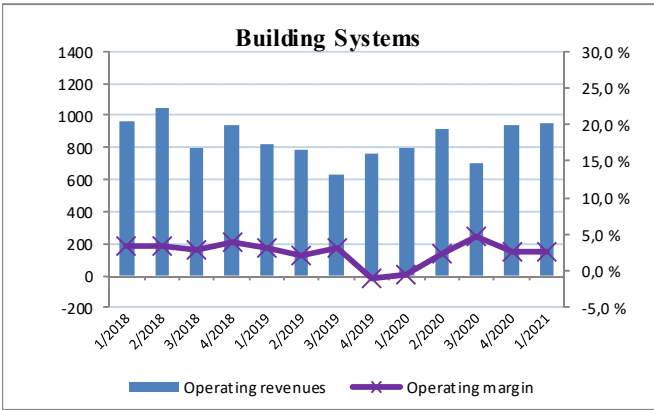
For the Swedish building module operations demand for standard modules for building and construction has been good, but demand for modules for leasing purposes has been poorer than normal. New orders have nevertheless been sufficient to secure the factory production. The housing segment remains somewhat hesitant, and start-ups of building projects are being postponed. This means that capacity utilisation in the short term is somewhat uncertain, and capacity adjustments have been implemented.

For system interiors market activity is hesitant in both Norway and Sweden.

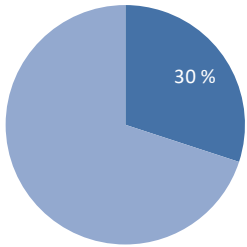
The Covid-19 pandemic led to a drop in demand that required the introduction of short-term work in the Swedish business. At the end of the first quarter a total of 5 employees were affected by this. The pandemic also complicates physical customer visits and the work on building sites. Regardless of the Covid-19 pandemic, profitability in both countries has been unsatisfactory for some time. In Norway activity in some regions has dropped to levels that may lead to a need to adjust capacity if they persist. In Sweden the



situation is somewhat better in the capital region, but price levels remain too low to create satisfactory profitability. Action plans have been adopted to improve competitiveness and reestablish profitable operations, and these are in the process of being deployed and implemented.



**Building Systems's share of the Groups sale to external customers**



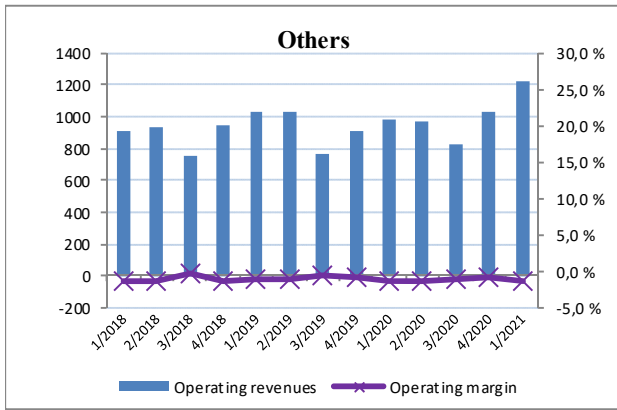
## Other Businesses

Amounts in NOK million	First quarter		12 months	
	2021	2020	2020	2019
Sales to external customers	337,5	288,6	1 151,7	1 059,9
Sales to internal customers	882,7	697,1	2 650,6	2 668,1
Operating revenues	1 220,2	985,7	3 802,4	3 728,0
Depreciation and impairment	10,1	8,6	40,9	18,6
Operating profit	-14,1	-13,9	-44,7	-32,3
Operating margin in per cent	-1,2 %	-1,4 %	-1,2 %	-0,9 %
Net operating capital (% of operating revenues)	6,2 %	6,3 %	4,4 %	2,6 %
Total assets	2 649,8	2 857,3	2 474,1	2 633,9
Equity	1 357,4	1 186,3	1 449,5	1 283,8
Capital employed	1 721,4	2 146,7	1 811,1	2 092,7
Return on capital employed in per cent, 12 month rolling	-1,0 %	-0,6 %	-1,0 %	-0,4 %
Investments	3,8	4,3	32,1	189,8
Total number of employees	164	155	166	162

