

# Annual Report & Sustainability Report



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**Annual Report and Sustainability Report for 2023** 

Nordic Paper's statutory annual report includes the Directors' Report and

financial statements, and can be found on pages 63-123. The statutory

sustainability report, as required by the Swedish Annual Accounts Act, is

included in the Annual Report (pages 11, 16-17, 31-61 and 75-81).





# 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 bioeconomy.

Nordic Paper's high-quality speciality paper products help consumers to reduce their climate footprint. The products are produced using renewable raw materials in resource-efficient production processes. Many of the products can be used as alternatives to products made from fossil-based plastic. After use the products are recyclable.

Nordic Paper has produced and developed unbleached kraft paper and natural greaseproof paper since the 1800s and the business continues to develop every day, driven by the company's 680 employees. Customers throughout the world convert the company's speciality paper into products such as carrier bags, sacks, bags, baking paper, baking cups and other products used in food handling, for industrial applications or for use by consumers.

Sales to

92

countries

860 customers

680 employees

65% food
27% industry
8% consumer products

Net sales by end use

5 production plants

### 2023 in figures

#### Key ratios

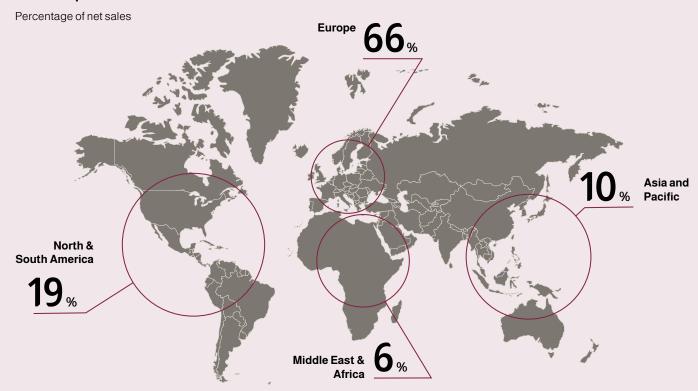
SEK m	2023	2022	Δ, %
Net sales	4,472	4,440	1
EBITDA	775	821	-6
EBITDA margin, %	17.3	18.5	
Operating profit	623	676	-8
Operating margin, %	13.9	15.2	
Profit for the period <sup>1</sup>	416	566	-26
Earnings per share, SEK 1,2	6.22	8.46	
Cash flow from operating activities	765	560	36
Return on operating capital, 12 m, %	30.0	32.5	
Net debt/EBITDA, multiple	1.0	1.2	
Sales volume, ktonnes	273.3	284.5	-4

 $<sup>^{\</sup>scriptscriptstyle{\|}}$  Net profit for 2022 includes a capital gain in net financial items of SEK 42 million from the sale of the minority shareholding in Åmotfors Energi AB.

A dividend of SEK 4.00 per share, totalling SEK 268 million, is being proposed to the Annual General Meeting 2024.



#### Nordic Paper's Markets in 2023



 $<sup>^{2)}\,\</sup>mbox{Before}$  and after dilution.

#### Performance on targets 2023

#### Growth

**TARGET:** Annual net sales growth of 2–4% over the long term. Nordic Paper also intends to grow by taking advantage of opportunities for selective acquisitions.

**OUTCOME** 2023:

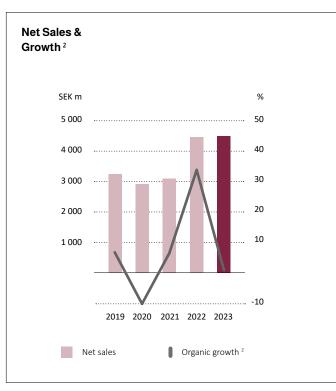
1%

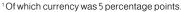
#### **Profitability**

TARGET: EBITDA margin of around 20% in the medium term.

