

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. 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

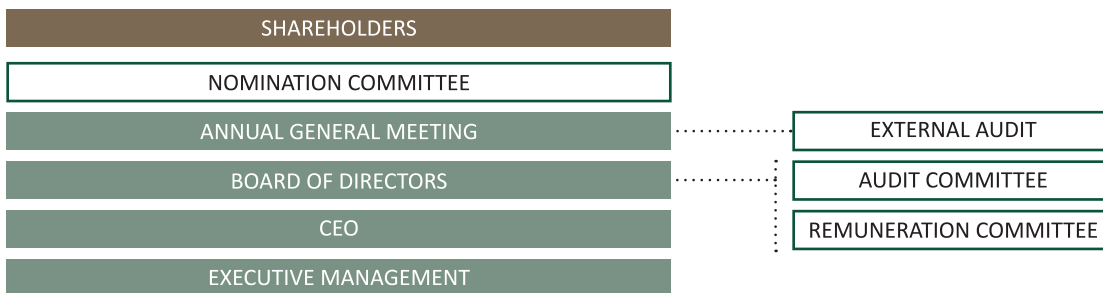
account when making proposals for the Board. Further information on the Nomination Committee's work will be provided at the 2022 Annual General Meeting. The Nomination Committee will publish its proposal at the Annual General Meeting.

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 ²	No ³	–	–
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 ³	Member	–
Stefan Lundin	2019	Board member	No ⁴	No ⁵	Member	–
Per Gustafsson ¹	2013	Board member	–	–	–	–
Tommy Hedlund ¹	2015	Board member	–	–	–	–
Niclas Backelin ¹	2013	Deputy board member	–	–	–	–
Tom Röd ¹	2019	Deputy board member	–	–	–	–

¹ Employee representative

² CEO of Nordic Paper until March 2019

³ Employed by Sutriv Holding AB

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

⁵ 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 ¹	2013	Board member			19/20				
Tommy Hedlund ¹	2015	Board member			20/20				
Niclas Backelin ¹	2013	Deputy board member							
Tom Röd ¹	2019	Deputy board member							

¹ 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.

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. 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. 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