



# **ANNUAL REPORT**

**AND SUSTAINABILITY REPORT**

# **2021**

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#### ANNUAL AND SUSTAINABILITY REPORT 2021

Nordic Paper's statutory annual report includes the Directors Report and Financial Statements, and can be found on pages 49–108. The statutory sustainability report, as required by the Swedish Annual Accounts Act, is included in the Annual Report (pages 10-12, 30-47 and 60-65).

#### ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday, 19 May 2022.

All information about the meeting and how shareholders can exercise their voting rights and request information is on Nordic Paper's website, [www.nordic-paper.com](http://www.nordic-paper.com)

#### FINANCIAL CALENDAR

Interim report Q1 2022	28 April 2022
Interim report Q2 2022	20 July 2022
Interim report Q3 2022	28 October 2022
Year-End Report 2022	27 January 2023

# THE NATURAL LEADER IN SPECIALITY PAPER

With many years of experience as well as deep knowledge and expertise, Nordic Paper offers products that are contributing to the transition to a fossil-free society and a circular and bio-based economy.

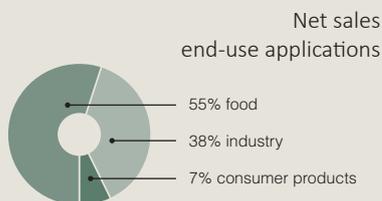
Nordic Paper's high-quality speciality paper products help consumers to reduce their climate footprint. The products are made from renewable raw materials from sustainable and local forestry operations and are contributing to a circular and bio-based economy by replacing products made from fossil-based plastic.

Nordic Paper has produced and developed brown kraft paper and natural greaseproof paper since the 1800s and the business continues to develop every day, driven by the Company's 690 employees. Customers throughout the world use our speciality paper to produce products such as carrier bags, sacks, bags, baking paper, baking cups and other products used in food handling or for industrial applications.



**800**  
customers

Sales to **80**  
countries



**690**  
employees

**5**  
production plants

# 2021 IN FIGURES

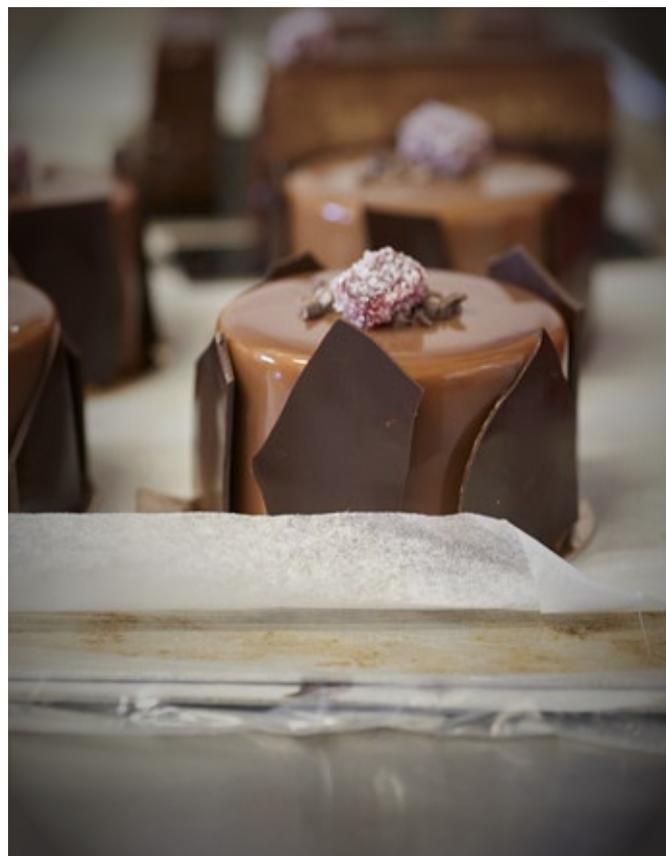
## KEY RATIOS

SEKm	2021	2020	Δ, %
Net sales	3,083	2,903	6
EBITDA	358	458	-22
Adjusted EBITDA <sup>1</sup>	434	458	-5
EBITDA margin, %	11.6	15.8	
Adjusted EBITDA margin, % <sup>1</sup>	14.1	15.8	
Operating profit	208	348	-40
Adjusted operating profit <sup>1,2</sup>	316	348	-9
Operating margin, %	6.8	12.0	
Adjusted operating margin, % <sup>1,2</sup>	10.3	12.0	
Profit for the period	144	258	-44
Earnings per share, SEK	2.15	3.85	
Cash flow from operating activities	408	352	16
Return on operating capital 12 m, %	15.9	26.9	
Net debt/EBITDA 12 m, multiple <sup>3</sup>	3.7	1.6	
Sales volume, 1,000 metric tonnes	281	267	5

<sup>1</sup> Full year 2021 adjusted for the SEK 76m provision made in Q2 2021 for remediation of buildings and land in Säffle.

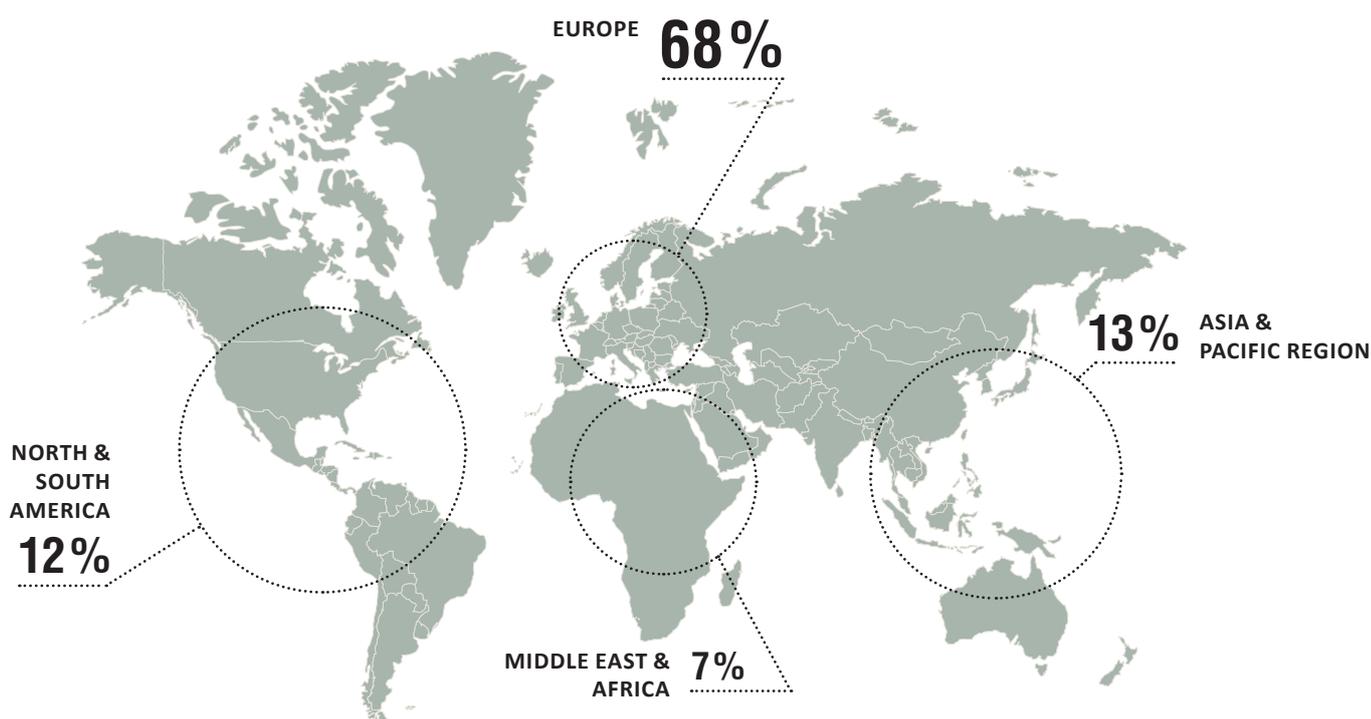
<sup>2</sup> Full year 2021 adjusted for the SEK 32m write-down of the pulp production in Säffle made in Q4 2021.

<sup>3</sup> Net debt adjusted for the acquisition of Glassine Canada amounts to SEK 674m and corresponds to a net debt excluding the acquisition of Glassine Canada Inc/EBITDA 12 m ratio of 1.9.



## NORDIC PAPER'S MARKETS 2021

PERCENT OF NET SALES

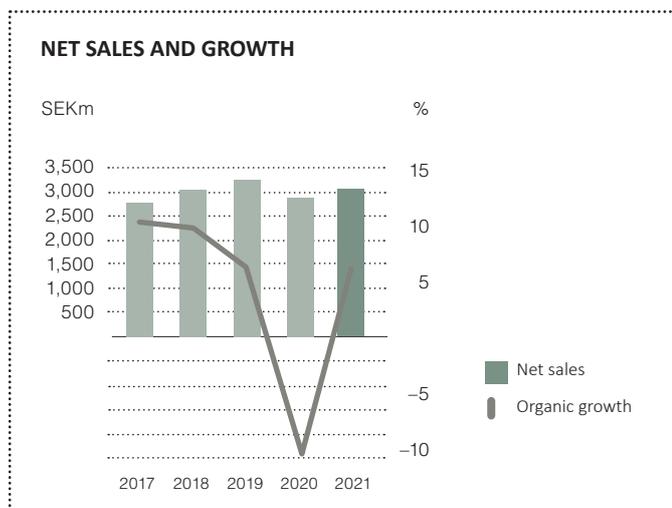


## PERFORMANCE ON TARGETS 2021

### GROWTH

**TARGET:** Annual net sales growth of 2-4 percent over the long term. Nordic Paper also intends to grow opportunistically through selective acquisitions.

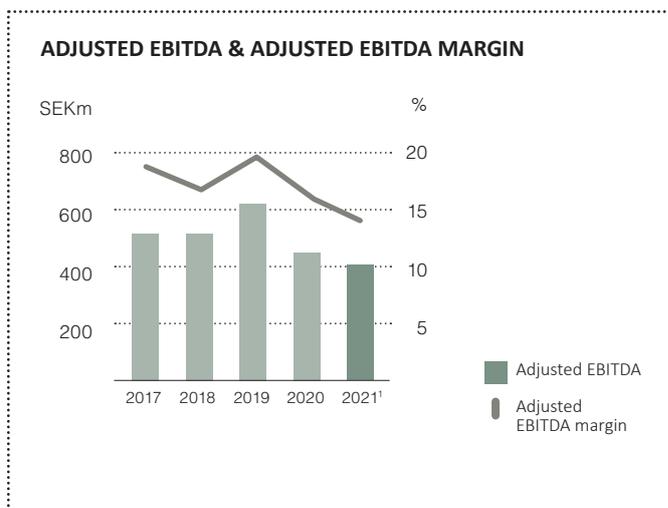
**OUTCOME 2021: 6%**



### PROFITABILITY

**TARGET:** EBITDA margin of approximately 20 percent in the medium term.

**OUTCOME 2021: 14.1%<sup>1</sup>**



### NET DEBT/EBITDA

**TARGET:** Net debt in relation to EBITDA below 2.5x. Net debt in relation to EBITDA may, however, exceed 2.5x temporarily, for example in connection with acquisitions.

**OUTCOME 2021: 3.7X**

### DIVIDEND

**TARGET:** Dividend of around 50–70 percent of net profit for the year. The proposed dividend is to take into account Nordic Paper’s financial position, liquidity, future investment needs and the general macroeconomic and operational conditions.

**OUTCOME 2021: 58%<sup>2</sup>**

<sup>1</sup> Full year 2021 adjusted for the SEK 76m provision made in Q2 2021 for remediation of buildings and land in Säffle

<sup>2</sup> Calculated as percentage of profit adjusted for the effects of the provision of SEK 76m for the remediation of buildings and land in Säffle and the write-down of SEK 32m on the discontinued pulp line in Säffle.

# 2021 IN BRIEF

**Q1** The year began with record sales volumes for a single quarter. Demand was good and became stronger during the quarter. Towards the end of the quarter Nordic Paper was able to announce increases in the price of its products for future deliveries.

A new, approved oven-safe kraft paper was launched during the quarter, which can be used for packaging of ready meals that are heated directly in the oven.

**Net sales:** SEK **772m**      **EBITDA:** SEK **134 m**

**Q3** Market demand remained strong in the third quarter. Maintenance shutdowns took place at all of the Company's plants according to plan with a major focus on safety. The negative effect of the maintenance shutdowns on operating income was SEK 123m, which was slightly lower than expected.

**Net sales:** SEK **711m**      **EBITDA:** SEK **15m**

**Q2** Demand for Nordic Paper's products strengthened during the second quarter and additional price increases were announced. During the quarter the Company's pulp and energy costs began to rise when market prices for these started to approach historic levels. The impact on profitability was mainly evident in the Natural Greaseproof segment.

Nordic Paper decided during the quarter to discontinue production of paper pulp at the Company's plant in Säffle in the fourth quarter of 2021 and replace it with pulp purchased externally. A decision was also made to invest SEK 70m in Säffle to streamline the handling of external pulp. These measures are strengthening the Säffle plant's position as a world-leading production facility for greaseproof paper. The plant's paper production capacity will be increased by 10 percent, fixed costs will be reduced by SEK 30–40m on an annual basis from 2022 and the mill's climate footprint will be lower as fossil fuel consumption will be reduced by more than 50 percent.

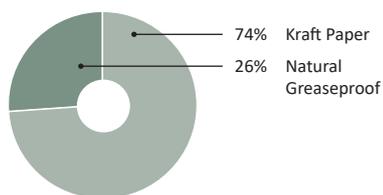
**Net sales:** SEK **790m**      **Adjusted EBITDA:** SEK **160m**<sup>1</sup>

**Q4** The final quarter of the year was characterised by very strong deliveries. The situation in the market remained strong making it possible to further increase the Company's product prices, primarily within the Kraft Paper segment, which reached an EBITDA margin of 29 percent. High pulp and energy costs impacted the Natural Greaseproof segment, which did not manage to fully compensate for the cost increase despite raised product prices.

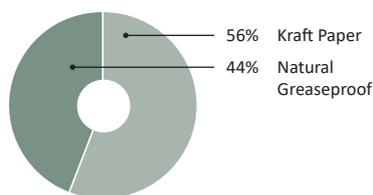
Nordic Paper decided to postpone a possible investment decision regarding the initial phase of an expansion at the Bäckhammar production plant until a production permit for the whole expansion has been obtained and the terms of the permit are clear. The Company's assessment is that it may not receive a new production permit until the beginning of 2023 at the earliest. The Canadian speciality paper company Glassine Canada Inc. was acquired on the last day of the year. The acquired company had net sales in 2021 of SEK 265m and an EBITDA margin of 22.5 percent. The acquisition strengthens the Company's position in the North American market for natural greaseproof paper.

**Net sales:** SEK **810m**      **EBITDA:** SEK **124m**

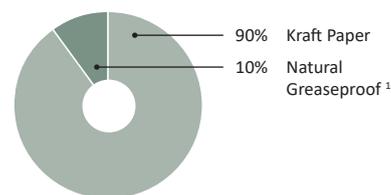
**SALES VOLUME BY SEGMENT**



**NET SALES BY SEGMENT**



**ADJUSTED EBITDA BY SEGMENT**



<sup>1</sup> Adjusted for the provision made in the second quarter of 2021 of SEK 76m linked to the restoration of buildings and land in Säffle.



# WE ARE DELIVERING ON OUR LONG-TERM STRATEGY

2021 was an eventful year for Nordic Paper. A successful restructuring of the production unit in Säffle, a focus on continuous improvement and work to eliminate bottlenecks in production are all contributing to our capital efficiency. In 2021 the Company made its first acquisition as a listed company.

## **STRONG DEMAND FOR SUSTAINABLE SPECIALITY PAPERS**

After a stable start in the first quarter, the year was characterised by strong and growing demand for Nordic Paper's products. The market was strong in both of our segments and in all geographies. We increased our product prices during the year, particularly in the Kraft Paper segment.

Our customers clearly appreciate the contribution our high-quality speciality paper products are making to society's transition to a circular and bio-based economy. Our recyclable products are made from renewable raw materials from sustainably grown forests and we work continuously to minimise the negative impact of our own production processes and the impact of the goods and services we use.

Our products help brand owners to minimise their fossil-based plastic use and to reduce their climate impact. Our aim is for the total impact from our operations to be net positive, i.e. the positive impact will be greater than the negative impact. An example of a growing end-use application is packaging for e-commerce where brand owners are looking for an alternative to plastic packaging solutions.

2021 was the second year in a row to be impacted by the pandemic. By continuing to implement preventive measures, for example in connection with annual maintenance shutdowns, Nordic Paper was able to limit the direct impact of the pandemic on the Company. The steps taken have enabled us to maintain normal delivery capacity and we are very proud of this.

The shift in demand that we experienced in our Natural Greaseproof segment throughout the first year of the pandemic, from professional to consumer-oriented segments, was still evident at the beginning of 2021, but then demand from professional segments recovered during the year.

## **SIGNIFICANT NEGATIVE IMPACT FROM INCREASED COSTS**

Pulp and energy market prices increased during the year to historically high levels, resulting in high costs, mainly impacting our Natural Greaseproof segment. This was despite the fact that we have price hedging contracts in place for much of our electricity consumption. As our product price increases could not keep up with increasing costs, our adjusted EBITDA margin in the Natural Greaseproof segment fell to a low of three percent for the full year. We are, of course, not satisfied with this outcome, and raising our product prices will therefore remain an area of focus in 2022.

The fact that our company is composed of two business segments with different types of business cycles provides a level of stability in our earnings. While at the end of the year we were experiencing challenges in Natural Greaseproof segment, the Kraft Paper segment had an EBITDA margin of 29 percent in the final quarter of the year and we are, of course, pleased with this outcome.

## **EMPHASIS ON THE WORK ENVIRONMENT**

A sustainable work environment is one of Nordic Paper's sustainability focus areas. Although we accelerated our efforts during the year, the performance indicators we are monitoring are not heading in the right direction. There are too many incidents that result in absence and, although we emphasise good preventive measures, this is not enough and we are therefore strengthening our focus on improving the work environment.

## **INCREASED COMPETITIVENESS OF THE SÄFFLE PLANT**

During the year we implemented strategically important restructuring at our production plant in Säffle. After careful preparation we discon-



tinued the sulphite pulp production line, which previously accounted for almost one third of our pulp needs within the Natural Greaseproof segment, and replaced it with purchased pulp.

These measures will strengthen the plant's position as a world-leading production facility for greaseproof paper. We are improving competitiveness by increasing production capacity by around ten percent while also lowering fixed costs and reducing the climate impact of the plant by more than 50 percent.

#### EXPANSION IN BÄCKHAMMAR

We are continuing our preparations for a future expansion of our largest plant, Bäckhammar. In 2021 a pre-project for the first phase of the expansion was concluded and involved investment in a new wood room. The conclusion after the work carried out was that this phase of the investment programme is not in line with previous profitability assumptions. Nordic Paper's Board of Directors therefore decided to postpone any investment decision until a new production permit is in place. The Company is expecting a production permit to be obtained earliest at the beginning of 2023.

#### ACQUISITION IN NORTH AMERICA

The Canadian speciality paper company Glassine Canada Inc. was acquired on the last day of the year. The acquisition will enable overall growth in Nordic Paper's Natural Greaseproof segment by 19 percent and will also strengthen our position in North America, the world's

largest greaseproof paper market. The acquisition is expected to make a positive contribution to our growth and profitability target. Our focus is now on combining our two operations in the best possible way to continue to grow with our customers in the attractive North American market.

2021 was also the first full year for Nordic Paper as a listed company. The number of shareholders in the Company increased during the year by a full 40 percent, totalling just over 3,700 at year-end. We are happy that many of our shareholders share our view of how we can contribute to a more sustainable society through our products and our operations. Nordic Paper is well positioned for continued value creation.

Finally, I would like to take the opportunity to thank all of our employees who, despite the pandemic-related restrictions, have done a fantastic job throughout the year, as evidenced by, among other things, our new record sales volume.

Today, much of our thoughts goes to the Ukrainian people and the consequences of the Russian warfare against their country. Nordic Paper had limited commercial relation to Russia and the Ukraine before the war. After the Russian invasion, Nordic Paper has decided not to accept orders from Russian customers until further notice.

” Our products help brand owners to decrease their use of plastic and reduce their climate footprint.

Karlstad, April 2022

**Anita Sjölander**

CEO Nordic Paper

# VISION AND CORE VALUES

## VISION

Nordic Paper is the natural leader in speciality paper.

## A BUSINESS MODEL FOR OUR TIME

Nordic Paper helps to make it possible to combine an urban lifestyle with sustainability through fibre-based and recyclable products.

The products are made from renewable raw materials that come from sustainably managed local forests, where the trees bind carbon dioxide in the growth phase. Fibre-based recyclable products are important sustainable alternatives to products that would otherwise be made of plastic.

The Company's production processes are based on resource efficiency and the production plants use mainly renewable energy sources.

Nordic Paper provides jobs in rural areas.

## CORE VALUES

**RESPONSIBILITY** – We take responsibility for the well-being of our people and others, and we provide safe and attractive workplaces. Our responsibility includes ensuring quality and delivery reliability and this leads to satisfied customers. Acting responsibly to protect the environment for current and future generations leads to sustainable profits.

**RESPECT** – The equal value of all people is self-evident for us. We respect each other and treat all people as we ourselves would like to be treated.

**COOPERATION** – We work in cooperation with each other and our stakeholders to create success. By embracing each other's differences and strengths we become better together.

**DEVELOPMENT** – We challenge ourselves in our work today and set new goals for future growth. We reach new heights through our constant focus on improvement.



Renewable raw material from sustainably managed local forests



Resource-efficient production processes without adding PFAS



Paper-based products as an alternative to plastic

# OPERATIONS

Nordic Paper has produced paper in Scandinavia since the end of the 1800s. Today the Company is a world-leading producer of two types of high-quality speciality paper: kraft paper and natural greaseproof paper, which are used in a multitude of application areas.

**THE COMPANY TARGETS** the premium quality segment, which has high standards for paper quality and properties. Nordic Paper holds a leading market position within specific niche areas. The products are made from renewable raw materials that come from sustainably managed local forests and no fluorochemicals are added in the production process. The paper is therefore well-suited for use with food products.

## SPECIALITY PAPER

Kraft paper is characterised by, among other things, its strength and flexibility, which makes it well-suited for many different application areas, such as various types of carrier bags and packaging for food and building materials.

Greaseproof paper is mainly used for various types of applications in baking and food preparation, and in food packaging. Nordic Paper creates the greaseproof barrier on this type of paper by mechanically

processing the fibres rather than adding fluorochemicals (so called PFAS).

## INDEPENDENT SUPPLIER WITH LONG-STANDING CUSTOMER RELATIONSHIPS

Although some of the customers are wholesalers, most of them are converters. Converters account for around 85 percent of sales. Most of our kraft paper is sold directly to packaging converters who convert it into finished end-products. Unlike many of its competitors, Nordic Paper is not involved in conversion. In other words, the Company does not compete with its customers, which is an advantage in the market. Around 85 percent of our natural greaseproof paper is sold to converters and the remaining 15 percent is sold in sheet format directly to wholesalers. We have our own sales force but we also sell through agents.

## KRAFT PAPER



## NATURAL GREASEPROOF



## NORDIC PAPER'S POSITION IN THE VALUE CHAIN

The Company focuses on customers with high standards for product quality in selected niche areas.

Nordic Paper works closely with its customers and is constantly developing its product portfolio to ensure that the products support the customers' development and meet their needs. This has led to lasting and stable customer relationships. More than 80 percent of net sales are attributable to customers who have purchased products from the Company for six years or more. The speciality paper market is fragmented and the customer base consists of around 800 customers. In 2021 Nordic Paper's 10 largest customers accounted for around 22 percent of net sales.

### FLEXIBLE PRODUCTION STRUCTURE – HIGH ENTRY BARRIER

Nordic Paper's production model is specialised for the production of unbleached kraft paper and natural greaseproof paper. The paper machines are flexible and can be cost-efficiently adjusted for multiple niche product series based on customer specifications and

quality requirements. This requires many years of experience and considerable expertise in producing technically demanding paper. The Company's production structure is unique and costly to replicate.

### PRODUCTION IN SWEDEN, NORWAY AND CANADA

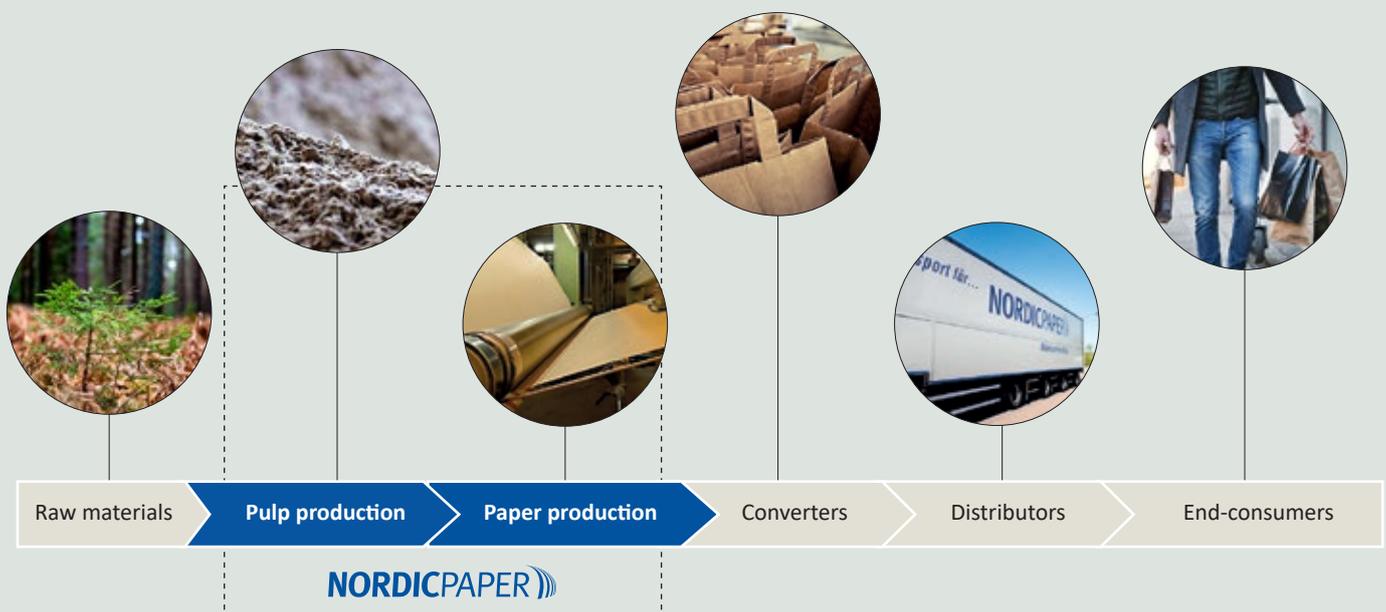
Production takes place at five production plants: Säffle, Bäckhammar and Åmotfors in Sweden, Greåker in Norway and, since 31 December 2021, Québec in Canada. The three mills, in Säffle, Greåker and Quebec, manufacture natural greaseproof paper, while the Åmotfors and Bäckhammar mills produce kraft paper.

Bäckhammar is an integrated pulp and paper mill, while the other plants are paper mills with no pulp production of their own.

In 2021 pulp production was discontinued at the Säffle plant.

The sales volume in 2021 amounted to 281,000 metric tonnes, 98 percent of which was paper and 2 percent was pulp sold externally.

### NORDIC PAPER'S VALUE CHAIN



## PRODUCTION PLANTS



### BÄCKHAMMAR

Integrated pulp and paper mill that produces unbleached kraft paper.

Sulphate pulp is delivered to Åmotfors and Säffle and surplus pulp is sold externally.

**BUSINESS SEGMENT:**

Kraft Paper

**NUMBER OF**

**PAPER MACHINES: 2**

**PRODUCTS:** Sack, MF and

MG paper



### ÅMOTFORS

This paper mill produces unbleached kraft paper from pulp, mainly from Bäckhammar.

**BUSINESS SEGMENT:**

Kraft Paper

**NUMBER OF**

**PAPER MACHINES: 2**

**PRODUCT:** Interleaving paper

for the steel industry and absorbent kraft paper



### SÄFFLE

Paper mill that produces natural greaseproof paper. Paper pulp is delivered from Bäckhammar mill and also purchased externally.

**BUSINESS SEGMENT:**

Natural Greaseproof

**NUMBER OF**

**PAPER MACHINES: 2**

**PRODUCTS:** Baking paper,

paper for baking cups and packaging



### GREÅKER

Paper mill that produces natural greaseproof paper.

**BUSINESS SEGMENT:**

Natural Greaseproof

**NUMBER OF**

**PAPER MACHINES: 2**

**PRODUCTS:** Baking paper,

paper for paper cups and barrier paper



## ACQUISITION OF GLASSINE CANADA

THE CANADIAN SPECIALITY PAPER company Glassine Canada Inc. was acquired on the last day of the year. The company had net sales in 2021 of SEK 265m and an EBITDA margin of 22.5 percent. The acquisition strengthens the Company's position in the North American market for greaseproof paper.

The acquired company produces specialised paper at a production plant in Quebec and sells its products to customers throughout North America.

**BUSINESS SEGMENT:** Natural Greaseproof

**NUMBER OF PAPER MACHINES: 1**

**PRODUCTS:** Baking paper, interleaving paper for bacon, paper for baking cups and speciality paper for industrial and food applications



# SEGMENTS

Nordic Paper's operations are divided into two segments – Kraft Paper and Natural Greaseproof – both of which offer high quality paper that can be used in many different packaging solutions, in food handling and for industrial applications. In 2021 the Kraft Paper segment accounted for 56 percent of Nordic Paper's net sales, while Natural Greaseproof accounted for 44 percent of the Group's net sales.



# KRAFT PAPER

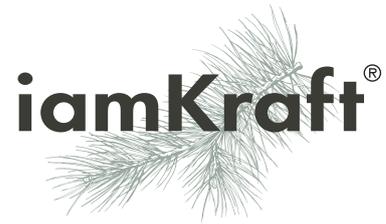
Kraft paper is used in many end-use applications, such as in products aimed at consumers, including carrier bags and food packaging, and in packaging for building materials and in multiple other industrial applications.

**NORDIC PAPER HAS A BROAD RANGE** of high-quality unbleached kraft paper in its product portfolio. The Company divides its kraft paper into two categories: sack paper/MF (machine finished), MG (machine glazed), and other.

Nordic Paper's unbleached kraft paper is one of the strongest kraft papers on the market. Sack paper is the largest product category and accounts for around half of the segment's net sales. The second largest is MG paper with almost a quarter of net sales.

The quality and properties required for kraft paper depend on the end-use application. When kraft paper is used for various types of packaging, for example for food or building materials, the strength of the paper is vital. Sack paper used for cement, flour or sugar sacks needs to have a combination of strength and porosity. Porosity, i.e. the ability to allow air to pass through, is important because the speed at which, for example, a paper sack can be filled with cement is limited by how fast the air in the empty sack can get out. If the porosity of the paper is too low, the sack will explode when being filled and the filling line will come to a halt.

Our customers have high expectations regarding the quality and properties of our paper and also have specifications regarding the width of paper rolls and the paper's surface weight. Our flexible production processes make it possible to produce kraft paper to a multitude of specifications and with many different properties.



## SACK PAPER/MF PAPER (MACHINE FINISHED PAPER)

- Nordic Paper's sack and MF paper has high elasticity and tear strength, and is used to produce sacks and other packaging solutions.
- The paper is used in food packaging (e.g. for potato and flour sacks), building materials (e.g. cement sacks), compostable bags and to package chemicals.
- The customers are mainly converters.



## MG PAPER (MACHINE GLAZED PAPER)

- Nordic Paper produces unbleached MG kraft paper that is characterised by high strength, printability and a glossy surface.
- The paper is used in the production of carrier bags, wrapping paper, lamination paper and protective paper.



## OTHER

### ABSORBENT PAPER

- Used in many products in construction and in furniture manufacturing. Impregnated absorbent kraft paper creates a hard and durable surface. Laminated paper produced using Nordic Paper's impregnated paper is used in, for example, moulds for casting concrete and in laminated flooring.
- The paper is also used for components in humidifiers and climate control systems.

### INTERLEAVING PAPER

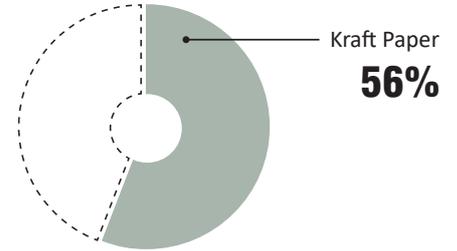
- Used to protect the surface of plexiglas, stainless steel and aluminium.

### ELECTROTECHNICAL PAPER

- Used to insulate electrical components.

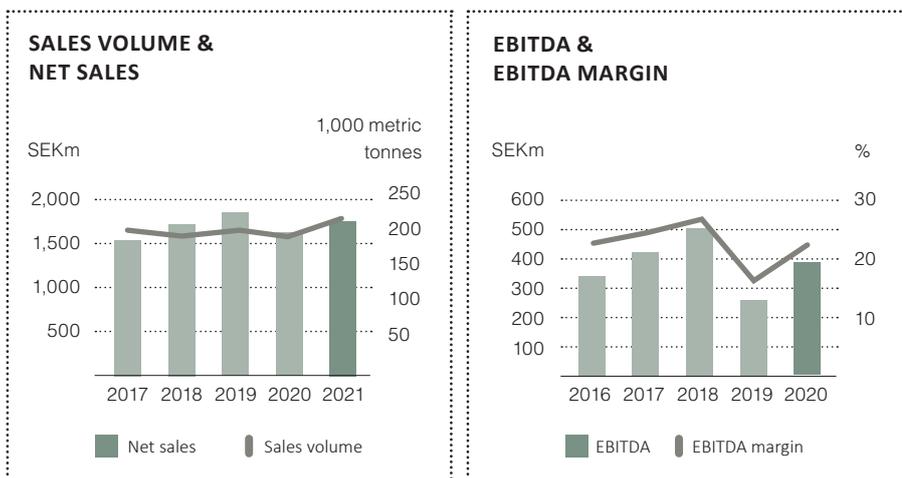


NET SALES  
BY SEGMENT



## DEVELOPMENT IN 2021

- In 2021 demand from Nordic Paper’s customers for unbleached kraft paper was very strong and total demand exceeded the supply, which resulted in an increase in market prices during the year. One reason for the demand is economies recovering as Covid-19 restrictions were gradually eased through the year, but there is also strong underlying demand for sustainable packaging solutions.
- Packaging made from unbleached kraft paper can in many cases replace current plastic packaging solutions. A strong trend identified in 2021 was that more and more brand owners with e-commerce solutions switched to or tested packaging solutions based on unbleached kraft paper to reduce the use of current plastic packaging.
- Net sales for full year 2021 increased by 10 percent to SEK 1,772 (1,613)m. The increase is mainly explained by strong volume growth. Excluding negative currency effects, net sales increased by 13 percent.
- The sales volumes increased by 5 percent.
- EBITDA increased to SEK 392 (266)m and the EBITDA margin increased to 22.2 percent (16.5).
- Operating profit amounted to SEK 340 (214)m and the operating margin was 19.3 percent (13.3).



	2021	2020	
SEKm	Full year	Full year	Δ, %
Net sales <sup>1</sup>	1,772	1,613	10
EBITDA	392	266	47
EBITDA margin, %	22.2	16.5	
Sales volume, 1,000 metric tonnes	221	210	5

<sup>1</sup> Includes intra-group deliveries



Assembling a climate control system containing absorbent paper from Nordic Paper.

## NORDIC PAPER'S ABSORBENT PAPER – A SPECIALITY PAPER THAT SETS INDUSTRY STANDARDS

**NORDIC PAPER PRODUCES ABSORBENT PAPER** at the Åmotfors mill. Absorbent paper is used by Nordic Paper's customers for its ability to absorb liquid in a controlled way, for applications such as an impregnation process. Other properties of Nordic Paper's absorbent paper are its flexibility and wet strength. Nordic Paper's customers all around the world use this absorbent paper for everything from lamination and film on sheets of plywood to cooling pads in climate control systems.

Many of Nordic Paper's customer relationships and partnerships have generated industry standards over the years. One example is absorbent paper for cooling pads in climate control systems. A surface weight of 95 grams per square metre has become the standard for these products on the market following Nordic Paper's collaboration with its customer Munters.

Munters is a global leader in energy-efficient and sustainable climate control solutions for demanding industrial environments, where controlling moisture content and temperature is business-critical. The quality of Nordic Paper's absorbent paper is critical for higher performance in climate control systems.

"Nordic Paper has been a successful supplier to Munters for many years. The reason for this long relationship is not only the fact that they deliver really good products, but it's also thanks to Nordic Paper's employees who deliver on their promises," says Peter Falk, Director of Strategic Sourcing Europe for Munters.

# NATURAL GREASEPROOF

Greaseproof paper is mainly used in the food sector, but also has a number of industrial applications.

**NORDIC PAPER'S GREASEPROOF PRODUCTS** consist of baking paper, paper for baking cups, food packaging, barrier paper and lamination paper for building materials. Baking paper is the largest product category with around 70 percent of net sales. Baking cup paper is the second largest with around 20 percent.

Different end-use applications have different requirements with respect to the quality and property of the greaseproof paper. Baking and cooking paper is, for example, intended to facilitate food preparation and minimise clean-up afterwards. The greaseproof paper therefore needs to tolerate heating and freezing, because food may need to go directly from the freezer to a microwave or conventional oven. Baking paper also needs to be both greaseproof and non-stick to easily remove food such as baked goods from the paper. Packaging for food requires paper that provides a barrier against grease, light, air and moisture so that the food stays fresh but is also easy to serve and consume.

Nordic Paper's natural greaseproof paper meets global standards for food handling and has the flexibility to be adapted to provide the properties that customers require. The Company's greaseproof paper contains no fluorochemicals, so-called PFAS. Instead the cellulose fibres are processed mechanically to retain greaseproof properties. This provides a natural barrier of pure cellulose without PFAS that are harmful to health. Nordic Paper's natural greaseproof paper is of a high quality and flexible, and can be adapted for many different manufacturing processes and quality requirements. It is certified for use with food.