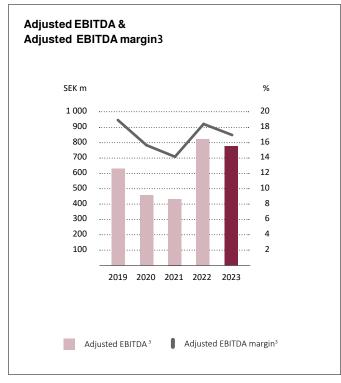
OUTCOME 2023:

**17.3%** 





<sup>&</sup>lt;sup>2</sup> The figure for growth in 2022 is stated excluding the effect of acquired operations.



<sup>&</sup>lt;sup>3</sup> For full year 2021 adjusted for the provision of SEK 76 million made in Q2 2021 for the restoration of buildings and land in Säffle.

#### **Debt**

TARGET: Net debt in relation to EBITDA is not to exceed 2.5x. Net debt in relation to EBITDA may, however, exceed 2.5x temporarily, for example in connection with acquisitions.

#### **OUTCOME** 2023:

#### **Dividend**

**TARGET:** Dividend of around 50–70% 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 2023:

<sup>&</sup>lt;sup>4</sup>Level proposed to the Annual General Meeting 2024

### 2023 in Brief





During the quarter the company was granted a new productionpermit for an expanded level of production at the Bäckhammar mill by Sweden's Land and Environmental Court. The production permit was appealed, however, and therefore did not gain legal force until after the end of the year.

NET SALES: SEK 1,305 m

EBITDA: SEK 282 m

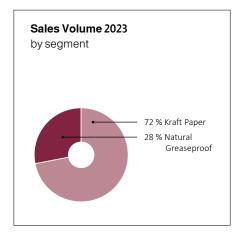


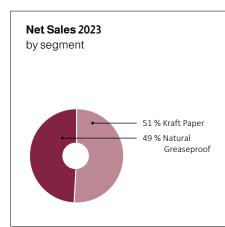
In the second quarter of the year market demand continued to weaken due to inventory-reduction among Nordic Paper's customers and further along the value chain. In this weaker market situation the company chose to limit production and sales volumes.

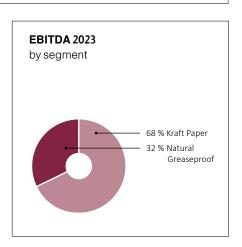
Prices of some of Nordic Paper's inputs – particularly paper pulp, electricity, fuel and chemicals – decreased during the quarter, which helped maintain the EBITDA margin at 19.2%. Despite weaker economic activity in industry, pulpwood prices continued to increase from already historically high levels. This had a negative impact on earnings for the Kraft Paper segment.

**NET SALES:** SEK **1,120** m

EBITDA: SEK 215 m











The market situation in the third quarter remained soft. Despite this, the company reported strong sales volumes in the quarter thanks to good production levels.

In the third quarter Nordic Paper carried out planned maintenance shutdowns at all plants, with the normal seasonal effect on EBITDA as well as on net sales.

A decision was taken during the guarter to invest around SEK 850 million in a new wood room and a new electrofilter at the Bäckhammar mill. These investments are scheduled to take place over the period 2023-2025. They are expected to add around SEK 100 million annually to EBITDA with full effect in 2026, while also significantly decreasing emissions of dust to air.

NET SALES: SEK 1,077 m

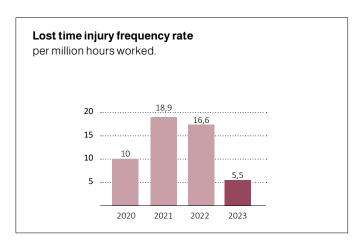
EBITDA: SEK 108 m

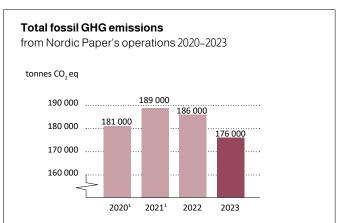
The market situation in the fourth quarter remained soft, with net sales decreasing compared with both the third quarter and the same quarter in 2022. The decrease was largely due to lower selling prices and lower sales volumes. The latter is mainly a result of the company having continued to adjust production volumes to the subdued marketconditions, as well as some production disruptions.