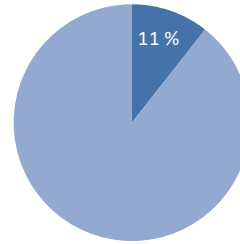
Other businesses include Moelven Industrier ASA, with shared services for finance, accounting, insurance, communications, HR and ICT. Timber supply and sales of wood chips and energy products are organised as a common function for the Group's timber processing industry and are included with the companies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

Fluctuations in operating revenues in the area of Other Businesses are largely due to the level of activity within timber supply and sales of wood chips and energy products. Apart from Moelven Pellets AS's sales of pellets to external customers, these are primarily internal sales that have no significant impact on the result in the business area. In order to safeguard the supply of timber and market opportunities for wood chip and energy products in regions without local demand for pulp wood and wood chips, Moelven is to a certain extent involved in the purchase and resale of this assortment, based on established train solutions for transport, among other things. The business is based on fixed agreements on both the customer and supplier sides.

In August 2020 there was agreement between the owners of Weda Skog AB, Bergkvist-Insjön AB (70%) and Moelven Industrier ASA (30%) to divide the company among them. Since 2000 Weda has been responsible for timber supply to Bergkvist-Insjön AB in Insjön and Moelven Dalaträ AB in Mockfjärd. Moelven Skog AB took on supply responsibilities for Moelven Dalaträ AB from the turn of the year. Responsibility for the sales of Moelven Dalaträ AB's other by-products is handled by Vänerbränsle AB. From January 2021 Weda Skog AB has no ordinary operative activities, and the company now enters a liquidation phase that is scheduled to conclude by the end of 2021.



**Others' share of the groups sale to external customers**



## Employees

Employees	The Group							
	Per First quarter 2021				Per First quarter 2020			
	Male	Female	%Female	Total	Male	Female	%Female	Total
Timber	542	62	10,3 %	604	557	68	10,9 %	625
Wood	924	175	15,9 %	1 099	913	174	16,0 %	1 087
Building Systems	1 370	116	7,8 %	1 486	1 408	99	6,6 %	1 507
Other businesses	120	44	26,8 %	164	114	41	26,4 %	155
The Group	2 956	397	11,8 %	3 353	2 992	382	11,3 %	3 374

Sickness absence rate	Per First quarter	
	2021	2020
Timber	5,0 %	5,7 %
Wood	6,0 %	6,3 %
Building Systems	5,9 %	7,4 %
Other businesses	1,6 %	2,2 %
The Group	5,5 %	6,5 %

LTI Value	Per First quarter	
	2021	2020
Timber	16,9	10,8
Wood	5,7	10,6
Building Systems	15,6	9,4
Other businesses	0,0	0,0
The Group	11,9	9,6

Moelven's overall goal in safety work is that no one should be harmed at work. The LTI rate on a 12 month rotating basis, which is an expression for the number of injuries with subsequent sick leave per million worked hours, was 11.9 (9.6) at the end of the first quarter 2021. The actual number of injuries with absence was 14, compared to 13 in the corresponding period in 2020. The TRI rate measures the total number of injuries per million worked hours. After the first quarter of 2021, the TRI rate on a 12-month rotating basis was 26.9 compared to 31.9 at the same time in 2020. The total number of injuries was 43 in the first quarter of 2021, which is an increase from 33 in the first quarter of 2020.

From 2021 it has been decided that all injuries are to be investigated in cooperation with the group's central HR department in order to identify the root cause of the injury. The methodology used ensures a systematic and impartial investigation of the incident focusing on considering whether adequate and relevant safety procedures and measures were implemented and worked as intended. The results of investigations are shared with all employees in the group to provide greater insight into the incident and thus be able to implement preventive measures to avoid similar incidents elsewhere.

In 2021 the goal is that the LTI rate shall be lower than 6 and that the TRI rate shall be lower than 24, both on a 12-month rotating basis. The positive developments that the group has had in periods has however slowed with regard to injuries with absence. In order to create new energy and progress in the improvement work, in the course of the fourth quarter of 2020 an action plan was drawn up for the further development of a good safety culture in all of Moelven – "HSE towards 2023." The main points of the action plan are:

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 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.

At the end of the first quarter, rollout of the plan is on schedule.