## BAKING PAPER

- Baking paper is a bio degradable and compostable natural greaseproof paper that can be treated with silicon and has excellent heat stability.
- The baking paper is used by professional bakers and food manufacturers, as well as by home cooks and bakers.
- The customers include converters, distributors/wholesalers and ready meal manufacturers.

## BAKING CUP PAPER

- Nordic Paper's baking cup paper is produced with properties that give the baking cups good stability and an excellent barrier against grease and moisture.
- The paper comes in many colours, types and formats.
- The paper is mainly sold to converters with industrial baking cup production.

## OTHER

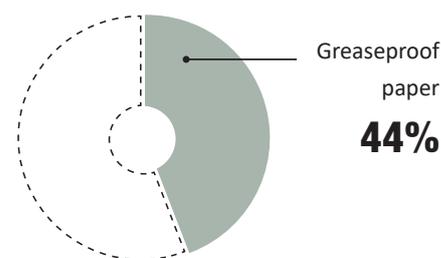
- Other includes speciality paper such as food packaging, barrier paper and lamination paper for building materials.
- The customers include converters and lamination companies.



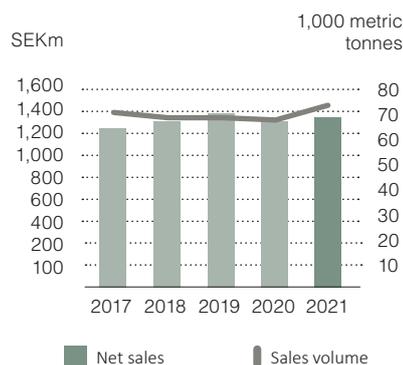
## DEVELOPMENT IN 2021

- Demand for Nordic Paper’s greaseproof products was very good in 2021. Demand from customers in the professional segment of the market recovered in 2021 from the effects of pandemic-related lockdowns, while demand from the consumer sector remained good.
- Net sales in 2021 amounted to SEK 1,377m (1,327), an increase of 4 percent. Excluding currency effects, net sales increased by 8 percent.
- Sales volumes increased in 2021 the year by 9 percent. Part of the comparative increase in sales volumes is explained by production cuts during the autumn of 2020 as a result of the pandemic.
- In the second half of 2021 Natural Greaseproof was impacted by the historically high cost of pulp and energy. Product price increases were not able to compensate for the high costs, and this negatively impacted profitability.
- In connection with a decision to discontinue pulp production in Säffle, a provision of SEK 76m was made in the second quarter of the year to cover the future restoration of buildings and land at the site. The effect on cash flow of the restoration work is expected to be felt gradually over the next five to seven years. Excluding this cost, the adjusted EBITDA amounted to SEK 42 (205)m. The adjusted EBITDA margin amounted to 3.0 percent (15.4).
- In the fourth quarter an impairment loss of SEK 32m was recognised for the pulp line discontinued during the quarter at the production plant in Säffle. Excluding this impairment loss and excluding the provision of SEK 76m made for the restoration of buildings and land in Säffle, the adjusted operating profit for the full year was SEK –4m (164), equivalent to an adjusted operating margin of –0.3 percent (12.4).

### NET SALES BY SEGMENT



#### SALES VOLUME & NET SALES



#### ADJUSTED EBITDA & ADJUSTED EBITDA MARGIN



	2021	2020	
SEKm	Full year	Full year	Δ, %
Net sales	1,377	1,327	4
Adjusted EBITDA <sup>1</sup>	42	205	-80
Adjusted EBITDA margin, % <sup>1</sup>	3.0	15.4	
Sales volume, 1,000 metric tonnes	73	67	9

<sup>1</sup> Adjusted for the provision made in the second quarter of 2021 of SEK 76m for the remediation of buildings and land in Säffle.



## NORDIC PAPER'S GREASEPROOF PAPER IN FRENCH CUISINE

Mutual trust is important in a competitive market. Developing long-term relations is therefore a key factor for success. MatferBourgeat's and Nordic Paper's partnership goes back several decades.

**MATFERBOURGEAT IS A FAMILY-OWNED FRENCH INDUSTRIAL GROUP.** Since the start in 1814, the group is today a world-leading supplier of high quality equipment to professional kitchens. Just as Nordic Paper, MatferBourgeat focuses on a premium segment and delivers extraordinary tools and technologies to all areas of the restaurant, hotel, pastry and bakery industries.

In a competitive market, mutual trust is an important success factor and MatferBourgeat aims for long-term relations with its suppliers. One example is the partnership with Nordic Paper, which has been going on for several decades.

– We appreciate Nordic Paper's available and reliable service. That is important for us to be able to keep our promise to our customers, says François Brosset, Development and Commercial Director at MatferBourgeat.

MatferBourgeat's success is driven by a French passion for taste and quality, but also continuous innovation. From Nordic Paper, MatferBourgeat buys natural greaseproof baking paper.

– The choice of products and the consistency of quality are reasons why we choose Nordic Paper's products, says François Brosset.

The long relation has also meant that Nordic Paper has been able to grow as MatferBourgeat has expanded in the important French market. In short; a collaboration with long-term benefits for all parties.

# STRATEGY

Nordic Paper's overall strategic ambition is to achieve profitable growth and develop the Company's leading position in selected, growing premium kraft paper and greaseproof paper segments where sustainability performance is an increasingly important underlying factor driving business.

## SUSTAINABLE AND HIGH-QUALITY PRODUCT AND SERVICE OFFERING

Nordic Paper focuses on customer segments that demand high product quality and where the products Nordic Paper delivers create substantial value in the customers' processes. Product development takes place in close consultation with customers to ensure the Company has a competitive product offering based on the customers' wishes.

In addition to product quality, delivery quality in the form of predictability and customer communication is an important part of Nordic Paper's offering and also explains the long relationships the Company has with its customers.

## ORGANIC GROWTH AND INCREASING MARGINS THROUGH STRATEGIC INVESTMENTS

Nordic Paper's past growth has mainly been organically driven and this will continue to be our focus. The Company is investing in existing production facilities to promote volume growth, increase efficiency and reduce costs.

In 2021 the Company made an investment to increase greaseproof paper production capacity in Säffle, and also evaluated possible capacity-related investments in Bäckhammar.

## LEADING POSITION IN SELECTED MARKETS

Nordic Paper holds a leading position in the markets where the Company has operations, both geographically and in terms of product segments. The markets in which the Company has chosen to operate typically have high entry barriers with respect to talent and/or technical ability, and stable growth in demand, with structural growth factors driving growth. A large part of the Company's product portfolio is aimed at the food sector, which has a stabilising effect during economic fluctuations.

## EXPANSION THROUGH SELECTIVE ACQUISITION

The speciality paper market is fragmented and acquisition opportunities are constantly being evaluated. Acquisitions are made to broaden the Company's offering in existing or adjacent product categories or to provide potential for expansion in new geographies.

The strategy is to continue to maintain a balanced and well-diversified product portfolio. The main focus is smaller, complementary and horizontal acquisitions rather than vertical ones.

## NORDIC PAPER'S COMPETITIVE ADVANTAGES

### Integrated production of high-quality pulp

- Proximity to slow-growing spruce and pine trees provides a supply of the long fibres needed to make strong kraft paper.
- Own production operations means cost-efficient production of unbleached pulp.

### High-quality speciality paper products

- One of the strongest kraft papers on the market.
- Flexible production processes make it possible to produce kraft paper according to multiple different specifications in, for example, elasticity, wet strength and porosity.
- Greaseproof paper meets global food handling standards and contains no added fluorochemicals.

### Customer service

- Well-established distribution network with expertise in manufacturing speciality paper and in various applications for the paper.

### Good sustainability performance

- Nordic Paper's sustainability performance, above all for the climate, is an increasingly important competitive advantage when compared with other packaging solutions that use fossil-based plastic.



# INVESTMENTS AND STRATEGIC INITIATIVES

Nordic Paper's investment strategy is based on an in-depth understanding of production processes and efficient project implementation, as well as on structural advantages thanks to the location of the Company's production plants and the scale of the processing equipment. We are focusing on increasing capacity to promote volume and sales growth, on identifying and removing bottlenecks in production and on improvements that will increase profitability and also reduce environmental impact. Investment projects are mainly implemented using internal resources to ensure that projects are carried out with a high level of expertise and knowledge of the specifics of our production units.

**NORDIC PAPER'S PLANTS** are located in areas with multiple paper industries, which means that there is good access to talent and suppliers with expertise in key areas. It has often been possible to minimise the cost of investment projects by, for example, installing pilot equipment or using second-hand equipment.

In addition to the ongoing investments that Nordic Paper is making to increase production capacity and maintain its plants, the Company also made a major investment in 2021 to increase production capacity in Säffle, and planning for a strategic initiative in Bäckhammar is also continuing.

## PLANNING FOR FUTURE INVESTMENTS AT BÄCKHAMMAR

Since 2020 Nordic Paper has been working on establishing what is required to increase production at the Bäckhammar mill. The expansion plan has three phases: a new wood room for greater flexibility in raw material sourcing, environmental investments and investments to increase pulp and paper production. In 2021 the Company intensified its work on a preliminary project for the first phase of the investment plan – installing a new wood room.

In the third quarter of 2020 the Company submitted an application to Sweden's Land and Environmental Court for a new production permit to expand production in Bäckhammar. After the application was submitted the Company was asked to provide supplementary technical information of a more comprehensive nature than was expected.

The conclusion from the preliminary project was that profitability in the first phase of the investment plan does not on its own match the Company's previous assumptions, but is dependent on increased production volumes. This means that before it is possible to make an investment decision, a new production permit will need be in place

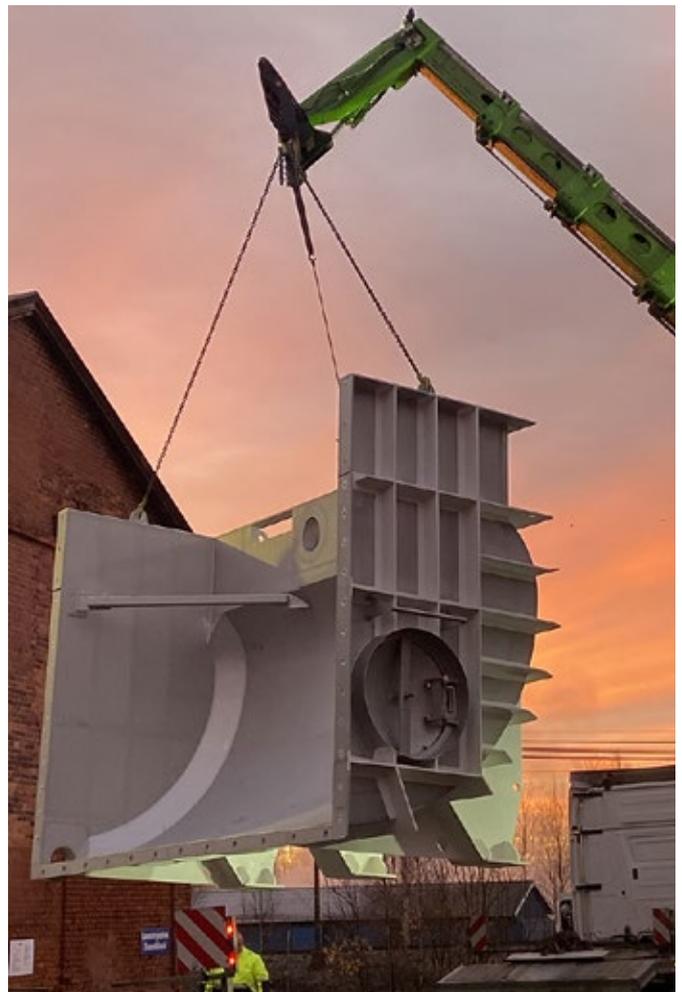
and the conditions included in the permit need to be known.

Nordic Paper's Board of Directors decided to postpone a possible investment decision regarding the initial phase of the expansion of the Bäckhammar production facility until a production permit for the whole expansion has been obtained and the terms of the permit are clear. The Company's current assessment is that it may not receive a new production permit until the beginning of 2023 at the earliest.

## INVESTMENT FOR INCREASED PAPER PRODUCTION CAPACITY AT SÄFFLE PLANT

In 2021 Nordic Paper decided to discontinue sulphite pulp production at the Säffle plant and instead produce paper solely from externally sourced paper pulp.

In connection with this decision an investment of SEK 70m was approved to improve efficiency in handling the external pulp. Most of the investment was made in the autumn and the equipment went into operation before year-end.



Delivery of a pulper to Säffle for the new process to handle external pulp.

## MANY ADVANTAGES FROM RESTRUCTURING IN SÄFFLE

Increased production capacity, better work environment and decreased use of fossil fuels. These are some of the effects of the investment in the Säffle production plant. Anna Jansson, line manager, talks about the successful production transition.

**THE PRODUCTION PLANT IN SÄFFLE** produces PFAS-free greaseproof paper that is sold all around the world. Around 180 people work here. In 2021 Nordic Paper invested in a new pulper and, in connection with this investment, discontinued its own pulp mill operations. The transition means that paper pulp can be purchased externally, mixed with water in a pulper in just one location and then distributed to the Company's paper machines.

Anna Jansson is the line manager with responsibility for paper production operations. She tells us that the transition was preceded by a thorough quality evaluation.

"We tested this for a year and a half to ensure the quality of the paper would be maintained when we switched from producing pulp ourselves to sourcing it externally," says Anna, and continues:

"The new pulper gives us higher output of pulp suspension and a better refining. The fibres can be stored for longer and also provide better quality paper."

The investment results in a production capacity increase by ten percent.

"Now we are ready for year-round operation," says Anna. "We're adding a shift team in April."

Anna points out that all of the employees have helped out and worked together to ensure a successful transition.

"They are very proud of our products and it's been fantastic to see everyone working together to make this transition a success."

Having the pulp bale handling process in a separate facility adapted for this specific type of production is also positive from a work environment perspective. The transition to purchasing paper pulp also means less handling of chemicals at Säffle, which in turn will improve safety for the employees. Discontinuing the pulp mill has also reduced the amount of fossil fuels used.

Large investments like this recent one are, of course, not the only steps being taken to future-proof the business: a constant focus on improvement is just as important.

"We are always looking at ways to be better – to increase production capacity, reduce environmental impact and improve the work environment," Anna concludes.





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# MARKET

Nordic Paper manufactures high-quality speciality paper products for a multitude of application areas. 55 percent of the Company's sales come from food-related applications, just under 7 percent from consumer products and around 38 percent from industrial applications.

The applications the Company targets in these areas are speciality paper products that can create value for the customers' business, for example through functionality, process efficiency or sustainability performance. The Company's products in both the Kraft Paper and in Natural Greaseproof segments are aimed at the premium segment and are developed to meet high standards with respect to paper properties and process stability.

## KRAFT PAPER

THE GLOBAL DEMAND FOR VIRGIN, fibre-based kraft paper in 2019 amounted to just over 10 million metric tons and is therefore a very small percentage of the global packaging material market. Of the total demand for kraft paper, just over a half, or close to 6 million metric tonnes, is for unbleached paper. Sack paper accounts for more than half of the total demand, with Europe as the single largest market followed by China.

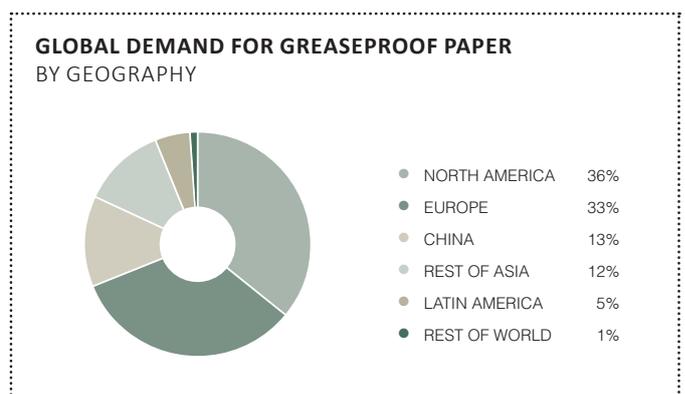
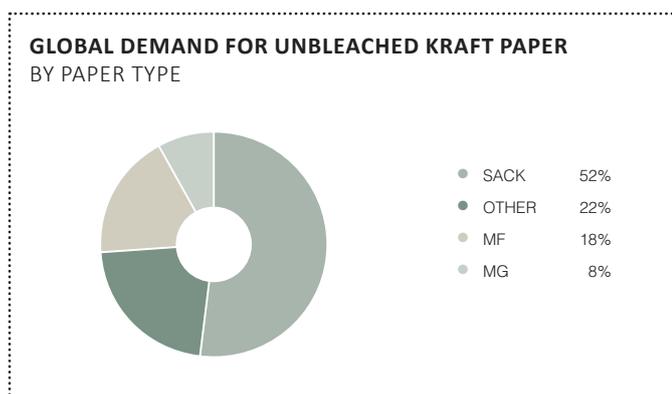
The global demand for unbleached kraft paper is expected to grow by 2.2 percent<sup>1</sup> in volume per year from 2019 to 2024, driven by global megatrends such as increased urbanisation and higher demand for sustainable packaging solution.

## GREASEPROOF PAPER

GREASEPROOF PAPER ACCOUNTS for just under 1 million metric tonnes of the total global demand. The global demand is met by a supply of several types of paper, including the natural greaseproof paper that Nordic Paper produces, but also paper that gets its greaseproof properties from the addition of surface active chemicals, including fluorochemicals. The supply of natural greaseproof paper meets around one third of the global demand of greaseproof paper.

The largest market for greaseproof paper is North America, followed by Europe. China and the rest of Asia have a smaller share of the global market than for other types of paper or packaging materials.

Global demand for greaseproof paper is expected to increase by 4.1 percent<sup>1</sup> in volume from 2019 to 2024.



<sup>1</sup> Market study by Fisher International 2020

## MEGATRENDS THAT SUPPORT NORDIC PAPER AND ITS MARKETS

The market for kraft and greaseproof paper benefits from a multitude of different structural drivers and global megatrends. Several of these drivers and trends are of global character.

### INCREASED SUSTAINABILITY AWARENESS

The increased focus on sustainability in society is increasing demand for materials that have a lower climate impact, such as paper.



**IMPACT** Paper production is based on renewable raw materials and can take place with a lower climate impact than, for example, plastic production.

The recycling rate is relatively high and paper biodegrades faster than most renewable plastic-based packaging.

### CHANGED FOOD HABITS

The global restaurant sector is growing, mainly driven by the fast food segment. People are eating out, going to cafés and buying take-away food to a greater extent.

**IMPACT** Professional chefs often use greaseproof paper and demand high quality, which Nordic Paper's paper can deliver.

Packaging for ready meals also often needs to tolerate being frozen and heated, which Nordic Paper's paper can deliver.



## REGULATIONS

Many governments are implementing various mechanisms to limit the use of plastic. According to the UN, 127 countries have introduced some form of regulation aimed at reducing plastic consumption.

Some suppliers use fluorochemicals (PFAS) to create paper with a greaseproof barrier. Some countries have imposed restrictions on the use of these chemicals in materials that come into contact with food, because PFAS have been shown to be detrimental to health.



**IMPACT** Paper can replace plastic in several application areas, including bags and packaging solutions.

Many projects are under way in cooperation with potential and existing customers to develop new applications.

Nordic Paper does not use fluorochemicals in its greaseproof paper, but creates the greaseproof barrier mechanically and therefore meets the strict standards for paper that will come into contact with food.

## POPULATION GROWTH AND URBANISATION

The global population is growing and urbanisation is therefore also increasing. A greater percentage of people are expected to live in cities and the middle class is growing. Ever more people live further and further away from raw materials and locally produced food, which is increasing demand for packaging for distribution.



**IMPACT** Nordic Paper's sales are global and our paper is used in several packaging solutions in various industries, and also meets the food industry's safety requirements.

## ECONOMIC GROWTH AND GLOBALISATION

Industrial expansion and a gradual improvement in standards of living are giving rise to increased consumer expectations and are driving the construction industry and investments in, for example, infrastructure, particularly in rapidly expanding growth economies.

**IMPACT** Kraft paper sacks are one of the more common options for packaging of building materials. Nordic Paper's sack paper is used, among other things, for food, cement and chemicals.

Kraft Paper is also used for a number of other industrial applications, such as interleaving paper in stainless steel production.



# COMPETITION

**PACKAGING SOLUTIONS** made from fossil-based plastic constitute the main competition to much of Nordic Paper's product portfolio. Plastic has excellent properties for packaging solutions and also often has cost benefits. However, plastic has disadvantages in terms of sustainability, including its climate impact which mainly comes from the fossil raw materials used in plastic production, as well as plastic pollution. Nordic Paper's products can help brand owners to reduce their consumption of fossil-based plastics.

In addition to plastic as a competing material, other paper manufacturers also compete with Nordic Paper in all product areas. There is no competitor that operates in both of Nordic Paper's business segments – kraft paper and greaseproof paper – but there are different competitors in each segment.

PAPER TYPE	EXAMPLE OF COMPETITORS
Unbleached sack paper/MF paper	BillerudKorsnäs Mondi
Unbleached MG paper	Mondi
Absorbent paper	MM Kotkamills
Interleaving paper for stainless steel	Ahlström-Munksjö
Greaseproof paper	Metsä Tissue Ahlström-Munksjö

Some competing paper manufacturers have integrated conversion, in other words, they sell paper to other converters and also convert it themselves. Paper producers who also have their own conversion operations compete directly with their customers. Nordic Paper sees a benefit in not having its own conversion operations.

The greaseproof paper segment is a broad area with respect to types of paper, with various types having overlapping application areas. Nordic Paper manufactures natural greaseproof paper. Many competitors in the greaseproof paper segment use fluorochemicals to obtain greaseproof properties, which Nordic Paper does not.

” We consider it an advantage that we do not compete with our customers.

# **SUSTAINABILITY REPORT**

## **2021**



# SUSTAINABILITY IS KEY FOR NORDIC PAPER

Sustainability is the basis for long-term value creation. With more than 150 years of experience in processing renewable forest raw materials, maintaining social, environmental and economic sustainability is key for Nordic Paper.

**THROUGH ITS CONSTANT EFFORTS** over the past few decades, Nordic Paper's performance in multiple areas of sustainability has improved, especially in environmental sustainability. As its own impact has decreased, the significance of the impact from parts of the value chain that are upstream and downstream from Nordic Paper's own operations has increased. Nordic Paper wants to continue to minimise negative impacts overall where they arise, but also to maximise the positive effects of the Company's operations, such as the benefits of using Nordic Paper's renewable and recyclable products. Sustainability is a business driver for Nordic Paper.

Nordic Paper's ambition is to drive change wherever the Company can have an impact, and to do this in cooperation with stakeholders up and down the value chain. The aim is for Nordic Paper's initiatives and investments to be as resource-efficient as possible to optimise the positive changes achieved.





## NORDIC PAPER AND THE CIRCULAR ECONOMY

### THE BIOECONOMY STARTS WITH PHOTOSYNTHESIS

Nordic Paper's operations are an integral part of the bioeconomy's flows. A growing forest turns atmospheric carbon dioxide into biomass through photosynthesis. A large portion of products processed from the forestry industry, such as sawn wood, have long lives and store the atmospheric carbon dioxide absorbed for a long time. Materials in forestry products with short lives, such as those in many of the paper industry's products, can usually be recycled after use. After several rounds of material recycling the products can be recycled for energy, at which point the carbon dioxide returns to the atmosphere and photosynthesis can take place once again.

### VALUE-CREATION FROM BY-PRODUCTS OF OTHER ACTORS

Although sawn timber is the most important product for forest owners, pulp is an important by-product, as are wood chips generated by saw mills. Both of these by-products are Nordic Paper's main raw materials. All of the biomass supplied to Nordic Paper is used in the production processes, either in the form of cellulose to produce paper products or as energy.

Nordic Paper makes use of most of the residual products that arise

in production. Sulphate pulp production generates tall oil and turpentine. The tall oil extracted is sold to buyers who turn it into new products and the remainder becomes beak oil which is subsequently reused for fossil-free energy production. Turpentine is, for example, used in cosmetics manufacturing.

At Nordic Paper's Bäckhammar mill, development is underway within the framework of the LignoCity test bed, an initiative of RISE Research Institutes of Sweden, to turn the pulp mill's by-product lignin into other products rather than using it as energy raw material. Efforts are under way to, for example, replace the fossil-based materials in asphalt with lignin in cooperation with NCC.

A very large proportion of product waste generated internally is recycled in the Company's own production processes so that the fibres do not go to waste.

### NORDIC PAPER'S PRODUCTS ARE RECYCLABLE

After use, Nordic Paper's products are recyclable in the packaging paper recycling system. The paper packaging recycling rate within the EU was 82.3 percent in 2019, compared with 64.8 percent for all types of packaging.

# NORDIC PAPER'S IMPACT

Nordic Paper has both a positive and negative impact through its own operations, through the goods and services the Company chooses to purchase and through the impact the Company's products have. Within all of these three categories, Nordic Paper can drive change to maximise the positive impact and minimise the negative.

## IMPACT OF NORDIC PAPER'S OWN OPERATIONS

Within its own operations, Nordic Paper has an impact on the social, environmental and economic aspects of sustainability. The work environment that Nordic Paper offers has a direct impact on all employees and their families. Also, all others who come into contact with our mills and plants – such as contractors – are affected by the work environment that the Company maintains.

Nordic Paper's mills are an integral part of the communities in which we operate. The Swedish and Norwegian production plants are located in small cities or rural communities where Nordic Paper is a very substantial employer and a significant client for suppliers. Nordic Paper supports local organisations, associations and clubs, for example to help children and youth pursue their leisure interests near to where they live. Our involvement at schools and universities and the internal training we offer help to build knowledge and develop skills in the local community. To maintain good relationships with the community, Nordic Paper prioritises having frequent and transparent dialogue with local residents and municipal actors.

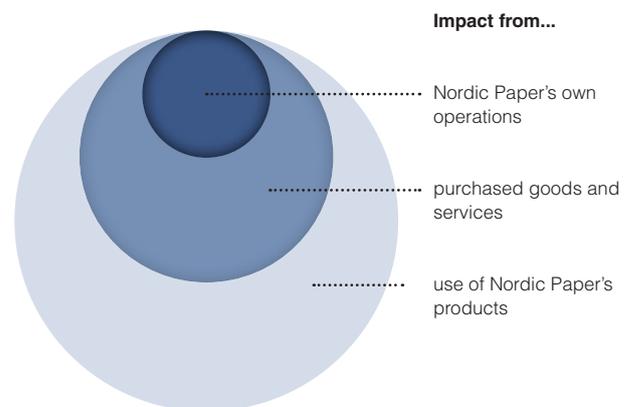
Nordic Paper's operations give rise to emissions to air and water. Through ongoing and constant improvement initiatives, the Company has reduced its impact significantly over the past few decades and is working on reducing it even further.

Nordic Paper has conducted industrial operations at its mills for many years and the Company takes responsibility for carrying out restoration work where as needed. In 2021 a provision of SEK 76m was made to restore buildings and land following the closure of the pulp mill in Säffle.

How Nordic Paper integrates its operations with those of its customers is also significant in terms of the direct impact of the Company's operations. Nordic Paper has zero tolerance for corruption and bribes, and is proactive in ensuring that no transactions take place with sanctioned business partners.

## IMPACT FROM PURCHASED GOODS AND SERVICES

Both positive and negative social, environmental and economic sustainability impacts arise in production and delivery of the goods and services that Nordic Paper chooses to purchase. For example, in a catchment area of up to 100 km around the production plant in Bäckhammar, Nordic Paper is a very substantial purchaser of pulpwood. In this area Nordic Paper's operations therefore have a significant impact on environmental aspects such as biodiversity, but also on social aspects of forestry.



Another important example of the impact of purchased goods and services is in transport. Here, Nordic paper is a substantial purchaser of services that impact the environmental, social and economic aspects of sustainability.

As Nordic Paper's own greenhouse gas (GHG) emissions have decreased over the decades, emissions from purchased goods and services have come to exceed those from the Company's own operations. Less than a third of the impact of Nordic Paper's products comes from the Company's operations, while purchased goods and services account for more than two thirds. Nordic Paper is therefore working closely with its suppliers to reduce impact from purchased goods and services.

## IMPACT FROM THE USE OF NORDIC PAPER'S PRODUCTS

Nordic Paper's products impact various aspects of sustainability upstream in the value chain. Customers who are converters require the paper to have certain properties to ensure efficiency in the conversion process. Good quality increases resource efficiency in the conversion process and is a key competitive advantage for Nordic Paper, even though this is not always expressed in terms of sustainability.

A very substantial portion of Nordic Paper's product portfolio competes in the end-user phase directly with other materials, primarily with fossil-based plastics. Sustainability performance gives Nordic Paper's products a competitive edge as they are recyclable, compostable and only give rise to low GHG emissions compared with fossil-based plastic alternatives.



## PAPER PACKAGING IS ON THE ADVANCE

A request from the USA resulted in Gamma Plastic, an Italian packaging company, developing unique paper packaging for fruit and vegetables made from Nordic Paper's kraft paper. Andrea Barzon, the CEO of Gamma Plastics, talks about the strong sustainability trend in the market.

**GAMMA PLASTIC IS AN ITALIAN, FAMILY-RUN COMPANY** that produces packaging for fruit and vegetables. It has customers all around the world. When the company launched in the 1950s it used tissue paper, a common packaging material for fresh fruit until the 1960s. As plastics entered the packaging world, Gamma Plastic transitioned to plastic packaging. But now something exciting is happening: interest is increasing in paper solutions for fruit and vegetable packaging.

"We're seeing a strong sustainable trend in the market," says Barzon. Over the past decade the market has started paying attention to the problems caused by plastic and is looking for alternative solutions.

But sustainability is not a new issue for Gamma Plastic. The company has always focused on minimising its environmental impact and all of the company's products are either renewable or compostable.

Five years ago Gamma Plastic was contacted by a US grocery chain that wanted help producing new packaging for fresh fruit and vegetables. The packaging needed to be fully recyclable, support a circular economy, help make the products last longer and also enable an appealing in-store display.

The result was G-Bag, a shopper for fruit and vegetables. The paper selected was Nordic Paper's iamKraft® MG. In addition to quality, one key factor was the paper's FSC certification.

G-Bag is designed to fit into the trays the stores are already using. The patented handle can be twisted to enable stacking without the packaging or product being damaged. Gamma Plastic's Aerographic® technology allows customers to have their own unique design printed on the entire bag. The technology also allows air to circulate in the bag, extending the life of the contents and allowing end consumers to see what the product looks like inside the bag.

"End consumers can see what the product inside the bag looks like, even at a distance," says Barzon.

Barzon says there is a lot of interest in the G-Bag. Gamma Plastic has received inquiries about packaging for everything from grapes to herb plants, such as basil. There is interest throughout Europe but also in the USA.

# NORDIC PAPER AND THE CLIMATE

## CLIMATE IMPACT IN FIGURES

The Company's climate impact arises in various parts of the value chain. The total GHG emissions for the year were around 114,000 metric tonnes of CO<sub>2</sub>e, of which 35,000 metric tonnes were from the Company's own production processes (Scope 1), 33,000 tonnes from purchased energy (Scope 2) and 46,000 tonnes from purchased goods and services other than energy (Scope 3).

Nordic Paper turns renewable forest raw materials into paper products for numerous application areas. By using products from Nordic Paper, consumers have an opportunity to reduce their climate footprint by, for example, replacing packaging solutions made from fossil-based plastics.

**SEVERAL STUDIES HAVE BEEN CARRIED OUT** on the climate impact of various types of packaging. One such study was conducted by RISE at the request of CEPI Eurokraft and Eurosac in 2019. The study shows that the climate impact of a 25 kg paper sack of cement is less than half that of an equivalent sack made from fossil-based plastics. The climate impact of Nordic Paper's sack paper is less than half the impact from the reference paper used in this study.

Although Nordic Paper's products can replace fossil-based plastics, the Company's operations give rise to GHG emissions of fossil origin – both directly in its own production processes, and indirectly from purchased services and input goods. Nordic Paper is working actively to reduce this impact to further improve the climate performance of the Company's products. A large portion of the Company's energy needs are met today by bioenergy. At the largest plant in Bäckhammar, fossil fuels are mainly used today in non-typical operational situations, such as a restart after a long shutdown. Fossil fuel use in continuous operation at the plant is limited. Overall, the percentage of biofuel used has increased year-on-year in Bäckhammar and reached 98.7 percent in 2021.

The total GHG emissions from the Company's operations for the year, including emissions from production of input goods and transport, amounted to 114,000 metric tonnes, an increase by 11,000 tonnes compared to last year. The emissions in scope 1 and 2 increased by 12,000 tonnes. The increase is a result of increased

production volumes and also of a larger requirement for fossil fuels at the production units in Säffle and Greåker. The emissions in scope 3 decreased by 1,000 tonnes despite increased output volumes.

Most of the Company's restructuring of the production facility in Säffle took place in the fourth quarter of 2021 and involved ending sulphite pulp production at the mill and replacing it with external market pulp. The past sulphite pulp production was largely bioenergy based, but required some fossil fuels in the form of around 2,000 metric tons of fuel oil a year.

This fuel oil consumption is ceasing entirely, which will enable the plant's GHG emissions from operations and from purchased energy (Scope 1 and 2) to be cut in half. The impact on the whole of Nordic Paper's fossil GHG emissions in Scope 1 and 2 is a reduction of around 8 percent. As the external market pulp suppliers have significantly more energy-efficient plants than the now closed pulp mill in Säffle, the net effect on Scope 1–3 is positive.

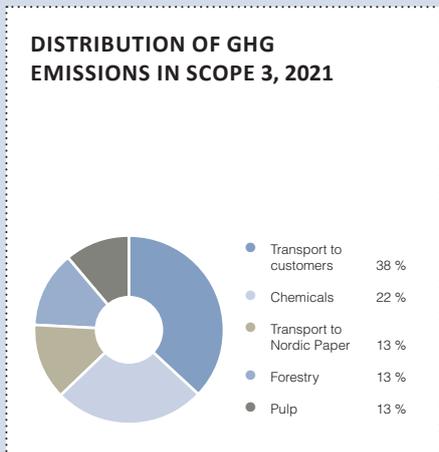
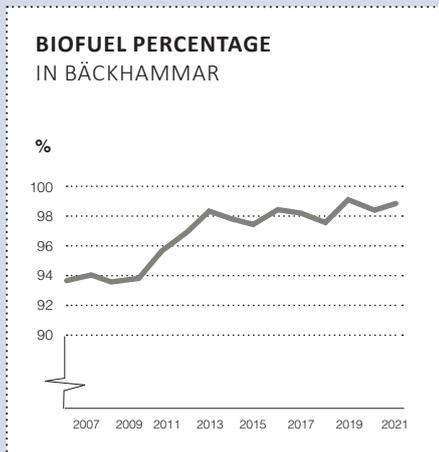
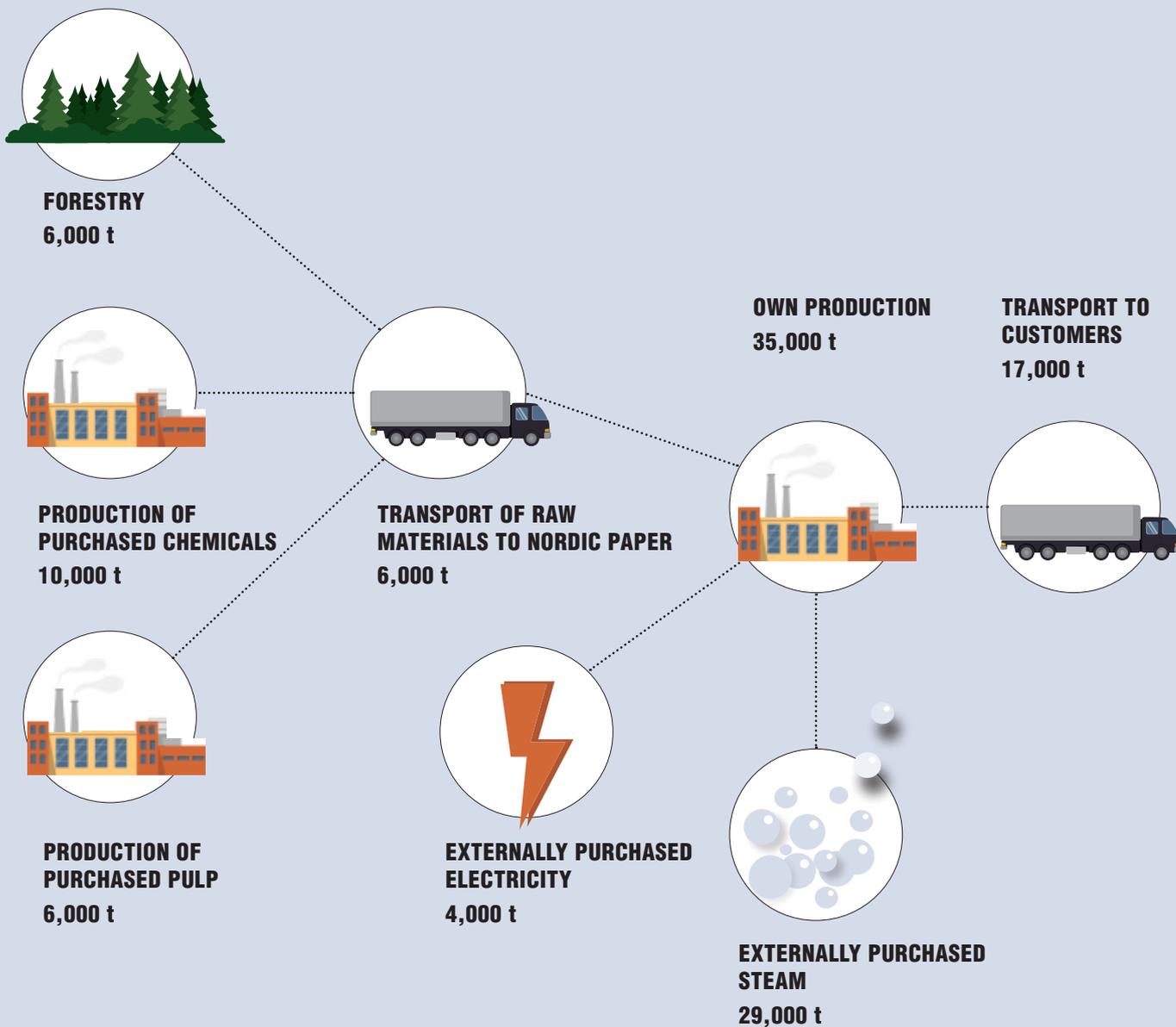
Just under one third of GHG emissions from Nordic paper's value chain arises at the waste incineration plant Åmotfors Energi, which supplies Nordic Paper's production plant in Åmotfors with steam. The fossil GHG emissions arise at the plant when fossil-based plastic in waste is incinerated. These emissions are included in Nordic Paper's Scope 2 emissions.