EBITDA corresponded to a margin of 17.5%. The Natural Greaseproof segment achieved a new record EBITDA level for a single quarter of SEK 95 million, representing a margin of 18.7%.

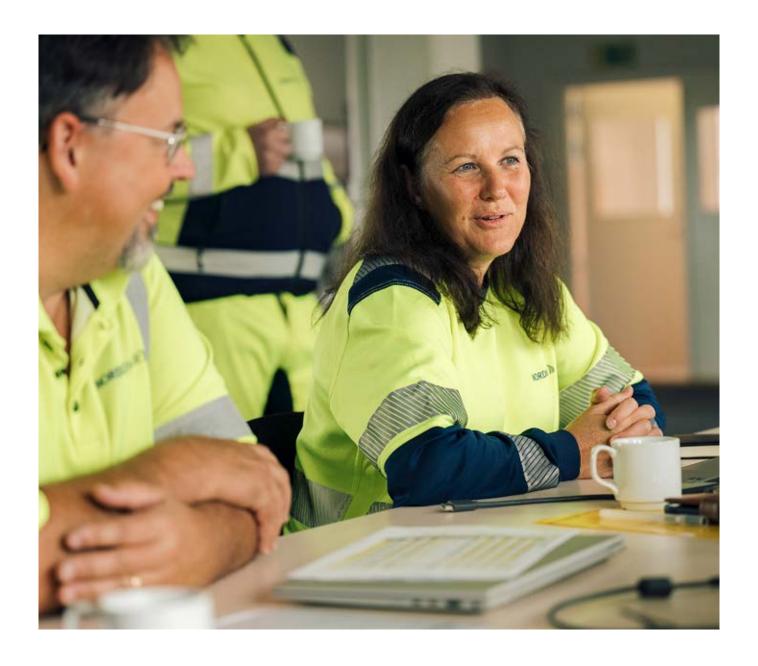
NET SALES: SEK 971 m

EBITDA: SEK 170 m





<sup>1)</sup> Also includes emissions from Glassine Canada Inc, a part of Nordic Paper since 2022.



### demonstrated the stability of our business

Earnings for 2023 are the second highest in Nordic Paper's history.

The fact that this was achieved in a year with a soft market demand is real proof of the strength of our business model.

With our ability to develop, produce and deliver high-quality speciality paper that creates value for customers, we have over a long period established a stable customer base with relationships characterised by great trust. Nordic Paper is therefore for many customers the first-choice supplier for available volumes, which is especially a strength in a soft market. The fact that 65% of sales come from food-related applications with more stable demand results in less impact from economic fluctuations.

Nordic Paper's structure with two segments that have different business dynamics over an economic cycle also has a stabilising effect on earnings. All of this together meant that in 2023 we were able to report good results despite soft demand, and even a new fullyear record for net sales thanks to some tailwind from currency.

The world is full of opportunities to provide customers around the world with high-quality speciality paper, through which we at Nordic Paper can help create sustainability benefits.

sustainability performance and further improve competitiveness of the plant. An important part of this is a new wood room which will provide strategic flexibility in raw material supply and lead to production efficiency gains. Emissions of dust to air will be substantially reduced by the installation of a new electrofilter

With these good results, the company's financial position remains strong. The net debt/EBITDA ratio amounted to 1.0 at year-end. The financial target is for this ratio to be below 2.5.

During the autumn the main supplier contracts were negotiated and the groundworks have now begun on site in Bäckhammar. The investments will add around SEK 100 million annually to Nordic Paper's EBITDA with full effect from 2026, and will lay the foundation for future expansion of the production volume.

#### A year marked by inventory adjustment further along the value chain

#### Good progress on health and safety

The year 2023 started strongly, like the very strong end to 2022, with our product prices reaching an all-time high. During the first quarter, however, demand for the company's speciality paper products began to slow as customers and actors in the downstream value chain began to postpone orders and instead reducing their own paper inventories. This was most pronounced in Europe, while the markets in both North America and Asia were more stable throughout the year.