In the first quarter, absence due to illness was 5.5 per cent (6.5), where 2.3 per cent (2.9) represents long-term absence. The long-term trend for developments in sickness absence is dropping. However, since March 2020, absence related to the Covid-19 pandemic has caused greater variation than normal. Many of Moelven's businesses have sickness absence levels lower than the maximum target for 2021 of 4.0 per cent. There is nevertheless much to be gained, and work is ongoing to reduce sickness absence for both individual companies and the group as a whole to below the target level. Efforts, which include employee surveys, close follow-up of sickness absence and cooperation with the occupational health services, are particularly directed at those businesses with the highest sickness absence levels.

In the first quarter of 2021 there has been an increase in the number of confirmed Covid-19 cases among the group's employees. The key focus for the group's work in connection with the pandemic has been preventing infection and dispersion, following up advice from authorities and employee organisations, internal and external communication and the mobilisation of contingency plans both centrally and locally. In addition to the national measures in Sweden and Norway, the group has focused on measures directed at travel, internal and external meetings and gatherings, logistics procedures and closure/restrictions in canteens, dining rooms and gyms.

At the end of the first quarter the group had 18 employees in isolation with confirmed infection. In addition, 29 employees were quarantined at home. A total of more than 1,000 employees have been quarantined due to Covid-19 since March 2020. At the end of the quarter a total of 5 employees in Sweden were affected by short-term work.

## Outlook

In the April edition of the “World Economic Outlook” report, the IMF estimates that the world economy declined by 3.3 per cent in 2020, and that we will see growth of 6.0 per cent in 2021 and 4.4 per cent in 2022. The prevailing view is that we are facing a strong economic recovery that will accelerate as herd immunity is achieved and the infection control measures can be eased. It is particularly in the consumer market that there is great uncertainty related to which products and services that will be in demand after a long period of shutdowns and social distancing. Changes in commodity 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. The global demand for wood-based products has been very good. This trend is expected to continue through the first half of 2021. How this will develop as society reopens, is however more uncertain.

The group has as far as possible introduced measures to both limit infection in society in general and to protect own employees and the business against operational disruptions as a result of the pandemic.

Regulations have been introduced with regard to travel activity, visits to our businesses, large gatherings, hygiene, etc. Production procedures have as far as possible been adjusted such that operation of the business is affected to the least possible extent without compromising the employees’ safety. In the course of the first quarter 2021 there have been some cases of infection at the group’s production units and construction sites, but the measures that have been introduced have proven to be effective, and the outbreaks have quickly been controlled. The measures will therefore remain in place until it is clear that the risk of major outbreaks is significantly reduced.

For Moelven’s wood processing business it is expected that demand for sawn timber in the export markets will remain at a high level overall through the second quarter and into the second half of 2021. This however depends both on the rate of infection, market access, logistics and developments in demand further down the value chain. NOK and SEK have strengthened considerably against the main currencies from the weakest levels one saw early on in the pandemic, but the rates are still at levels that ensure good competitiveness on the export markets.

The UK is an important market for many of the units in the Timber division. So far, there is not much to indicate that significant market-related changes will arise for Moelven in the short term, but new trade agreements have led to a need for an increased use of resources particularly in connection with customs clearance.

A good level of activity is expected in the building products trade in Scandinavia in the second quarter. For many producers, inventories in the industry are lower than desirable, and this impacts both delivery capacity and price developments in the market. Moelven is working on measures to increase the production rate in the second quarter and the summer to ensure delivery capacity in the third quarter. As infection control measures are eased, demand from the consumer market is expected to decline somewhat, while high level of activity is still expected in the rehabilitation, renovation and extension market. The start-up of new building projects is expected to remain low. This may partly be compensated by increased activity in public construction projects.

Sawlog inventories and the supply situation in Moelven’s geographies at the start of the second quarter 2021 is satisfactory in both Norway and Sweden, and access to raw materials is expected to remain satisfactory with regard to the existing production plans.