Since 2019 the Company has analysed the impact in Scope 3, i.e. GHG emissions from consumption of purchased goods and services. Around half of all emissions within Scope 3 are transport-related, while other emissions are related to input goods such as chemicals and paper pulp.

In addition to the Company's GHG emissions with fossil origins, the Company handles large volumes of biogenic carbon, i.e. carbon in the biomass the Company's brings in with the wood. Around half of the carbon that comes in through the wood leaves in the form of the Company's products and the remainder goes back into the atmosphere as biogenic carbon dioxide emissions.

### EMISSIONS OF GREENHOUSE GASEES IN THE VALUE CHAIN 2021

ton CO<sub>2</sub>eq





Rail transport is used in combination with other modes of transport to reduce the climate impact within Europe, which is Nordic Paper's main market.

## REDUCING CLIMATE IMPACT FROM TRANSPORT

In 2021 transport accounted for 20 percent of GHG emissions from Nordic Paper's products. Raw materials and inputs, such as wood, chemicals and pulp, need to be transported to Nordic Paper's plants and paper products need to be transported to customers. Due to longer distances, transporting finished products accounts for the majority of the Company's transport-related GHG emissions.

**NORDIC PAPER IS CONSTANTLY WORKING** on reducing the impact of purchased transport services. There is potential to do this by replacing road transport as far as possible with transport by water or rail or a combination of modes of transport.

A large portion of the Company's kraft paper volumes is already transported to the UK on two ships travelling between the port of Kristinehamn, not far from Nordic Paper's Bäckhammar plant, and Hull in England and Montrose in Scotland.

### POTENTIAL TO INCREASE SEA TRANSPORT

David Högström and Kristin Hagman at Nordic Paper's Supply Chain unit talk about the possibilities:

"After having a good experience with sea transport to the UK we are now looking into expanding to other

destinations in Europe. This would significantly reduce our climate footprint."

In addition to increasing sea transport, which requires large volumes, Nordic Paper is working on combining transport modes for deliveries to customers in Europe. This will reduce costly reloading while also significantly lowering GHG emissions. In 2021 Nordic paper had more than 1,100 lorry trailers that were transported much of the way by rail.

"Although much of our active work involves reloading our lorry loads onto other modes of transport, we also have a promising opportunity to reduce climate impact from road transport. We have recently agreed on biogas fuelled trucks for the internal transportation of pulp from Bäckhammar to Åmotfors," say David and Kristin.

# NORDIC PAPER'S SUSTAINABILITY WORK

## NORDIC PAPER'S THREE FOCUS AREAS

- Sustainable work environment
- Responsible production
- Sustainable business conduct

### DIALOGUE WITH OUR STAKEHOLDERS

Nordic Paper's sustainability work is informed by materiality analysis based on dialogue with our stakeholders. In autumn 2020 a targeted survey was carried out based on the Global Reporting Initiative (GRI) Standards aimed at gaining a deeper insight into the various sustainability priorities of stakeholder groups.

Involved in the survey were investors, owners, customers, end-consumers, suppliers, politicians, employees (both current and past employees, and trade union representatives) and people living in the vicinity of our production plants.

The results revealed that the stakeholder groups' top priorities are tax compliance, preventing forced or child labour, environmental compliance, emissions reduction and acceptance of freedom of association.

In 2021, which was the first calendar year that Nordic Paper was a listed company, the previous materiality analysis process was supplemented by a number of discussions with investors regarding sustainability. Several of these discussions focused on Nordic Paper's role in reducing GHG emissions in the value chain, and how Nordic Paper uses this to drive business.

Based on this materiality analysis and Nordic Paper's strategy, the Company has selected three focus areas for its sustainability work:

- Sustainable work environment
- Responsible production
- Sustainable business conduct

KPIs have been identified within these focus areas and targets have been set for the years ahead. Targets and performance for 2021 are presented under the respective focus area. The aim is to develop long-term goals as well.

### GOVERNANCE FOR A SUSTAINABLE COMPANY

Process industries in the countries where Nordic Paper has operations are affected by legal frameworks. The EU issues directives, national governments issue laws and Sweden's Land and Environmental Court issues production permits.

The County Administrative Board is the supervisory authority to which the Company reports on its compliance with issued directives.

Nordic Paper's values and how the Company runs a sustainable

business are communicated both internally and externally. The policy portfolio and our Code of Conduct support sustainable business conduct.

With the aim of maintaining high and consistent quality within all units, the Company is certified to ISO 9001 with multi-site certification in Quality Management. ISO 22000 Food Safety Management certification at the plants in Säffle and Greåker guarantee product safety throughout the process – from paper production and transport to end use.

It is important to us that the forest raw materials we use come from sustainable forestry operations. Nordic Paper can offer both FSC® (FSC C102767) and PEFC™certified wood raw material.

Nordic Paper holds sustainability notices according to the act on sustainability criteria for biofuels for all liquid biofuels consumed during 2021.

Supplier assessments are carried out annually to review areas such as quality, technical support and lead times. An assessment is made of suppliers that are considered to have an impact on the quality provided to end customers. 91 suppliers were assessed in 2021. A few deviations were noted and action plans have been produced.

All of the evaluated suppliers were approved for continued delivery. Out of these, 85% reached the rating well approved while the rest reached approved. For the latter group of suppliers, improvement actions have been initiated.

### REPORTING SUSTAINABILITY DATA

Nordic Paper's impact, both in selected focus areas and with respect to other sustainability topics, are reported in the section *Sustainability data*.

### ABOUT THE SUSTAINABILITY REPORT

This is Nordic Paper's first report inspired by the Global Reporting Initiative (GRI) Standards.

Nordic Paper's sustainability reporting follows the financial year and is published annually. The last Sustainability Report was published in April 2021. No changes to historical sustainability data have taken place since the previous year and there have been no significant changes in the organisation's supply chain in 2021.

Henrik Essén is the contact person for the Sustainability Report, [henrik.essen@nordic-paper.com](mailto:henrik.essen@nordic-paper.com).



**SUPPORTING AGENDA 2030**

Agenda 2030 and the UN’s 17 Sustainable Development Goals (SDGs) provide a common road map for all the world’s nations and companies for long-term sustainable development.

Nordic Paper has analysed the Company’s operations, impact and sustainability efforts based on the framework for Agenda 2030 and the SDGs. The assessment is that Nordic Paper has the highest capacity and potential to impact Goal 8 Decent Work and Economic Growth, Goal 12 Responsible Consumption and Production and Goal 15 Life on Land.

The materiality analysis carried out and the Company’s selected focus areas continue to support the SDGs identified.

**SUSTAINABILITY RISK MANAGEMENT**

The main sustainability risks arising from our operations are environmental risk, such as emissions to air and water from production and transport, health and safety risk such as workplace accidents, climate risk and risks associated with business ethics. For a more detailed description of the Group’s risk and risk management, see the section *Risks and risk management* on pages 60-65.



**FOCUS AREA 1:****SUSTAINABLE WORK ENVIRONMENT****TARGET 2021**

- LTIFR (Lost Time Injury Frequency Rate), accidents resulting in absence per million work hours <9
- Performance and career development review 100%
- Satisfied employee index >71

**OUTCOME 2021**

- LTIFR (Lost Time Injury Frequency Rate), accidents resulting in absence per million work hours <18.9
- Performance and career development review 100%
- Satisfied employee index 63

A sustainable work environment and ensuring the wellbeing of its employees make Nordic Paper an attractive workplace. Nordic Paper prioritises and works systematically on creating a safe workplace free from accidents, with high attendance rates and minimal safety risks. The Company's values and Code of Conduct are key elements in the emphasis on health and safety, which is integrated into all day-to-day operations.

**2021 WAS THE SECOND YEAR** to be impacted by the Covid-19 pandemic. Throughout the pandemic Nordic Paper has taken steps to protect its employees and its supply chain from the effects of the pandemic. The Company's plants in Sweden and Norway have followed national guidelines issued by the authorities and special steps have been taken. This has included cancelling non-business-critical visits, having some of the Company's employees work from home during the year, and being particularly careful during maintenance shutdowns at all of the Company's production plants. Thanks to the measures implemented, Nordic Paper was able to limit the effects of the pandemic on the Company's business in 2021.

The overall goal is to ensure that a healthy and safe workplace is provided for the Company's employees as well as for contractors, temporary personnel and visitors. Nordic Paper has a vision of a workplace free from ill health and accidents. All serious incidents and accidents are systematically investigated to identify any sources of risk that could expose the employees to health hazards or accidents, and to implement preventive measures.

Despite these efforts, during the year there were 21 incidents resulting in absence from work, which is significantly more than the Company's target (<10 accidents, 9.0 LTIFR<sup>1</sup>) and more than in previous years. The number of accidents represents an LTIFR<sup>1</sup> during the year of 18.9 and the incidents resulted in a total of 389 days of sickness absence. There were four serious incidents and seven serious accidents in 2021, which were deemed to require the Company to report the events to the Swedish Work Environment Authority.

As a consequence of that the company during the beginning of the year showed a high rate of lost time incidents, the preventive and systematic work with occupational health and safety was strengthened.

A plan was put in place which the Company is now implementing. According to this plan, additional resources were allocated during the year to strengthen the systematic health and safety work, to revise routines and instructions, prepare and revise checklists, and to continue an ongoing review of the risk management process. The health and safety plan for 2022 requires a group-wide health and safety management system to be prepared, whereby routines and instructions that were previously plant-specific are being revised to be implemented across the Group.

As part of the effort to improve health and safety, in 2021 all business area managers and senior executives within the Company have undergone training in delegating health and safety assignments. As part of this training initiative and to ensure that individuals delegated responsibility have sufficient authority, resources and knowledge, the order of delegation has also been revised to meet the requirements in laws and regulations in a practical way.

**PREVENTIVE WORK**

The systematic fire safety process was reinforced during the year through a gap analysis and identification of required documents, engaging fire protection suppliers and taking stock of fire protection equipment and signage at the plants. A safety walkthrough is a tool used to increase the focus on systematic health and safety work to highlight safety risks within the organisation. Instructions and routines were prepared for safety walkthroughs and training was provided to managers and executives, and to safety representatives at each production plant. A total of 113 safety walkthroughs were carried out within the organisation in 2021.

The training and professional development needs in the area of



safety were identified and updated during the year. An employee training matrix has been produced and a training plan has been created for 2021 on onwards. Altogether Nordic Paper’s employees completed health and safety training for the area in which they work on 461 occasions in 2021. Topics included hot work, loading safety, fall protection and working in sealed areas.

**ZERO TOLERANCE FOR ALCOHOL AND DRUGS**

Nordic Paper has zero tolerance for alcohol and drugs in the workplace. Preventive health and safety measures include testing all personnel for alcohol use at the production plants in Bäckhammar and Säffle. A total of 10,000 alcohol tests were performed at these plants in 2021. A few of the tests on employees and contractors had positive rest results. During the maintenance shutdown random drug tests were also performed on the Company’s employees and contractors.

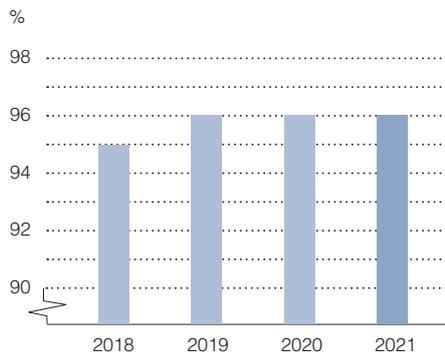
**ANNUAL EMPLOYEE SURVEY**

Every year an employee survey is conducted to provide an idea of how the employees view their workplace. Although the survey is done anonymously, the Company has the possibility to follow up on the results at the department level. The survey is an important tool in developing a sustainable work environment.

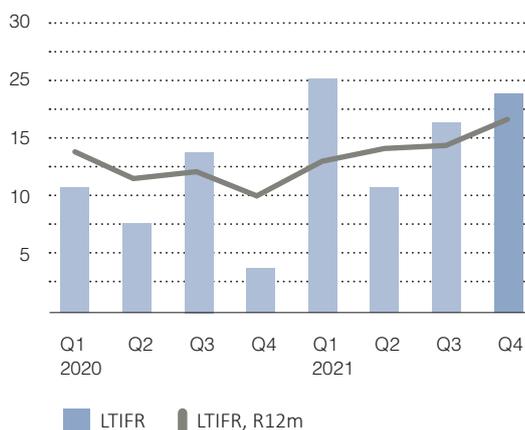
Nordic Paper aims for diversity in an environment that embraces the individuality of all employees. 22 percent of Nordic Paper’s employees are women and 50 percent of the elected board members are women.

Nordic Paper offers occupational health care and provides a wellness benefit to encourage exercise and healthy leisure activities, as well as other health-promoting activities at our plants and the areas around them.

**ATTENDANCE RATE**



**LTIFR**





Crane lift planning during the maintenance shutdown in Bäckhammar in 2021.

## SAFE LIFTING IN BÄCKHAMMAR

During a maintenance shutdown at Nordic Paper's production plants a lot of tasks needs to be carried out simultaneously. Multiple tasks are performed in the same areas at the plant and cranes are used to reach all areas.

**MIKAEL JÖNSSON IS WORKSHOP MANAGER** in charge of mechanical maintenance at Nordic Paper in Bäckhammar and is the person who coordinates all lifting work. He tells us that planning for the lifts to be done during the maintenance shutdown in the third quarter starts during the spring in consultation with contractors and external experts in working at height. During the actual maintenance shutdown a review of upcoming lifts takes place daily.

"Communication and coordination are key. It's also incredibly important to evaluate past shutdowns where errors or problems were fixed and improvements were made. We have focused a lot on safety this year. There are many of us on site and one thing we have done is to set up clear signage at blocked off areas including contact person details and when the work will be carried out. This really facilitates coordination and ensures everyone understands what's happening," says Mikael Jönsson.

Normally during maintenance shutdowns at Bäckhammar four cranes are used and there are up to 20 lifts per day during the shutdown.

"This shutdown went extremely well. One important factor was that, over the past year, we managed to provide further training to employees in the critical processes. We all want the same thing and there is fantastic teamwork. This inspires confidence in our work," says Mikael Jönsson.

To plan lifts during future maintenance shutdowns, Nordic Paper has developed a 3D crane map involving scanning the mill so that all those involved can gain an understanding of any risky elements in upcoming lifts.

**FOCUS AREA 2:****RESPONSIBLE PRODUCTION****TARGET 2021**

- Reduce carbon footprint in Scope 1 by 15 percent by 2030 compared with 2020

**OUTCOME 2021**

- Carbon footprint in Scope 1 and 2 increased by 12,000 tonnes compared with 2020 partly due to increased production volumes

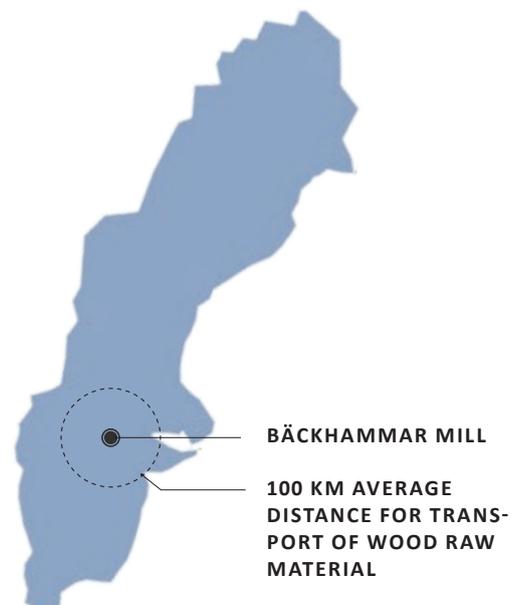
Nordic Paper operates a business that impacts its surrounding communities. The Company endeavours to ensure that production is operated as responsibly as possible by minimising resource use and emissions to air and water, while maximising value-creation for customers, employees and other stakeholders. Nordic Paper is committed to responsible production.

**NORDIC PAPER'S PRODUCTION PERMITS** stipulate the upper limits for the Company's emissions to air and water, and for other impacts such as noise. The aim is for the Company's impact to be within the permit limits with a safe margin. The permit provisions are based on assessments of what a plant with the best available techniques (BAT) can achieve for the type of production taking place. The fact that Nordic Paper produces speciality paper is one of the reasons for the conditions being different from a typical mill in the paper industry. Nordic paper therefore has seven time-limited dispensations from BAT levels in its production permits.

Responsible production involves choosing the right raw materials to minimise any indirect, negative impact. In its Supplier Code of Conduct, Nordic Paper requires its suppliers to work on ensuring resource efficiency in the use of raw materials and energy, and to take steps to prevent accidents that could negatively impact the environment.

**LOCAL SOURCING OF WOOD**

In terms of volume, the main input goods for Nordic paper are the wood raw materials used at the pulp mill in Bäckhammar, and in Säffle until it was closed down at the end of 2021. Wood raw materials are made of up around 70 percent pulpwood purchased from local actors in the area around the production facilities. Nordic Paper does not own any forests nor does it have any felling contracts with forest



owners. Nordic Paper did not import any wood raw material in 2021.

The average transport route for pulpwood is only 100 km, which keeps GHG emissions from transport to Nordic Paper at low levels.

The remaining 30 percent of wood raw material that is not pulpwood consists of wood chips from sawmills, i.e. residuals from sawn wood production.

All of Nordic Paper's wood raw material suppliers are FSC and/or PEFC certified and thus go through external audits to maintain their certification. All of the wood that Nordic Paper purchases is at least FSC Controlled Wood or PEFC Controlled Sources.

In total Nordic Paper consumed just over 1 million m<sup>3</sup> underbark of wood raw material in 2021, an increase of 2 percent from 2020.

One example of efforts to reduce resource use comes from the mill in Åmotfors this year. There, potential reductions were identified in both chemical consumption and water consumption. Through a focused effort involving replacing fresh water flows to the paper machines with recirculated water, a 50 percent reduction in water consumption has been achieved for most products apart from the most demanding electrotechnical products produced by the machines. For the mill as a whole, water consumption was reduced by 35 percent in 2021. One positive effect of the reduced water consumption is a rise in the system temperature of the paper machines, mainly during the winter, which has positive consequences from a paper engineering perspective, in the form of improved operability and reduced energy consumption.

**EMISSION OF GREENHOUSE GASES**

During the year, the emissions of greenhouse gases in scope 1, 2 and 3 amounted to 114,000 tonnes, an increase by 11,000 compared to last year. The emission in scope 1 and 2 increased by 12,000 tonnes. The increase is a result of increased production volumes but also a larger requirement for fossile fuels at Säffle and Greåker. The unit in Greåker is equipped with both an electrical boiler as well as with a natural gas boiler. As a result of sharply increasing electricity prices during the end of 2021, the natural gas boiler was used to a larger extent than

prior years leading to higher emissions in scope 1. The emissions in scope 3 decreased by 1,000 tonnes despite increasing volumes.

### IMPROVEMENTS THROUGH INVESTMENT

In addition to efforts to make constant improvements, the Company's sustainability performance is affected by restructuring or investment in production equipment. One example in 2021 is the restructuring of the production plant in Säffle. In addition to operational economy

benefits with fixed costs being reduced, the restructuring has also given rise to several environmental benefits for the Säffle mill in that the need for fossil fuel oil has been cut by more than 50 percent, and emissions to water of, for example, oxygen-consuming substances has been reduced. The sulphite process in the pulp production now discontinued depended on a supply of sulphur dioxide, a gas with toxic and corrosive properties. After shutting down this pulp production, the plant no longer needs sulphur dioxide.



AT NORDIC PAPER'S BIGGEST MILL, Bäckhammar, the chemicals used primarily in pulp production account for one third of GHG emissions caused by the paper before it is transported to customers. In an analysis of the GHG emissions of these chemicals, the lime purchased was identified as the cause of a large proportion of the climate impact, and targets were set to reduce the consumption of purchased lime.

Viktor Schützer, a process engineer at the pulp mill, talks about how things are connected:

“The pulp mill is an integrated system where everything is connected. A change in one place has consequences in other parts of the process. If our own chemical recovery system is not working properly for some reason, for example filters are activated because sludge levels are too high, we will need to purchase more lime externally.

Improvement work started during the 2019 maintenance shutdown when steps were taken in the mill's recovery boiler and the dimensions of the primary air inlets were increased to improve processing conditions. The recovery boiler is the heart of a pulp mill where the energy value is recovered from the part of the wood that is not cellulose.

“The sludge content in our green liquor has decreased by 37 percent since 2019, which means there is less ballast circulating in the system. This in turn improves the processes as fewer filter replacements are needed in the recovery system. This, combined with our focus on how we run the process, has enabled us to reduce our consumption of purchased lime by a full 62 percent for full year 2021 compared with the start year 2019.

In addition to direct economic benefits in processes, the reduction in purchased lime also reduced the mill's Scope 3 GHG emissions during the same period by 20 percent.

Viktor has worked for Nordic Paper since 2019 when completing his mechanical engineering degree at Uppsala University. He became interested in the forest industry through the various summer jobs he had over several years at Nordic Paper in Säffle.

“I think this is an interesting industry because of the possibilities that our products provide. Here in Bäckhammar we're a small team. We work well together and there's a lot of cross-functional cooperation between different parts of the organisation. A lot of things are happening and that's a great way to develop!”

**FOCUS AREA 3:****SUSTAINABLE  
BUSINESS CONDUCT****TARGET 2021**

- Customer satisfaction CSI>85
- Code of Conduct signed by 100% of employees
- Supplier Code of Conduct signed by 95% of suppliers

**OUTCOME 2021**

- Customer satisfaction CSI 84
- Code of Conduct signed by 100% of employees
- Supplier Code of Conduct signed by 96 percent of suppliers



Nordic Paper is the natural leader in speciality paper and focuses on long-term customer relationships, product development and efficient ways of working to generate sustainable business. Nordic Paper has an important role to play in society through our export activities, but also as an employer and tax payer in the countries where we operate.

**NORDIC PAPER'S CODE OF CONDUCT** provides the foundation for sustainable business conduct and is based on the Company's core values: responsibility, respect, cooperation and development.

Nordic Paper works closely with suppliers and customers and improvements are continually being made. Every year a supplier assessment is carried out based on six criteria that include quality, technical support and lead times. An assessment is made of suppliers that are considered to have an impact on the quality provided to end customers. 91 suppliers were assessed in 2021.

In 2021 Nordic Paper has kept up the pace of introducing the Company's Supplier Code of Conduct to its suppliers. At the end of the year 96 percent of all suppliers with a written contract and all other suppliers with a contract volume exceeding SEK 1m per year or with more than 24 orders a year had signed Nordic Paper's Supplier Code of Conduct or presented their own Code of Conduct that is equivalent to Nordic Paper's Code.

A customer survey was carried out at the end of the year to gain an insight into customers' opinions of Nordic Paper. The Company's customer satisfaction index in the 2021 survey was 84. Although this

represents very high satisfaction, it was a decrease compared to the even higher result of 86 the previous year.

**ANTI-CORRUPTION AND SANCTION WORK**

Nordic Paper has zero tolerance for corruption and bribes. The Company's guidelines regarding anti-corruption and bribes state that employees are expected to observe proper business ethics in their actions to avoid and prevent bribes and corruption.

At the beginning of the year the Company's routines to ensure that there are no sales to sanctioned countries and customers were reviewed and updated. All customers – existing and new – are continually screened to check if they appear on any sanction lists.

**HUMAN RIGHTS**

Nordic Paper follows the UN's human rights framework as well as Swedish and EU human rights laws.

We also believe it is vital for all parts of our value chain to support and respect the protection of internationally recognised human rights.

### WHISLEBLOWER SERVICE

In 2020 Nordic Paper launched a whistleblower service where the Company's employees can report any suspected serious misconduct, for example a breach of the Code of Conduct or of other policies or guidelines.

This service, which is available on the Company's intranet, is managed by an external supplier. Incidents are reported anonymously. In 2021 six reports were made, five of which related to HR issues and one to occupational health and safety issues.

### EXTERNAL COOPERATION

External cooperation enables Nordic Paper to contribute to the development of society. In 2021 the Company partnered with *Ung Verksamhet* (Junior Achievement), a programme aimed at inspiring more children and young people to develop their creativity, initiative and entrepreneurship. Under the programme 400 school children in Värmland participated in a challenge to develop more products made from paper. Around 250 upper secondary school students in engineering or science programmes worked on tasks relating to Nordic Paper's sustainability and Agenda 2030. They were also tasked with producing campaigns that appeal to a younger target group to provide visibility for Nordic Paper and its products, and to highlight the Company also as a potential employer.

For many years Nordic Paper has partnered with the Degerfors IF football club. This partnership involves and has in the past involved Nordic Paper supporting the club, in particular its youth teams. Also in 2021 the Company held information meetings in cooperation with the Degerfors football academy, involving students attending upper secondary school football programmes. Nordic paper informed the students about the Company and its products. The students showed a lot of interest in Nordic Paper, which is reflected, for example, in the number of summer job requests received.

Nordic Paper is also working with a number of individual athletes with a local connection in the areas where the Company operates. Within the Kraft Paper segment, the Company has partnered for several years with the sprinter Claudia Payton and in 2021 the skier Anton Persson was added to this collaboration. In the Natural Grease-proof segment, the Company is working with bakers in the Swedish national team of bakers (Svenska Bagarlandslaget).



Students in upper secondary engineering and sciences programmes on a visit to Nordic Paper.

## SUSTAINABILITY DATA

## ENVIRONMENTAL STATISTICS

		2021	2020
<b>PRODUCTION</b>			
Paper	1,000 t	272	256
Paper pulp	1,000 t	242	237
<b>RAW MATERIAL</b>			
Wood raw material	1,000 m <sup>3</sup> sub	1,043	1,023
Externally purchased pulp	t	48	42
<b>WATER CONSUMPTION</b>			
	million m <sup>3</sup>	20	20
<b>ENERGY CONSUMPTION</b>			
Biofuel, including spent liquor	GWh	1,631	1,530
Fossil fuels	GWh	111	97
<b>ELECTRICITY CONSUMPTION</b>			
Own electricity production	GWh	122	115
Purchased electricity	GWh	366	375
<b>PURCHASED STEAM</b>			
	GWh	117	102
<b>GHG EMISSIONS</b>			
Biogenic emissions	1,000 t CO <sub>2</sub>	571	569
<i>of which scope 1</i>	1,000 t CO <sub>2</sub> eq	35	26
<i>of which scope 2</i>		33	31
<i>of which scope 3</i>		46	47
- from purchased goods		23	24
- from transport to Nordic Paper		6	6
- from transport to the customer		17	17
<b>FOSSIL GHG INTENSITY</b>			
Total	kg CO <sub>2</sub> eq/t paper	420	404
<i>of which scope 1</i>		130	102
<i>of which scope 2</i>		122	119
<i>of which scope 3</i>		168	182
<b>EMISSIONS TO AIR</b>			
Sulphur	t	66	58
Nitrogen oxides	t	312	284
<b>EMISSIONS TO WATER</b>			
COD	t	3,052	2,596
TSS	t	196	213
P	t	3	3
N	t	88	100
<b>WASTE</b>			
Process waste	1,000 t	33	52
Hazardous waste	t	68	117

## ECONOMIC VALUE PER STAKEHOLDER

SEKm	2021	2020
<i>Direct economic value generated</i>		
Revenue	3,128	2,960
Economic value by:		
Suppliers	-2,232	-1,967
Investments in property, plant and equipment and intangible fixed assets	-180	-102
Personnel expenses	-519	-479
Interest paid to lenders	-22	-5
Dividend to shareholders	-134	-950
Paid tax	-48	-85

## TAX BY COUNTRY

SEKm	2021	2020
Sweden	-44	-55
Norway	-4	-30
<b>Total</b>	<b>-48</b>	<b>-85</b>

## EMPLOYEE OVERVIEW

	2021	2020
Average number of employees	634	632
<i>of which women</i>	22%	23%
<i>of which men</i>	78%	77%
Temporary employment <sup>1</sup>	22	25
Average age <sup>2</sup>	45 years	45 years
Up to 30 years	18%	18%
31–50 years	36%	32%
51 years and older	46%	50%

<sup>1</sup> Number of temporary employees at year-end (Sweden only, does not include holiday workers, just substitution and limited-time jobs)

<sup>2</sup> Average age refers to Sweden

*This is a literal translation of the Swedish original report.*

## AUDITOR'S STATEMENT ON THE STATUTORY SUSTAINABILITY REPORT

*To the general meeting of the shareholders in Nordic Paper Holding AB (publ), corporate identity number 556914-1913*

### **ENGAGEMENT AND RESPONSIBILITY**

It is the board of directors who is responsible for the statutory sustainability report for the year 2021 on pages 30–47 and that it has been prepared in accordance with the Annual Accounts Act.

### **THE SCOPE OF THE AUDIT**

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### **OPINION**

A statutory sustainability report has been prepared.

Stockholm, 11 April 2022  
Öhrlings PricewaterhouseCoopers AB

Martin Johansson  
*Authorised Public Accountant*

# DIRECTORS REPORT

*The Board of Directors and the Chief Executive Officer of Nordic Paper Holding AB, 556914-1913, hereby submit the following Annual Report and consolidated financial statements for the 2021 financial year.*

## OPERATIONS AND ORGANISATIONAL STRUCTURE

Nordic Paper Holding AB (publ) is the parent company of the speciality paper group Nordic Paper. In addition to the parent company, the Group also includes the subsidiaries Nordic Paper Bäckhammar AB, Nordic Paper Åmotfors AB, Nordic Paper Seffle AB in Sweden and Nordic Paper AS, Greåker in Norway.

On 31 December 2021, the Canadian company Glassine Canada Inc. was acquired. The company is included in the consolidated balance sheet as of 31 December and will be consolidated in the Group's results as of January 2022.

The Group's operations involve the production and sale of kraft paper and greaseproof paper. Nordic Paper reports in two segments. The Kraft Paper segment manufactures sulphate pulp and kraft paper in Bäckhammar and Kristinehamn, and produces paper in Åmotfors, Eda. The Natural Greaseproof segment manufactures greaseproof paper in Säffle and in Greåker.

In 2021, the Kraft Paper segment accounted for 56 percent of net sales and the Natural Greaseproof segment for 44 percent.

The parent company's operations include management services and the Company has two employees, the CEO and the CFO. For efficient currency management, the Parent Company engages in currency hedging activity on behalf of the Group.

## MARKET

Nordic Paper operates in selected niches in the global speciality paper market and manufactures kraft paper and greaseproof paper. The Company sells to customers in around 80 countries. Demand for Nordic Paper's products was strong in all geographies in 2021. Price increases were announced from the end of the first quarter and throughout the year, especially in the Kraft Paper segment. Consumers' growing interest in sustainability and a desire to reduce plastic consumption is having a positive impact on Nordic Paper's product demand.

## SALES AND EARNINGS

The Group's net sales increased by six percent in 2021 to SEK 3,083 (2,903)m compared to 2020. Both volumes and prices increased over the year and the total positive price effect amounted to two percent, while volume and product mix increased net sales by seven percent. The currency effect was -3 percent.

The geographical distribution of net sales remains stable. Europe accounted for 68 percent of sales during the year, Asia & Pacific accounted for 13 percent while North & South America accounted for twelve percent and the Middle East & Africa for seven percent. A more detailed geographical breakdown can be found in Note 6.

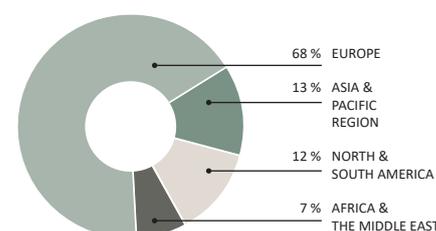
In the adjusted operating profit, provisions were made for land restoration of SEK 76m and an impairment loss on non-current assets in the amount of SEK 32m was recognised in connection with the closure of the pulp mill in Säffle. After tax, the adjustments totalled SEK 86m.

SEKm	2021	2020
Net sales	3,083	2,903
EBITDA	358	458
EBITDA margin, %	11.6	15.8
Operating profit	208	348
Operating margin, %	6.8	12.0
Profit for the period	144	258
Earnings per share before and after dilution, SEK	2.15	3.85

## CHANGE IN NET SALES

Jan-Dec 2020, SEKm	2,903
Sales volume and product mix	7%
Selling price	2%
Currency	-3%
Jan-Dec 2021, SEKm	3,083

## NET SALES BY REGION



EBITDA decreased by 22 percent to SEK 358m (458). The EBITDA margin was 11.6 percent (15.8). In the second quarter, a provision of SEK 76m was made for land restoration following the decision to discontinue pulp production at the plant in Säffle.

The cost of pulp and energy inputs increased sharply in 2021 due to high market prices. These cost increases were not offset by product price increases.

Natural Greaseproof is the segment that was mainly affected by the higher input costs and is reporting an EBITDA of SEK –34m.

The planned maintenance and production shutdowns were carried out according to plan in 2021 for all factories and at a slightly lower cost than expected.

Operating profit amounted to SEK 208m (348). Profit for the year totalled SEK 144m (258) and earnings per share were SEK 2.15 (3.85).

#### NET SALES

SEKm	2021	2020
Kraft Paper segment	1,772	1,613
Natural Greaseproof segment	1,377	1,327
Eliminations	–66	–37
<b>Group total</b>	<b>3,083</b>	<b>2,903</b>

#### EBITDA

SEKm	2021	2020
Kraft Paper segment	392	266
Natural Greaseproof segment	–34	205
Parent company and non-distributed items	–51	–6
Eliminations etc.	–51	–7
<b>Group total</b>	<b>358</b>	<b>458</b>

#### Kraft Paper segment

Net sales in the Kraft Paper segment increased by ten percent to SEK 1,772m (1,613), mainly due to increased volumes and an improved product mix, but also due to higher market prices. EBITDA increased by 47 percent to SEK 392m (266). The increase is largely due to increased volumes and an improved product mix, but also due to higher prices.

#### SIGNIFICANT EVENTS IN THE 2021 FINANCIAL YEAR

In the second quarter the Company decided to discontinue pulp production at the mill in Säffle in the fourth quarter of 2021 and to replace it with pulp purchased externally. In connection with this, a decision was also made to invest SEK 70m in Säffle to streamline the management of external pulp. These measures will strengthen the Säffle facility's position as a world-leading production facility for greaseproof paper. The plant's paper production capacity will be increased by 10 percent, fixed costs will be reduced by SEK 30–40m on an annual basis and the plant's climate footprint will be lower as the fossil fuel consumption will be more than halved.

On 31 December 2021, the Canadian speciality paper company Glassine Canada Inc. was acquired for a preliminary purchase price on a cash and debt-free basis of SEK 644m. The acquisition strengthens the Company's position in the North American market for greaseproof paper. In 2021, Glassine Canada had net sales of SEK 265m and an EBITDA of around SEK 65m. The company will be reported under the Natural Greaseproof segment.

The EBITDA margin increased to 22.2 percent (16.5). Operating profit totalled SEK 340m (214) and the operating margin was 19.3 percent (13.3).

#### CHANGE IN NET SALES

Jan–Dec 2020, SEKm	1,613
Sales volume and product mix	9%
Selling price	4%
Currency	–3%
Jan–Dec 2021, SEKm	1,772

#### Natural Greaseproof segment

Net sales in Natural Greaseproof amounted to SEK 1,377m (1,327), an increase of four percent. Demand for Nordic Paper's greaseproof paper was good during the year. Demand from the professional sector recovered in 2021 after being negatively affected by the pandemic in 2020.

EBITDA decreased to SEK –34m (205), mainly due to the sharply increased input prices, mainly pulp and energy, and to the provision of SEK 76m made following the decision to close the pulp mill in Säffle.

The EBITDA margin decreased to –2.5 percent (15.4). Operating profit decreased to SEK –132m (164) and the operating margin to –9.6 percent (12.4).

#### CHANGE IN NET SALES

Jan–Dec 2020, SEKm	1,327
Sales volume and product mix	9%
Selling price	–1%
Currency	–4%
Jan–Dec 2021, SEKm	1,377

#### FINANCIAL TARGETS

- Annual net sales growth of 2–4 percent over the long term. Nordic Paper also intends to grow opportunistically through selective acquisitions.
- EBITDA margin of around 20 percent in the medium term.
- Net debt in relation to EBITDA below 2.5x. Net debt in relation to EBITDA may, however, exceed 2.5x temporarily, for example in connection with acquisitions.
- Dividend of around 50–70 percent of net profit for the year. The proposed dividend is to take into account Nordic Paper's financial position, liquidity, future investment needs and the general macroeconomic and operational conditions.

CURRENCY HEDGING FOR THE NEXT TWELVE MONTHS

Currency	Average exchange rate of hedges	Exchange rate, 31 Dec	Total local currency, m	Total SEKm	Market value, net, SEKm	Currency hedging as % of estimated net exposure, 1–6 months	Currency hedging as % of estimated net exposure, 7–12 months
EUR	10.21	10.23	90	919	–4	62%	42%
USD	8.39	9.04	5	38	–3	45%	0%
GBP	11.87	12.18	12	147	–4	69%	43%
				<b>1,104</b>	<b>–11</b>		

CASH FLOW, FINANCIAL POSITION AND FINANCING

Cash flow from operating activities amounted to SEK 408m (352) for full year 2021. Changes in working capital were generally low in 2021 despite the fact that the acquired company Glassine Canada Inc. was included in the balance sheet as of 31 December. Accounts receivable increased sharply as a result of increased sales towards the end of the year. This is, however, offset by increased accounts payable and provisions for restoration costs in Säffle.

As of 31 December 2021, the Group had net debt of SEK 1,317m (718). Interest-bearing liabilities amounted to SEK 1,678m (1,134). In connection with the acquisition of Glassine Canada Inc., an existing credit facility of SEK 400m was utilised and net debt increased by SEK 644m.