During the year we continued our initiatives to create a workplace free from accidents and we are pleased to say that our efforts are now also visible in the indicators we track. One example of positive change in the safety culture that is also apparent in the statistics is the much lower level of accidents resulting in sickness absence. We also see this clearly at our production plant in Québec, which has made great progress on health and safety since being acquired at the end of 2021.

In this subdued market environment there was pressure on the company's product prices more or less throughout the year. To mitigate this price pressure Nordic Paper chose to limit production and sales volumes within both Kraft Paper and Natural Greaseproof, with the company's sales volume thereby decreasing by 4% compared to the previous year. In all honesty, cutting back production to the extent that we did during the year was not something we found easy, but Nordic Paper's results clearly show that this was the right deci-

Strengthened by the positive development during the year, which shows that we are on the right track, we continue with a high focus on the ongoing journey to ensure a good and safe work environment.

The decrease in prices amounted to about 10% in local currency during the year, slightly more in Kraft Paper and slightly less in Natural Greaseproof.

#### Geopolitical unrest continues to have effects

#### Long-term trends bolster demand for the company's products

We are naturally very distressed over the human suffering that is being caused by geopolitical unrest, both in Ukraine and in the Middle East. Indirectly we are affected by the war in Ukraine, since import bans on Russian pulpwood to Finland have created shortages in the Baltic region. This has led to rising prices in Sweden too, despite the industrial downturn.

Although demand was cyclically soft during the year, we are convinced that the long-term trend towards more sustainable packaging materials will continue. There is great potential to replace fossil-based plastics and equally great interest in developing new solutions based on renewable materials with low climate impact.

#### We look forward to continued opportunities to create sustainability benefits

To further increase customers' knowledge and awareness of Nordic Paper's sustainability performance, various customer seminars were held to discuss sustainability and innovation - not least to highlight the comparatively low carbon emissions from the company's largest plant in Bäckhammar.

Finally, I would like to turn to my colleagues, the employees of Nordic Paper, and thank for all engaged efforts during a challenging 2023.

When writing this, we see positive signals of a stronger demand during spring. The world is full of opportunieis to supply customers all around the world with high quality papers through which Nordic Paper can contribute with creating sustainability benefits.

#### Investing for the future in Bäckhammar

Karlstad, April 2024

During the year we decided to invest around SEK 850 million in the Bäckhammar mill. The investments are intended to further improve

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 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

#### Core values

Responsibility - We take responsibility for the wellbeing 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.

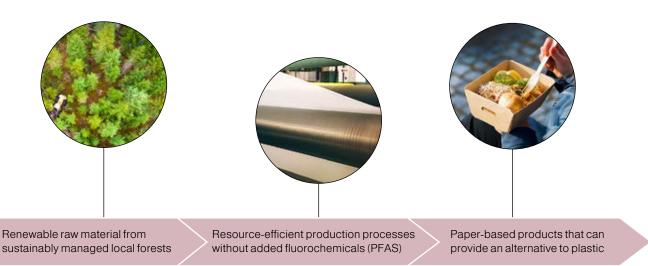
Acting responsibly to protect the environment for current and future generations creates sustainable profits.

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.

Dialogue with our customers is essential for increasing the value of our offering. 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.



## Megatrends

### that support Nordic Paper and its markets

The market for kraft and greaseproof papers benefits from a multitude of different structural drivers and megatrends. Several of the drivers and trends are global in nature.

### Increased sustainability awareness

An increased focus on sustainability in society is increasing demand for materials that have a lower impact on the climate, 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 high and paper biodegrades faster than most comparable 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.

Often the packaging for ready meals needs to withstand both deep freezing and heating, which imposes high demands on the materials used. Nordic Paper has various materials that meet these requirements.



#### Regulations

Many governments are taking action to limit the use of plastics and, within the EU, negotiations took place during the year on updating the Packaging and Packaging Waste Directive.

