Carnegie Nordic Forest seminar
16th of September 2022

CFO Ivar Vatne
This is “new” BillerudKorsnäs (name will change to Billerud in October)

Sales volumes 2021
4.0 million tonnes

World leading
in superior paper and
packaging materials
made from primary
fibre

10 Production units
- Frövi
- Rockhammar
- Gruvön
- Gävle
- Karlsborg
- Pietarsaari
- Skärblacka
- Escanaba
- Quinnesec
- Wisconsin Rapids

Passionately committed
to sustainability, quality
and customer value

Safety is our highest
priority

Net sales*
2021
37.2 SEK billion

5,800 Employees

*Reported net sales for 2021.
Calculation based on USD/SEK 8.58

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA
Well diversified geographic and category portfolio post the acquisition of Verso

Q2’22 Net sales by region

- Europe: 45%
- America: 39%
- Asia: 13%
- Others: 3%

Q2’22 Net sales by product segment

- Graphic paper: 25%
- Liquid packaging board: 18%
- Kraft and spec paper: 13%
- Containerboard: 11%
- Cartonboard: 8%
- Sack paper: 8%
- Pulp: 8%
- Other: 9%
High quality virgin fibre based materials. Most of our products are used for essential product applications.
<table>
<thead>
<tr>
<th>Mill</th>
<th>Annual Production (kt/year)</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gruvön</td>
<td>870</td>
<td>Approx. 790</td>
</tr>
<tr>
<td>Frövi/Rockhammar</td>
<td>500</td>
<td>Approx. 540</td>
</tr>
<tr>
<td>Gävle</td>
<td>755</td>
<td>Approx. 710</td>
</tr>
<tr>
<td>Karlsborg</td>
<td>335</td>
<td>Approx. 380</td>
</tr>
<tr>
<td>Skärblacka</td>
<td>460</td>
<td>Approx. 630</td>
</tr>
<tr>
<td>Pietarsaari</td>
<td>200</td>
<td>Approx. 120</td>
</tr>
<tr>
<td>Escanaba</td>
<td>700</td>
<td>Approx. 830</td>
</tr>
<tr>
<td>Quinnesec</td>
<td>400</td>
<td>Approx. 420</td>
</tr>
<tr>
<td>Wisconsin Rapids</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Escanaba and Wisconsin Rapids are paper converting facilities.

Primary production structure of vertically integrated mills.
Step changed financial performance past years
After a challenging period, we are delivering strongly vs targets

- **NET SALES**
  - Net sales growth, %
  - **TARGET:** 3-4%

- **EBITDA MARGIN**
  - EBITDA margin, %
  - **TARGET:** >17%

- **ROCE**
  - ROCE, %

- **NET DEBT LEVERAGE**
  - **et debt/ EBITDA**
  - **TARGET:** <2.5

---

*Net sales growth excluding currency effect, the acquisition of Verso and the divestment of Beetham*
Excellent delivery of 3 company priorities we mobilized around in 2019

1. KM7 ramp-up / mix

2: Stable production

3. Cost and efficiency
Room to meet our net sales target range for coming four years. Thereafter, new capacity needed to continue growth momentum.

Gruvön ramp-up
Mill optimisation
Pricing and mix

3-4% Net sales growth

Net sales
L12M (excl Beetham)

Capacity expansion (own facilities and/or M&A)

Future state Illustration (not forecast)
Strategy for sustainable growth presented in November 2021

WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE

<table>
<thead>
<tr>
<th>SAFETY FIRST: ZERO LOST TIME INJURIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>DELIVER SUSTAINABLE PROFITABLE GROWTH IN PACKAGING MATERIALS (2020-2030)</td>
</tr>
</tbody>
</table>

**COMMERCIAL**
- With Europe as powerhouse ignite growth for **Paperboard** in North America
- Accelerate growth with select opportunities for **LPB**
- Improve the mix through profitable applications in **sack and kraft paper**
- Step up impact led **innovation**

**OPERATIONS**
- Improve efficiency to best in class
- Realize the potential across the three board mills
- Explore possibilities to boost capacity

**WOOD SUPPLY**
- Optimise fibre consumption
- Build long-term partnerships
- Secure competitive fibre availability
- Develop lean, green and flexible wood supply chain

SHAPE A SUSTAINABLE FUTURE

WIN WITH OUR PEOPLE

ONE BILLERUDKORSNÄS
We will prioritise board over paper in view of our market position, growth opportunities and competitive dynamics.