Of the SEK 1,678m, SEK 24m is attributable to leasing liabilities according to IFRS 16. Cash and cash equivalents were SEK 360m (415). The equity/assets ratio was 18.0 percent (25.3) and net debt/EBITDA was 3.7 (1.6).

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT

Investments in property, plant amounted to SEK 180m (102) in 2021. Investments were made during the year in streamlined pulp bale handling in Säffle.

CURRENCY HEDGING

The Group hedges future net flows. In general, 50–75 percent of net flows will be hedged within the next six-month period and 25–50 percent for the following seven to twelve months. EBITDA includes the effect on earnings of realised currency hedges in the amount of SEK 18m (13). The graph above presents hedging for the upcoming 12-month period.

With the acquisition of Glassine Canada Inc. as of 31 December 2021, the Company's net exposure to USD increased slightly and the currency hedging for this increased exposure is under review.

TAX SITUATION

The tax expense for the year amounted to SEK 37m (70), which corresponded to a tax rate of 20.3 percent (21.3).

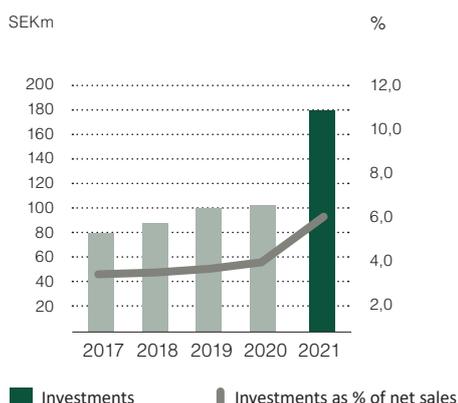
The Nordic Paper Group operates in Sweden and Norway. The income tax rate for companies in 2021 in Sweden was 20.6 percent and in Norway 22 percent. There are no accumulated loss carryforwards within the Group.

SEASONAL EFFECTS

Nordic Paper is affected to some extent by seasonal variations over its financial year, primarily due to planned production shutdowns. The Company's facilities in Åmotfors and Greåker both have production shutdowns for three to four weeks over the summer holidays in the third quarter.

During these shutdowns much of the annual maintenance work at the facilities is also carried out. The Company's plant in Säffle will also operate in this mode until 2021, but in 2022 it will switch to operating during the holiday period as well, and will have a shorter maintenance shutdown in the third quarter of just under two weeks.

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT



DIRECT COSTS FROM PLANNED PRODUCTION SHUTDOWNS FOR MAINTENANCE

SEKm	Kraft Paper			Natural Greaseproof			Implemented, quarter		
	Forecast 2022	Out-come 2021	Out-come 2020	Forecast 2022	Out-come 2021	Out-come 2020	2022	2021	2020
	Bäckhammar	65	64	60				3	3
Åmotfors	8	6	8				3	3	3
Säffle				12	23	23	3	3	3
Greåker				6	4	4	3	3	3
Quebec				3–4	–	–	3	–	–

The Company's facility in Bäckhammar operates year round and its annual maintenance shutdown therefore usually falls in the third quarter. The shutdown at Bäckhammar is normally for just under two weeks. The acquired company Glassine Canada Inc. also has year-round operations at the paper mill in Québec, with an annual maintenance shutdown in the third quarter of around one week.

During both maintenance shutdowns and holiday period shutdowns, production halts and operating profit is negatively affected by lower gross margins and by slightly lower delivery volumes. At the facilities that have production shutdowns during the summer holiday period, the third quarter is also affected by lower personnel costs.

Net sales in December often have a certain negative impact as a result of limited access to transport in connection with the Christmas and New Year holidays. The consequence may be increased inventory levels at the end of the year and a shift in net sales to the first quarter of the following year. Nordic Paper is taking active steps to develop its ways of working to limit these effects through planning and preparatory work with transport suppliers. As a result, this seasonal variation did not occur in the fourth quarter of 2021.

#### Activities subject to permit or notification requirements under the Environmental Code

The Group carries out operations that are subject to permits under the Environmental Code (Sweden) and the Environmental Act (Norway). Environmental impact occurs mainly through emissions to water and air as well as noise. The operations subject to permits encompass the Group's entire net sales. For 2021, production volumes were within the limits of approved permits.

In 2021, no production permits were amended or renewed. The process for the application submitted in 2020 for a new permit for increased production at the Company's facility in Bäckhammar continues. A new production permit is expected to be obtained at the earliest in early 2023.

#### SUSTAINABILITY REPORT

Nordic Paper has prepared its Sustainability Report for 2021 as part of the Annual and Sustainability Report and it is presented on pages 29-47. The Company's business model is presented on pages 10-12 and the risk profile on pages 60-65.

#### NORDIC PAPER SHARES

The share capital in Nordic Paper AB comprises 66,908,800 ordinary shares. Each share entitles the holder to one vote in shareholder meeting resolutions. No laws or articles of association contain any restrictions on the transferability of the shares.

On 31 December, the largest owner of the Company, Sutriv Holding AB, held 32,220,312 shares, corresponding to 48.16 percent of the number of shares on the market. No other owners held ten percent or more of the total number of shares as of 31 December 2021. Nordic Paper does not hold any shares in treasury.

More information about Nordic Paper shares can be found on page 115 and on Nordic Paper's website, [www.nordic-paper.com](http://www.nordic-paper.com)

#### PROPOSAL FOR APPROPRIATION OF PROFITS

The Board proposes that funds available for distribution (SEK):

Retained earnings	271,501,121
Profit for the year	222,449,992
	<b>493,951,113</b>

are distributed as follows:

A dividend to the shareholders of SEK 2.00 per share	133,817,600
To be carried forward	360,133,513
	<b>493,951,113</b>

#### EVENTS AFTER THE END OF THE FINANCIAL YEAR

After the end of the financial year, Russia has invaded the Ukraine. Nordic Paper had limited commercial relation to Russia as well as to the Ukraine before the war, which makes that the commercial impact is not of significant financial importance to Nordic Paper.

# CORPORATE GOVERNANCE REPORT

Nordic Paper's vision is to be the natural leader in speciality paper, with our work being based on the values of responsibility, respect, cooperation and development. The Company offers efficient and environmentally responsible products and solutions within our Kraft Paper and Natural Greaseproof segments. The business is run with a focus on clear goals for growth, profitability and returns. There are also explicit requirements for Nordic Paper to act in a way that is sustainable over the long term for shareholders, as well as for employees, customers, suppliers and other stakeholders.

**THE FRAMEWORK FOR THE COMPANY'S ACTIONS** is set out in laws and regulations such as the Swedish Companies Act, the Swedish Annual Accounts Act, stock exchange rules and the Swedish Corporate Governance Code (hereinafter referred to as the Code). These are supplemented by the Company's business principles for sustainable work environments, sustainable business conduct and responsible production.

Furthermore, the Company's own governance follows internal rules and guidelines in governing documents such as the Board's and CEO's rules of procedure and policies, as well as processes for, for example, control and risk management.

This Corporate Governance Report aims to describe the framework in place, the distribution of responsibilities as well as interactions between the Annual General Meeting, the Board of Directors and the CEO. The report is reviewed by the Company's auditors.

Nordic Paper Holding AB is a public Swedish limited liability company that has been listed on the Stockholm stock exchange, Nasdaq Stockholm, since October 2020. Preparing a corporate governance report is required under the Swedish Annual Accounts Act. The Corporate Governance Report follows the rules and instructions set out in the Code.

Nordic Paper has applied the Code since the Annual General Meeting of 12 March 2020. This Corporate Governance Report has been prepared observing the Company's application of the Code in 2021. Nordic Paper has no deviations from the Code to report for the period. No violations of applicable stock exchange rules or of good practice in the stock market have been reported regarding Nordic Paper by Nasdaq Stockholm's Disciplinary Committee or the Swedish Securities Council in 2021.

## SHAREHOLDERS

Nordic Paper Holding AB had 3,751 shareholders at the end of 2021. Swedish private individuals constituted the largest owner category with 3,500 shareholders. The largest shareholder at the end of the year, with 48.16 percent of the votes and capital, was Sutriv Holding AB (corp. reg.no. 556056-8817), based in Stockholm. The three largest shareholders thereafter were Swedbank Robur with 9.40 percent, AMF Pensionsförsäkring AB with 9.38 percent and Handelsbanken Fonder with 5.29 percent. Sutriv Holding AB is 100 percent owned by Shanying International Holding Co. Ltd., which is listed on the Shanghai Stock Exchange.

The employees do not hold Nordic Paper Holding shares via a pension fund or similar. There is no limit to how many votes each shareholder can cast at the Annual General Meeting. More information about the shares and ownership structure can be found on page 115.

## ANNUAL GENERAL MEETING

Notice for the Annual General Meeting is issued no earlier than six and no later than four weeks before the planned meeting date. The notice contains:

- A)** information about registration and the right to vote and attend the meeting;
- B)** numbered agenda with the matters to be dealt with;
- C)** information on the proposed dividend and the main content of the other proposals.

Shareholders or proxies can vote for the full number of owned or represented shares. Shareholders may register for the meeting by letter or at [nordic-paper.com](http://nordic-paper.com). As announced on 28 October 2021, the 2022 Annual General Meeting will take place on 19 May 2022.

## NOMINATION COMMITTEE

At the Annual General Meeting on 20 May 2021, instructions were adopted for the Company's Nomination Committee, according to which the Nomination Committee will consist of one representative for each of the Company's four largest shareholders in terms of votes as of 31 August 2021. The composition of the Nomination Committee for the 2022 Annual General Meeting is Andreas Kihlblom, Sutriv Holding AB (chair), Caroline Sjösten, Swedbank Robur, Patricia Hedelius, AMF, and Suzanne Sandler, Handelsbanken Fonder.

The Nomination Committee's task is to submit proposals regarding the election of board members, the Board Chair, board fees and audit fees, as well as for the election of an auditor. The proposals are presented in the notice of the Annual General Meeting.

The Nomination Committee will apply Rule 4.1 of the Code as a diversity policy when preparing its proposal for the Board. This means that the Board must have an appropriate composition that takes into account the Company's operations, stage of development and other conditions, and is characterised by diversity and breadth with respect to the expertise, experience and background of the members elected by the Annual General Meeting. Attaining an even gender distribution is a priority. The Nomination Committee will take this policy into

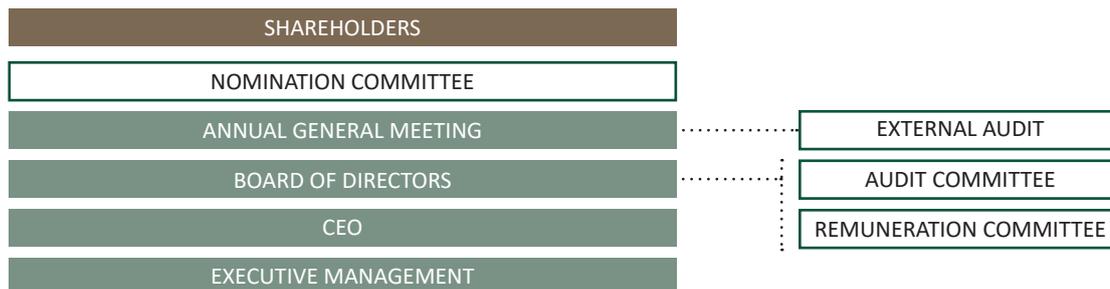
account when making proposals for the Board. Further information on the Nomination Committee's work will be provided at the 2022 Annual General Meeting. The Nomination Committee will publish its proposal at the Annual General Meeting.

## BOARD MEETINGS

In 2021, the Board held 20 meetings, four of which were held in connection with the Company submitting a quarterly report.

One meeting was devoted to reviewing strategic issues and to the Group's budget. In addition, the Board has paid special attention to strategic, financial and acquisition matters, monitoring operations, the change in pulp production decided upon for the Säffle plant, and the planned programme for expansion of the plant in Bäckhammar and other major investments. Furthermore, the Board has addressed risk and matters concerning the Company's internal control.

The Company's auditor has reported to the Board on the review of the accounts and internal control.



Structure for corporate governance within Nordic Paper

## THE BOARD'S WORK

The Board is the Company's highest decision-making body after the Annual General Meeting. According to the Swedish Companies Act, the Board is responsible for the Company's administration and organisation, which means that the Board is responsible for, among other things, setting goals and strategies, ensuring routines and systems for evaluating the set goals and targets, continuously evaluating the Company's results and financial position and evaluating operational management.

The Board's work follows a plan that, among other things, will ensure that the Board receives all necessary information. The Board decides annually on the written rules of procedure and issues written instructions regarding the division of work between the Board and the CEO, as well as information that the Board must receive on an ongoing basis on current financial developments and other important events. Company officials report on company matters at board meetings.

In order to develop the Board's procedures, an annual evaluation is carried out where each member answers a questionnaire with relevant questions concerning the Board's work, and is given the opportunity to submit proposals on how the Board's procedures can be further developed. The results are presented and discussed at a

board meeting. The results of the 2021 evaluation form the basis for the planning of the Board's work over the coming years.

The Chair of the Board has presented the results of the evaluation to the Nomination Committee. An annual evaluation of the CEO is also carried out by the Board.

## Chair of the Board

The Chair leads the Board's work so that it is carried out in line with applicable laws and regulations, the Code and the Board's own rules of procedure. The Chair ensures that the work is well organised, conducted efficiently and that the Board fulfills its tasks.

In dialogue with the Company's CEO, the Chair monitors the development of the business and is responsible for ensuring that other members receive on an ongoing basis the information required for the Board's work to be conducted in the best possible manner. Together with the Company's CEO, the Chair of the Board also approves a proposed agenda for the Board's meetings. The Chair is responsible for the evaluation of the Board's work and checks that board decisions are implemented, and is also the Company's representative in matters relating to ownership.

## Composition of the Board

The members of the Board are elected annually by the Annual General Meeting for the period lasting until the next AGM is held. According to the Articles of Association, the Board is to consist of three to ten members, without deputies. The Articles of Association do not contain any other provisions on the appointment or dismissal of board members, changes to the Articles of Association or restrictions on how long a member can be a member of the Board.

The 2021 Annual General Meeting resolved to re-elect the board members Per Bjurbom, Ying Che, Stefan Lundin, Karin Eliasson, Helene

Willberg and Arne Wallin. Per Bjurbom was re-elected as Chair of the Board.

In addition to the six members elected by the Annual General Meeting, local workers' organisations have the right to appoint two members and two deputies. Of the six members elected by the AGM, four are deemed to be independent in relation to the Company and three members to be independent in relation to the owner as per the Code's definition. None of the board members, other than the employee representatives, work operationally within the Company. More information about the board members can be found on page 69.

## BOARD MEMBERS ELECTED AT THE 2021 ANNUAL GENERAL MEETING

Members	Elected	Position	Independent in relation to			
			Company and management	Major shareholders	Audit Committee	Remuneration Committee
Per Bjurbom	2019	Chair of the Board	No <sup>2</sup>	No <sup>3</sup>	–	–
Karin Eliasson	2020	Board member	Yes	Yes	–	Chair
Helene Willberg	2020	Board member	Yes	Yes	Chair	–
Arne Wallin	2020	Board member	Yes	Yes	–	Member
Ying Che	2019	Board member	Yes	No <sup>3</sup>	Member	–
Stefan Lundin	2019	Board member	No <sup>4</sup>	No <sup>5</sup>	Member	–
Per Gustafsson <sup>1</sup>	2013	Board member	–	–	–	–
Tommy Hedlund <sup>1</sup>	2015	Board member	–	–	–	–
Niclas Backelin <sup>1</sup>	2013	Deputy board member	–	–	–	–
Tom Röd <sup>1</sup>	2019	Deputy board member	–	–	–	–

<sup>1</sup> Employee representative

<sup>2</sup> CEO of Nordic Paper until March 2019

<sup>3</sup> Employed by Sutriv Holding AB

<sup>4</sup> Has performed consulting assignments for Nordic Paper beyond of board duties in 2021 (SEK 93,000)

<sup>5</sup> Employed by Sutriv Holding AB until 2020, final remuneration paid in 2021

## BOARD COMMITTEE

The Board has established two board committees so as to streamline and deepen the Board's work on certain issues: a Remuneration Committee and an Audit Committee. Members of the committees are appointed for one year at a time at the statutory board meeting and their work, as well as the committees' decision-making powers, are regulated by annually established committee instructions, which are reviewed and adopted each year.

The committees have preparatory and administrative roles. Matters addressed at committee meetings are documented in the meeting minutes and reported at the subsequent board meeting, where decisions are made in applicable cases.

### Audit Committee

Nordic Paper has an audit committee consisting of three members: Helene Willberg (chair), Stefan Lundin and Ying Che. Without it affecting the Board's responsibilities and duties in general, the Audit Committee is tasked with monitoring the Company's financial reporting as well as the efficiency of internal control and risk management, staying infor-

med about the annual accounts and consolidated accounts, reviewing and monitoring the auditor's impartiality and independence, monitoring whether the auditor is providing the Company with services other than auditing services, and assisting in the preparation of proposals for the AGM's election of an auditor.

### The work of the Audit Committee in 2021

In 2021, the Audit Committee held twelve meetings. During the year the committee dealt with various accounting matters, external audit planning for 2021, enterprise risk management (ERM), internal control, financing, currency hedging, tax and external reporting. The Chair of the Audit Committee regularly reported to the Board on issues addressed at the Committee's meetings.

### Remuneration Committee

The main task of the Remuneration Committee is to prepare for Board decisions on remuneration principles, remuneration packages and other remuneration-related employment terms for executive management.

The committee is to monitor and evaluate the application of guidelines for remuneration to senior executives, remuneration structures and remuneration levels. The committee proposes to the Board an overall policy regarding salaries, other remuneration and employment benefits in general at Nordic Paper and guidelines for remuneration to senior executives. The committee also prepares for the CEO's proposal for salaries and other remuneration for executive management. The committee also submits proposals to the Board, which decides on the salary and remuneration for the CEO. The Remuneration Committee consists of the members Karin Eliasson (Chair) and Arne Wallin.

### The work of the Remuneration Committee in 2021

In 2021, the Remuneration Committee held ten meetings. Throughout the year the Remuneration Committee prepared questions about remuneration and other employment terms for the CEO and other

senior executives.

The Remuneration Committee evaluated the application of both the policy and the guidelines established by the Annual General Meeting for remuneration to senior executives. More information on remuneration within the Group can be found in the *Remuneration Report* and in Note 9 on pages 92-93.

### EXECUTIVE MANAGEMENT

The Board has delegated operational responsibility for the Company and the Group's management to the Company's CEO. Instructions regarding the division of work between the Board and the CEO are approved annually by the Board. Nordic Paper's executive management consists of the Company's CEO and eight other members. Information about the President and other members of executive management can be found on page 70.

### ATTENDANCE AND FEES

Members	Elected	Position	Audit Committee	Remuneration Committee	Attendance at meetings			AGM annual fee, thousand SEK	
					Board	Audit Committee	Remuneration Committee		Committee work
Per Bjurbom	2019	Chair of the Board			20/20			550	
Karin Eliasson	2020	Board member		Chair	20/20		10/10	300	50
Helene Willberg	2020	Board member	Chair		20/20	12/12		300	150
Arne Wallin	2020	Board member		Member	20/20		10/10	300	25
Ying Che	2019	Board member	Member		20/20	12/12		300	75
Stefan Lundin	2019	Board member	Member		20/20	12/12		300	75
Per Gustafsson <sup>1</sup>	2013	Board member			19/20				
Tommy Hedlund <sup>1</sup>	2015	Board member			20/20				
Niclas Backelin <sup>1</sup>	2013	Deputy board member							
Tom Röd <sup>1</sup>	2019	Deputy board member							

<sup>1</sup> Employee representative

### EXTERNAL AUDIT

The external auditor's task is to review the Group's annual and sustainability reports and accounts, the consolidated accounts and the subsidiaries', as well as the Board's and the CEO's administration of the Company. After each financial year, the auditor is to submit an audit report to the Annual General Meeting.

The principal auditor participates in meetings with the Audit Committee and presents the annual audit to the Board. The Board also meets with the auditor without management being present.

At the 2021 Annual General Meeting, the auditor PricewaterhouseCoopers (PwC) was elected external auditor until the 2022 Annual General Meeting in accordance with a proposal from the Nomination Committee. The principal auditor is Martin Johansson. PricewaterhouseCoopers has been the Company's auditors since 2017.

Since its listing on Nasdaq, Nordic Paper Holding has, in addition to the audit assignment, only consulted PwC to a limited extent. The amount of the fees and compensation paid to PwC for 2021 is set out in Note 8 on page 91.



### INTERNAL CONTROL PROCESSES

An annual review of the strategy of each business segment is carried out, including objectives for the business. The strategy is presented to the Board and forms the basis for the expectations set out in each area.

Based on the expectations, each unit sets targets and identifies success factors to achieve the targets. Key performance indicators (KPIs) are linked to these success factors to measure and show development. The strategy review also forms the basis for the budget, where decisions on resource allocation are made and goals for the coming year are set. Through internal reporting for continuous monitoring, it is ensured that the entire operation sets relevant priorities so as to achieve the targets set.

#### Code of Conduct

Nordic Paper's Code of Conduct provides guidance on day-to-day work and explains what is expected of the employees. Responsible behaviour towards both internal and external stakeholders is paramount in all of Nordic Paper's operations.

The Supplier Code of Conduct covers business ethics, anti-corruption, human rights, health and safety, work environment and the environment. With respect for human rights, Nordic Paper strives for a work environment based on the equal value of all people.

All employees must have the same rights, obligations and opportunities regardless of gender, transgender identity or expression, ethnic affiliation, religion or other belief system, disability, sexual orientation and age.

#### Policies

Nordic Paper uses policies adopted by the Board, guidelines and instructions for the Group to clarify how employees should act in basic and critical areas.

The Group's ten policies address, among other things, expectations of employeeship and leadership, setting frameworks for goal management, talent supply and succession planning, cooperation with trade unions, equal treatment and terms of employment. In addition, ensuring a good work environment is addressed based on safety and health aspects, anti-corruption and competition issues and how good business practice is maintained in relationships with external contacts in the various markets.

Employees in roles where they are at risk of being exposed to illicit behaviour receive special training in business ethics. The policies state that raw materials must be used efficiently and environmental impact limited, and that continuous improvements are to be prioritised. Financial risks are managed centrally with an emphasis on a low level of risk.

The policies are also there to ensure that the Company's assets are managed in accordance with the Group's rules, the risk of errors in financial reporting is minimised and irregularities are prevented. The Group's purchasing transactions are to contribute to long-term profitability. Sustainable consumption of raw materials, products and services must be ensured in both the short and long term. Communication is to be accurate, transparent and easily accessible, and take into account legal requirements and commercial confidentiality.

#### THE GROUP'S TEN POLICIES ARE:

- Corporate Governance Policy
- Finance Policy
- Insider Policy
- Communication Policy
- Work Environment Policy
- Environmental Policy
- HR Policy
- Information Security Policy
- IT and Digitisation Policy
- Policy for Transactions with Related Parties

#### Compliance

Nordic Paper's Code of Conduct, policies and values are included in each employee's orientation and they are reminded of them by managers at employee meetings. Compliance is monitored through, among other things, employee surveys and performance and career development reviews, salary surveys and safety statistics. Where violations or a deficient corporate culture are discovered, the issue is to be handled in a manner suited to the context and situation.

### Whistleblower service

Nordic Paper strives to maintain an open business climate and a high level of business ethics, and to support this effort, there is an established Code of Conduct as well as various policies and guidelines. The safety of and respect for all persons affected is ensured within the organisation.

A whistleblower service, provided by an external party called WhistleB, is in operation and can be used by all employees in case of serious malpractice. The whistleblower service is an early warning system to reduce risk, but also to increase employee safety and security.

### THE BOARD'S REPORT ON INTERNAL CONTROL IN FINANCIAL REPORTING

This section has been prepared in accordance with the Swedish Corporate Governance Code and the Swedish Annual Accounts Act, and describes the Company's internal control and risk management with respect to financial reporting. The purpose is to give owners and other stakeholders an insight into how internal control in financial reporting is organised at Nordic Paper.

#### Internal control in financial reporting

The Board's responsibility for internal control and financial reporting is regulated in the Swedish Companies Act and in the Code. According to the Code, it is also the Board's responsibility to ensure that the Company is managed sustainably and responsibly. Ongoing responsibility for all of these issues has been delegated to the CEO.

#### Purpose and structure

The purpose of internal control is to ensure that Nordic Paper maintains reliable and accurate financial reporting, that the Company's and Group's financial reports are prepared in accordance with laws and applicable accounting practice, that the Company's assets are protected and that other requirements are complied with.

The system for internal control is also intended to monitor that Company and Group policies, principles and instructions are being complied with. Internal control also includes risk analysis. The Group identifies, assesses and manages risk based on the Group's vision and goals.

The finance department coordinates and monitors the process for internal control in financial reporting. The Company's framework is based on the framework for internal governance and control developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Internal control work mainly follows COSO's framework for internal control in financial reporting. The framework consists of five basic elements: control environment, risk assessment, control activities, information and communication, and monitoring and evaluation. The framework has been adapted to Nordic Paper's various operations.

### NORDIC PAPER'S FRAMEWORK FOR INTERNAL GOVERNANCE AND CONTROL CONSISTS OF FIVE BASIC ELEMENTS:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring and evaluation

**CONTROL ENVIRONMENT** A good control environment lays the groundwork for a company's efficient internal control system. A good control environment is built on an organisation where there are clear decision paths and where powers and responsibilities are distributed through governing documents and a corporate culture with a common set of values.

The Board's rules of procedure and instructions for the CEO establish the division of roles and responsibilities to ensure effective control and management of the business's risks. The Board has also established a number of basic policies and governing documents that are important for maintaining effective control, such as Finance Policy, IT Policy and Communication Policy. In addition, management has established guidelines and instructions that help to make individuals aware of their role in maintaining good internal control.

These documents must also ensure that financial reporting complies with the laws and regulations that apply to companies listed on Nasdaq Stockholm, as well as any local rules where operations are carried out.

**RISK ASSESSMENT** An assessment of the financial reporting risks takes place annually, and control activities are strengthened or introduced. The risk assessment process aims to identify and evaluate risks that may lead to the Group's goals for financial reporting not being met.

The results of risk management work are compiled and evaluated under the direction of the finance department and are reported to the Audit Committee and the Board in its entirety. For a description of the Group's risk and risk management, see the section Risk and risk management on pages 60-65.

**CONTROL ACTIVITIES** To ensure that Nordic Paper's objectives for financial reporting are met, control requirements are built into the processes that are deemed relevant: sales, purchasing, investment, HR, annual accounts, payments and IT. Control activities aim to prevent, detect and correct errors and deviations.

Control activities are performed at all levels within Nordic Paper and at different stages of business processes.

**INFORMATION AND COMMUNICATION** Nordic Paper regularly provides financial information through annual reports, interim reports, press releases and announcements on the Company's website. Efficient and correct dissemination of information, both internally and externally, is central to ensuring complete, correct and timely financial reporting. The Company's rules, guidelines and manuals are communicated through several internal channels.

The Group's finance department has direct operational responsibility for current financial reporting and for the application of the Group's guidelines, principles and instructions for financial reporting. Operating units regularly submit financial and operational reports to executive management, which in turn reports to the Board through the CEO. The communication policy and associated guidelines aim to ensure that external communication is accurate, relevant, transparent and reliable, and otherwise lives up to the requirements set out for Nordic Paper as a Nasdaq Stockholm listed company.

**MONITORING AND EVALUATION** All of the Group's units carry out self-evaluations adapted for their specific operations, indicating which control requirements apply to each process in order to ensure that the controls are effective and appropriate.

The results of the self-evaluations are monitored on an ongoing basis and deviations are reported quarterly to management and the CEO. Tests are carried out on the accuracy of the self-evaluations.

A report on the self-evaluation of internal control, including of financial reporting, is sent to executive management once a year. This report shows any identified shortcomings in internal control as well as action plans decided on in order to deal with these shortcomings. Reports are prepared annually for the Audit Committee and the Board as well.

Monitoring is an important tool to identify any shortcomings within the Group and to manage them by drawing up new control requirements.

#### **Internal audit statement**

There is currently no established internal control function within Nordic Paper. The Board has examined the issue and assessed that existing structures for monitoring and evaluation provide a satisfactory basis for internal control, and nothing within the organisation, or other conditions in the business, justifies a so-called special review function (internal audit). The Group's existing internal control processes are considered to be sufficient.

# RISK AND RISK MANAGEMENT

Nordic Paper is exposed to a number of risks that may have a significant impact on the Company. This section describes the most important risks that affect Nordic Paper's ability to reach its targets and implement strategies, how each risk is managed and the Company's risk management process.

**NORDIC PAPER MANUFACTURES** speciality paper with production sites in Sweden and Norway. The Company has some 800 customers in over eighty countries and almost 93 percent of the paper that the Company produces is exported. The end users of the Company's kraft paper products operate mainly in the food and industrial sectors, and for greaseproof paper products, mainly in the food and food service sectors.

Nordic Paper is exposed to industry and market risks, operational and business risks, legal and regulatory risks and financial risks. All of these risks can have a negative impact on the Group's operations. As such, it is important that the Company has a systematic and efficient process for identifying, managing and reducing the effects of these risks. The Company minimises risks through preventive work. Risk management is an integral part of annual business planning.

## ASSESSMENT OF RISK FACTORS

Many of Nordic Paper's risks can affect the Company both positively and negatively. In this sense, the risks also present opportunities for the Company. Examples of opportunities are beneficial development in raw material prices, demand or the market price of the Company's products.

Nordic Paper has made an assessment of which risks are most significant for the Company. The assessment of the materiality of each risk has been done on the basis of the likelihood that it will occur and the expected extent of its negative consequences from a five-year perspective. The COSO<sup>1</sup> definition of risk (future events that threaten the organisation's ability to achieve its business objectives) has been taken into account in risk assessment.

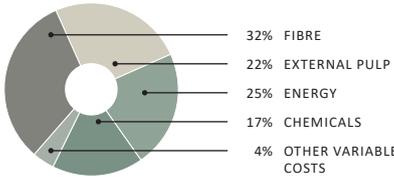
## RISK MANAGEMENT PROCESSES

Nordic Paper's Board of Directors holds overall responsibility for ensuring that the Company manages risk in the correct manner. The CEO has the overall operational responsibility.

The risk assessment process is initiated by executive management, based on the Company's goals and strategies, and includes risk identification, valuation and management, and is an integral part of the Company's operational management. The process also includes stating who is responsible for managing the risk and for measures to reduce and monitor the risk.

<sup>1</sup> Committee of Sponsoring Organizations of the Treadway Commission

## INDUSTRY AND MARKET RISKS

RISK	DESCRIPTION OF RISK	RISK MANAGEMENT
<b>RISKS ASSOCIATED WITH THE CORONAVIRUS (COVID-19)</b>	<p>To date, Covid-19 has had no impact on Nordic Paper's production capacity, nor has it had a significant impact on Nordic Paper's financial position.</p> <p>Nordic Paper's experience is that the pandemic has had a negative impact on demand where lockdowns or closures have occurred and the Company has experienced a certain shift in demand in Natural Greaseproof from the professional food sector to the consumer-driven retail sector. The Company has noted that demand from the professional sector is recovering. Continued measures to combat the spread of the pandemic may, however, have a significant negative impact on Nordic Paper's financial position and operating profit.</p>	<p>Nordic Paper has followed the pandemic's development very closely from an early stage.</p> <p>Alternative workplaces are used where possible and where local conditions require it. All maintenance shutdowns are carried out using extensive safety measures as a result of the pandemic.</p> <p>Nordic Paper has strong financial sustainability, which gives the Company flexibility.</p>
<b>VARIATIONS IN DEMAND AND PRODUCT PRICES</b>	<p>Demand for Nordic Paper's products depends on, among other things, general macroeconomic trends such as recession, inflation, deflation, weak sales markets, changing purchasing power among consumers and new consumption patterns.</p> <p>The price of Nordic Paper's products is set on the open market and depends on how well production volumes are matched to market demand. Nordic Paper's paper prices are usually determined on a short-term basis and therefore occasional price fluctuations of varying degrees occur that are not necessarily correlated with Nordic Paper's cost base. A negative price development for marketed products, which cannot be offset by reduced costs, could therefore lead to decreased earnings for the Group.</p>	<p>Some ways in which Nordic Paper manages this risk are varying contract lengths, such as six- or twelve-month contracts, a focus on special segments that contain higher added value, which can replace volume products over the long term and where price levels and demand are more stable.</p> <p>Other ways are to have a broad product mix, several market channels, a wider geographical area for sales and communication to increase brand awareness and brand loyalty.</p>
<b>COSTS FOR INPUTS AND SERVICES</b>	<p>The market price for many inputs and services used in the manufacture of Nordic Paper's products varies over time, which can affect the Company's results. Nordic Paper has little opportunity to compensate for price increases on input goods.</p> <p>Around 58 percent of the Group's total costs consist of variable costs, i.e. raw materials and other inputs and services (excluding distribution services).</p>  <p>Nordic Paper's variable costs</p> <p>In 2021, market prices for pulp and energy increased to historically high levels.</p>	<p>Nordic Paper is trying to put all procurement out to tender in order to reduce costs and not be dependent on an individual supplier.</p> <p><b>FIBRE RAW MATERIAL</b> – Nordic Paper does not hedge market price fluctuations. Long-term and multiple partners provide some stability in the price profile, as well as more secure access to input goods. Planned future investment in a new wood room in Bäckhammar will reduce dependence on sawmill chips, which is a more volatile market than for pulpwood.</p> <p><b>PURCHASING PULP</b> – The net exposure to the pulp market is relatively limited as the Company has its own pulp production facility in Bäckhammar. Nordic Paper buys pulp from a number of suppliers, reducing risk.</p> <p><b>ENERGY PRICE</b> – The electricity price is secured through fixed price hedging. The Company never hedges 100 percent without a falling proportion of the volume over a five-year period. Gas and oil prices are set monthly.</p>
<b>POLITICAL DECISIONS</b>	<p>Nordic Paper's operations are affected by political decisions and administrative regulation, primarily in Sweden and Norway, where Nordic Paper operates, but also at the EU level.</p> <p>The impact can come from general rules in tax legislation, environmental legislation, forestry legislation and financial reporting. One important political decision is the United Kingdom's withdrawal from the EU (Brexit). The UK is one of Nordic Paper's most important markets.</p>	<p>Nordic Paper's exposure to political decisions is considered limited. Nordic Paper carries out production in Sweden and Norway and sells most of its products to Europe and the USA. These markets are politically stable. There is always a certain risk that political decisions may increase the cost or limit Nordic Paper's opportunities to sell its products. The Company monitors the external environment, actively participates in various organisational networks and is also involved in lobbying activity to, among other things, increase awareness of fluorochemicals.</p>
<b>COMPETITION</b>	<p>Nordic Paper operates in a competitive industry. The competition is driven, among other things, by factors such as brand awareness and brand loyalty, but also by product innovation, quality and workmanship, price, service, proximity to customers and distribution capacity.</p> <p>Increased competition within Nordic Paper's markets is a constant risk. Any increased competition due to a possible increase in the production capacity of Nordic Paper's competitors, and thus of the paper supply on the market, may impair the ability to achieve planned revenues and to realise the financial and operational assumptions made.</p>	<p>Nordic Paper's strategy to minimise the impact of increased competition in its existing markets is to continuously improve its own competitiveness. This is done through efficiency improvement and further development of the production structure.</p> <p>As part of annual strategy work, the Company carries out market analysis and identifies its most important competitors. Long-term customer relationships are strengthened through the delivery of high-quality speciality paper and a high level of service.</p>
<b>EMPLOYEES</b>	<p>Nordic Paper needs talented and motivated employees as well as good leaders to achieve its set strategic and operational goals and targets. It is thus important that Nordic Paper succeeds in recruiting and retaining employees with the appropriate skills.</p> <p>A lack of qualified staff due to reduced interest in the industry or shortages in the education sector could lead to difficulties in the future. The continued urbanisation trend in Sweden and abroad could also exacerbate this problem.</p>	<p>Nordic Paper works continuously to manage professional development and to plan for generational change at Nordic Paper's facilities. To ensure that Nordic Paper attracts people with the desired skills, the Company is working to strengthen its brand as an employer.</p> <p>Staffing plans are ongoing. Educational programmes in pulp and paper have been established in partnership with Karlstad University. New joint orientation materials for all newly hired/new managers has been produced and an employee survey is carried out annually. Salaries and other employment terms must be adapted to each market and linked to the Company's priorities.</p>