Regardless of the Covid-19 pandemic, the Building Systems division has had a lower level of activity than desired in certain business areas, and adjusted production capacity to this. The market situation for the glulam and building module companies has improved to a level that essentially ensures good capacity utilisation with satisfactory profit levels. However, the market situation remains difficult in the system interiors business. 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. For 2021 a normalisation of market activity is expected, particularly in the consumer segment for the wood processing part of the group. Reopening of society is getting closer, but great uncertainty remains both in terms of when it will happen on a large scale, and not least how demand for Moelven's products and services will be affected.

The Board considers the group's solvency and long-term access to liquidity to be good, and adequate to implement both planned improvement measures in accordance with the group's strategy, and necessary measures to counter any negative impact from the Covid-19 pandemic. For 2021 the Board expects that the activity level and result in the first half of the year will be comparatively better than in 2020, but with somewhat greater uncertainty for developments in the second half of the year.

## Quarterly accounts for the Moelven Group for the first quarter of 2021

### *Earnings and comprehensive income*

Amounts in NOK million	First quarter		12 months	
	2021	2020	2020	2019
Operating revenues	3 182,0	2 735,5	11 665,2	10 297,5
Cost of goods sold	1 874,2	1 710,8	7 191,2	6 307,5
Payroll expenses	614,5	580,1	2 279,8	2 185,8
Depreciation and impairment	88,3	79,8	348,4	294,4
Other operating expenses	315,0	295,3	1 183,5	1 174,4
<b>Operating Profit</b>	<b>290,0</b>	<b>69,6</b>	<b>662,2</b>	<b>335,4</b>
Income from associates	0,0	0,0	0,6	0,0
Value change of financial instruments to fair value	5,2	-91,2	6,8	-23,7
Other financial income	2,2	9,8	9,8	6,5
Other financial expenses	0,7	18,7	75,3	78,6
<b>Profit before tax</b>	<b>296,7</b>	<b>-30,5</b>	<b>603,6</b>	<b>239,7</b>
Estimate income tax	62,9	-6,8	132,2	51,0
<b>Net profit</b>	<b>233,7</b>	<b>-23,6</b>	<b>471,7</b>	<b>188,4</b>
Non-controlling interest share	0,1	-0,6	-0,4	-0,2
Owner of parent company share	233,7	-23,0	472,1	188,6
Earnings per share (in NOK)	1,8	-0,2	3,6	1,5
Statement of comprehensive income				
Net profit	233,7	-23,6	471,7	188,4
Other comprehensive income				
<i>Items that are not reclassified subsequently to profit or loss</i>				
Actuarial gains (losses) on defined-benefit pension schemes	0,0	0,0	-1,7	0,2
Income tax on items that are not reclassified to profit or loss	0,0	0,0	0,4	0,0
	0,0	0,0	-1,3	0,1
<i>Items that may be reclassified subsequently to profit or loss</i>				
Translation differences	-109,0	131,9	134,6	-28,1
Proportion of other income and costs in associated companies	0,0	0,0	0,0	0,3
Other changes	0,0	-15,0	0,0	0,1
Income tax on items that may be reclassified to profit or loss	0,0	0,0	0,0	0,0
	-109,0	116,9	134,6	-27,8
<i>Items that may be reclassified subsequently to profit or loss</i>				
Other comprehensive income, net of tax	-109,0	116,9	133,3	-27,8
<b>Total comprehensive income for the period</b>	<b>124,7</b>	<b>93,3</b>	<b>605,0</b>	<b>160,8</b>
Comprehensive income assigned to:				
Owners of parent company	124,8	94,0	605,1	161,0
Non-controlling interests	-0,1	-0,6	-0,2	-0,2