Some of Nordic Paper's competitors use fluorochemicals (PFAS) to create paper with a greaseproof barrier. Several 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.



Paper can replace plastic in several areas of use, 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 (PFAS) in its greaseproof paper but instead creates the greaseproof barrier mechanically, thereby meeting the strict standards for paper that comes into contact with food.



#### Population growth and urbanisation

The global population is growing and urbanisation is increasing in connection with this. A greater percentage of people are expected to live in cities and the middle class is expected to grow. 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 the company's paper is used in multiple packaging solutions for various industries, and also meets the food industry's safety standards.

#### **Economic** growth and globalisation

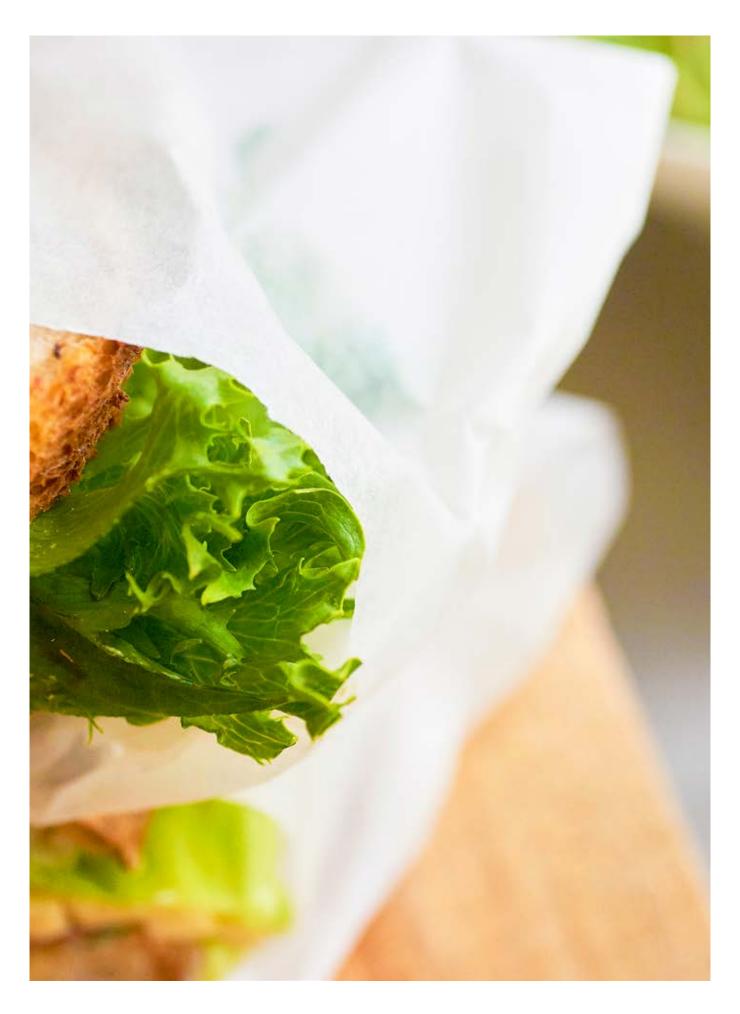
Industrial expansion and gradually improving standards of living give risk to increased consumer expectations. This is a driver in the construction industry and for investments in areas such as infrastructure, with an emphasis on the rapidly expanding growth economies.



#### 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.



## Operations

Nordic Paper has produced paper in Scandinavia since the late 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 applications.

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 (PFAS) are added in the production process. The paper is therefore well-suited for use with food products.

#### **Speciality paper**

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

Greaseproof paper is a type of paper that is resistant to grease and oil, and 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 (PFAS).

#### Independent supplier with long-standing customer relationships

Although some of the customers are wholesalers, most are converters. 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.

Over 90% of the greaseproof paper is sold to converters in the form of rolls. The remaining 10% is sold in sheet form, mainly to distributors. Sales are carried out through own sales force as well as through agents.

#### Kraft Paper









#### Natural Greaseproof





Baking cup paper



#### Nordic Paper's position in the value chain

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. A large portion of net sales are attributable to customers who have purchased products from the company for many years.