## OPERATIONAL AND BUSINESS RISKS

RISK	DESCRIPTION OF RISK	RISK MANAGEMENT
<b>HEALTH AND SAFETY</b>	<p>Nordic Paper's operations involve a workplace with a risk of accidents and incidents.</p> <p>In addition to the risk to people's lives and health, there is also a risk of production disruption, resulting in increased costs and in potentially being prevented from continuing to operate.</p>	<p>Nordic Paper works actively to reduce the number of accidents and to increase employees' attendance in good health. Health and safety are a priority and are an integral part of day-to-day operations.</p> <p>To reduce accidents and increase healthy attendance, Nordic Paper applies clear strategies to set targets and monitor performance in relation to them, provides staff training, and routinely reports and follows up incidents and accidents.</p> <p>In 2021, the number of incidents resulting in sickness absence increased to a level above the Company's target. During the first quarter of 2021, a plan was put in place to intensify the preventive and systematic work environment processes that the Company is now applying. As per the plan, in 2021, systematic work environment planning was improved by revising routines and instructions, by drawing up checklists and templates and by updating risk management. Initiatives were implemented in training and professional development. The Company's preventive fire protection procedures have been improved.</p>
<b>LOSS OF PRODUCTION AT PRODUCTION PLANTS</b>	<p>Nordic Paper has four production facilities, three in Sweden and one in Norway, and since 31 December 2021, one in Canada. Fires, machine breakdowns, power outages and other types of incidents can damage facilities and also cause delivery problems, reduced customer confidence and increased costs.</p> <p>Annual maintenance shutdowns are carried out at the plants as a means of counteracting these types of incidents. However, the maintenance shutdown itself is a risk and can cause unforeseen, major equipment failures or accidents. If the maintenance shutdown lasts for longer than planned or if additional maintenance requirements are discovered, this can have a negative effect on production, and the maintenance can lead to increased costs compared with previous years.</p>	<p>Management annually reviews the maintenance requirements of the plants for the next few years. This work includes identifying ongoing annual investments, expansion investments and investments that aim to increase quality and safety.</p> <p>Annual maintenance shutdowns are carried out to ensure a high and stable production rate. Maintenance shutdowns are carefully planned out in advance to minimise maintenance time. Important to injury prevention work is facility maintenance, staff training, orderliness and correct documentation.</p> <p>Preventive activity includes an annual inspection of the factories together with the Company's insurance company. Nordic Paper has active property and interruption insurance that covers the risk of damage to property, including machine stoppages, fires and business interruptions, including equipment breakdowns. The insurance premiums are based on cost of replacement and are, according to Nordic Paper's assessment, appropriate for the Group's operations and on a par with other companies in the industry.</p>
<b>CLIMATE RISK</b>	<p>The ongoing climate change situation is affecting Nordic Paper's raw material supply. Growth rates in the forest from which Nordic Paper buys its pulpwood are forecast to increase as a result of climate change, but the probability of insect infestation, drought, forest fires or sudden events may increase the risk profile of the raw material supply. Climate-related floods can also affect Nordic Paper's production facilities.</p>	<p>Nordic Paper's supply of pulpwood and sawmill chips is distributed over some 40 suppliers with various separate sourcing areas, reducing the risk of geographically limited events.</p> <p>The watercourses at Nordic Paper's facilities in Sweden are subject to government regulations. When designing these regulations, flood risks are also taken into account.</p>
<b>IT SYSTEMS AND CYBER THREATS</b>	<p>IT attacks on businesses are increasing in general. Security is managed through the use of various security and anti-virus programmes, as well as firewalls. IT systems and interruptions or errors in critical systems could lead to disruptions in production and in important business processes. Nordic Paper is dependent on IT systems for its ongoing operations.</p> <p>Improper handling of financial systems may also affect Nordic Paper's accounts. The risk of intrusion and cyber attacks by unauthorised persons in Nordic Paper's systems can cause financial losses.</p>	<p>Nordic Paper has a management model for IT with control, standardised processes and information security. Technical controls are continuously updated to maintain effective perimeter protection.</p> <p>The IT strategy includes a long-term plan to replace systems and make the Company less dependent on certain suppliers and the systems themselves by building new functionality outside of existing systems.</p>
<b>CUSTOMER STRUCTURE, CUSTOMER AND AGENT RELATIONS</b>	<p>Maintaining strong relationships with existing agents and customers, and building relationships with new agents and customers, are necessary to ensure that Nordic Paper's products are presented in the best way to customers and are available for purchase.</p> <p>Being highly dependent on certain individual, major customers, agents, industries or geographical markets can have a significant impact on revenues and earnings.</p>	<p>Nordic Paper has good commercial risk distribution over several hundred customers. Geographically, the Company sells paper worldwide to all continents and over several product segments and distribution channels. At the same time, product development is under way to develop customised or new products for new customers and segments.</p> <p>The customer base is stable in both business segments based on long historical relationships. Around 80 and 90 percent, respectively, of net sales in the Kraft Paper and Natural Greaseproof segments are attributable to customers who have purchased products from Nordic Paper for six years or longer.</p> <p>Nordic Paper's ten largest customers account for around 20 percent of the Company's net sales.</p>

## OPERATING AND BUSINESS RISKS, cont.

RISK	DESCRIPTION OF RISK	RISK MANAGEMENT
<b>SUPPLIERS</b>	<p>Nordic Paper is dependent on suppliers for input goods and services such as pulpwood, sawmill chips, bleached sulphate pulp chemicals, energy, natural gas and other fuels. For certain input goods, there is a risk that Nordic Paper will become too dependent on a few or a single individual supplier.</p> <p>A loss of one or more important suppliers can lead to increased costs and manufacturing problems for Nordic Paper. Suppliers who do not follow Nordic Paper's Code of Conduct can cause issues for Nordic Paper.</p>	<p>Nordic Paper aims to avoid being dependent on any one individual supplier. The Company has a number of suppliers for its most important inputs. By signing contracts of different lengths, supplier risk can be reduced.</p> <p>Nordic Paper's Supplier Code of Conduct is incorporated into all new supplier contracts (unless a supplier's own code of conduct meets the requirements). Suppliers are evaluated regularly.</p>
<b>STRATEGY IMPLEMENTATION</b>	<p>Ineffective implementation of strategic plans, incorrect investment decisions, inability to create commitment to adopted strategies, as well as risks around acquisitions and integration could adversely affect operations.</p> <p>Implementation of M&amp;A, including integration of acquired operations, and carrying out strategic investment projects are strategy implementation components that expose Nordic Paper to risk.</p>	<p>Nordic Paper's annual strategy work is based on a five-year perspective. It is based on the stakeholders' needs and expectations identified through external and stakeholder analysis. The focus is on developing the business segments, volume development in production and investment planning. Strategy work includes risk and opportunity analysis.</p> <p>The final strategy is decided on by the Board in its June meeting. Communication of the strategy takes place in the third quarter with a larger management group. With the entire organisation's participation, the Company ensures that the strategy development process captures the skills and ideas that exist within the organisation. To achieve the strategic objectives, annual targets are set as important milestones for the implementation of the strategy.</p> <p>When implementing M&amp;A and strategic investment projects, Nordic Paper ensures that external expertise is used in the areas that are deemed relevant in line with a risk analysis for each initiative.</p> <p>In parallel with the transaction phase in acquisition projects, integration phase planning is carried out so that integration and realisation of combined benefits can be implemented in a swift and smooth manner following the acquisition, with minimised risk.</p>

## LEGAL AND REGULATORY RISKS

RISK	DESCRIPTION OF RISK	RISK MANAGEMENT
<b>BUSINESS ETHICS</b>	<p>Unethical behaviour, or shortcomings in sustainability management by Nordic Paper or its suppliers, could lead to the Company's brand and reputation being damaged and it becoming more difficult to retain and attract customers and employees. The Company may also be subject to fines and other legal sanctions.</p> <p>Nordic Paper's operations in the global paper market, especially given the Group's geographical spread, exposes Nordic Paper to risks attributable to, among other things, sanctions and corruption. The risk of corruption is particularly high in procurement procedures for major contracts of significant value. The risk is further increased by the Group hiring agents in many of its export markets, as the Group may be liable for corrupt behaviour by both its agents and its employees.</p> <p>Economic sanctions have in recent years become a significant risk factor for companies trading internationally, not least in light of the Russian attack on Ukraine. Although Nordic Paper's products are seen as low risk, from a sanctions point of view, trade with sanctioned countries can entail significant sanction risks for a company in terms of the identity of local business associates and customers' business sectors, which may be subject to targeted sanctions.</p> <p>Furthermore, Nordic Paper is subject to competition laws in the jurisdictions in which it operates. Competition authorities have the power to initiate ex-post controls and require a party to cease applying contract terms, prices and procedures that are deemed anti-competitive. Competition authorities also have the authority to issue fines and other sanctions as a result of violations of provisions in current regulations.</p>	<p>The Nordic Paper Code of Conduct (the Code) describes how the Company and its employees should act and how business is conducted. The Code also describes the expectations of employees and business partners and what our stakeholders can expect from the Company. The Code applies to all units within the Group.</p> <p>Nordic Paper has also drawn up Anti-Corruption and Anti-Bribery Guidelines listing a number of principles for what applies to employees, board members and partners.</p> <p>In 2021, efforts were made to introduce the Company's Supplier Code of Conduct into Nordic Paper's supplier relations. By the end of the year 96 percent of all suppliers had written agreements and all suppliers with a contract volume greater than SEK 1m per year or more than 24 orders per year had accepted in writing Nordic Papers' Supplier Code of Conduct or presented its own code of conduct corresponding to Nordic Paper's own.</p> <p>At the beginning of the year the Company's routines to ensure that there are no sales to sanctioned countries and customers were reviewed and updated. All customers – existing and new – are continually screened to check if they appear on any sanction lists. As a result of the extensive sanctions that nations have imposed on Russian interests following the invasion of Ukraine, Nordic Paper has temporarily increased its review frequency for updated sanction lists. The review is carried out daily.</p> <p>Each year a supplier evaluation is carried out based on a number of parameters where business ethics is a central component.</p> <p>In 2020, Nordic Paper introduced a whistleblower service. The service gives all employees an opportunity to inform/sound the alarm where there is a suspicion of serious misconduct, through a channel provided by an external party. The service is completely disconnected from the Company's IT system and web services. The case is handled confidentially and it is not possible to investigate the whistleblower's identity.</p>
<b>ENVIRONMENT</b>	<p>In there are shortcomings in environmental responsibility, trust in the Company and the brand can be negatively affected. Nordic Paper's operations affect air, water, soil and biological processes, which can lead to costs for restoring the environment or other types of negative effects. There may also be demands for environmental restoration relating to the effects of Nordic Paper's previous, now discontinued operations.</p> <p>Nordic Paper's industrial operations in Sweden require permits in accordance with the Environmental Code. Permits granted set limits on the scope of operations and their impact on the environment. In the event of expanded or changed operations, additional measures may be required. Any neighbours of the plants, public opinion or media who oppose production increases, for example, can delay certain permit decisions through appeals. The issue of the economic impact of climate change is also growing in importance.</p>	<p>Nordic Paper's must operate in a responsible manner with regard to all stakeholders as well as the external and internal environment.</p> <p>Confidence in Nordic Paper as a responsible company strengthens the Company's role in society and in the market, and promotes employee engagement. Nordic Paper communicates regularly with its stakeholders to maintain an open and positive relationship. Internal quality controls are a tool for ensuring compliance. Internal environmental training takes place on an ongoing basis.</p> <p>The environmental standard within Nordic Paper's production units is high as a result of continuous work over many years. All production units have certified quality management systems. The units have environmental roles that are responsible for contact with the supervisory authorities.</p>
<b>LEGAL AND ADMINISTRATIVE PROCEDURES INCLUDING FOOD SAFETY</b>	<p>Nordic Paper operates internationally, both in mature markets and in emerging markets, some of which have less stable political situations. Nordic Paper can be called on as a counterparty in multiple jurisdictions. Consequently, Nordic Paper risks from time to time becoming involved in civil rights, work-environment related and administrative procedures that arise as part of day-to-day operations.</p> <p>Disputes may arise due to customers claiming that Nordic Paper's products are defective, inadequate or do not meet the level of quality, safety and reliability that the customer expected, which could result in significant claims for damages or other compensation claims. This in turn could lead to other product-related litigation, major product recalls and food safety disputes.</p>	<p>Nordic Paper works actively to ensure that Code of Conduct and values are observed, not only among Company's employees but also by its agents and suppliers. Nordic Paper continually monitors developments in a number of areas and, together with external legal advisers, manages any legal risks that may arise.</p> <p>Both business segments are certified according to international standards (ISO). Products for use in the food industry are approved by the FDA and BFR.</p> <p>The Company's management system for handling food safety (Säfte and Greåker are certified according to ISO 22000) includes quality control and product safety in purchasing and delivery.</p>

## FINANCIAL RISKS

RISK	DESCRIPTION OF RISK	RISK MANAGEMENT
<b>CREDIT RISK</b>	Credit risk is the risk of losses due to Nordic Paper's customers or counterparties in financial contracts not fulfilling their payment obligations, thereby causing the Group a financial loss. Nordic Paper has no significant concentration of credit risk.	Nordic Paper has established guidelines to ensure that products and services are sold to customers with good creditworthiness, and payment terms vary between 0–90 days depending on the counterparty. Nordic Paper takes out credit insurance for most of its customers and otherwise uses letters of credit, bank guarantees, advance payments, etc. to secure payments and minimise the risk of credit losses. In terms of Nordic Paper's net sales, credit losses, or provisions made for them, have historically been limited.
<b>CURRENCY RISK TRANSACTION EXPOSURE</b>	The risk of exchange rate fluctuations in export revenue and import costs can have a negative impact on Nordic Paper's future earnings, cash flow and value of assets and liabilities. The Group operates internationally and is exposed to currency risk that arises from various currency exposures, primarily with regard to the US dollar (USD), British pound (GBP), euro (EUR) and Norwegian kroner (NOK). Currency risk arises from payment flows in foreign currencies, so-called transaction exposure, and from the translation of balance sheet items into foreign currencies, which primarily comprises of transactions in the currencies USD, EUR and GBP. Currency risk also arises when translating the Norwegian subsidiary's income statement and balance sheet into the Group's reporting currency, which is Swedish kronor (SEK), so-called translation exposure.	Nordic Paper's main transaction exposure involves EUR, GBP and USD. To minimise currency risk in sales revenues, currency hedges are made in the currencies where the net exposure exceeds SEK 100m, currently in EUR, GBP and USD. The Group hedges future net flows. Normally, 50–75 percent of net flows must be hedged within the next six-month period and 25–50 percent in the following seven to twelve months.
<b>LIQUIDITY AND FINANCING RISK</b>	This is the risk that Nordic Paper will not have sufficient cash to pay operating costs or that the Company will not obtain credit facilities. It is also the risk that Nordic Paper will violate agreed covenants, which would negatively affect its ability to finance the business.	Nordic Paper manages its liquidity risk by endeavouring to hold sufficient assets and short-term investments in liquid markets and have the necessary financing through credit facilities. Nordic Paper monitors and forecasts liquidity and financing needs in order to detect risks of impaired covenants in a timely manner and to implement the necessary measures and report these forecasts to the Board.
<b>INTEREST RATE RISK</b>	Interest rate risk is the risk that fair value or future cash flows from a financial instrument will vary due to changes in market interest rates. A significant factor that affects interest rate risk is the fixed interest period. In connection with the acquisition of Glassine Canada Inc., SEK 400m was used of existing credit facilities. As of 31 December 2021, the Group's net debt therefore increased to SEK 1,317m. Interest-bearing liabilities amounted to SEK 1,678m.	The Group's loans have a variable interest rate where the margin is determined by covenants, of which net debt divided by EBITDA is the most important.
<b>IMPAIRMENT RISK</b>	Risk of intangible non-current asset impairment. In connection with the acquisition of Glassine Canada Inc., the amount of goodwill recognised increased by SEK 382m to SEK 726m, brands are recognised in the amount of SEK 31m and customer relations of SEK 219m.	The Group monitors and forecasts earnings development for the Group's segments and reports these to the Board. Follow-up and forecasts provide early signals of any impairment risk, giving the Group the opportunity to act to avoid impairment.

# REMUNERATION GUIDELINES

## INTRODUCTION

These guidelines include the remuneration of the CEO and other members of Nordic Paper's executive management (senior executives). The guidelines are forward-looking, which means that they will be applied to any remuneration agreed, and changes made to already agreed remuneration, after the guidelines were adopted by the Extraordinary General Meeting held on 20 August 2020.

The guidelines do not cover remuneration decided on by the Annual General Meeting, such as programmes for long-term variable remuneration.

## REMUNERATION PRINCIPLES

Remuneration and other terms of employment for the CEO and senior executives must be competitive so that Nordic Paper can attract, employ and retain a competent executive management team, which is essential for successful implementation of the Company's business strategy and for safeguarding Nordic Paper's long-term interests, including its sustainability.

The total remuneration offered should also be market-based and give senior executives joint responsibility for the Company's overall results, which are aligned with the shareholders' interests.

## TOTAL REMUNERATION

The total remuneration to the CEO and senior executives must be competitive in the market in the country where the person is located.

The total remuneration will consist of a fixed cash salary, variable cash remuneration under incentive programmes, pension benefits and other benefits. In addition, and independently of these guidelines, the Annual General Meeting may decide on, for example, share or share price-related remuneration and other forms of remuneration without restrictions.

### Fixed cash salary

A review of the fixed cash salary for the CEO and senior executives will be carried out annually. When determining and reviewing fixed cash salaries, the total remuneration, including pension and local market salary data, primarily for a relevant comparison group of companies, will be taken into account.

Salary increases (as a percentage of existing fixed cash salary) should normally be based on external market practice, other employees in relevant locations and positions, and the individual's performance.

### Variable cash remuneration

Variable cash remuneration, as per the annual incentive programmes, must be linked to predetermined and measurable criteria related to the Company, designed to promote value creation for the Company and strengthen links between performance targets achieved and rewards.

The criteria for incentive programmes are decided on annually by the Board and designed so that they promote the Company's business strategy and long-term interests, including its sustainability, by, for example, having a clear connection to the business strategy or promoting the person's long-term development.

The extent to which the criteria for allocating variable cash remuneration have been met is to be measured over a period of one year and evaluated following the measurement period. Annual variable cash remuneration is to be limited and the maximum payment may not exceed 30 percent of the fixed cash salary for senior executives and 50 percent for the CEO.

The Board has, at its own discretion, the right, in whole or in part, to deny a person the right to a variable cash payment in the event that the person has acted in violation of Nordic Paper's Code of Conduct, to recover variable cash compensation paid to a person on incorrect grounds, such as recalculation of financial results due to incorrect financial reporting, non-compliance with financial reporting requirements, etc.

### Pensions and other benefits

Nordic Paper is aiming to gradually move towards defined-contribution pension solutions, meaning that Nordic Paper would pay contributions corresponding to a specific percentage of the employee's salary. Pension benefits will be defined-contribution and entitle the individual to a pension from the age of 65, unless the individual is covered by a defined-benefit pension plan in accordance with mandatory collective agreement provisions or mandatory local regulations.

The CEO has a defined-contribution pension with a premium limited to 40 percent of the annual fixed cash salary. Variable cash compensation will not qualify for pension benefits, except when it follows from provisions according to a general pension plan (such as the Swedish ITP plan). Other benefits may include, among other things, life insurance, health insurance and car benefits. Such benefits may total a maximum of 15 percent of the annual fixed cash salary.

**CONDITIONS FOR TERMINATION OF EMPLOYMENT**

The notice period for the CEO and senior executives is six (6) months if the employment is terminated by the Company and six (6) months if the employment is terminated by the employee. In addition, severance pay of a maximum of twelve (12) months' fixed cash salary may be paid to the CEO and a maximum of six (6) months to senior executives if the employment ends at the Company's request.

The Company's CEO and senior executives are to be covered by an anti-competitive clause with legal effect lasting six (6) months after the termination of employment, as well as non-recruitment of relevant parties during this period. The Company may unilaterally waive the anti-competitive clause at its own discretion. In return for competition restrictions, the CEO will be entitled to remuneration of 60 percent of the monthly remuneration (calculated on fixed cash salary and variable salary) and senior executives 75 percent of the monthly remuneration (calculated on fixed cash salary).

**BOARD MEMBER REMUNERATION IN ADDITION TO BOARD FEES**

Board members elected at the Annual General Meeting may in certain cases receive a fee for services performed within their respective areas of expertise, but beyond their board duties.

Compensation for these services are to be paid according to market conditions and approved by the Board.

**THE DECISION-MAKING PROCESS**

The Board has established a Remuneration Committee. The committee prepares for the Board's decision on proposals for remuneration guidelines and other terms of employment for the CEO and senior executives. The committee also monitors and evaluates programmes for variable remuneration paid to executive management, the application of guidelines for remuneration, current remuneration structures and remuneration levels within the Company. The Board is to prepare proposals for new guidelines at least every four years and submit the proposal for resolution at the Annual General Meeting. The guidelines apply until new guidelines have been adopted by the Annual General Meeting.

The members of the Remuneration Committee are independent in relation to the Company and executive management. The CEO or other persons in executive management are not present when the Board considers or makes decisions on remuneration-related issues insofar as they are affected by the issues.

**DEVIATIONS FROM THE GUIDELINES**

The Board of Nordic Paper considers it its responsibility to apply discretion and make well-founded assessments regarding individual remuneration packages or salary levels that may deviate from time to time either above or below the established salary strategy, in whole or in part, if there are specific reasons in an individual case and a deviation is necessary to meet the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability, and may be based on such factors as:

- The person's performance and potential in relation to the market.
- Long-term succession planning and strategic talent supply.
- Business conditions in the industry or the overall market, as well as commercial or regulatory requirements within the senior executive's area of responsibility.
- Circumstances where people are asked to assume a new role, responsibility for specific projects or strategic initiatives.

**SALARY AND EMPLOYMENT TERMS FOR EMPLOYEES**

In preparing the Board's proposal for these remuneration guidelines, salaries and employment terms for the Company's employees are taken into account in that information on employees' total income, remuneration components and the remuneration increase and rate over time have formed part of the Remuneration Committee's and Board's decision basis in the evaluation of the suitability of the guidelines and the restrictions arising in them.





From the left: Per Gustafsson, Per Bjurbom, Karin Eliasson, Arne Wallin, Tommy Hedlund, Ying Che, Stefan Lundin and Helene Willberg

#### PER BJURBOM

Chair of the Board since 2019

**BORN:** 1961

**EDUCATION:** Master of Science in Mechanical Engineering, Paper Engineering, Royal Institute of Technology, Stockholm

**OTHER CURRENT POSITIONS:** Chair of the Board and CEO of Sutriv Holding AB

**PREVIOUS POSITIONS:** Several leading positions in the paper industry with responsibility for production, distribution, M&A, marketing and sales, for example at Holmen, Stora Enso and BillerudKorsnäs. CEO of Nordic Paper 2014–2019.

**INDEPENDENT IN RELATION TO THE COMPANY/MAJOR SHAREHOLDERS:** No/No

**SHAREHOLDING:** 28,200

#### YING CHE

Board member since 2019  
Member of the Audit Committee

**BORN:** 1983

**EDUCATION:** Master of Business Administration, Warwick Business School (WBS), University of Warwick, UK

**OTHER CURRENT POSITIONS:** Vice President of Sutriv Holding AB (Europe BU, Shanying International). CEO of Creative Space Holdings Ltd, UK.

**PREVIOUS POSITIONS:** Various positions within Shanying International, including position as Vice President of Cyclelink International 2015–2016. Cyclelink operates a waste paper business in Europe, the USA and Asia. Prior to that, PR Manager and Assistant Chair at Shanying International.

**INDEPENDENT IN RELATION TO THE COMPANY/MAJOR SHAREHOLDERS:** Yes/No

**SHAREHOLDING:** –

#### STEFAN LUNDIN

Board member since 2019  
Member of the Audit Committee

**BORN:** 1957

**EDUCATION:** Bachelor's in Business Administration, Örebro University

**OTHER CURRENT POSITIONS:** –

**PREVIOUS POSITIONS:** Experience from a number of positions in finance and as a senior executive in industrial companies. CFO at Setra, one of the largest wood product companies in Sweden, for 12 years. CFO at Nordic Paper 2016–2018.

**INDEPENDENT IN RELATION TO THE COMPANY/MAJOR SHAREHOLDERS:** No/No

**SHAREHOLDING:** 3,500

#### HELENE WILLBERG

Board member since 2020  
Chair of the Audit Committee

**BORN:** 1967

**EDUCATION:** Master's in Accounting and Finance, Stockholm School of Economics

**OTHER CURRENT POSITIONS:** Chair of the Board of Footway Group AB and Indecap Fonder AB. Board member of Infrea AB, Profoto Holding AB, Thule Group AB, Aligro Planet Acquisition Company AB, ReNewCell AB, Enzymatica AB, Indecap Holding AB, Xshore AB and Byggfakta Group Nordic HoldCo AB.

**PREVIOUS POSITIONS:** Authorised Public Accountant. Several senior positions at KPMG AB for 20 years, including CEO 2008 to 2012. From 2017 to 2020 Country Leader at the consulting company Alvarez and Marsal Nordics.

**INDEPENDENT IN RELATION TO THE COMPANY/MAJOR SHAREHOLDERS:** Yes/Yes

**SHAREHOLDING:** 20,913

#### KARIN ELIASSON

Board member since 2020  
Chair of the Remuneration Committee

**BORN:** 1961

**EDUCATION:** Bachelor's degree, Mid Sweden University

**OTHER CURRENT POSITIONS:** Board member of Karolinska University Hospital, RLS Global AB, Ruter Dam Chefsutveckling AB and Vice Chair of the council and Chair of the Nomination Committee of Skandia.

**PREVIOUS POSITIONS:** Many years of experience as a senior executive in international companies with responsibility for areas such as human resources and sustainability. SVP Group Human Resources and Sustainability at SCA AB from 2003 to 2007 and in a similar position from 2008 to 2014 at TeliaSonera AB. GVP Human Resources and Sustainability for Autoliv Inc. from 2014 to 2019.

**INDEPENDENT IN RELATION TO THE COMPANY/MAJOR SHAREHOLDERS:** Yes/Yes

**SHAREHOLDING:** 4,000

#### ARNE WALLIN

Board member since 2020  
Member of the Remuneration Committee

**BORN:** 1954

**EDUCATION:** Master of Science in Mechanical Engineering, Royal Institute of Technology, Stockholm

**OTHER CURRENT POSITIONS:** –

**PREVIOUS POSITIONS:** Leading technical roles and management roles in the paper industry, including management of large investment projects and investment programmes within the Holmen Group for 27 years until 2015, positions as head of the Braviken factory, CEO of the Holmen Paper business region and CEO of Holmen Energy.

**INDEPENDENT IN RELATION TO THE COMPANY/MAJOR SHAREHOLDERS:** Yes/Yes

**SHAREHOLDING:** 695

#### TOMMY HEDLUND

Board member since 2015  
Employee representative, Säfte Union

**BORN:** 1957

**OTHER CURRENT POSITIONS:** Chair of the Board Billeruds Civil Servant's Organisation SIF-SACO, Economic Association.

**SHAREHOLDING:** 300

#### PER GUSTAFSSON

Board member since 2013  
Representative of Pappers Bäckhammar

**BORN:** 1959

**OTHER CURRENT POSITIONS:** –

**SHAREHOLDING:** 1,000

#### DEPUTIES

##### NICKLAS BACKELIN

Deputy board member since 2013  
Employee representative for Åmotfors Union

**BORN:** 1974

**OTHER CURRENT POSITIONS:** Deputy board member of Eda Bostads Aktiebolag.

**SHAREHOLDING:** –

##### TOM RÖD

Deputy board member since 2019  
Employee representative for GAF Greåker

**BORN:** 1966

**OTHER CURRENT POSITIONS:** –

**SHAREHOLDING:** –



Back row from the left: Henrik Asp, Marie Stenquist, Peter Warren Middle row from the left: Lars Löfquist, Henrik Essén, Niclas Eriksson Front row from the left: Anita Sjölander, Christian Persson Standing: Patric Johansson

#### ANITA SJÖLANDER

Chief Executive Officer since 2019

**BORN:** 1965

**EDUCATION:** Master of Science in Chemical Engineering, Chalmers University of Technology, Gothenburg

**OTHER CURRENT POSITIONS:** Board member of The Paper Province economic association

**SHAREHOLDING:** 7,500

#### NICLAS ERIKSSON

Chief Financial Officer since 2018

**BORN:** 1967

**EDUCATION:** Bachelor's degree in Business Administration, Karlstad University

**SHAREHOLDING:** 6,300

#### HENRIK ESSÉN

Head of Strategy & IR since 2021

**BORN:** 1974

**EDUCATION:** Master of Science in Chemical Engineering, KTH, Stockholm

**SHAREHOLDING:** 13,000

#### MARIE STENQUIST

Director of Corporate Communications/ PR since 2014

**BORN:** 1978

**EDUCATION:** Studies in media and communication, rhetoric, sociology, Örebro University and studies in strategic communication, Umeå University

**SHAREHOLDING:** 576

#### LARS LÖFQUIST

Director of Human Resources since 2013

**BORN:** 1958

**EDUCATION:** Studies in, among other things, labour law and leadership, Karlstad University and social sciences, psychology and social medicine, Örebro University

**SHAREHOLDING:** 600

#### CHRISTIAN PERSSON

Director of Operations since 2019

**BORN:** 1972

**EDUCATION:** Forest industry programme specialising in pulp and paper, Karlstad University

**SHAREHOLDING:** 940

#### PETER WARREN

Director of Sales & Marketing for Grease-proof since 2018

**BORN:** 1960

**EDUCATION:** Leadership Development Programme, Cranfield Business School, Bachelor of Business Administration, University of Leicester, Post Graduate Diploma in Marketing, Institute of Marketing, UK

**SHAREHOLDING:** 600

#### HENRIK ASP

Director of Sales & Marketing Power since 2018

**BORN:** 1981

**EDUCATION:** MSc in Business Administration, specialisation in finance, Stockholm University and Korea University Business School

**SHAREHOLDING:** 2,500

#### PATRIC JOHANSSON

IT Manager since 2013

**BORN:** 1969

**EDUCATION:** Bachelor's degree in systems science, Karlstad University as well as leadership training

**SHAREHOLDING:** 600



# Financial Statements

# CONSOLIDATED INCOME STATEMENT

SEKm	Note	1 Jan 2021 –31 Dec 2021	1 Jan 2020 –31 Dec 2020
Net sales <sup>1</sup>	5, 6	3,083	2,903
Other operating income	7	45	39
Raw materials, energy and consumables		–1,431	–1,210
Change in stock		–11	–17
Other external costs	8, 13	–801	–757
Personnel costs	9, 10	–519	–479
Other operating expenses	11	–7	–21
<b>EBITDA</b>	13	<b>358</b>	<b>458</b>
Depreciation, amortisation and impairment losses	12, 13	–150	–110
<b>Operating profit</b>	13	<b>208</b>	<b>348</b>
Financial income	14	1	5
Financial expense	15	–28	–25
<b>Profit before tax</b>		<b>182</b>	<b>328</b>
Income tax	16	–37	–70
<b>Net profit for the year</b>		<b>144</b>	<b>258</b>
<b>Net profit for the year attributable to:</b>			
Parent Company Shareholders		144	258
Earnings per share before and after dilution, SEK	17	2.15	3.85

<sup>1</sup>) Net sales consist, in their entirety, of the sale of goods.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Note	1 Jan 2021 31 Dec 2021	1 Jan 2020 31 Dec 2020
<b>Net profit for the year</b>		<b>144</b>	<b>258</b>
<b>Other comprehensive income</b>			
Items that have or may be reclassified to the income statement			
Changes in the fair value of cash flow hedges	25	–37	16
Translation differences arising in translation of foreign operations	25	12	–15
Tax attributable to items that will be reclassified to the income statement	16	8	–3
<b>Other comprehensive income for the year</b>		<b>–18</b>	<b>–2</b>
<b>Comprehensive income for the year</b>		<b>126</b>	<b>256</b>
<b>Comprehensive income for the year attributable to:</b>			
Parent Company Shareholders		126	256

# CONSOLIDATED BALANCE SHEET

SEKm	Note	31 Dec 2021	31 Dec 2020
<b>ASSETS</b>			
<b>Property, plant and equipment</b>			
Brands	18	31	–
Customer relationships	18	219	–
Goodwill	18	726	343
Other intangible assets	18	6	1
Buildings and land	19	55	55
Plant and machinery	19	466	484
Equipment, tools and installations	19	4	4
Work in progress	19	176	83
Rights-of-use assets	20	23	18
Deferred tax assets	16	18	9
<b>Total non-current assets</b>		<b>1,724</b>	<b>997</b>
<b>Current assets</b>			
Inventories	21	472	445
Accounts receivable	4	546	365
Income tax receivables		7	–
Other receivables	22	114	68
Derivatives	23	1	34
Prepaid expenses and accrued income	24	28	24
Cash and cash equivalents		360	415
<b>Total current assets</b>		<b>1,528</b>	<b>1,351</b>
<b>TOTAL ASSETS</b>		<b>3,252</b>	<b>2,349</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	25		
Share capital		19	19
Reserves		–33	–15
Retained earnings including net profit for the year		598	589
<b>Equity attributable to parent company shareholders</b>		<b>584</b>	<b>594</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	27, 31	1,350	950
Long-term lease liabilities	20, 27	14	9
Provision for pensions	10	31	–
Deferred tax liabilities	16	206	158
Other liabilities and provisions	28	97	18
<b>Total non-current liabilities</b>		<b>1,698</b>	<b>1,135</b>
<b>Current liabilities</b>			
Factoring credit line	27, 31	273	165
Accounts payable	23	382	218
Liabilities to associated companies	35	14	3
Income tax liability	16	–	5
Short-term lease liabilities	20, 27	10	10
Derivatives	23	15	–
Other liabilities	29	14	12
Accrued expenses and deferred income	30	263	206
<b>Total current liabilities</b>		<b>970</b>	<b>620</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,252</b>	<b>2,349</b>

# CONSOLIDATED CHANGES IN SHAREHOLDERS EQUITY

SEKm	Equity attributable to Parent Company's shareholders				
	Share capital	Reserves: Translation reserve	Reserves: Hedge reserve	Retained earnings including profit for the year	Total
<b>Equity opening balance 1 Jan 2020</b>	<b>19</b>	<b>-22</b>	<b>10</b>	<b>1,282</b>	<b>1,288</b>
Profit for the year				258	258
Other comprehensive income for the year		-15	13	-	-2
<b>Comprehensive income for the year</b>		<b>-15</b>	<b>13</b>	<b>258</b>	<b>256</b>
<b>Transactions with the Parent Company</b>					
Dividend				-950	-950
<b>Total transactions with the Parent Company</b>				<b>-950</b>	<b>-950</b>
<b>Equity closing balance 31 Dec 2020</b>	<b>19</b>	<b>-37</b>	<b>22</b>	<b>590</b>	<b>594</b>
<b>Equity opening balance 1 Jan 2021</b>	<b>19</b>	<b>-37</b>	<b>22</b>	<b>590</b>	<b>594</b>
Net profit for the year				144	144
Other comprehensive income for the year		12	-30	-	-18
<b>Comprehensive income for the year</b>		<b>12</b>	<b>-30</b>	<b>144</b>	<b>126</b>
Dividend				-134	-134
<b>Total transactions with the Parent Company</b>				<b>-134</b>	<b>-134</b>
<b>Equity closing balance 31 December 2021</b>	<b>19</b>	<b>-25</b>	<b>-8</b>	<b>598</b>	<b>584</b>

See also Note 25

# CONSOLIDATED STATEMENT OF CASHFLOW

SEKm	Note	1 Jan 2021 31 Dec 2021	1 Jan 2020 31 Dec 2020
<b>Operating activities</b>			
Operating profit		208	348
Interest received		0	0
Interest paid		-26	-9
Adjustments for non-cash items	36	256	87
Paid income tax		-14	-110
<b>Cash flow from operating activities before changes in working capital</b>		<b>425</b>	<b>316</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories		-19	15
Change in accounts receivable		-181	37
Change in other current receivables		-49	-11
Change in accounts payable		173	-44
Change in other current liabilities		60	39
<b>Cash flow from operating activities</b>		<b>408</b>	<b>352</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment	19	-180	-102
Net after acquired cash and cash equivalents	34	-644	-
<b>Cash flow from investing activities</b>		<b>-824</b>	<b>-102</b>
<b>Financing activities</b>			
Borrowing	36	400	950
Payment related to amortisations of lease liabilities	36	-13	-10
Net change in factoring credit -line	36	108	-19
Group contributions paid		-	-41
Dividend paid		-134	-950
<b>Cash flow from financing activities</b>		<b>361</b>	<b>-70</b>
<b>Cash flow for the year</b>			
Cash and cash equivalents at beginning of year		415	247
Exchange rate difference in cash and cash equivalents		0	-11
<b>Cash and cash equivalents at end of year</b>		<b>360</b>	<b>415</b>

# PARENT COMPANY INCOME STATEMENT

SEKm	Note	1 Jan 2021 31 Dec 2021	1 Jan 2020 31 Dec 2020
Net sales	6	49	34
Other operating income	7	18	3
Other external costs	8	-57	-69
Personnel costs	9, 10	-15	-8
Other operating expenses	11	-46	-
<b>Operating profit</b>		<b>-51</b>	<b>-40</b>
Profit from participations in Group companies	35	106	66
Interest income and similar items	14	15	34
Interest expense and similar items	15	-28	-6
<b>Profit after financial items</b>		<b>42</b>	<b>56</b>
Year-end appropriations	37	221	252
<b>Profit before tax</b>		<b>263</b>	<b>308</b>
Tax on profit for the year	16	-41	-52
<b>Profit for the year and total comprehensive income</b>		<b>222</b>	<b>256</b>

# PARENT COMPANY BALANCE SHEET

SEKm	Note	31 Dec 2021	31 Dec 2020
<b>ASSETS</b>			
<b>Non current assets</b>			
Shares in Group companies	33	1,165	896
Receivables from Group companies	33, 35	401	–
Deferred tax assets	16	3	–
<b>Total non-current assets</b>		<b>1,568</b>	<b>896</b>
<b>Current assets</b>			
Receivables from Group companies	35	242	199
Income tax receivables	16	1	4
Other receivables	22	–	2
Prepaid expenses and accrued income	24	11	15
Cash and bank balances		479	621
<b>Total current assets</b>		<b>733</b>	<b>841</b>
<b>TOTAL ASSETS</b>		<b>2,302</b>	<b>1,737</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital		19	19
<b>Total share capital</b>		<b>19</b>	<b>19</b>
<i>Non-restricted equity</i>			
Retained earnings		272	116
Profit for the year		222	245
<b>Total non-restricted equity</b>		<b>494</b>	<b>372</b>
<b>Total equity</b>		<b>513</b>	<b>391</b>
<b>Untaxed reserves</b>	36	<b>399</b>	<b>387</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	27	1,350	950
<b>Total non-current liabilities</b>		<b>1,350</b>	<b>950</b>
<b>Current liabilities</b>			
Liabilities to Group companies	35	2	–
Accounts payable	23	13	7
Derivatives	23	15	–
Other liabilities	29	0	–
Accrued expenses and deferred income	30	10	2
<b>Total current liabilities</b>		<b>40</b>	<b>9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,302</b>	<b>1,737</b>

# PARENT COMPANY

## CHANGES IN SHAREHOLDERS EQUITY

SEKm	Restricted equity	Non-restricted equity		Total
	Share capital	Retained earnings	Net profit for the year	
<b>Equity opening balance 1 Jan 2020</b>	<b>19</b>	<b>772</b>	<b>293</b>	<b>1,084</b>
<i>Adjustment due to changed accounting principles</i>			-17	-17
<b>Adjusted equity opening balance 1 Jan 2020</b>	<b>19</b>	<b>772</b>	<b>276</b>	<b>1,067</b>
Appropriation of profit		293	-293	-
Profit for the year and total comprehensive income (adjusted)			272	272
Dividend		-950		-950
<b>Equity closing balance 31 Dec 2020</b>	<b>19</b>	<b>116</b>	<b>256</b>	<b>390</b>
<b>Equity opening balance 1 Jan 2021</b>	<b>19</b>	<b>116</b>	<b>289</b>	<b>424</b>
<i>Adjustment due to changed accounting principles</i>			-34	-34
<b>Adjusted equity opening balance 31 Dec 2020</b>	<b>19</b>	<b>116</b>	<b>256</b>	<b>390</b>
Appropriation of profit		289	-289	-
Profit for the year and total comprehensive income			256	256
<b>Transactions with owners</b>				
Dividend		-134		-134
<b>Equity closing balance 31 December 2021</b>	<b>19</b>	<b>272</b>	<b>222</b>	<b>513</b>

The Parent Company has previously applied the same principles as the Group regarding financial instruments, but in 2021 it stopped applying IFRS 9. The Parent Company instead applies the items specified in RFR 2 (IFRS 9 Financial Instruments, items 3–10).