Source: AFRY, Pöyry & internal estimates
North America is an attractive paperboard market and our largest growth opportunity

**Primary fibre cartonboard market, m tonnes**

<table>
<thead>
<tr>
<th>Year</th>
<th>2022</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply</td>
<td>6</td>
<td>6.4</td>
<td>7</td>
<td>7.4</td>
</tr>
<tr>
<td>CAGR</td>
<td>1.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+ 0.4 mt</td>
<td>+ 0.7 mt</td>
<td>+ 0.7 mt</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Supply of local SBS is reducing**

Domestic capacity, m tonnes

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity</td>
<td>4.6</td>
<td>4.4</td>
<td>4.2</td>
<td>4</td>
<td>3.8</td>
<td>3.6</td>
<td>3.5</td>
<td>3.3</td>
<td>3.2</td>
<td>3.1</td>
<td>3</td>
</tr>
</tbody>
</table>

**Market for independent converters is large**

**Folding carton converters**

- Independent converters: 36%
- Company A
- Company B
- Company C
- Others

Source: AFRY
Billerud North America has large surplus of low-cost fibre with excellent properties
Billerud North America is the cornerstone of our expansion

- World-class cost base: lowest cost producer in the US and top quintile cost base for export to Europe or Asia
- Prime quality, abundant and cost competitive wood basket
- Planned conversion into state-of-the-art paperboard production with fully integrated pulp supply
- Market proximity to one of the largest and growing markets in primary fibre containerboard and cartonboard
Transformation program – status

- Concept study completed confirming ingoing (business case) assumptions
- Pre-feasibility started in June – expected completion during 1H’23
- Program leader reporting to CEO and project team being established
- Project areas clearly defined
  - Technology readiness
  - Product readiness
  - Mill readiness
  - Business readiness
- Project milestones:
  - CAPEX approval: end 1H’23
  - Expected machine downtime: 2025
  - Expected machine start-up: end 2025 // early 2026
BillerudKorsnäs is to a large extent self-sufficient on electricity and we manage stability through hedging.

**Energy mix 2021 (incl. Billerud North America)**

<table>
<thead>
<tr>
<th>TWh</th>
<th>Consumption</th>
<th>Self-generation</th>
<th>Purchases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable fuels 1)</td>
<td>20.5</td>
<td>18.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Electricity</td>
<td>4.5</td>
<td>2.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Fossil fuels 2)</td>
<td>3.1</td>
<td>–</td>
<td>3.1</td>
</tr>
<tr>
<td>Other 3)</td>
<td>0.3</td>
<td>–</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28.4</strong></td>
<td><strong>20.6</strong></td>
<td><strong>8.0</strong></td>
</tr>
</tbody>
</table>

1) Bio fuels: black liquor, bark, wood residues, pitch oil, etc.
2) Of which natural gas 2.6 TWh
3) District heat and steam in Pietarsaari

**Breakdown of operating costs H1’2022 (incl. Billerud North America)**

**Hedging for purchases of electricity exposed to spot price**

- **Year 1**: ~80%
- **Year 2**: ~50%
- **Year 3**: ~20%
Q2: Record financial performance in a milestone quarter

- First quarter with Verso included – net sales +75%
- Strong organic growth, both in Europe +17% and North America +19%
- All-time-high EBITDA and operating cash flow. EPS up more than 4x vs LY
- Price and mix improvements more than offset cost inflation
- Excellent cash delivery and strong balance sheet position

<table>
<thead>
<tr>
<th></th>
<th>Q2-22</th>
<th>Change vs Q1-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>11,408</td>
<td>+75%</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>2,267</td>
<td>+157%</td>
</tr>
<tr>
<td>% of net sales</td>
<td>20%</td>
<td>+6 pp</td>
</tr>
<tr>
<td>Operating profit – EBIT</td>
<td>1,609</td>
<td>+298%</td>
</tr>
<tr>
<td>% of net sales</td>
<td>14%</td>
<td>+8 pp</td>
</tr>
<tr>
<td>Operating cash flow after capex</td>
<td>1,669</td>
<td>96%</td>
</tr>
<tr>
<td>EPS</td>
<td>6.83</td>
<td>+455%</td>
</tr>
</tbody>
</table>
Outlook for Q3

- Despite macro-economic uncertainty, the business is expected to remain strong in the third quarter
- Continued cost inflation for inputs, especially for pulpwood in Europe
- Positive price impact and mix improvements expected to offset higher costs
- Maintenance and upgrade stops:
  - Gävle, Karlsborg and Escanaba maintenance
  - Quinnesec maintenance and upgrade