## Consolidated balance sheet

Amounts in NOK million	First quarter	
	2021	2020
Intangible assets	71,5	81,8
Tangible fixed assets	2 215,0	2 328,4
Financial fixed assets	5,3	6,0
<b>Total fixed assets</b>	<b>2 291,7</b>	<b>2 416,3</b>
Inventory	1 649,9	1 824,8
Contract assets	76,6	93,3
Receivables	2 069,8	1 818,7
Liquid assets	122,0	27,0
<b>Total current assets</b>	<b>3 918,2</b>	<b>3 763,9</b>
<b>Total assets</b>	<b>6 209,9</b>	<b>6 180,2</b>
Share capital*	647,7	647,7
Other equity	2 333,6	1 814,1
<b>Total equity</b>	<b>2 981,4</b>	<b>2 461,8</b>
Provisions	324,6	248,6
Long term interest-bearing liabilities	438,0	1 240,4
Lease liabilities	167,1	185,3
Long term interest-free liabilities	0,0	0,0
<b>Total long term liabilities</b>	<b>929,7</b>	<b>1 674,2</b>
Short term interest-bearing liabilities	0,0	0,0
Contract liabilities	128,9	142,3
Short term liabilities	2 169,9	1 901,9
<b>Total short term liabilities</b>	<b>2 298,9</b>	<b>2 044,2</b>
<b>Total liabilities</b>	<b>3 228,5</b>	<b>3 718,4</b>
<b>Total liabilities and equity</b>	<b>6 209,9</b>	<b>6 180,2</b>

\*129.542.384 shares á NOK 5,-, adjusted for 1.100 own shares.

## Consolidated statement of changes in equity

Amounts in NOK million	Equity assigned to owners of parent company					Non-controlling interests	Total equity
	Share capital	Share premium funds	Own shares	Other equity	Total		
Total pr 1.1.2020	647,7	130,9	0,0	1 576,3	2 354,9	13,2	2 368,2
<b>Comprehensive income for the period</b>							
<b>Net profit</b>	0,0	0,0	0,0	-23,0	-23,0	-0,6	-23,6
<b>Other comprehensive income</b>							
Translation differences	0,0	0,0	0,0	131,8	131,8	0,2	131,9
Other changes	0,0	0,0	0,0	-15,0	-15,0	0,0	-15,0
Actuarial gains (losses) on defined-benefit pension schemes	0,0	0,0	0,0	0,3	0,3	0,0	0,3
<b>Other comprehensive income (net of tax)</b>	0,0	0,0	0,0	117,1	117,1	0,2	117,2
<b>Transactions with owners, entered directly against equity</b>							
<b>Total transactions with owners</b>	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total as at 31.03.2020</b>	<b>647,7</b>	<b>130,9</b>	<b>0,0</b>	<b>1 670,4</b>	<b>2 449,0</b>	<b>12,8</b>	<b>2 461,8</b>
Total pr 1.1.2021	647,7	130,9	0,0	2 075,7	2 854,4	10,6	2 865,0
<b>Comprehensive income for the period</b>							
<b>Net profit</b>	0,0	0,0	0,0	233,7	233,7	0,1	233,7
<b>Other comprehensive income</b>							
Translation differences	0,0	0,0	0,0	-108,9	-108,9	-0,1	-109,0
<b>Other comprehensive income (net of tax)</b>	0,0	0,0	0,0	-108,9	-108,9	-0,1	-109,0
<b>Transactions with owners, entered directly against equity</b>							
Exit of non-controlling interests due to sale of subsidiary	0,0	0,0	0,0	0,0	0,0	-8,2	-8,2
Other changes	0,0	0,0	0,0	-0,1	-0,1	0,0	-0,1
<b>Total transactions with owners</b>	0,0	0,0	0,0	-0,1	-0,1	-8,2	-8,4
<b>Total as at 31.03.2021</b>	<b>647,7</b>	<b>130,9</b>	<b>0,0</b>	<b>2 200,4</b>	<b>2 979,0</b>	<b>2,3</b>	<b>2 981,4</b>