This means that financial instruments are valued at acquisition value. In subsequent periods, financial assets acquired with the intention of being held short-term are valued according to the principle of lowest value between acquisition value and market value.

When calculating the net sales value of receivables that are recognised as current assets, the principles for impairment testing and expected loss provisioning in IFRS 9 are to be applied. For a receivable that is recognised at accrued acquisition value at Group level, this means that the expected loss provision recognised for the Group in accordance with IFRS 9 must also be recognised in the Parent Company. The comparison period 1 January – 31 December 2020 has been adjusted with regard to this accounting principle change.

See also Note 38.

# PARENT COMPANY STATEMENT OF CASHFLOW

SEKm	Note	1 Jan 2021 31 Dec 2021	1 Jan 2020 31 Dec 2020
<b>Operating activities</b>			
Operating profit		-51	-6
Interest received		15	34
Interest paid		-27	-6
Adjustment for non-cash items	36	-	0
Paid income tax		-41	-91
<b>Cash flow from operating activities before changes in working capital</b>		<b>-104</b>	<b>-69</b>
<b>Cash flow from changes in working capital</b>			
Change in current receivables		30	11
Change in current liabilities		31	-42
		61	-31
<b>Cash flow from operating activities</b>		<b>-43</b>	<b>-100</b>
<b>Investing activities</b>			
Acquisition of subsidiaries	34	-670	-
<b>Cash flow from investing activities</b>		<b>-670</b>	<b>-</b>
<b>Financing activities</b>			
Borrowing	36	400	950
Group contributions received		199	468
Group contributions provided		-	-41
Dividend received		106	66
Dividend paid		-134	-950
<b>Cash flow from financing activities</b>		<b>571</b>	<b>493</b>
<b>Cash flow for the year</b>		<b>-142</b>	<b>393</b>
Cash and cash equivalents at beginning of year		621	227
<b>Cash and cash equivalents at end of year</b>		<b>479</b>	<b>621</b>

# NOTES

## NOTE 1 INFORMATION ON THE PARENT COMPANY

Nordic Paper Holding AB with Swedish corporate registration number 556914-1913 is a Swedish-registered limited liability company and its registered office is in Karlstad. The Parent Company's shares have been registered on NASDAQ Stockholm AB since 22 October 2020. The address of the head office is Tullhusgatan 1B in Karlstad.

The consolidated financial statements for 2021 consist of the Parent Company Nordic Paper Holding AB and its subsidiaries Nordic Paper Bäckhammar AB, Nordic Paper Åmotfors AB, Nordic Paper Seffle AB, Nordic Paper AS and Glassine Canada Inc., collectively referred to as the Group. The Group also owns shares in the associated company Åmotfors Energi AB.

## NOTE 2 SIGNIFICANT ACCOUNTING PRINCIPLES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as well as additional disclosure requirements in the Swedish Annual Accounts Act as issued by the International Accounting Standards Board (IASB) and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups and applicable statements (UFR) has been applied.

### Information on the Annual Report's recognised figures

All amounts are stated in SEK million (SEKm) unless otherwise stated. Rounding differences of SEK +/- 1m may occur in the sums of amounts. In cases where an underlying amount is SEK 0m after rounding, the amount is stated as 0. Amounts in parentheses refer to the corresponding period in the previous year.

### New and amended standards to be applied this year and in future years

No newly issued or amended IFRS standards or interpretations with future applications are expected to materially impact Nordic Paper's accounts.

### Measurement principles

Assets and liabilities are recognised at historical cost, apart from certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value consist of derivatives and plan assets linked to defined-benefit pension plans.

### Functional and reporting currency

The functional currency is the currency in the primary economic environments in which the companies operate. The Parent Company's functional currency is Swedish kronor, which is also the reporting currency for the Parent Company and for the Group. This means that the financial statements are presented in Swedish kronor (SEK).

### Operating segments

Nordic Paper has identified two operating segments within its operations. The operating segments have been identified based on the internal structure of the Group's business operations, the results of which are regularly monitored by the Group's chief operating decision maker: Nordic Paper identifies this decision maker as the CEO who allocates resources and evaluate performance. The CEO monitors operations based on the two operating segments Kraft Paper and Natural Greaseproof. The CEO uses EBITDA to monitor the Group's earnings.

### Classification

Non-current assets and non-current liabilities essentially consist of amounts that are expected to be recovered or paid after more than twelve months from the balance sheet date, while current assets essentially consist of amounts that

are expected to be recovered or paid within twelve months from the balance sheet date. Non-current liabilities essentially consist of amounts that the Group, at the end of the reporting period, has an unconditional right to choose to pay at a later date than the twelve months following the end of the reporting period. If the Group does not have such a right at the end of the reporting period, the debt amount is recognised as a current liability.

### Consolidated Financial Statements

The aim in consolidating accounting is to present statements for a group in which the Parent Company and its subsidiaries' assets, liabilities, equity, revenue, expenses and cash flows are reported as a single financial unit. Intra-group transactions, balance sheet items and unrealised gains and losses on transactions between Group companies are eliminated. The accounting principles for subsidiaries have been amended where appropriate to ensure a consistent application of the Group's principles.

#### *Subsidiaries*

Subsidiaries are companies that are under the controlling influence of Nordic Paper Holding AB. The Group has a controlling influence over a company when it is exposed to or has the right to a variable return from its holding in the company and can influence the return through its controlling influence over the company.

#### *Company acquisitions*

Company acquisitions are reported in the Group depending on the acquisition method. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date on which the controlling influence ceases. The purchase price for the acquisition of a subsidiary consists of the fair values of transferred assets, liabilities that the Group owes to previous owners, shares issued by the Group, assets or liabilities that result from an agreement on a contingent purchase price and/or previous equity in the acquired company.

The method means that the acquisition of a subsidiary results in the Group indirectly acquiring the subsidiary's assets and taking over its liabilities. The acquisition analysis determines the fair value on the acquisition date of the acquired identifiable assets and assumed liabilities as well as any non-controlling interests. Acquisition-related costs that may arise, with the exception of transaction expenses attributable to issuance of equity instruments or debt instruments, are recognised directly in profit for the year. In business acquisitions where transferred remuneration exceeds the fair value of acquired assets and assumed liabilities, the difference is recognised as goodwill. When the difference is negative, so-called low-price acquisitions, this is recognised directly in profit for the year.

#### *Associated companies*

Nordic Paper Åmotfors AB owns 37.6% of the shares in Åmotfors Energi AB. The shares were written down to zero in the 2013 financial year and have since been recognised at zero in the consolidated balance sheet.

### Foreign currency

#### *Transactions in foreign currency*

Transactions in foreign currency are translated into the functional currency at the exchange rate in effect on the transaction date. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate in effect on the balance sheet date. Exchange rate differences that arise in the translations are recognised in profit for the year. Exchange rate gains and losses on operating receivables and operating liabilities are recognised net as other operating income or as other operating expenses, while exchange rate gains and losses on cash and cash equivalents and loan liabilities are recognised as financial income or financial expense.

### Translation of foreign operations

Assets and liabilities of foreign operations, including goodwill and other consolidated surplus and deficit values, are translated from the foreign operation's functional currency to the Group's reporting currency, Swedish kronor, at the exchange rate in effect on the balance sheet date. Income and expenses of a foreign operation are translated into Swedish kronor at an average exchange rate that constitutes an approximation of the exchange rates that existed at the time of each transaction. Translation differences that arise from the currency translation of foreign operations are recognised in other comprehensive income and accumulated in a separate component in equity, called the translation reserve. Upon the sale of a foreign operation, the cumulative translation differences attributable to the operation are realised, at which time they are reclassified from the translation reserve in equity to profit for the year.

### Revenue

The Group manufactures and sells various types of paper goods. Sales are recognised as revenue when control of the goods is transferred to the customer, which normally occurs in accordance with current shipping terms. Sales take place through agreements with the customer where each delivery is seen as an individual commitment. Revenue from sales is recognised based on prices in the agreement. Variable compensation in the form of discounts linked to the commitment may occur. Volume and cash discounts are where the customer receives an agreed discount on condition that purchases up to a certain total level are made during a predetermined period, normally one year. Price reductions are calculated and reserved monthly as accrued debt, based on historical data (see Note 30). The variable compensation is recognised as a reduction in net sales. Accounts receivable are recognised when the goods have been delivered, as this is the moment when the compensation becomes unconditional.

The Group does not offer any warranties in connection with the sales, apart from a guarantee regarding the agreed quality of the product.

Customers' credit periods vary and average at around 50 days. However, there are no credit periods exceeding one year, which is why no significant financing component is deemed to exist at the time of sale.

The Group has certain expenses for obtaining customer agreements, such as commissions paid to agents. For these, the relief rule in IFRS 15 is applied, which means that they are expensed as they arise.

### Financial income and expense

Interest income is recognised in accordance with the effective interest method. The effective interest rate is the interest rate that discounts estimated future inflows and outflows over the expected maturity of a financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received by the parties to the agreement that are part of the effective interest, transaction costs and all other premiums and discounts. Dividends received are recognised when the right to receive dividends is established.

Interest expense on financial instruments is recognised according to the effective interest method. Financial expense includes interest expense on loans and leases and the effects of reversal of provisions measured at present value.

Financial income and expense also include realized exchange rate gains and losses upon translation of cash and cash equivalents as well as unrealised translation effects of foreign currency accounts included in cash and cash equivalents.

### Taxes

The tax expense for the period consists of current tax and deferred tax. Income taxes are recognised in profit for the year, except when the underlying transaction is recognised in *Other comprehensive income* or in *Equity*, whereby the associated tax effect is recognised in *Other comprehensive income* or in *Equity*.

The tax expense for the period is tax that must be paid or will be received for the current year, with application of the tax rates enacted or substantively enacted on the balance sheet date. Tax for the period also includes an adjustment for current tax attributable to previous periods.

Deferred tax is calculated according to the balance sheet method based on temporary differences between recognised and taxable values of assets and liabilities. Temporary differences are not taken into account in consolidated goodwill. Nor are temporary differences attributable to holdings in subsidiaries and associated companies that are not expected to be reversed in the foreseeable future taken into account. Deferred tax is measured based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated by applying the tax rates and tax rules enacted or substantively on the balance sheet date.

Deferred tax assets relating to tax-deductible temporary differences are recognised only to the extent that it is probable that these will be utilised. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

### Earnings per share

Earnings per share before dilution is calculated by dividing the net profit attributable to the Parent Company's shareholders by the weighted average number of outstanding shares for the year.

Earnings per share after dilution is calculated by dividing net profit attributable to owners of the Parent Company adjusted, where applicable, by the sum of the weighted average number of ordinary shares and potential ordinary shares that may give rise to a dilution effect. However, the Group did not have potential ordinary shares that could give rise to a dilution effect in either 2020 or 2021.

### Financial instruments

Financial instruments recognised in the balance sheet on the asset side include cash and cash equivalents, accounts receivable, accrued income, part of other receivables, and derivatives. On the liability side, non-current liabilities to credit institutions, a factoring loan, liabilities to Group companies, accounts payable, liabilities to associated companies, part of other current liabilities and accrued expenses and derivatives.

#### Recognition in and derecognition from the balance sheet

A financial asset or liability is recognised in the balance sheet when the Company becomes party to the instrument's contractual provisions. Accounts receivable are recognised in the balance sheet when the invoice has been sent. A liability is recognised when the counterparty has performed and there is a contractual obligation to pay, even if the invoice has not yet been received. Accounts payable are recognised when the invoice is received.

Financial assets are derecognised from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred essentially all risks and benefits associated with ownership.

Financial liabilities are derecognised from the balance sheet when the contractual obligation has been fulfilled or otherwise extinguished. When the terms of a financial liability are renegotiated, and not derecognised from the balance sheet, a gain or loss is recognised in the income statement. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

Financial instruments are initially recognised at fair value plus, for an asset or financial liability that is not recognised at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability, such as fees and commissions. Transaction costs for financial assets and liabilities that are recognised at fair value through profit or loss are expensed in the income statement.

#### Financial assets – Classification and measurement

The Group classifies and measures its financial assets in the categories of amortised cost and fair through profit or loss. The classification of investments in debt instruments depends on the Group's business model for managing financial assets and the contractual terms for the assets' cash flows.

#### Financial assets measured at amortised cost

Assets held for the purpose of collecting contractual cash flows, and where these cash flows only constitute capital amounts and interest, are valued at amortised cost. The carrying amount of these assets is adjusted for any expected credit losses that have been reported (see "Impairment of financial assets" below). The Group's financial assets that are valued at amortised cost include accounts receivable, part of other receivables, accrued income and cash and cash equivalents.

#### Financial assets measured at fair value through the income statement

Assets that do not meet the requirements to be recognised at amortised cost are measured at fair value via the income statement. A profit or loss for a debt instrument that is recognised at fair value via the income statement, and that is not included in a hedging relationship, is recognised net in the income statement in the period in which the gain or loss arises. Any holdings of derivatives in the form of currency forwards that do not meet the criteria for hedge accounting fall into this category. The Group has no derivative instruments that are classified under this category as of 31 December 2021 or as of 31 December 2020.

*Financial liabilities – Classification and valuation*

The Group classifies and values its financial liabilities under the category amortised cost and fair value through profit or loss.

*Financial liabilities valued at cost*

The Group's other financial liabilities are valued after the first reporting occasion at amortised cost with application of the effective interest method. Financial liabilities valued at amortised cost consist of non-current liabilities to credit institutions, a factoring loan, liabilities to Group companies, liabilities to associated companies, accounts payable and part of the items other current liabilities and accrued expenses.

*Financial liabilities measured at fair value through profit or loss*

Financial liabilities measured at fair value through profit or loss are financial liabilities held for trading. Financial liabilities measured at fair value through profit or loss are also recognised at fair value in subsequent periods and the change in value is recognised in the income statement. Any holdings in derivatives in the form of currency futures that do not meet the criteria for hedge accounting fall into this category. The Group has derivative instruments that are classified in this category as of 31 December 2021, but not 31 December 2020. These are recognised as financial expense or financial income in the income statement.

**Impairment of financial assets***Assets recognised at amortised cost*

The Group evaluates the future expected credit losses associated with assets recognised at amortised cost. The Group reports a credit loss provision for these expected credit losses at each reporting date. For accounts receivable, the Group applies the simplified approach to credit provisions, i.e. the provision will correspond to the expected loss over the entire life of the accounts receivable. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and due dates. The Group uses forward-looking variables for expected credit losses. Expected credit losses are recognised in the consolidated income statement under the item other external costs.

**Accounts receivable**

Accounts receivable are amounts attributable to customers regarding goods sold in operating activities. Accounts receivable are classified as current assets. Accounts receivable are initially recognised at the transaction price. The Group holds accounts receivable for the purpose of collecting contractual cash flows. Accounts receivable are thus measured at subsequent recognition dates at amortised cost applying the effective interest method. The Group's accounting principles for impairments and calculation of expected credit losses are described in Note 4.

The carrying amount for accounts receivable includes receivables covered by a factoring agreement. Under the agreement, the Group has transferred receivables to a factoring company in exchange for cash, and the receivables can therefore not be sold or pledged. The Group does not sell its accounts receivable to the factoring company but retains the credit risk and late payment risk. The Group therefore continues to report the transferred assets in full in the balance sheet. The amount received through the factoring agreement is reported as short-term borrowing against security.

**Accounts payable**

Accounts payable are obligations to pay for goods or services that have been acquired from suppliers in daily operations. The amounts are usually paid within 30 days. Accounts payable are classified as current liabilities if they fall due within one year or earlier (or during a normal business cycle if this is longer). The liabilities are initially recognised at fair value and thereafter at amortised cost applying the effective interest method.

**Borrowing**

Borrowing is initially recognised at fair value, net after transaction costs. Borrowing is then recognised at amortised cost and any difference between the amount received (net after transaction costs) and the repayment amount is recognised in the income statement distributed over the loan period, applying the effective interest method.

**Currency derivatives and hedge accounting**

Derivatives are recognised in the balance sheet on the date of contract at fair value, both initially and in connection with subsequent remeasurement at the

end of each reporting period. The method for reporting the gain or loss arising upon remeasurement depends on whether the derivative has been identified as a hedging instrument, and, if so, the nature of the item being hedged.

The Group identifies certain derivatives as hedging of certain risks attributable to cash flow from highly probable forecast transactions (cash flow hedging). When the transaction is entered into, the Group documents the relationship between the hedging instrument and the items for which future cash flows are hedged, as well as the Group's goals for risk management and the risk management strategy regarding hedging. The Group also documents its assessment, both when the hedge is entered into and continuously, of whether the derivative instruments used in hedging transactions have been and will continue to be effective in mitigating changes in cash flows attributable to the hedged items.

Information on the fair value of various derivative instruments used for hedging purposes can be found in Note 4. Changes in the hedge reserve in equity are presented in Note 25. The entire fair value of a derivative that constitutes a hedging instrument is classified as a non-current asset or non-current liability when the remaining term of the hedged item is longer than 12 months. Hedging instruments are classified as current assets or current liabilities if the term is shorter than 12 months. The Group does not use currency derivatives that have a maturity longer than 12 months.

*Transaction exposure – Cash flow hedging*

Currency exposure regarding future forecast flows is hedged through currency futures. The futures contracts that protect the forecast flows are recognised in the balance sheet at fair value. The effective portion of fair value changes in the futures contract is recognised in other comprehensive income and accumulated in equity for as long as the hedge is effective. The ineffective portion of the change in value is recognised immediately in the income statement (profit) and other operating expenses (loss), respectively. If the hedge is not effective or if the hedged forecast transaction is no longer expected to occur, cumulative gains or losses are recognised immediately in the profit for the year. The amount recognised in equity through other comprehensive income is returned to profit for the year for the same period that the hedged item affects the profit for the year and is recognised in other operating income or other operating expenses. When a hedging instrument matures, is sold, settled or redeemed, or the Company fails to designate the hedging relationship before the hedged transaction has occurred and the forecast transaction is still expected to occur, the recognised cumulative gain or loss in the hedging reserve remains in equity and is recognised as above when the transaction occurs.

*Ineffectiveness in hedge accounting*

The effectiveness of a hedge is evaluated when the hedging relationship is entered into. The hedged item and the hedging instrument are evaluated on an ongoing basis to ensure that the relationship meets the requirements. When the Group hedges sales of foreign currency, hedging relationships are entered into where critical terms in the hedging instrument match the terms of the hedged item exactly. In this way, a qualitative evaluation of the effectiveness of the relationship is made. When hedging sales of foreign currency, ineffectiveness can arise if the date of the forecast transaction changes compared to the initial estimate.

**Intangible assets***Goodwill*

Refers to the difference between the cost of Company acquisitions and the fair value of acquired assets, assumed liabilities and contingent liabilities. Goodwill is measured at cost less any accumulated impairments and is distributed to cash-generating units.

*Customer relationships*

Identifiable acquired customer relationships are recognised at cost. Amortisation is done on a straight-line basis over the useful life, which is estimated at ten years.

*Brands*

Acquired brands are recognised at cost. The useful life is indefinite and trademarks are therefore not amortised.

*Other intangible assets*

Other intangible assets acquired by the Group include software and are recognised at cost. Amortisation is done on a straight-line basis and the useful life is estimated at five years.

#### Amortisation principles

Amortisation is recognised in profit for the year on a straight-line basis over the estimated useful lives of the intangible assets, unless such useful lives are indefinite. Intangible assets with a definite useful life are amortised from the date they are available for use.

Estimated useful lives are:

– Software	5 years
– Customer relations	10 years

Useful life periods are reviewed annually.

#### Impairment and impairment testing

Goodwill and other intangible assets with an indefinite useful life or that are not yet ready for use are tested for impairment annually and also as soon as indications arise that the asset in question has decreased in value. A number of significant assumptions and assessments must be made when testing the impairment of goodwill and other intangible assets with an indefinite useful life in order to be able to calculate the value in use of the cash-generating unit. These assumptions and assessments relate to expected future discounted cash flows. Forecasts of future cash flows are based on the best estimates of future revenues and operating expenses, based on historical development, general market conditions, development and forecasts for the industry and other available information. The assumptions are made by the executive management and reviewed by the Board. For more information on the goodwill impairment testing, see Note 18.

Assets that are amortised are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. When testing for impairment, assets are grouped at the lowest levels where there are substantially independent cash inflows (cash-generating units). Assets (other than goodwill) for which an impairment has previously been recognized are tested on each balance sheet date to determine whether a reversal should be made.

#### Property, plant and equipment

The Group's property, plant and equipment are recognised at cost after deducting accumulated depreciation and any impairment loss. Cost includes the purchase price and expenses directly attributable to the asset in order to bring it to the location and condition to be utilised in line with the purpose of the acquisition.

The carrying amount of an asset is derecognised from the balance sheet upon disposal or divested or when no future economic benefits are expected from the use or disposal/divestment of the asset. Gains or losses arising from the divestment or disposal of an asset consist of the difference between the selling price and the asset's carrying amount less direct selling expenses. Profit and loss are recognised as other operating income/expenses.

#### Additional expenses

Additional expenses are added to cost only if it is probable that the future economic benefits associated with the asset will benefit the Group and cost can be calculated in a reliable manner. All other additional expenses are expensed the period in which they arise. Repairs are expensed on an ongoing basis.

#### Amortisation principles

Depreciation takes place on a straight-line basis over the asset's estimated useful life. Estimated useful lives are:

– Buildings	20–50 years
– Land improvements	20 years
– Plant and machinery	5–20 years
– Equipment, tools and installations	5–10 years

Depreciation methods used, residual values and useful lives are reviewed annually.

#### Impairment and impairment testing of property, plant and equipment

The Group continuously assesses whether property, plant and equipment have a lower fair value than the residual value of the asset after depreciation. If the fair value is lower than the residual value, the asset is impaired to the lower value in cases where the reduction is considered to be permanent.

#### Leases

The Group's leases in this note consist of company cars, work vehicles and machinery. Leases normally have a fixed term of three to six years, but with an option to extend, as described below. The terms are negotiated separately for each lease and contain various terms and conditions.

Leases may contain both lease and non-lease components. The Group allocates the consideration in the agreement between lease and non-lease components based on their relative stand-alone price.

Leases are recognised as right-of-use assets and a corresponding liability is recognised on the date the asset is available for use by the Group. Each payment is divided between amortisation of the debt and financial cost (interest). The financial cost is distributed over the useful life so that each accounting period is charged with an amount corresponding to a fixed interest rate for the debt recognised during the respective period. Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the length of the lease.

Assets and liabilities arising from leases are initially recognised at present value. Lease liabilities include the present value of fixed payments and/or variable payments that are dependent on an index or an interest rate. Payments are discounted at the average marginal loan interest rate.

Right-of-use assets are measured at cost and include the initial measurement of the lease liability and payments made at or before the date when the leased asset was made available. The Group recognises a right-of-use asset in the balance sheet and a lease liability at the present value of future lease payments. The main payment attributable to leases in financing activities is recognised in cash flow as an outflow for amortisation of lease liabilities. The interest component is recognised in operating activities and is included in the item paid interest.

For leases where the underlying asset has a low value and short-term leases of 12 months or less, a relief rule is applied under IFRS 16, whereby the payment is expensed on a straight-line basis over the useful life in the income statement and no right-of-use assets or lease liability is recognised in the balance sheet.

#### Options to extend and terminate leases

Options to extend or terminate leases are included in the asset and liability of the leases where this possibility exists, when it is deemed reasonably certain that they will be exercised.

The exercise period is reviewed if an option is exercised (or not exercised) or if the Group is forced to exercise the option (or does not exercise it). The assessment of whether it is reasonably certain is only reviewed if there is a significant event or change in circumstances that affect this assessment, and the change is within the lessee's control.

#### Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated according to first-in first-out principle and includes expenses arising from the acquiring of inventory assets and transporting them to their current location and condition. For manufactured goods and work in progress, cost includes a reasonable share of indirect costs based on normal capacity.

#### Impairment testing

The cost valuation of inventories is reviewed regularly and an obsolescence assessment is made on the basis of relevance, usability and age.

#### Cash and cash equivalents

The Group's cash and cash equivalents consist of balances in banks.

#### Employee benefits

##### Short-term employee benefits

Short-term benefits to employees are measured at an undiscounted amount and are expensed when the related services are rendered. A short-term benefit refers to, among other things, a reduction in working hours or holiday pay and is expected to be settled within twelve months.

##### Pensions

The Group has both defined-contribution and defined-benefit pension plans. A defined-contribution pension plan is a pension plan for which the Group pays fixed contributions to a separate legal entity. The Group has no legal or informal obligation to pay additional contributions if this legal entity does not have sufficient assets to cover payouts to employees related to the employees' service during the current or previous periods. The Group therefore has no additional

risk. The Group's obligations regarding contributions to defined-contribution plans are recognised as an expense in profit for the year at the rate they are earned by the employees performing services for the Group within a certain period.

A portion of the pension plans in Sweden are financed through insurance premiums to Alecta. This arrangement constitutes a defined-benefit plan that includes several employers. Alecta is currently unable to provide the information required to report the plan as a defined-benefit plan. As a consequence, this plan is recognised as a defined-contribution plan in accordance with UFR 10 Accounting for the pension plan ITP 2, which is financed through insurance held with Alecta.

The defined-benefit pension plan that is recognised in the balance sheet as a liability is derived from the acquired company Glassine Canada Inc. The liability recognised is measured annually by independent actuaries applying the project unit credit method. The present value of the defined-benefit obligation is determined by discounting estimated future pension disbursements using an interest rate for plan assets issued in the same currency as will be used for disbursement with maturities comparable to the pension liability in question. In Norway, there are defined benefit obligations, but they are of insignificant size (SEK 0.3m) and are therefore not recognised in the balance sheet.

#### *Termination benefits*

A cost for compensation in connection with notice of termination is only reported if the Company is demonstrably obliged, without a realistic possibility of withdrawal, by a formal detailed plan to terminate employment before the normal time. When compensation is offered to encourage voluntary termination, a cost is recognised if it is likely that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

#### **Equity**

Equity in the Group consists of share capital, reserves (including translation differences when translating foreign operations and changes in the fair value of cash flow hedges) and retained earnings, including net profit for the year.

Equity in the Parent Company consists of share capital and retained earnings, including profit for the year.

#### **Dividends**

Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

#### **Provisions**

A provision differs from other liabilities in that there is uncertainty about the time of payment or the amount required to settle the provision. A provision is recognised in the balance sheet when there is an existing legal or informal obligation as a result of an event that has occurred, and it is probable that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are made for an amount that is a best estimate of what is required to settle the existing obligation on the balance sheet date. When the effect of when payment is made is significant, provisions are calculated by discounting the expected future cash flow.

#### **Contingent liabilities**

A contingent liability is recognised when there is a liability that could arise from events that have occurred and whose occurrence is confirmed by one or more uncertain future events, or when there is a liability that is not recognised as a liability or provision because it is not likely that an outflow of resources will be required.

#### **Parent Company accounting principles**

The Parent Company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities, and the statements issued relating to listed companies are applied.

The differences between the Group's and the Parent Company's accounting principles are set out below and are due to limitations in the possibilities of applying IFRS for the Parent Company as a result of the Swedish Annual Accounts Act. The accounting principles for the Parent Company set out below have been applied consistently to all periods presented in the Parent Company's financial statements, unless otherwise stated.

#### *Leased assets*

The Parent Company has chosen not to apply IFRS 16 Leases, but has instead

chosen to apply RFR 2 IFRS 16 Leases, sections 2–12: This choice means that no right-of-use asset or lease liability is recognised in the balance sheet. Instead, lease payments are expensed on a straight-line basis over the term of the lease. The Parent Company's leases are of an insignificant size.

#### *Participations in Group companies*

The Parent Company recognises its participations in subsidiaries are recognised applying the cost method. This means that transaction expenses are included in the carrying amount for holdings in subsidiaries.

#### *Untaxed reserves*

Unlike for the Group, the Parent Company's untaxed reserves are recognised in the balance sheet without a breakdown by equity and deferred tax liability. In the income statement, the Parent Company makes no corresponding allocation of components of appropriations to deferred tax expense.

#### *Group contributions*

Group contributions that the Parent Company has provided or received from a subsidiary are recognised as year-end appropriations in accordance with the alternative rule in RFR 2. Shareholder contributions provided are recognised as an increase in the item participations in Group companies. At the same time, an assessment is made of whether it is necessary to apply the cost method. This assessment follows normal rules for measurement of an asset item. Shareholder contributions received are recognised directly in non-restricted equity

#### *Financial instruments*

The Parent Company has previously applied the same principles as the Group regarding financial instruments, but in 2021 it stopped applying IFRS 9. The Parent Company instead applies the items specified in RFR 2 (IFRS 9 Financial Instruments, items 3–10).

These mean that financial instruments are measured at cost. In subsequent periods, financial assets acquired with the intention of being held short-term are recognised at cost or market value, whichever is lower, according to the lower of cost or market (LCM) principle.

When calculating the net sales value of receivables that are recognised as current assets, the principles for impairment testing and expected loss provisioning in IFRS 9 are to be applied. For a receivable that is recognised at amortised cost at Group level, this means that the expected loss provision recognised for the Group in accordance with IFRS 9 must also be recognised in the Parent Company. The comparison period 1 January – 31 December 2020 has been adjusted with regard to this accounting principle change.

### **NOTE 3 ASSESSMENTS AND ESTIMATES**

Preparing the financial statements in accordance with IFRS requires management to make assessments and estimates that affect the application of accounting principles and the recognised amounts of assets, liabilities, income and expenses. Actual outcomes may differ from these estimates.

Executive management has identified the 2021 Company acquisitions as an area requiring significant assessment. In connection with the acquisition, an acquisition analysis was performed to determine the value of customer relationships, brands and goodwill.

With regard to IAS 1.125, management has not identified additional items where there is a material risk of significant future adjustment of the carrying amounts of assets and liabilities.

The estimates and assessments are reviewed regularly. Changes in estimates are reported in the period in which the change is made if the change has only affected this period, or in the period in which the change is made and future periods if the change affects both the current period and future periods.

### **NOTE 4 FINANCIAL RISK MANAGEMENT**

Through its operations, the Group is exposed to a variety of financial risks related to accounts receivable, accounts payable, loans and derivatives: market risk (mainly interest rate risk and currency risk), credit risk, liquidity risk and refinancing risk. The Group strives to limit potential adverse effects on the Group's financial results. The Group's financing activities aim to ensure that the Group can meet its payment commitments, manage financial risks, ensure access to financing and limit volatility in cash flows and revenues.

Financial and risk management is handled by the finance department in accordance with the principles approved by the Board, in order to leverage

## Age analysis for accounts receivable

SEKm	Group						
	31 Dec 2021				31 Dec 2020		
	Gross	Credit loss provision, %	Credit loss provision	Net	Gross	Credit loss provision	Net
Non-overdue accounts receivable	500	0.5%	-3	498	335	-	335
Overdue accounts receivable 0-30 days	48	5 %	-2	46	33	-3	30
Overdue accounts receivable > 30-60 days	2	10 %	0	2	4	-4	0
Overdue accounts receivable > 60 days	1	100 %	-1	-	4	-4	-
<b>Total</b>	<b>551</b>		<b>-6</b>	<b>546</b>	<b>376</b>	<b>-11</b>	<b>365</b>

economies of scale and synergy effects, and to minimise management risks. The finance department is responsible for the Group's loan financing and currency and interest rate risk management, and acts as an internal bank for the Group companies' financial transactions.

The finance department identifies, evaluates and hedges financial risks. The Board establishes written principles both for overall risk management and for specific areas, such as currency and credit risk and the use of derivative instruments. The Group uses derivative instruments to hedge certain risk exposure related to currency and liquidity. By using hedge accounting, the hedging instrument's change in value recognised in the income statement is matched to the corresponding change in value of the underlying currency-exposed item.

## Credit risk

Credit risk arises through holdings in cash and cash equivalents, positive market value of derivatives and customer credit exposure, including outstanding receivables. Credit risk is the risk that the Group's counterparty in a financial instrument will not be able to meet its obligation and thereby cause the Group a financial loss. The Group has no significant concentrations of credit risk.

## (i) Risk management

Credit risk is managed at Group level. Only banks and credit institutions that have received a credit rating of at least A+ from an independent valuation institution are accepted. Counterparties in derivative contracts and cash transactions are limited to financial institutions with high credit ratings. To manage financial credit risk, the Group has entered into netting agreements with banks, which limit credit exposure associated with derivatives. The credit quality of the derivative assets is assessed by reference to external credit ratings (S&P).

## Credit risk in cash and cash equivalents and derivatives

SEKm	31 Dec 2021	31 Dec 2020
<b>Cash and cash equivalents</b>		
AA-	100 %	100 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>
<b>Derivative instruments</b>		
AA-	100 %	100 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>

The Group has established guidelines to ensure that products are sold to customers with suitable credit backgrounds, taking into account the customer's financial position, historical experience and other factors. To minimise the risk in exposure to customers, the Group applies credit insurance for customers where possible. In cases where the customer is not credit insured, a letter of credit (LC) is widely used guaranteeing delivery terms or advance payment.

## (ii) Collateral

Customers are insured on an ongoing basis and only a small portion of accounts receivable includes customers who currently do not have credit insurance. For accounts receivable where credit insurance is not in place, a letter of credit (LC) is widely used to guarantee payment. The Group's goal is for 90 percent of total accounts receivable to be insured.

## (iii) Impairment of financial assets

The Group's accounts receivable are within the scope of the model for expected credit losses. Cash and cash equivalents are also within the scope of impairment in accordance with IFRS 9, however, the impairment that could arise is deemed insignificant. The scope of application also includes accrued income and receivables from factoring companies.

## Accounts receivable

In 2021, the Group changed its principle for handling the credit loss provision to a so-called loss "staircase". Previously, the Group used a simplified method for calculating expected credit losses, whereby losses expected throughout the term of the receivable are used as a basis for accounts receivable. Nowadays, the percentage of credit loss on accounts receivable from external customers is calculated, with deductions made for any advance payments from customers. The calculation amount also includes receivables that are managed via factoring companies as the risk still accrues to the Group. The loss staircase as below is used in assessing accounts receivable credit loss:

## Non-overdue accounts receivable

- 0.5% of the amount to credit loss provision

## Overdue accounts receivable

- 1-30 days 5% of the amount to credit loss provision
- 31-60 days 10% of the amount to credit loss provision
- > 60 days 100% of the amount to credit loss provision

To calculate expected credit losses, accounts receivable have been grouped based on credit risk characteristics and number of days overdue. The percentages used in assessing credit loss are based on historical data, 24 months before 31 December 2021 and 31 December 2020, and taking into account the loss history for the same period.

Historical losses are then adjusted to take into account current and forward-looking information about market factors that may affect customers' ability to pay the receivable.

Accounts receivable amounted to SEK 546m (365) at the end of December 2021. On average, accounts receivable amounted to SEK 456m (383) in 2021, which corresponds to an average customer credit period of around 64 days (45). In 2021 the Group had customer losses totalling SEK 1m (-).

The change in the loss provision over the financial year is specified below:

## Change in loss provision for accounts receivable

SEKm	2021	2020
<b>Provision as of 1 January</b>	<b>-11</b>	<b>-8</b>
Reversal of previously made provisions	11	-
Provision according to a new calculation method for accounts receivable provisions	-6	-
Increase in the loss provision, change recognised in the income statement	-	-3
<b>As of 31 December</b>	<b>-6</b>	<b>-11</b>

Accounts receivable are written off when there is no reasonable expectation of repayment. Indicators that there is no reasonable expectation of repayment

include the recovery process failing or the debtor having been declared bankrupt. Credit losses on accounts receivable are recognised as credit losses – net in the item Other external costs. Recovery of amounts previously written off is reported against the same line in the income statement.

### Market risk

#### (i) Currency risk

The Group operates internationally and is exposed to currency risk that arises from various currency exposures, primarily with regard to the US dollar (USD), British pound (GBP), euro (EUR) and Norwegian kroner (NOK). Currency risks arise from payment flows in foreign currencies, so-called transaction exposure, and from the translation of balance sheet items in foreign currencies, which primarily comprises of transactions in the currencies USD, EUR and

GBP. Currency risk also arises when translating foreign subsidiaries' income statements and balance sheets into the Group's reporting currency, Swedish kronor (SEK), so-called translation exposure, where the Group has a significant Norwegian subsidiary and as of 31 December 2021 a Canadian subsidiary.

### The impact of hedge accounting on the Group's financial position and earnings

Nordic Paper's main transaction exposure involves EUR, GBP and USD. To minimise the currency risk in sales revenues, currency hedges are made in the currencies where the net exposure exceeds SEK 100m per year, which is currently in EUR, GBP and USD.

The effects of hedge accounting of currency risk on the Group's financial position and earnings are shown below:

### The impact of hedge accounting on the Group's financial position

SEKm	The nominal amount of the currency futures on the balance sheet date is USDm	The nominal amount of the currency futures on the balance sheet date is EURm	The nominal amount of the currency futures on the balance sheet date is GBPm	Carrying amount of fair value in the balance sheet SEKm	Item in the balances sheet that contains hedging instruments
Due date Jan 2022–Dec 2022	2021				
<b>RECEIVABLE:</b> Hedging instruments for cash flow hedging	–	28	1	<b>1</b>	Current assets: Derivatives
<b>LIABILITY:</b> Hedging instruments for cash flow hedging	5	62	12	<b>12</b>	Current liability: Derivatives
Due date Jan 2021–Dec 2021	2020				
<b>RECEIVABLE:</b> Hedging instruments for cash flow hedging	15	51	7	<b>34</b>	Current assets: Derivatives
<b>LIABILITY:</b> Hedging instruments for cash flow hedging	–	–	–	–	Current liability: Derivatives

The hedging reserve reconciliation can be found in Note 25.

The hedging instrument has a hedging ratio of 1:1 (1:1). The change in value of the hedging instrument (forward exchange contract), which is found under derivative instruments under current liabilities, was SEK –12m (0) at the year-end. The change in value of hedging instruments (the futures contract) which is found under derivatives under current assets was SEK 1m (34) at the year-end.

The change in value of the hedged highly-probable future transactions (the hedged item) corresponds to changes in the value of the futures contracts

(hedging instruments) but with the opposite sign as they are the same currencies and nominal amounts.

All derivative instruments are classified as current assets and current liabilities as of 31 December 2021 and 31 December 2020, as the hedged transactions are expected to occur within 12 months.

No ineffectiveness has been recognised in the income statement, neither in 2021 nor in 2020.

The weighted average for futures prices is as follows:

### Weighted average of foreign exchange positions for outstanding hedging instruments

SEKm	USD	EUR	GBP	USD	EUR	GBP
	2021			2020		
Current receivable						
Weighted average price for outstanding futures	–	10.28	11.47	8.89	10.42	11.69
Current liability						
Weighted average price for outstanding futures	8.39	10.18	11.89	–	–	–

### Transaction exposure

The Group's foreign currency risk exposure at the end of the reporting period, expressed in millions of Swedish kronor for each currency, was as follows:

SEKm	CAD	USD	EUR	GBP	NOK	DKK	Total	USD	EUR	GBP	NOK	DKK	Total
	2021							2020					
Accounts receivable	9	98	283	43	5	2	<b>440</b>	63	221	37	5	4	<b>330</b>
Cash and cash equivalents	73	17	80	3	8	1	<b>182</b>	24	95	12	12	5	<b>148</b>
Accounts payable	0	–90	–89	0	–114	0	<b>–293</b>	–43	–47	0	–10	–	<b>–101</b>
Factoring loan	–	–53	–149	–30	–5	–1	<b>–238</b>	–30	–87	–17	–1	–2	<b>–137</b>
<b>Net amount per currency</b>	<b>82</b>	<b>–28</b>	<b>125</b>	<b>16</b>	<b>–106</b>	<b>2</b>	<b>91</b>	<b>14</b>	<b>182</b>	<b>31</b>	<b>6</b>	<b>7</b>	<b>240</b>

*Instruments used by the Group*

The Group's currency exposure primarily relates to the euro (EUR), British pound (GBP) and US dollar (USD) and arises through future business transactions and when recognised assets and liabilities are expressed in a currency that is not the entity's functional currency. The Group uses currency derivatives to hedge the part of the net exposure to currency risk that arises in the subsidiaries. According to the Group's Finance Policy, in currencies where the

exposure is over SEK 100m for the year, the net exposure must be hedged. In 2021 this applied to EUR, GBP and USD. These are hedged using currency derivatives at the following levels: For the upcoming six months, the estimated net exposure is hedged at between 50 and 75 percent, while the subsequent six months' net exposure is hedged at between 25 and 50 percent. The Group uses currency futures to manage its exposure to exchange rate risk.

**Currency hedging for the upcoming 12 months**

Currency	Average exchange rate for currency hedges	Exchange rate 31 Dec 2021	Nominal amount in local currency (m)	Total SEKm	Market value SEKm	Currency hedging as a percentage of net exposure (1–6 months ahead)	Currency hedging as a percentage of net exposure (7–12 months ahead)
EUR	10.21	10.23	90	919	–4	62 %	42 %
USD	8.39	9.04	5	38	–3	45 %	0 %
GBP	11.87	12.18	12	147	–4	69 %	43 %
<b>Total</b>				<b>1,104</b>	<b>–11</b>		

As stated in this section, the Group is primarily exposed to changes in the exchange rates USD/SEK, EUR/SEK and GBP/SEK. The table below shows how earnings for the full year could be affected by the stated exchange rate

changes, based on transactions that occurred over the year. The amounts are stated excluding the effect of cash flow hedges and including the effect of cash flow hedges.

**Sensitivity analysis of the currency's impact on earnings before and after hedging instruments 2021**

	This year's average net exposure in local currency (USD/EUR/GBPm)	Estimated impact on earnings in SEKm in currency transactions of +/- 5%	This year's average net exposure taking into account outstanding hedging instruments in local currency (USD/EUR/GBPm)	Estimated impact on earnings taking into account hedging instruments in SEKm in the event of currency movements of +/- 5%
SEKm	Before hedging instruments	Before hedging instruments	After hedging instruments	After hedging instruments
USD/SEK	21	+/-9	16	+/-7
EUR/SEK	113	+/-58	23	+/-12
GBP/SEK	15	+/-9	3	+/-2

**Sensitivity analysis of the currency's impact on earnings for 2020**

	This year's average net exposure in local currency (USD/EUR/GBPm)	Estimated impact on earnings in SEKm in currency transactions of +/- 5%	This year's average net exposure taking into account outstanding hedging instruments in local currency (USD/EUR/GBPm)	Estimated impact on earnings taking into account hedging instruments in SEKm in the event of currency movements of +/- 5%
SEKm	Before hedging instruments	Before hedging instruments	After hedging instruments	After hedging instruments
USD/SEK	28	+/-13	13	+/-6
EUR/SEK	95	+/-49	44	+/-23
GBP/SEK	14	+/-8	7	+/-4

The Group's exposure to other exchange rate changes is not significant in terms of transaction exposure.

*Translation exposure*

The Group also has translation exposure that arises from the translation of foreign subsidiaries' earnings and net assets to SEK. The largest translation exposure relates to Norwegian kroner (NOK). Only an insignificant portion relates to CAD as a result of the acquisition of Glassine Canada Inc. as this took place on 31 December 2021. Translation exposure will be more affected by CAD in 2022. The exposure on the balance sheet date amounts to SEK 68m (146) relating to the Norwegian subsidiary and SEK 268m to the Canadian subsidiary. The Group does not hedge translation exposure. A change of +/- 5% in the SEK against the NOK would have an impact on equity of approximately SEK +/-3m (+/-7) and on profit after tax of SEK +/- 1m (+/-5).

*Interest rate risk*

Interest rate risk is the risk that fair value or future cash flows from a financial instrument will vary due to changes in market interest rates. A significant factor that affects interest rate risk is the fixed interest period. The Group has two long-term loans. One was taken out in autumn 2020 and carries a variable interest rate. The second was taken out in December 2021 in connection with the acquisition of Glassine Canada Inc. and also carries a variable interest rate. The Group's policy states that when financial expense relating to loans is estimated at 10 percent of profit before financial expense, Nordic Paper must hedge the interest rate for a future period. In the event of a change in interest rates on loans of 1 percent over the coming years, this would generate an increased interest expense of SEK 15m (10).

Other than the above-mentioned loans, the Group only has current liabilities in the form of a factoring loan, that carries a variable interest rate and whose

interest rate risk in cash flow is partially neutralised by cash with a variable interest rate. The Group's exposure to interest rate risk has changed in connection with the loan. The Group continuously monitors the financial target, net debt, through EBITDA. The goal is not to exceed 2.5x, but for the Group to still be able to temporarily exceed this on specific occasions, for example in connection with acquisitions.

### Liquidity risk

Through prudent liquidity management, the Group ensures that sufficient cash is available to meet the needs of operating activities. At the same time, it is ensured that the Group has sufficient cash and cash equivalents to settle debts as they fall due.

Group management monitors rolling forecasts of the Group's cash and cash equivalents based on expected cash flows.

The Group has overdraft facilities which, as of 31 December 2021, amount to SEK 200 (200)m, of which SEK 0 (0)m has been used. During the year, the Group utilised SEK 400m of its available SEK 600m in credit facilities. SEK 400m was used to finance the acquisition of Glassine Canada Inc. As of 31 December 2021, the Group's unutilised credit facilities are SEK 400 (800)m, of which the overdraft facility is SEK 200 (200)m.

The Group has no liabilities to credit institutions other than the loans mentioned.

### Maturity analysis for financial liabilities

The table below analyses the Group's financial liabilities, broken down by the time remaining on the balance sheet date until the contractual maturity date for: a) non-derivative financial liabilities and b) gross adjusted derivative instruments (forward exchange contracts). The amounts included in the table are the instruments' contractual undiscounted cash flows. The amounts that fall due within 12 months from the balance sheet date correspond to the carrying amount of the items, given that the discounting effect is insignificant. Future cash flows in foreign currency and variable interest rates have been calculated on the basis of the exchange rate and interest rate applicable on the balance sheet date.

### Capital management

The Group's capital structure goal is to guarantee a short-term and long-term supply of capital for the Group. To maintain this, the Group aims to use several lenders for financing as well as varying maturities for liabilities (see Note 27).

## Contractual maturities for financial liabilities

	< 3 months	3–12 months	1–2 years	3–5 years	> 5 years	Total contractual cash flows	Carrying amount
SEKm	31 Dec 2021						
<b>Financial liabilities (excl. Derivatives)</b>							
Liabilities to credit institutions	6	17	22	1,374	–	1,418	1,350
Factoring loan	273	–	–	–	–	273	273
Liabilities to associated companies	14	–	–	–	–	14	14
Accounts payable	382	–	–	–	–	382	382
Lease liabilities	2	6	6	9	–	25	24
Other liabilities	–	–	–	–	–	–	–
<b>Total financial liabilities</b>	<b>676</b>	<b>23</b>	<b>29</b>	<b>1,382</b>	<b>–</b>	<b>2,111</b>	<b>2,042</b>
<b>Financial liabilities relating to derivatives</b>							
Gross currency futures – cash flow hedges							
Inflow (SEKm)	216	590	–	–	–	806	12
<b>Total inflow</b>	<b>216</b>	<b>590</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>806</b>	<b>12</b>
<b>Total outflow in each currency</b>							
Outflow (EURm)	16	46	–	–	–	62	–
Outflow (USDm)	2	3	–	–	–	5	–
Outflow (GBPm)	3	8	–	–	–	12	–

SEKm	31 Dec 2020						
<b>Financial liabilities (excl. derivatives)</b>							
Liabilities to credit institutions	4	12	16	967	–	999	950
Factoring loan	165	–	–	–	–	165	165
Liabilities to associated companies	3	–	–	–	–	3	3
Accounts payable	218	–	–	–	–	218	218
Lease liabilities	0	4	10	6	–	20	19
Other liabilities	1	–	–	–	–	1	1
<b>Total financial liabilities</b>	<b>391</b>	<b>16</b>	<b>26</b>	<b>973</b>	<b>–</b>	<b>1,406</b>	<b>1,356</b>
<b>Derivatives</b>							
Gross currency futures – cash flow hedges	–	–	–	–	–	–	–
<b>Inflow (SEK)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Outflow (EUR)	–	–	–	–	–	–	–
Outflow (USD)	–	–	–	–	–	–	–
Outflow (GBP)	–	–	–	–	–	–	–
Outflow (NOK)	–	–	–	–	–	–	–
<b>Total outflow</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

**NOTE 5 BUSINESS SEGMENTS**

The two segments are presented according to the Group's internal processes for monitoring and reporting to the CEO. The business segments are Kraft Paper and Natural Greaseproof. The CEO uses EBITDA to monitor the Group's earnings.

**Kraft Paper**

The Group's companies in Bäckhammar and Åmotfors, which produce and sell iamKraft® products, are in the Kraft Paper segment.

**Natural Greaseproof**

The Natural Greaseproof segment consists of the Group's companies in Säfte (Sweden) and Greåker (Norway), which produce paper for applications such as

baking and food preparation. The acquired company, Glassine Canada Inc., is in this segment.

**Net sales**

Sales transactions between the segments take place on market terms. Revenue generated from external customers and reported for the segments to executive management is measured in the same way as in the consolidated income statement.

**EBITDA** (earnings before interest, taxes, depreciation and amortisation)

Consists of operating profit plus depreciation, amortisation and impairment loss of property.

**Business segments**

	Net sales including intra-group sales	Eliminations	Net sales	EBITDA	Net sales including intra-group sales	Eliminations	Net sales	EBITDA
<b>SEKm</b>	<b>2021</b>				<b>2020</b>			
Kraft Paper	1,772	-66	1,706	392	1,613	-37	1,576	266
Natural Greaseproof	1,377	-	1,377	-34	1,327	-	1,327	205
Parent Company and undistributed items	49	-49	0	0	34	-34	0	-13
<b>Group</b>	<b>3,197</b>	<b>-114</b>	<b>3,083</b>	<b>358</b>	<b>2,974</b>	<b>-71</b>	<b>2,903</b>	<b>458</b>
Depreciation, amortisation and impairment loss of property				-150				-110
Financial items, net				-27				-20
<b>Pre-tax profit for the Group</b>				<b>182</b>				<b>328</b>

<b>Non-current assets</b>	31 Dec 2021	31 Dec 2020
Sweden	946	893
Norway	116	105
Canada	662	-
<b>Total non-current assets</b>	<b>1,724</b>	<b>997</b>

<b>Non-current assets by segment</b>	31 Dec 2021	31 Dec 2020
<b>Kraft Paper</b>		
Intangible assets	349	344
Property, plant and equipment	374	356
<b>Total</b>	<b>723</b>	<b>700</b>
<b>Natural Greaseproof</b>		
Intangible assets	633	-
Property, plant and equipment	358	294
<b>Total</b>	<b>991</b>	<b>294</b>
Parent Company and undistributed items	11	4
<b>Total non-current assets</b>	<b>1,724</b>	<b>997</b>

**NOTE 6 BREAKDOWN OF NET SALES****Net sales by type of revenue**

SEKm	Group		Parent Company	
	2021	2020	2021	2020
Sale of goods	3,083	2,903	–	–
<b>Total</b>	<b>3,083</b>	<b>2,903</b>	<b>–</b>	<b>–</b>

**Net sales by geographic market**

SEKm	Group		Parent Company	
	2021	2020	2021	2020
Sweden	261	208	25	19
Italy	402	364	–	–
Germany	345	334	–	–
Rest of Europe	1,098	1,008	24	15
USA	253	275	–	–
Rest of world	725	714	–	–
<b>Total</b>	<b>3,083</b>	<b>2,903</b>	<b>49</b>	<b>34</b>

Nordic Paper's ten largest customers account for around 20 percent of the Company's net sales. Where Nordic Paper invoices for deliveries to Swedish trading houses for export, these sales are also recognised as exports above. The table above shows actual end-customers.

**NOTE 7 OTHER OPERATING INCOME****Other operating income**

SEKm	Group		Parent Company	
	2021	2020	2021	2020
Compensation for CO <sub>2</sub> tax	6	7	–	–
Realised gain on cash flow hedges	18	19	18	3
Sales of district heating, by-products and similar	11	10	–	–
Exchange rate effect (net) on remeasurement of receivables/liabilities	9	–	–	–
Other	1	3	–	–
<b>Total</b>	<b>45</b>	<b>39</b>	<b>18</b>	<b>3</b>

**NOTE 8 REMUNERATION TO AUDITORS**

SEKm	Group		Parent Company	
	2021	2020	2021	2020
<b>PwC (elected accounting firm)</b>				
Audit assignment	–1.6	–2.6	–1.5	–2.6
Other services	–1.2	–6.2	–0.3	–6.2
<b>Total</b>	<b>–2.8</b>	<b>–8.8</b>	<b>–1.8</b>	<b>–8.8</b>

Audit assignments involve reviewing the annual accounts and accounting records, and the administration of the Company by the Board and CEO, other tasks that the Company's auditors are to perform, and advice and other assistance based on observations made in connection with audit assignments or performance of such duties. The above-mentioned fees are as follows: Öhrlings PricewaterhouseCoopers AB Sverige, audit assignment SEK –1.6 (–2.6) and other services SEK –1.2 (–6.2). Other services in 2021 consisted of due diligence work. Other services for 2020 consisted of consultation in preparation for the Group's stock exchange listing.

**NOTE 9 EMPLOYEES AND PERSONNEL COSTS**

Senior officials of the Company include the Board of Directors, the Chief Executive Officer and other senior executives. The board fees totalled SEK 2 (1)m.

*Decision process for remuneration*

Remuneration for the Chief Executive Officer and other senior executives is decided on by the Board of Directors.

*Remuneration and terms of employment for senior executives*

Remuneration for the Chief Executive Officer and other senior executives consists of a fixed cash salary, variable cash remuneration and pension benefits. Other senior executives are the other 8 (9) individuals who, together with the CEO, make up executive management.

The period of notice for the CEO and other senior executives is six (6) months if employment is terminated by the Company and six (6) months if employment is terminated by the employee. In addition, severance pay of a maximum of

twelve (12) months fixed cash salary may be paid to the CEO and a maximum of six (6) months to other senior executives if employment is terminated at the Company's request.

The Company's CEO and other senior executives are to be subject to a non-competition clause with legal effect lasting six (6) months after termination of employment, as well as non-recruitment of relevant parties during the same period. The Company may unilaterally waive the non-competition clause at its own discretion. In return for the competition restriction, the CEO will be entitled to remuneration of 60 percent of the monthly remuneration (based on fixed cash salary and variable salary) and senior executives 75 percent of the monthly remuneration (based on fixed cash salary).

The CEO has a defined-contribution pension plan with a premium limited to 40 percent of annual fixed cash salary. For other senior executives, pension premiums are mainly aligned with the ITP or similar plan.

Other benefits may include health insurance and car benefits. Such benefits are maximised at 15 percent of annual fixed cash salary.

**Average number of employees**

SEKm	2021		2020	
	Total	Of which women	Total	Of which women
<b>Parent Company</b>				
Sweden	2	1	2	1
<b>Subsidiaries</b>				
Sweden	532	121	531	123
Norway	101	19	99	20
Canada	54	4	-	-
<b>Group, total</b>	<b>689</b>	<b>144</b>	<b>632</b>	<b>144</b>

**Gender distribution, senior executives**

SEKm	2021		2020	
	Percentage of women	Percentage of men	Percentage of women	Percentage of men
<b>Group</b>				
Board of Directors <i>of which elected</i>	30% 50%	70% 50%	30% 50%	70% 50%
Chief Executive Officer and other senior executives	22%	78%	30%	70%
<b>Parent Company</b>				
Board of Directors	30%	70%	30%	70%
Chief Executive Officer and other senior executives	22%	78%	30%	70%

**Cost of employee remuneration**

SEKm	Group		Parent Company	
	2021	2020	2021	2020
Salaries and other remuneration etc.	-355	-333	-10	-4
Payroll overheads	-106	-105	-2	-2
Pension costs	-38	-29	-3	-2
- of which defined-benefit	-8	-2	-3	-1
- of which defined-contribution	-30	-27	0	-1
Other pension costs	-20	-12	0	-1
<b>Total</b>	<b>-519</b>	<b>-479</b>	<b>-15</b>	<b>-8</b>
<b>Salaries and other remuneration</b>				
Board members, CEO and other senior executives	-18	-16	-10	-4
- of which bonuses etc.	-2	0	-2	0
Other employees	-336	-317	-	-
- of which bonuses etc.	-14	0	-	-
<b>Total</b>	<b>-355</b>	<b>-333</b>	<b>-10</b>	<b>-4</b>
<b>Payroll overheads</b>				
Pension costs				
- board members, CEO and other senior executives	-4	-4	-3	-2
- other employees	-34	-25	-	-
Other payroll overheads	-106	-105	-2	-2
<b>Total</b>	<b>-144</b>	<b>-134</b>	<b>-5</b>	<b>-4</b>

## Board of Directors and senior executives

	Board fees	Basic salary <sup>1</sup>	Variable remuneration	Pension costs	Total
<b>SEK</b>	<b>2021</b>				
Arne Wallin	-325,000	-	-	-	-325,000
Helene Willberg	-450,000	-	-	-	-450,000
Per Bjurbom, Chair	-550,000	-	-	-	-550,000
Stefan Lundin	-375,000	-	-	-	-375,000
Ying Che	-375,000	-	-	-	-375,000
Karin Eliasson	-350,000	-	-	-	-350,000
Anita Sjölander, CEO	-	-3,084,582	-745,700	-926,400	-4,756,682
Other senior executives	-	-9,893,530	-1,483,138	-3,507,000	-14,883,668
<b>Total</b>	<b>-2,425,000</b>	<b>-12,978,112</b>	<b>-2,228,838</b>	<b>-4,433,400</b>	<b>-22,065,350</b>

<sup>1</sup> Basic salary including holiday pay

<b>SEK</b>	<b>2020</b>				
Arne Wallin	-243,750	-	-	-	-243,750
Helene Willberg	-337,500	-	-	-	-337,500
Per Bjurbom Chair	-	-	-	-	-
Stefan Lundin	-	-	-	-	-
Ying Che	-	-	-	-	-
Karin Eliasson	-262,500	-	-	-	-262,500
Anita Sjölander CEO	-	-2,259,974	-385,200	-829,932	-3,475,106
Other senior executives	-	-10,660,967	-964,619	-3,593,422	-15,219,008
<b>Total</b>	<b>-843,750</b>	<b>-12,920,941</b>	<b>-1,349,819</b>	<b>-4,423,354</b>	<b>-19,537,864</b>

## NOTE 10 PENSION PROVISION AND PENSION COSTS

Nordic Paper's employees in Sweden have defined-benefit plans for Company officials through the ITP plan and defined-benefit pension plans secured through endowment policies. The Company also has defined-contribution pension plans. All newly earned amounts within the ITP 2 plan are secured through Alecta pension insurance. Employees in Norway have defined-benefit plans and defined-contribution plans. Employees in Canada have defined-benefit plans and the pension obligation that arose in connection with the acquisition of Glassine Canada Inc. is secured through a provision in the balance sheet according to IAS 19.

*Defined-benefit plans*

The ITP plan secured by Alecta is classified as a defined-benefit plan which, according to a statement from the Swedish Financial Accounting Standards Council, UFR 10 Accounting for pension plan ITP 2 financed through Alecta insurance, is a defined-benefit plan that covers multiple employers.

As Alecta is unable to provide the required information to be able to report the ITP 2 plan as a defined-benefit plan, it is reported as a defined-contribution plan. (See the table on the right.)

This means that no pension cost for newly earned defined-benefit pension is reported as defined-benefit. The reported defined-benefit pension cost is attributable to previous periods, and to pensions managed outside of Alecta's pension system.

For the 2021 financial year, the Company has not had access to information in order to report its proportionate part of the plan's obligations, plan assets and costs, and it has therefore not been possible to report the plan as a defined-benefit plan.

At the end of 2021 Alecta's surplus in the form of the collective funding ratio was 172 percent (148). The collective funding ratio is the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial methods and assumptions, which are not aligned with IAS 19. The funding ratio is normally permitted to vary between 125 and 175 percent. If Alecta's funding ratio falls below 125 percent or exceeds 175 percent, steps are to be taken to bring the funding ratio within the normal interval.

Expected contributions in the next reporting period for ITP 2 insurance with Alecta amount to SEK 9 (9)m.

The defined-benefit pension plan reported in the balance sheet as a liability is related to the company acquired in Canada. The liability recognised is measured annually by independent actuaries applying the project unit credit method. The present value of the defined-benefit obligation is determined by discounting estimated future pension disbursements using an interest rate for plan assets issued in the same currency as will be used for disbursement with maturities comparable to the pension liability in question. The full pension provision recognised in the balance sheet is related to Canada. In Norway the Company has a small percentage of defined-benefit obligations, but as the amount is insignificant (SEK 0.3m) this is not recognised in the balance sheet.

*Defined-contribution plans*

The Group has defined-contribution pension plans paid for in full by the Company. Contributions to these plans are made on an ongoing basis according to the rules applying in the respective plan.

## Pension costs

	Group		Parent Company	
SEKm	2021	2020	2021	2020
Defined-contribution plans	-24	-21	-	-
- of which ITP 2 plan financed by Alecta	-6	-9	-	-1
Other defined-benefit plans	-6	-2	-2	-
Payroll tax	-8	-6	-1	0
<b>Total</b>	<b>-38</b>	<b>-29</b>	<b>-3</b>	<b>-2</b>

*Continued on next page*

Note 10 cont.

## Provisions for pensions

	Canada		Group	
	2021	2020	2021	2020
<b>Amount reported in the balance sheet</b>				
Present value of pension obligation, funded plans	210	–	210	–
Fair value of plan assets	179	–	179	–
Net liability (+) funded plans	<b>31</b>	<b>–</b>	<b>31</b>	<b>–</b>
Net claim (–) funded plans (not recognised in the balance sheet)	–	–	–	–
Present value of pension obligation, unfunded plans 1	–	–	–	–
<b>Total</b>	<b>31</b>	<b>–</b>	<b>31</b>	<b>–</b>
<b>Amount reported in the balance sheet</b>				
Provisions for pensions	31	–	31	–
<b>Total</b>	<b>31</b>	<b>–</b>	<b>31</b>	<b>–</b>
<b>Change in present value of obligations</b>				
1 January	–	–	–	–
Pension obligations from acquisitions	210	–	210	–
<b>31 December</b>	<b>210</b>	<b>–</b>	<b>210</b>	<b>–</b>
<b>Change in fair value of plan assets</b>				
1 January	–	–	–	–
Plan assets in connection with acquisitions	179	–	179	–
<b>31 December</b>	<b>179</b>	<b>–</b>	<b>179</b>	<b>–</b>
<b>Specification of plan assets</b>				
Bonds and other interest-bearing securities	35%	–	35%	–
Shares	44%	–	44%	–
Property	11%	–	11%	–
Other	10%	–	10%	–
<b>Actuarial assumptions</b>				
Discount rate	2.9%	–	2.9%	–
Future salary increases	2.8%	–	2.8%	–
Expected return on plan assets	2.9%	–	2.9%	–
Inflation	1.8%	–	1.8%	–
Life expectancy / mortality	CPM2014	–	CPM2014	–

## Sensitivity analysis, defined-benefit pension liability

	2021			
	Canada		Group	
	Pension liability	Change in liability	Pension liability	Change in liability
Pension liability with current assumptions	210	–	210	–
<i>Change in assumption:</i>				
Discount rate +0.5 percentage points	13	6%	13	6%
Discount rate –0.5 percentage points	–15	–7%	–15	–7%
Salary increase +0.5 percentage points	0	0.2%	0	0.2%
Salary increase –0.5 percentage points	0	–0.2%	0	–0.2%

The sensitivity analysis is based on a change in an individual actuarial assumption, while other assumptions remain unchanged. This method shows the sensitivity of an individual assumption. This is a simplified method as the actuarial assumptions are normally correlated.

Note 10 cont.

**Forecast of defined-benefit pension plans' impact on the Group's cash flow in future years**

	2022	
	Canada	Group, total
Funded plans, employer contributions	3	3
Unfunded plans, pension disbursement	–	–
<b>Total</b>	<b>3</b>	<b>3</b>

**NOTE 11 OTHER OPERATING EXPENSES**

SEKm	Group		Parent Company	
	2021	2020	2021	2020
Fair value, losses on cash flow hedges (unrealised)	–7	0	–46	–
Exchange rate effects, net upon remeasurement of operating receivables/liabilities	–	–21	15	–
<b>Total</b>	<b>–7</b>	<b>–21</b>	<b>–46</b>	<b>–</b>

**NOTE 12 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES**

SEKm	Group	
	2021	2020
Other intangible assets	–9	–1
Buildings and land improvements	–2	–12
Plant and machinery	–94	–86
Equipment, tools and installations	–1	–2
Right-of-use assets	–12	–10
Depreciation of property, plant and equipment relating to closure of Säffle pulp mill	–32	–
<b>Total</b>	<b>–150</b>	<b>–110</b>

**NOTE 13 ITEMS AFFECTING COMPARABILITY**

SEKm	2021	2020	Found in the income statement
Cost of restructuring of Säffle pulp mill			
- Provision for land restoration	–76	–	Other external expenses
- Impairment loss of property, plant and equipment	–32	–	Depreciation, amortisation and impairment loss of property
<b>Total items affecting comparability</b>	<b>–108</b>	<b>–</b>	

Items affecting comparability are presented to show the underlying results of operations.

**Adjusted EBITDA**

SEKm	2021	2020
EBITDA	358	458
Reversal of land restoration	76	–
<b>Adjusted EBITDA</b>	<b>434</b>	<b>458</b>

**Adjusted operating profit/loss**

SEKm	2021	2020
Operating profit/loss	208	348
Reversal of land restoration and impairment loss on pulp mill	108	–
<b>Adjusted operating profit/loss</b>	<b>316</b>	<b>348</b>

**NOTE 14 FINANCIAL INCOME**

SEKm	Group		Parent Company	
	2021	2020	2021	2020
Interest income	0	–	15	12
Realised exchange rate gains	–	5	–	4
Unrealised exchange rate gains	1	–	–	18
<b>Total</b>	<b>1</b>	<b>5</b>	<b>15</b>	<b>34</b>

**NOTE 15 FINANCIAL EXPENSE**

SEKm	Group		Parent Company	
	2021	2020	2021	2020
Interest expense	–26	–9	–25	–6
Realised exchange rate losses	–2	–	–1	0
Unrealised exchange rate losses	–	–16	–2	0
<b>Total</b>	<b>–28</b>	<b>–25</b>	<b>–28</b>	<b>–6</b>

## NOTE 16 TAXES AND DEFERRED TAX

SEKm	Group		Parent Company	
	2021	2020	2021	2020
<b>Tax on profit for the year</b>				
Current tax expense relating to profit for the year	-46	-86	-41	-55
Adjustment of tax relating to previous years	-3	1	-3	2
<b>Deferred tax</b>				
Deferred tax on temporary differences	12	16	2	-
<b>Total</b>	<b>-37</b>	<b>-70</b>	<b>-41</b>	<b>-52</b>
<b>Reconciliation of effective tax</b>				
Profit before tax	182	328	263	341
Tax according to Parent Company tax rate (20.6% and 21.4% in 2020)	-37	-70	-54	-73
Effect of other tax rates for foreign subsidiaries	0	-2	-	-
Changed tax rate on deferred tax asset/tax liability	-	0	-	0
Non-deductible expenses	0	0	-8	0
Tax-exempt income	0	0	22	19
Tax relating to previous years	-3	0	-3	2
Other	2	2	2	0
<b>Total</b>	<b>-37</b>	<b>-70</b>	<b>-41</b>	<b>-52</b>

## Change in deferred tax, Group

SEKm	2021					
	1 January	Recognised in the income statement	Recognised directly in equity	Recognised in other comprehensive income	Additions through company acquisitions	31 December
<b>Deferred tax assets</b>						
Right-of-use assets	4	-4	-	-	-	-
Pensions and other	5	-2	-	7	8	18
<b>Total</b>	<b>9</b>	<b>-6</b>	<b>-</b>	<b>7</b>	<b>8</b>	<b>18</b>
<b>Deferred tax liability</b>						
Intangible and tangible assets	14	-11	-	-	66	69
Untaxed reserves	137	-6	-	-	-	131
Financial assets	7	-2	-	-	-	5
<b>Total</b>	<b>158</b>	<b>-19</b>	<b>-</b>	<b>-</b>	<b>66</b>	<b>206</b>

## NOTE 16 TAXES AND DEFERRED TAX, cont.

	1 January	Recognised in the income statement	Recognised directly in equity	Recognised in other comprehensive income	Additions through company acquisitions	31 December
SEKm	2020					
<b>Deferred tax assets</b>						
Right-of-use assets	3	1	–	–	–	4
Pensions and other	3	2	–	–	–	5
<b>Total</b>	<b>6</b>	<b>3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9</b>
<b>Deferred tax liability</b>						
Intangible and tangible assets	17	–3	–	–	–	14
Untaxed reserves	150	–13	–	–	–	137
Financial assets	3	1	–	3	–	7
<b>Total</b>	<b>169</b>	<b>–14</b>	<b>–</b>	<b>3</b>	<b>–</b>	<b>158</b>

## NOTE 17 EARNINGS PER SHARE

	Group	
SEKm	2021	2020
Profit for the year attributable to owners of the parent	144	258
Average number of ordinary outstanding shares	66,908,800	66,908,800
<b>Earnings per share before and after dilution, SEK</b>	<b>2.15</b>	<b>3.85</b>

The number of shares and amounts for 2020 have been restated taking into account the ordinary share split of 1,400:1 decided on at the Extraordinary General Meeting on 1 October 2020.

## NOTE 18 INTANGIBLE NON-CURRENT ASSETS

	Brand		Customer relationships		Goodwill		Other intangible assets		Total	
SEKm	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Cost</b>										
Cost, 1 January	–	–	–	–	343	343	19	19	362	362
Business combinations during the year	–	–	219	–	383	–	–	–	602	–
Acquired during the year	31	–	–	–	–	–	–	–	31	–
Reclassifications	–	–	–	–	–	–	7	–	7	–
Translation effects	–	–	–	–	–	–	–	–	–	–
<b>Accumulated cost, 31 December</b>	<b>31</b>	<b>–</b>	<b>219</b>	<b>–</b>	<b>726</b>	<b>343</b>	<b>26</b>	<b>19</b>	<b>1,002</b>	<b>362</b>
<b>Accumulated amortisation</b>										
Amortisation, 1 January	–	–	–	–	–	–	–19	–18	–19	–18
Reclassifications	–	–	–	–	–	–	–	–	–	–
Amortisation during the year	–	–	–	–	–	–	–1	–1	–1	–1
Translation effects	–	–	–	–	–	–	–	–	–	–
<b>Accumulated amortisation, 31 December</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–20</b>	<b>–19</b>	<b>–20</b>	<b>–19</b>
<b>Carrying amount</b>	<b>31</b>	<b>–</b>	<b>219</b>	<b>–</b>	<b>726</b>	<b>343</b>	<b>6</b>	<b>1</b>	<b>982</b>	<b>343</b>

*Impairment testing*

Of the Groups' goodwill of SEK 726m, SEK 343 (343)m arose upon acquisition of Wermland Paper AB in January 2008 and the remaining SEK 383m upon acquisition of Glassine Canada Inc. on 31 December 2021. Goodwill attributable to Kraft Paper is tested for impairment in the Kraft Paper business segment. The goodwill item arising in 2021 will be tested for impairment starting in 2022.

As of 31 December 2021 – the acquisition date – the fair value less selling expenses is considered to be on a par with the amount for which Nordic Paper acquired the company. When calculating the recoverable amount, Nordic Paper does not refer to value in use but instead to a fair value measurement less selling expenses, thus the Company refers to the actual acquisition price.

Performed impairment test related to Kraft Paper involves an assessment of whether the entity's recoverable amount is higher than its carrying amount. The recoverable amount has been calculated on the basis of the entity's value in use, which constitutes the present value of the entity's anticipated future cash flows without taking into account any future business expansion and restructuring. The value-in-use calculation was based on:

- a discount factor of 8.7 percent before tax (10.1 percent)<sup>1</sup> and 6.9 percent after tax (8);
- a forecast of cash flows over the next five years;
- an annual growth rate of 1 percent (1 percent).

The discounted cash flow model involves forecasting future cash flows from operations, including estimates of revenue volumes and production costs. The important assumptions on anticipated cash flows over the next five years consist of forecasts approved by executive management, and a long-term growth rate of 1 percent (1 percent). The amounts have been estimated for these variables based primarily on past experience. The calculations do not indicate any impairment, nor that any reasonable changes in important assumptions would lead to impairment.

<sup>1</sup> The discount rate is calculated as weighted average cost of capital (WACC).

**NOTE 19 PROPERTY, PLANT AND EQUIPMENT**

SEKm	Buildings and land		Plant and machinery		Equipment, tools and installations		Work in progress		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Cost</b>										
Cost, 1 January	291	296	2,489	2,438	97	100	83	62	2,959	2,896
Acquired during the year	–	–	–	–	–	0	181	102	181	102
Acquired during the year through company acquisitions	30	–	100	–	2	–	–	–	132	–
Sales / disposals	–	–	–4	–	0	–	–	–	–4	–
Reclassifications	–	0	79	80	2	0	–89	–80	–10	0
Translation effects	2	–5	21	–29	2	–3	1	–1	26	–39
<b>Accumulated cost, 31 December</b>	<b>323</b>	<b>291</b>	<b>2,684</b>	<b>2,489</b>	<b>102</b>	<b>97</b>	<b>176</b>	<b>83</b>	<b>3,284</b>	<b>2,959</b>
<b>Accumulated depreciation</b>										
Depreciation, 1 January	–236	–228	–2,005	–1,940	–93	–94	–	–	–2,436	–2,262
Acquired during the year	–	–	–	–	–	–	–	–	–	–
Acquired during the year through company acquisitions	–19	–	–81	–	–2	–	–	–	–	–102
Sales / disposals	–	–	4	–	0	–	–	–	4	–
Reclassifications	–	–	2	–	–	–	–	–	2	–
Depreciation during the year	–11	–11	–91	–86	–1	–1	–	–	–103	–99
Impairment loss of property for the year	–	–	–32	–	–	–	–	–	–32	–
Translation effects	–2	3	–15	21	–2	2	–	–	–19	27
<b>Accumulated depreciation, 31 December</b>	<b>–268</b>	<b>–236</b>	<b>–2,218</b>	<b>–2,005</b>	<b>–98</b>	<b>–93</b>	<b>–</b>	<b>–</b>	<b>–2,584</b>	<b>–2,436</b>
<b>Carrying amount</b>	<b>55</b>	<b>55</b>	<b>466</b>	<b>484</b>	<b>4</b>	<b>4</b>	<b>176</b>	<b>83</b>	<b>701</b>	<b>523</b>

Impairment loss of property for the year: In the second quarter of 2021, Nordic Paper decided to discontinue paper pulp production at the Company's mill in Säffle in the fourth quarter of 2021 and replace it with pulp purchased externally. In connection with the pulp line closure in the fourth quarter of 2021, an impairment of property, plant and equipment of SEK 32m was recognised in the Natural Greaseproof segment. The recoverable amount of the assets is their fair value less the cost of selling and disposing of equipment.