## Consolidated statement of cash flow

Amounts in NOK million	Per 31.03.	
	2021	2020
<b>CASH FLOW FROM OPERATIONAL ACTIVITIES:</b>		
Net profit	233,7	-23,6
<i>Adjustments to reconcile net profit with net cash flow from operations:</i>		
Depreciation	88,0	79,8
Impairment	0,3	0,0
Tax paid	-41,9	-28,6
Unpaid pension costs entered as costs and unreceived pension funds entered as income	-0,1	-0,6
Loss (profit) on sale of fixed assets	-1,1	-0,2
Net value change of financial instruments to fair value	-5,2	91,2
Income tax	62,9	-6,8
<i>Changes in operating assets and liabilities:</i>		
Changes in inventory	-145,4	-82,0
Changes in accounts receivable and other receivables	-337,7	-474,9
Changes in trade accounts payable	114,0	112,1
Changes in provisions and benefits to employees	-6,7	6,4
Changes in short-term liabilities excluding borrowing	182,7	114,0
<b>Cash flow from operational activities</b>	<b>143,3</b>	<b>-213,2</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Investment in plant and equipment exc. acquisition	-72,4	-67,6
Receipts from sale of fixed assets	1,9	0,8
Sale of subsidiary excl cash in business sold	-2,3	0,0
<b>Cash flow from investment activities</b>	<b>-72,8</b>	<b>-66,7</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Change in borrowings (borrowing facility)	-16,2	290,7
Changes in other long-term debt	0,0	-0,1
Payment of leases	-10,2	-5,4
<b>Cash flow from financial activities</b>	<b>-26,4</b>	<b>285,2</b>
<b>Net increase (reduction) in liquid assets during year</b>	<b>44,2</b>	<b>5,3</b>
Liquid assets start of period	99,8	19,4
Effect of exchange rate changes on liquid assets	-49,3	0,0
<b>Liquid assets end of period</b>	<b>94,7</b>	<b>24,7</b>
Unused drawing rights	1 634,9	709,4
<b>Liquidity reserve</b>	<b>1 729,6</b>	<b>734,1</b>

## **Notes to the consolidated financial statements**

### ***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 consolidated financial statements for the first quarter of 2021, ending on 31 March 2021, includes Moelven Industrier ASA and its subsidiaries (collectively referred to as the “Group”) and the Group's interests in associated companies. The accounts are unaudited. The annual accounts for 2020 are available at [www.moelven.no](http://www.moelven.no).

### ***Note 2 – Statement of conformity***

The consolidated financial statements for the third quarter of 2020 have been prepared in accordance with the requirements of IAS 34 “Interim Financial Reporting” which have been approved by the EU. The interim financial statements do not include all the information required in a complete annual report and ought to be read in conjunction with the consolidated financial statements for 2020. The consolidated quarterly financial statements were approved by the Board on 28 April 2021.

### ***Note 3 – Accounting policies***

The accounting policies adopted in the quarterly financial statements for 2021 are the same as those in the consolidated financial statements for 2020. Currency exchange rates in the consolidation are retrieved from Norges Bank.

### ***Note 4 – Critical judgements and estimates***

The preparation of quarterly financial statements requires management to make judgements, estimates and assumptions that affect both which accounting policies are applied and the reported amounts of assets, liabilities, revenues and expenses. Actual amounts may differ from the estimated amounts. In preparing these quarterly financial statements management has applied the same critical judgements in applying the accounting policies as it made when preparing the consolidated financial statements for 2020 and the principal sources of estimate uncertainty are the same when preparing these quarterly accounts as for the consolidated accounts for 2020.

### ***Note 5 – Pensions and taxes***

The calculations of pension costs and pension liabilities are undertaken annually by actuaries. In the quarterly accounts pension costs and pension liabilities are based on forecasts from actuaries. The income tax expense is determined in each quarter on the basis of the expected annual income tax expense.

### ***Note 6 – Seasonal fluctuations***

Demand for the Group's products and services is normally subject to variability throughout the year. This means a low season through the first quarter, increasing activity and a high season through the second and third quarters and less activity in the last part of the fourth quarter.

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 400 million from its highest level in May/June to its lowest in November/December.

## Note 7 – Sales revenues

Geographical area Amounts in NOK million	Timber		Wood		Building systems		Other		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>First quarter</b>										
Norway	113,5	102,2	529,5	475,2	395,7	347,5	84,9	62,8	1 129,6	994,8
Sweden	188,1	146,4	413,1	354,2	504,5	417,3	227,3	201,5	1 332,9	1 120,3
Rest of Europe	395,8	329,9	155,8	117,5	50,0	26,2	0,0	0,0	597,0	467,9
Rest of the world	92,7	119,7	19,2	27,3	0,0	0,0	0,0	0,0	110,5	144,6
<b>Total Sales revenues</b>	<b>790,0</b>	<b>698,2</b>	<b>1 117,5</b>	<b>974,2</b>	<b>950,1</b>	<b>791,0</b>	<b>312,3</b>	<b>264,3</b>	<b>3 170,0</b>	<b>2 727,7</b>
Other operating revenues	2,7	1,1	1,4	0,8	4,9	3,0	3,0	3,0	12,0	7,8
<b>Total operating revenues</b>	<b>792,7</b>	<b>699,2</b>	<b>1 119,0</b>	<b>975,0</b>	<b>955,0</b>	<b>793,9</b>	<b>315,2</b>	<b>267,3</b>	<b>3 182,0</b>	<b>2 735,5</b>