## NOTE 20 RIGHT-OF-USE ASSETS

SEKm	Group	
	31 Dec 2021	31 Dec 2020
<b>Right-of-use assets</b>		
Office premises	10	–
Company cars	2	1
Work vehicles and machinery	12	17
<b>Total</b>	<b>23</b>	<b>18</b>
<b>Lease liability<sup>1</sup></b>		
Current	10	10
Non-current	14	9
<b>Total</b>	<b>24</b>	<b>19</b>

<sup>1</sup> See Note 4 Maturity analysis for lease liabilities

Other information		
SEKm	31 Dec 2021	31 Dec 2020
<b>Right-of-use assets added</b>		
Office premises	12	–
Company cars	1	1
Work vehicles and machinery	6	15
<b>Total</b>	<b>19</b>	<b>16</b>
Total cash flow for leases	14	12
Undelivered lease obligations	–	14

## NOTE 21 INVENTORIES

SEKm	Group	
	31 Dec 2021	31 Dec 2020
Raw materials and consumables	298	283
Finished goods and goods for resale	173	162
<b>Total</b>	<b>472</b>	<b>445</b>

Operating expenses include inventory obsolescence provisions of SEK 16m (15).

## NOTE 22 OTHER RECEIVABLES

SEKm	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Receivables from factoring companies	30	18	–	–
Value added tax receivables	53	33	–	1
Average tax account balance	31	13	–	1
Other	–	4	–	0
<b>Total</b>	<b>114</b>	<b>68</b>		<b>2</b>

## Amounts for right-of-use assets recognised in the income statement

SEKm	Group	
	31 Dec 2021	31 Dec 2020
<b>Depreciation of right-of-use assets</b>		
Office premises	–3	–
Company cars	–1	–2
Work vehicles and machinery	–9	–10
<b>Total</b>	<b>–13</b>	<b>–11</b>
<b>Interest expense and lease expenses</b>		
Interest expense (included in financial expense)	–1	–1
Expenses relating to short-term leases (included in Other external costs)	–3	0
<b>Total</b>	<b>–4</b>	<b>–1</b>

## NOTE 23 FINANCIAL ASSETS AND LIABILITIES

	Accrued acquisition value	Derivatives used in hedge accounting	No hedge accounting for derivatives	Total carrying amount	Accrued acquisition value	Derivatives used in hedge accounting	Total carrying amount
SEKm	31 Dec 2021				31 Dec 2020		
<i>Level in fair value hierarchy</i>	<i>Level 2</i>				<i>Level 2</i>		
<b>Assets in the balance sheet</b>							
Accounts receivable	546	–	–	546	365	–	365
Derivatives	–	1	–	1	–	34	34
Other receivables	62	–	–	62	35	–	35
Cash and cash equivalents	360	–	–	360	415	–	415
Accrued income	4	–	–	4	6	–	6
<b>Total</b>	<b>972</b>	<b>1</b>	<b>–</b>	<b>973</b>	<b>821</b>	<b>34</b>	<b>855</b>
<b>Liabilities in the balance sheet</b>							
Liabilities to credit institutions	1,350	–	–	1,350	950	–	950
Factoring loan	273	–	–	273	165	–	165
Liabilities to associated companies	14	–	–	14	3	–	3
Derivatives	–	12	3	15	–	–	–
Accounts payable	382	–	–	382	218	–	218
Other liabilities	0	–	–	0	1	–	1
Accrued expenses and prepaid liabilities	224	–	–	224	171	–	171
<b>Total</b>	<b>2,242</b>	<b>12</b>	<b>3</b>	<b>2,257</b>	<b>1,508</b>	<b>–</b>	<b>1,508</b>

Amounts payable to leasing companies have been measured according to IFRS 16. The carrying amount in the table above is the same as fair value as it relates to short-term items and the interest is therefore non-existent. The interest rate is the same now as when the financial assets and liabilities agreements were entered into. The derivatives in the table above that are not recognised as hedging instruments are interest rate swaps and mature after three years.

Nordic Paper has made an assessment of the risk of loss relating to all financial assets. Credit loss provisions have been made for accounts receivable, including factoring receivables, but the risk of loss on other financial assets has been determined to be insignificant and therefore no provision has been made (see also Note 4 Credit risk).

**Calculation of fair value**

The Group has derivatives that are measured at fair value according to level 2 of the fair value hierarchy. Fair value on long-term loans is estimated to be the same as the carrying amount, as the interest rate is variable and in line with market interest rates. Other financial instruments have short maturities and for these, fair value is equivalent to the carrying amount.

The different levels are defined as follows:

*(a) Financial instruments at level 1.*

Listed prices (unadjusted) on active markets for identical assets and liabilities.

*(b) Financial instruments at level 2.*

Observable data for the assets and liabilities other than listed prices included in level 1, either direct (i.e. price listings) or indirect (i.e. derived from price listings).

*(c) Financial instruments at level 3.*

In cases where individual or multiple significant input data is not based on observable market information, the instrument in question is classified at level 3.

**Financial instruments at level 2**

The fair value of financial instruments that are not traded on an active market (for example OTC derivatives) is established using valuation models. Here, market information, where available, is used to the greatest extent possible, while Company-specific information is used as little as possible. If all significant input data required to measure the fair value of an instrument is observable, the instrument is classified at level 2. There has been no transfer between the levels during the year.

There are contracts in place with set-off rights but no set-off transactions have taken place.

## NOTE 24 PREPAID EXPENSES AND ACCRUED INCOME

SEKm	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Prepaid insurance premiums	7	7	4	7
Prepaid service and support agreements	10	1	1	1
Accrued income	4	6	–	0
Other items	7	10	6	6
<b>Total</b>	<b>28</b>	<b>24</b>	<b>11</b>	<b>15</b>

**NOTE 25 EQUITY****Share capital**

As of 31 December 2021 the registered share capital consisted of 66,908,800 ordinary shares with a quota value of 0.285715. Shareholders with ordinary shares are entitled to a dividend subsequently established and their shareholding entitles them to vote at shareholders' meeting with one vote per share. All shares carry the same right to remaining assets in Nordic Paper Holding AB. A share split of 1,400:1 was executed in connection with the stock exchange listing in 2020. This increased the number of shares from 47,792 to 66,908,800.

**Reserves***Translation reserve*

The translation reserve covers all exchange rate differences arising in the translation of the financial statements of foreign operations that have prepared their financial statements in a currency other than the presentation currency of the Group's financial statements. The parent Company presents its financial statements in Swedish kronor (SEK). Any accumulated translation difference is recognised in profit or loss when foreign operations are divested.

**Translation reserve**

SEKm	Group	
	2021	2020
1 January	-37	-22
Translation differences for the year	12	-15
<b>Total</b>	<b>-25</b>	<b>-37</b>

*Hedge reserve*

The hedge reserve contains the effective portion of the accumulated net change in fair value of a cash flow hedging instrument pertaining to highly likely, forecast future transactions that have not yet taken place.

**Change in hedge reserve (cash flow hedging)**

SEKm	Group	
	2021	2020
1 January	22	10
<i>Cash flow hedges:</i>		
Added: Changes in fair value of hedging instruments recognised in other comprehensive income	-30	16
Added: Deferred tax on change in fair value	-8	4
Deducted: Reclassification to income statement (in other operating expenses/other operating income)	7	-7
Deducted: Deferred tax on derivatives reclassified to the income statement	1	-1
<b>Hedge reserve, 31 December</b>	<b>-8</b>	<b>22</b>

**Retained earnings**

Retained earnings include profit for the year combined with earnings of the Parent Company and its subsidiaries and associates.

**Dividend**

After the balance sheet date the Board proposed a dividend of SEK 2.00 per ordinary share, totalling SEK 134m. The proposal is subject to adoption at the Annual General Meeting on 19 May 2022.

	Group	
	2021	2020
Average outstanding number of shares	66,908,800	66,908,800
Dividend per ordinary share, SEK	2.00	2.00
Dividend, SEKm	134	134

The number of shares and amounts for 2020 have been restated to reflect the ordinary share split of 1,400:1 decided on at the Extraordinary General Meeting on 1 October 2020.

**NOTE 26 APPROPRIATION OF PROFIT**

Non-restricted equity in the Parent Company:

SEK	31 Dec 2021
Retained earnings	271,501,121
Net profit for the year	222,449,992
<b>Total</b>	<b>493,951,113</b>

**The Board of Directors proposes**

Dividend to shareholders, 66,908,800 shares, SEK 2.00 per share	133,817,600
To be carried forward	360,133,513
<b>Total</b>	<b>493,951,113</b>

## NOTE 27 INTEREST-BEARING LIABILITIES

SEKm	Group		Parent Company		
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	
<b>Non-current liabilities</b>					
Liabilities to credit institutions, 1–4 years after the closing day	1,350	950	1,350	950	
Lease liabilities, 1–4 (5) years after the closing day	14	9	–	–	
<b>Total</b>	<b>1,364</b>	<b>959</b>	<b>1,350</b>	<b>950</b>	
<b>Current liabilities</b>					
Factoring loan	273	165	–	–	
Lease liabilities	10	10	–	–	
<b>Total</b>	<b>283</b>	<b>175</b>	<b>–</b>	<b>–</b>	
Unutilised overdraft facility	–	–	–	–	
Granted overdraft facility	200	200	–	200	
Granted credit facility	200	600	200	600	
<b>Terms and repayment schedule</b>			<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	
SEKm	Currency	Year due	Interest rate	Carrying amount	Carrying amount
Liabilities to credit institutions	SEK	2024	Variable	1,350	950
Factoring loan	SEK	2022	Variable	273	165
Lease liabilities	SEK	Varies	Variable/Marginal	24	19
<b>Total</b>				<b>1,647</b>	<b>1,134</b>

The Parent Company signed a credit agreement in September 2020. The credit agreement is for a loan of SEK 950m taken out in October 2020 and two credit facilities totalling SEK 800m, of which SEK 200m is an overdraft facility and SEK 600m is a loan facility. The loan of SEK 950m in October 2020 was to finance dividend payments in the same amount to the previous Parent Company Sutriv Holding AB. In 2021 SEK 400m of the loan facility in the amount of SEK 600m was utilised to finance a portion of the acquisition of Glassine Canada Inc.

Attached to the loans are certain covenants regarding, for example, the ratio of net debt to EBITDA, and interest coverage ratio measured as the ratio of EBITDA to net interest income/expense. The loans carry variable interest decided on quarterly based on these covenants.

The terms of the loan were met in 2021.

## NOTE 28 OTHER PROVISIONS

SEKm	Group	
	2021	2020
<b>1 January</b>	<b>18</b>	<b>22</b>
Provisions during the year	80	4
Reversals during the year	–1	–8
<b>31 December</b>	<b>97</b>	<b>18</b>

Other provisions are for the anticipated cost of restoration, partly for a deposit site and partly for older contamination of oil in the ground discovered in 2019. The cost of the oil contamination has been estimated by a third party. The provision for the oil contamination ended on 31 December 2021. Additional provisions in 2021 are for restructuring costs for the Säffle plant, including the cost of land restoration at the Säffle pulp mill of SEK 76m. (See also Note 13.) Land restoration in Säffle will take place in stages over the next 5–7 years. The costs associated with the pulp mill have been estimated by a third party. The cash outflow for the deposit site in Bäckhammar will continue until 2032, but it is not yet clear how the outflow will break down over time.

## NOTE 29 OTHER LIABILITIES

SEKm	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Payroll taxes and other employee-related expenses	14	11	0	0
Other	0	1	0	0
<b>Total</b>	<b>14</b>	<b>12</b>	<b>0</b>	<b>0</b>

**NOTE 30 ACCRUED EXPENSES AND PREPAID INCOME**

SEKm	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Accrued salaries and holiday pay	74	55	4	1
Accrued payroll overheads	39	33	1	0
Accrued interest	1	0	1	–
Customer bonuses	26	20	–	–
Agent commissions	7	6	–	–
Accrued raw material and energy costs	69	16	–	–
Other items	47	76	4	0
<b>Total</b>	<b>263</b>	<b>206</b>	<b>10</b>	<b>2</b>

**NOTE 31 PLEDGED ASSETS**

SEKm	Group		Parent Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
<b>For liabilities to credit institutions</b>				
Property mortgages	–	–	–	–
Floating charges	–	–	–	–
Shares in subsidiaries	–	–	–	–
Accounts receivable, factoring	273	165	–	–
<b>Total</b>	<b>273</b>	<b>165</b>	<b>–</b>	<b>–</b>
<b>Other pledged assets</b>				
Right-of-use assets	23	18	–	–
<b>Total pledged assets</b>	<b>297</b>	<b>183</b>	<b>–</b>	<b>–</b>

**NOTE 32 CONTINGENT LIABILITIES**

The subsidiaries Nordic Paper Bäckhammar AB and Nordic Paper Seffle AB have entered into factoring agreements and leases with credit institutes. Under the terms of these agreements, the Parent Company guarantees up to SEK 300m (SEK 238m), plus interest and fees, relating to any future claims on the subsidiaries.

**NOTE 33 PARTICIPATIONS IN GROUP COMPANIES****Parent Company's holding**

SEKm	Registered office	Share	Number of shares	Carrying amount	
				31 Dec 2021	31 Dec 2020
Nordic Paper Bäckhammar AB, 556044-8952	Kristinehamn, Sweden	100%	50,000	702	702
Nordic Paper Seffle AB, 556000-2221	Säffle, Sweden	100%	5,000	70	70
Nordic Paper AS, 983633080	Sarpsborg, Norge	100%	47,792	124	124
Glassine Canada Inc., 102107257	Quebec, Canada	100%	489,000	269	–
<b>Total</b>				<b>1,165</b>	<b>896</b>

**Participations in Group companies**

SEKm	Parent Company	
	2021	2020
Carrying amount, 1 January	896	896
Acquisitions	269	–
Impairment losses	–	–
Divestments	–	–
<b>Carrying amount, 31 December</b>	<b>1,165</b>	<b>896</b>

**Indirect holdings**

	Registered office	Share	Owned by
Nordic Paper Åmotfors AB, 556209-7294	Eda, Sweden	100%	Nordic Paper Bäckhammar AB

## NOTE 34 COMPANY ACQUISITIONS

Company acquisitions in 2021 are presented in the table below. The annual revenue and number of employees presented are based on the most recent information available at the time of the acquisition. The Canadian speciality paper company Glassine Canada Inc. was acquired on 31 December 2021.

The acquired company's balance sheet is included in the consolidated balance sheet as of 31 December 2021, while net sales and profits will be included in the income statement starting on 1 January 2022. Transaction costs associated with the acquisition were SEK 5m and are recognised in the income statement under "Other external costs".

The preliminary purchase price on a cash- and debt-free basis was SEK 654m on the acquisition date. The preliminary purchase price determination includes an estimate of the Company's net cash. After the acquisition date the net cash was adjusted to SEK 26m and the preliminary purchase price was adjusted to SEK 644m. The amount transferred is SEK 670m. The final purchase price will be determined in the first half of 2022.

Acquirer	Segment	Acquired company	Country	Acquisition date	Annual net sales	Average number of employees	Proportion acquired
Nordic Paper Holding AB	Natural Greaseproof	Glassine Canada Inc.	Canada	31 Dec 2021	265	54	100%

The acquired company's balance sheet items as of 31 December 2021 are consolidated into the respective balance sheet items for Nordic Paper Group.

SEKm	2021	Effects of the acquisition of Glassine Canada Inc., SEKm			
		Carrying amount of identifiable net assets	Carrying amount	Adjusted fair value	Fair value
Goodwill	382				
Brands	31	Brands	–	31	31
Customer relationships	219	Customer relationships	–	219	219
Buildings and land	10	Buildings and land	10	–	10
Plant and machinery	19	Plant and machinery	19	–	19
Deferred tax assets	8	Deferred tax assets	–	8	8
Inventories	20				
Accounts receivable	35	<b>Total non-current assets</b>	<b>30</b>	<b>258</b>	<b>287</b>
Current tax assets	5	Inventories	20	–	20
Cash and cash equivalents	58	Accounts receivable	35	–	35
<b>Total assets</b>	<b>787</b>	Current tax assets	5	–	5
Equity	269	Cash and cash equivalents	58	–	58
Provision for pensions	31	<b>Total current assets</b>	<b>117</b>	<b>–</b>	<b>117</b>
Deferred tax liability	66	<b>Total assets</b>	<b>147</b>	<b>258</b>	<b>405</b>
Accounts payable and other operating liabilities	13	Provision for pensions	–	–31	–31
Liabilities to Group companies <sup>1</sup>	401	Deferred tax liability	–4	–66	–70
Tax liability	4	Total non-current liabilities	–4	–97	–102
Accrued expenses and deferred income	3	Accounts payable and other operating liabilities	–16	–	–16
<b>Total liabilities</b>	<b>787</b>	<b>Total liabilities</b>	<b>–16</b>	<b>–</b>	<b>–16</b>
		<b>Net identifiable assets and liabilities</b>	<b>127</b>	<b>160</b>	<b>287</b>
		Goodwill	–	382	382
		<b>Amount transferred</b>			<b>670</b>

<sup>1</sup> A claim on the Parent Company Nordic Paper Holding AB arose in connection with the acquisition.

## Effect on consolidated cash flow

SEKm	2021
Amount transferred, Parent Company	670
Cash	–58
Pension liability arising in connection with acquisition	31
<b>Effect on consolidated cash flow (net)</b>	<b>644</b>

**NOTE 35 TRANSACTIONS WITH RELATED PARTIES**

This note describes transactions with the Group's associate Åmotfors Energi AB, the subsidiaries and the Group's former Parent Company, Sutriv Holding AB. For further information on senior executive remuneration, see Note 9, *Employees and personnel costs*.

SEKm	Sale of goods/ services	Purchase of goods/services	Dividend	Receivable on balance sheet date	Liability on balance sheet date
<b>GROUP</b>					
<b>Associates</b>					
2021	14	64	–	–	14
2020	4	25	–	–	3
<b>Former owner company (Sutriv Holding AB)</b>					
2021	–	–	–	–	–
2020	–	5	–	–	–
<b>PARENT COMPANY</b>					
<b>Subsidiaries</b>					
2021	48	37	106	642	2
- of which long-term receivable, Group company	–	–	–	401	–
2020	34	28	66	199	–
<b>Former owner company (Sutriv Holding AB)</b>					
2021	–	–	–	–	–
2020	–	5	–	–	–

Board member Stefan Lundin provided consulting for Nordic Paper beyond his work on the Board in 2021 (SEK 93,000).

## NOTE 36 CASH FLOW STATEMENT

SEKm	Group		Parent Company	
	2021	2020	2021	2020
<b>Adjustments for non-cash items</b>				
Depreciation, amortisation and impairment losses	150	110	–	–
Unrealised changes in exchange rates	–5	12	–	–
Change in fair value of derivatives, unrealised	21	–24	–	–
Provision for land restoration in Säffle	76	–	–	–
Other	14	–11	–	–
<b>Total</b>	<b>256</b>	<b>87</b>	<b>–</b>	<b>–</b>

SEKm	Group				Group			
	Liabilities to credit institutions	Leases	Factoring credit-line	Unutilised overdraft facility	Liabilities	Leases	Factoring credit-line	Unutilised overdraft facility
	2021				2020			
<b>Financing activities, change in liabilities</b>								
1 January	950	19	165	–	–	13	184	–
Changes affecting cash flow	400	–13	108	–	950	–10	–19	–
Other changes not affecting cash flow	–	18	–	–	–	16	–	–
<b>31 December</b>	<b>1,350</b>	<b>24</b>	<b>273</b>	<b>–</b>	<b>950</b>	<b>19</b>	<b>165</b>	<b>–</b>

SEKm	Parent Company				Parent Company			
	Liabilities to credit institutions	Leases	Factoring loan	Unutilised overdraft facility	Liabilities to credit institutions	Leases	Factoring loan	Unutilised overdraft facility
	2021				2020			
<b>Financing activities, change in liabilities</b>								
1 January	950	–	–	–	–	–	–	–
Changes affecting cash flow	400	–	–	–	950	–	–	–
Other changes not affecting cash flow	–	–	–	–	–	–	–	–
<b>31 December</b>	<b>1,350</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>950</b>	<b>–</b>	<b>–</b>	<b>–</b>

## NOTE 37 YEAR-END APPROPRIATIONS

SEKm	Parent Company	
	2021	2020
Group contributions received/provided	233	199
Change in tax allocation reserve	–12	53
<b>Total</b>	<b>221</b>	<b>252</b>

**NOTE 38 EXPLANATION OF COMPARATIVE FIGURES IN THE INCOME STATEMENT DUE TO CHANGED ACCOUNTING PRINCIPLE IN 2020**

Up to 31 December 2020, the Parent Company applied the same principles as the Group with respect to financial instruments, but in 2021 the Parent Company stopped applying IFRS 9. The Parent Company instead measures financial instruments based on acquisition cost. In subsequent periods, financial assets acquired to be held for a short period are recognised at cost or market value, whichever is lower, according to the lower of cost or market (LCM) principle.

This means that the Parent Company only reports derivative instruments with a negative fair value if these exist at the end of the period. The comparison period, January–December 2020, has been restated for the Parent Company in the Annual Report. Amounts in the Parent Company's equity as of 1 January 2020 have also been restated. The full income statement is presented below for 31 December 2020 with adjustments according to changed accounting principles. The balance sheet is also presented as of 31 December 2020 including the items where adjustments have been made.

**PARENT COMPANY INCOME STATEMENT**

SEKm	Adopted income statement		<i>Adjustment based on changed accounting principle</i>	Adjusted income statement	
	1 Jan 2020	–31 Dec 2020		1 Jan 2020	–31 Dec 2020
Net sales	34		–	34	
Other operating income	37		–33	4	
Other external costs	–69		–	–69	
Personnel costs	–8		–	–8	
Depreciation/amortisation	–		–	–	
Other operating expenses	0		–	0	
<b>Operating profit/loss</b>	<b>–6</b>		<b>–33</b>	<b>–40</b>	
Profit from participations in Group companies	66		–	66	
Interest income and similar profit/loss items	34		–	34	
Interest expense and similar profit/loss items	–6		–	–6	
<b>Profit/loss after financial items</b>	<b>89</b>		<b>–33</b>	<b>56</b>	
Year-end appropriations	252			252	
<b>Profit before tax</b>	<b>341</b>		<b>–33</b>	<b>308</b>	
Tax on profit for the year	–52		–	–52	
<b>Profit for the year and total comprehensive income</b>	<b>289</b>		<b>–33</b>	<b>256</b>	

**PARENT COMPANY BALANCE SHEET**

SEKm	Adopted balance sheet		<i>Adjustment based on changed accounting principle</i>	Adjusted balance sheet	
	31 Dec 2020			31 Dec 2020	
<b>Current assets</b>					
Derivatives	33		–33	0	
<b>Total current assets</b>	<b>253</b>		<b>–33</b>	<b>220</b>	
<b>TOTAL ASSETS</b>	<b>1,770</b>		<b>–33</b>	<b>1,737</b>	
Net profit for the year	289		–33	256	
<b>Total non-restricted equity</b>	<b>405</b>		<b>–33</b>	<b>372</b>	
<b>Total equity</b>	<b>424</b>		<b>–33</b>	<b>391</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,770</b>		<b>–33</b>	<b>1,737</b>	

**NOTE 39 SIGNIFICANT EVENTS AFTER THE BALANCE DAY**

After the end of the financial year, Russia has invaded the Ukraine. Nordic Paper had limited commercial relation to Russia as well as to the Ukraine before the war, which makes the commercial impact not of significant financial importance to Nordic Paper.

The undersigned hereby provide an assurance that the consolidated financial statements and annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and provide a fair and true representation of the Group's and the Parent Company's position and results.

The Report of the Directors for the Group and the Parent Company provides a fair representation of operations within the Group and the Parent Company, their financial position and results, and describes the

material risks and uncertainties facing the Parent Company and its subsidiaries.

The Annual and Sustainability Report and the consolidated financial statements have been approved by the Board of Directors to be issued on 11 April 2022.

The consolidated income statement, statement of comprehensive income and balance sheet, and the Parent Company's income statement, statement of comprehensive income and balance sheet are subject to adoption by the Annual General Meeting on 19 May 2022.

Karlstad, 11 April 2022

Per Bjurbom  
*Chairman*

Helene Willberg

Stefan Lundin

Karin Eliasson

Arne Wallin

Ying Che

Anita Sjölander  
*Chief Executive Officer*

Per Gustafsson  
*Employee representative*

Tommy Hedlund  
*Employee representative*

Our audit report was submitted on 11 April 2022

Öhrlings PricewaterhouseCoopers AB

Martin Johansson  
*Authorised Public Accountant*



# AUDITOR'S REPORT

To the general meeting of the shareholders of Nordic Paper Holding AB (publ), corporate identity number 556914-1913

Unofficial translation

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### OPINIONS

We have audited the annual accounts and consolidated accounts of Nordic Paper Holding AB (publ) for the year 2021 except for the corporate governance statement on pages 53-59. The annual accounts and consolidated accounts of the company are included on pages 49-52 and 60-109 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 53-59. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited

services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### OUR AUDIT APPROACH

#### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Nordic Paper Group manufactures and sells various types of paper goods and comprises the Parent Company and its four subsidiaries. As of 31 December 2021, Glassine Inc, Canada was acquired and the acquired company's balance sheet has been consolidated from the same date. Two operating segments have been identified in Nordic Paper's business: Kraft Paper and Natural Greaseproof. For the Group audit, we have selected the Parent Company and two subsidiaries, which represent two operating segments with 100% coverage of the Group's sales.

In addition to the above, our audit of Nordic Paper's financial statements contained a review of the company's procedures, processes and internal controls of the financial reporting, analytical review of financial information and a detailed examination of the accounting documentation.

**Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations,

helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

**KEY AUDIT MATTERS**

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

**KEY AUDIT MATTER****Cut-off and accuracy in revenue recognition**

Accuracy in terms of ensuring the correct amounts and reporting in the correct periods are of core importance in terms of revenue. The manner in which correctness and allocation of amounts are addressed in the Group's revenue recognition comprised a key audit matter in our audit due to many different types of freight terms being applied within the Group, entailing that revenue recognition may differ between various transactions depending on the underlying freight terms for delivery.

For this reason, a special follow up is required of sales transactions with freight terms that entail that delivery is determined as occurring at a different time than in connection with the outbound delivery from the plant or warehouse.

Given the large volume of transactions conducted and that automatic bookkeeping occurs for the outbound delivery of goods, this can have a major impact on revenue recognition, which requires particular attention from the company's management.

See also Note 2, *Accounting policies*

**How our audit addressed the key audit matter**

The most significant areas of focus in our audit comprised, though not limited to, the following:

- Detailed reviews together with management aimed at understanding the market, customers and business model.
- Auditing of procedures and processes to assess the application of policies for the recognition of sales transactions with different freight terms.
- Auditing of the automatic management of the company's revenue recognition that occurs in connection with outbound delivery from the system.
- Automatic auditing methods to ensure the correctness of the revenue recognition from delivery to invoicing. Testing of internal control in relation to the recognition and follow-up of the cut-off of sales revenues.
- Review and follow-up of material contracts.
- Review of notes and assessment of accounting policies concerning revenue recognition.

**KEY AUDIT MATTER****Acquisition of business and purchase price allocation**

Nordic Paper Holding AB (publ) as per 31 December 2021 acquired Glassine Inc, Canada. The purchase price amounted to SEK 654m and the acquisition was performed through a Canadian holding-company.

The acquired entity is consolidated as from 31 December 2021. An analysis of the acquired business has been performed as of this date, which forms the basis for the preliminary purchase price allocation as per the same date. Surplus values related to customer relations of SEK 218m and trademark of SEK 31m has been identified. The remaining part of the surplus value, SEK 382m, has been allocated as goodwill. The useful life of customer relations has been estimated to ten years, while the trademark is deemed to have indefinite useful life.

See also Note 2, *Accounting policies* and Note 34, *Company Acquisitions*

**The most significant audit procedures we have performed includes:**

- Review of the share purchase agreement
- Review of the acquired entity's balance sheet as per 31 December 2021, the so called opening balance
- Review of the models used to calculate the different assets identified in the allocation of the purchase price
- Review of the significant parameters used when evaluating the purchased assets. This includes weight average capital cost, growth rates, assessed useful lives for each category of assets etc.
- Review of the input data which has been used to calculate the value of the assets
- Review of disclosures made in relation to the acquisition both in the administration report and the notes and accounting principles

## OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts. Such other information is found on pages 1-48 and 114-118. This other information also contains the *Remuneration report* that has been published on the company's website the date as this report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

## AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Nordic Paper Holding AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

## BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

## RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

## AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby

our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

## THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

### OPINION

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Nordic Paper Holding AB AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### BASIS FOR OPINIONS

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Nordic Paper Holding AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors

and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden 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 the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors (and the Managing Director), but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

### THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 53-59 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Nordic Paper Holding AB (publ) by the general meeting of the shareholders on the 20 May 2021 and has been the company's auditor since the company was listed in 2021.

Stockholm 11 April 2022

Öhrlings PricewaterhouseCoopers AB

**Martin Johansson**

Authorized Public Accountant

# THE SHARE

Nordic Paper's shares have been listed in Nasdaq Stockholm's Mid Cap segment since 22 October 2020 under the ticker NPAPER.

## SHARE PRICE AND TURNOVER

The closing price for Nordic Paper's shares on the final trading day in December 2021 was SEK 38.00, which is equivalent to a market cap of SEK 2,543m. This represents a decrease of 2.4 percent from the closing price on the first trading day of the year.

During the corresponding period, OMX Stockholm PI rose by 33.8 percent. The highest closing price for Nordic Paper's shares during the period was SEK 51.20, which was listed on 26 April. The lowest price of SEK 34.40 was listed on 16 December.

## SHARE PRICE 2021



## LARGEST SHAREHOLDERS

Shareholders 31 Dec 2021	Number of shares	Votes and capital (%)
Sutriv Holding AB	32,220,312	48.2%
Swedbank Robur Fonder	6,289,511	9.4%
AMF Försäkring & Fonder	6,275,000	9.4%
Handelsbanken Fonder	3,536,369	5.3%
Ålandsbanken	2,499,176	3.7%
UBS Switzerland AG	2,082,821	3.1%
CBNY – Norges Bank	1,378,315	2.1%
Ålandsbanken ABP (Finland)	1,002,687	1.5%
BNY Mellon SA	846,779	1.3%
SEB AB	664,683	1.0%
Other	10,113,147	15.1%
<b>Total</b>		<b>100.0%</b>

## SHARE CAPITAL DEVELOPMENT

Year	Event	Change in number of shares	Number of shares	Change in share capital, SEK	Share capital, SEK
2012	New share issue	47,792	47,792	19,116,800	19,116,800
2020	Split 1,400:1	66,861,008	66,908,800	0	19,116,800

## LIQUIDITY

In 2021 the average turnover of Nordic Paper shares on Nasdaq Stockholm was around 67,000 per day, equivalent to around SEK 2.8m. An average of around 180 transactions were executed per day.

## SHARE CAPITAL AND VOTES

As of 31 December 2021 there were 66,908,800 shares in total in Nordic Paper. Each share entitles the holder one vote at shareholders' meetings. The share capital was SEK 19,116,800. The quota value per share is SEK 0.285715.

## OWNERSHIP STRUCTURE

Nordic Paper had 3,751 shareholders on 31 December 2021. Sutriv Holding AB, which is wholly owned by Shanying International, is the only shareholder with a holding equivalent to at least 10 percent of the votes and shares in Nordic Paper.

## DIVIDEND AND DIVIDEND POLICY

According to the Dividend Policy, the dividend is to be 50–70 percent of net profit for the year. The proposed dividend is to take into account Nordic Paper's financial position, liquidity, future investment needs and the general macroeconomic and operational conditions. For the 2021 financial year the Board is proposing a dividend of SEK 2.00 per share to be distributed on one occasion. Under this proposal the total dividend will be SEK 134m. When establishing this proposal, the year's significant non-recurring costs of SEK 108m were taken into account and the proposal is therefore in line with the Company's Dividend Policy.

## OWNERSHIP STRUCTURE

Holding	Number of shareholders	Number of shares	Votes and capital (%)
1–500	2,867	415,417	0.62
501–1,000	352	277,703	0.42
1,001–5,000	361	817,862	1.22
5,001–10,000	75	539,761	0.81
10,001–15,000	21	273,558	0.41
15,001–20,000	8	105,494	0.22
20,001–	67	64,434,005	96.30
<b>Total 31 Dec 2021</b>	<b>3,751</b>	<b>66,908,800</b>	<b>100.00</b>



# GROUP PERFORMANCE FIVE-YEAR OVERVIEW

SEKm	2021	2020	2019	2018	2017
<b>Key performance measures</b>					
Net sales	3,083	2,903	3,231	3,035	2,777
EBITDA	358	458	629	509	522
Adjusted EBITDA	434	458	629	509	522
EBITDA margin, %	11.6	15.8	19.5	16.8	18.8
Adjusted EBITDA margin, %	14.1	15.8	19.5	16.8	18.8
Operating profit/loss	208	348	530	420	432
Adjusted operating profit/loss	316	348	530	420	432
Operating margin, %	6.8	12.0	16.4	13.8	15.5
Adjusted operating margin, %	10.3	12.0	16.4	13.8	15.5
Working capital	378	439	442	464	388
Profit for the period	144	258	414	319	315
Earnings per share, SEK	2.15	3.85	6.19 <sup>1</sup>	4.76 <sup>1</sup>	4.71 <sup>1</sup>
Cash flow from operating activities	408	352	451	338	396
Investments	180	102	100	91	82
Return on operating capital, %	15.9	26.9	39.4	32.8	35.6
Cash conversion, %	67.5	77.9	87.6	67.2	79.4
Return on equity	24.6	22.3	35.9	41.0	63.4
Equity/assets ratio, %	18.0	25.3	57.6	44.0	29.6
Net debt/EBITDA multiple	3.7	1.6	-0.01	0.8	1.2
Number of employees at year-end	688	632	619	615	623
Sales volume, 1,000 metric tonnes	281	267	272	267	277

<sup>1</sup> Restated for the split in the Company's ordinary shares, 1,400:1, decided on at the Extraordinary General Meeting on 1 October 2020.

## DEFINITIONS

Non-IFRS performance measures	Description	Reasons for use
<b>Sales volume</b>	Sales of paper and pulp from segments or the Group, expressed in metric tonnes.	Shows if the business is expanding or contracting.
<b>EBITDA</b>	EBITDA (earnings before interest, taxes, depreciation and amortisation) Consists of operating profit plus depreciation, amortisation and impairment losses.	A measure that eliminates costs that do not affect cash flow and indicates the ability of business to generate cash flow.
<b>Significant items affecting comparability</b>	Significant items affecting comparability may include effects of substantial restructuring of production plants, impairment losses, revaluation, specific effects of disputes or strategic decisions of a non-recurring nature. Significant items affecting comparability are not part of the underlying operating activities.	Provides a better understanding of the development of operating activities over time.
<b>Adjusted EBITDA</b>	EBITDA adjusted for significant items affecting comparability.	Increases comparability in EBITDA between different periods and provides a better understanding of the development of operating activities over time.
<b>EBITDA margin</b>	EBITDA as a percentage of net sales.	Shows the ability of the business to generate cash flow in relation to revenue.
<b>Adjusted EBITDA margin</b>	Adjusted EBITDA as a percentage of net sales.	Increases comparability in the EBITDA margin between different periods.
<b>Operating profit/loss</b>	Profit/loss before financial income, financial expense and tax.	Shows profit/loss in the Companies operating activities.
<b>Adjusted operating profit/loss</b>	Profit/loss adjusted for significant items affecting comparability.	Increases comparability in operating profit/loss between different periods and provides a better understanding of the development of operating activities over time.
<b>Operating margin</b>	Operating profit/loss as a percentage of net sales.	Shows operating profit/loss in relation to net sales and is a measure of the profitability of the Company's operating activities.
<b>Adjusted operating margin</b>	Adjusted operating profit/loss as a percentage of net sales.	Increases comparability in the operating margin between different periods.
<b>Cash flow from operating activities</b>	Cash flow before acquisitions of intangible non-current assets and property, plant and equipment and financial non-current assets, and before loan repayments, Group contributions and dividends to shareholders.	Indicates how much liquidity an entity generates through its operating activities.
<b>Cash conversion<sup>1</sup></b>	Total EBITDA minus change in working capital minus investments, divided by EBITDA, expressed as a percentage.	Cash conversion shows how effective an entity is at generating cash flow in relation to EBITDA.
<b>Investments</b>	The effect of acquisitions of property, plant and equipment and intangible non-current assets on cash flow.	Shows the amount of property, plant and equipment and intangible assets acquired to maintain and develop operations.
<b>Working capital</b>	Total inventories, accounts receivable, other operating assets and operating liabilities, excluding derivatives, and other provisions (non-interest-bearing).	Shows the net of current assets and current liabilities used in operating activities.
<b>Change in working capital</b>	Working capital for the current period minus working capital for the previous period.	Shows development of the Company's working capital.
<b>Working capital as a percentage of net sales<sup>1</sup></b>	Working capital divided by net sales.	Indicates how effectively the Company is using working capital.
<b>Operating capital</b>	Working capital plus intangible non-current assets and property, plant and equipment, deferred tax assets and tax liabilities.	Shows the total capital used in operating activities.
<b>Return on operating capital<sup>1</sup></b>	Operating profit/loss as a percentage of operating capital.	Shows the Company's performance in generating profit from the capital used in operating activities.
<b>Return on equity<sup>1</sup></b>	Profit/loss for the period as a percentage of equity.	Shows the return generated on equity invested in the business.
<b>Interest-bearing liabilities</b>	Interest-bearing liabilities, current and non-current plus interest-bearing provisions.	Shows the extent of the Company's financing in the form of interest-bearing liabilities.
<b>Net debt</b>	Interest-bearing liabilities less cash and cash equivalents.	A measure of the Company's financial position. Shows how much liquidity would remain if all liabilities were to be settled.
<b>Net debt/EBITDA multiple<sup>1</sup></b>	Net debt in relation to EBITDA, expressed as a multiple.	A measure of financial risk and an indication of repayment capacity.
<b>Net debt/equity ratio</b>	Net debt divided by equity, expressed as a percentage.	Shows the relationship between externally financed capital and equity.
<b>Equity/assets ratio</b>	Equity divided by total assets, expressed as a percentage.	Shows what proportion of the assets are financed through equity.

<sup>1</sup> Calculated on the basis of the last 12-month period, as an average of 12 months. The 12-month figure has not been adjusted for the effect of adaptation to IFRS 16 on 1 January 2019. The 12-month amount enables comparisons that reflect both current and seasonal variations, which improves the ability to make comparisons over time.