## Note 8 – Fixed assets, intangible assets and goodwill

Amounts in NOK million	Per 31.03.	
	2021	2020
Book value per 1.1	2 321,0	2 258,6
Acquisitions	72,4	67,6
Lease acquisitions	5,7	16,2
Disposals	-0,8	0,0
Depreciations	-88,0	-79,8
Impairment losses	-0,3	0,0
Transfers	-1,1	0,0
Translation differences	-68,3	98,6
<b>Book value per 31.03.</b>	<b>2 240,6</b>	<b>2 361,2</b>

## Note 9 - Financial instruments

Amounts in NOK million	31.03.2021			31.12.2020			31.03.2021		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value	Level 1*	Level 2*	Level 3*
Currency derivatives	27,3	-23,8	3,5	19,5	-10,6	8,9		3,5	
Interest rate derivatives		-35,9	-35,9		-52,0	-52,0		-35,9	
Embedded derivative - currency		-0,3	-0,3		-2,4	-2,4		-0,3	
Total	27,3	-60,0	-32,7	19,5	-65,0	-45,5			

Amounts in NOK million	31.03.2020			31.12.2019			31.03.2020		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value	Level 1*	Level 2*	Level 3*
Currency derivatives	12,2	-86,9	-74,7	4,9	-9,7	-4,8		-74,7	
Interest rate derivatives		-58,7	-58,7		-44,9	-44,9		-58,7	
Embedded derivative - currency		-9,3	-9,3		-1,9	-1,9		-9,3	
Total	12,2	-154,9	-142,7	4,9	-56,5	-51,6			

\*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.

### ***Note 10 – Operating segments***

The divisions are divided in accordance with Moelven's three core activities: Timber (industrial goods), Wood (building products) 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. See the consolidated financial statements for 2020 for further information about segments. Below is a reconciliation of the profit before taxes in the reporting segments with the company's profit before taxes.

Amounts in NOK million	First quarter		12 months	
	2021	2020	2020	2019
Timber	161,4	21,4	259,9	140,6
Wood	96,1	36,0	353,0	135,9
Building Systems	23,4	-4,3	71,2	52,9
Other	15,7	-83,5	-80,5	-89,8
Profit before tax	296,7	-30,5	603,6	239,7

### ***Note 11 – 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. Here the arm's length principle is applied. Where other suppliers can offer better prices or terms, these will be used. About 42 per cent of Moelven's total purchasing requirement for timber of 4,4 million cubic metres comes via the Norwegian forest owner cooperatives.

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 12 - Events after the balance sheet date***

There have not been any events after the balance sheet date which would have an impact on the income, expenses, assets and liabilities disclosed in the quarterly financial statements.



Moelven is organised into three divisions: Timber, Wood and Building Systems. There is also an Other Businesses reporting area, which consists of the holding companies, supply businesses and bioenergy companies. The sawmills in Timber supply sawn timber products and components to industrial customers in Scandinavia and the rest of Europe, the Middle East and North Africa. The industrial customers use the products as intermediate goods in their own production. Shavings, chip and bark products are also supplied and are used in the pulp, chipboard and biofuel industry. The companies in Wood supply the building products trade in Scandinavia with a broad range of building and interior products. A critical competitive advantage is the division's efficient distribution system, which offers customers rapid and precise deliveries of a broad range of products. The companies within Building Systems deliver flexible system solutions for interior walls, modular buildings and load-bearing structures in glulam to projects and contractor clients, principally in Norway and Sweden. The division focuses on developing concepts and systems in collaboration with the customers and experts within architecture, design and construction. In total, the Group is composed of 37 production companies in Norway and Sweden and has approximately 3,350 employees. Moelven also has its own sales offices in Denmark, England and Germany. The Moelven group is owned by 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.

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