The speciality paper market is fragmented and the customer base consists of around 860 customers. In 2023 Nordic Paper's 10 largest customers accounted for 22% of net sales. The sales volume in 2023 amounted to 273,300 tonnes.

#### 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 production structures are flexible and can be cost-efficiently adapted to 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 Québec in Canada. The three mills in Säffle, Greåker and Québec 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.







Distributors

#### Production plants

#### Québec

Paper mill that produces natural greaseproof paper from externally sourced paper pulp.

#### Business segment:

Natural Greaseproof

#### Number of paper machines:

Products: Baking paper, interleaving paper for bacon, paper for baking cups and speciality paper for industrial and food-related applications

#### Greåker

Paper mill that produces natural greaseproof paper from externally sourced paper pulp.

#### Business segment:

Natural Greaseproof

#### Number of paper machines:

Products: Baking paper, paper for paper cups and barrier paper

#### **Amotfors**

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

#### Business segment:

Kraft Paper

#### Number of paper machines:

Products: Technical kraft paper, such as absorbent kraft paper and interleaving paper for the steel industry



#### 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:

Products: Baking paper, paper for baking cups and packaging

#### Bäckhammar

Integrated pulp and paper mill that produces unbleached kraft paper. Sulphate pulp is delivered to Amotfors and Säffle and surplus pulp is sold externally.

#### Business segment:

Kraft Paper

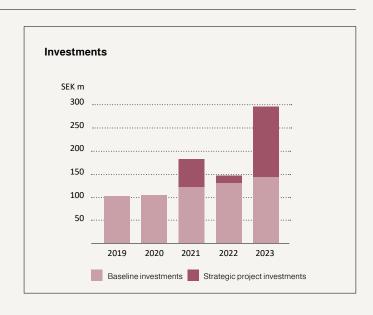
#### Number of paper machines:

Products: Sack, MF and

MG paper

Nordic Paper invests continuously to maintain and develop its production capacity further at the facilities, to increase safety and reduce environmental impact from the operations. Investments may also be aimed at raising the quality of the products produced or eliminating bottlenecks in production. Investments are also made in IT support for the business.

Ongoing investments amount to around SEK 140-160 million per year. In addition to the ongoing investments, strategic investments are also made for major restructuring or more extensive product development. These investments include the work carried out in 2021 and 2022 to streamline the handling of external pulp at Säffle, as well as the investments in progress at Bäckhammar for a new wood room and electrostatic filter.



#### Production processes and cost structure

Nordic Paper produces paper at the company's five production facilities. The paper is made using specially designed paper machines.

A paper machine forms a sheet of paper from a stock consisting of cellulose fibres in water. After the sheet is formed the paper machine squeezes out as much water as possible in what is called the press section, after which the paper web is dried indirectly with steam in the drying section.

The company has five paper machines to produce natural greaseproof paper and four paper machines for kraft paper. The company's paper machines are all unique in terms of technical configuration and they therefore have differing capabilities in terms of paper quality, efficiency and capacity. It is possible to switch products to some extent between the machines that produce kraft paper and between those that produce natural greaseproof paper.

Inputs of various types are needed to produce paper - mainly paper pulp, energy and paper chemicals. Nordic Paper is also responsible for much of the transportation to customers. Transport services are therefore purchased from external suppliers.

#### Paper pulp

In addition to paper, the company produces paper pulp in Bäckhammar at one of the company's five production plants. The main inputs for pulp production are pulpwood and wood chips, but chemicals are also needed. The company consumes more than 900,000 cubic metres sub of wood raw materials per year for cooking pulp.

The paper pulp produced in Bäckhammar is used in paper pro-

duction in Bäckhammar, but also in Åmotfors and to some extent in Säffle too. The remaining paper production in Säffle, Greåker and Québec is based on purchased market pulp from other pulp suppliers. Nordic Paper's net exposure to market pulp is around 80,000 tonnes per year.

#### Energy

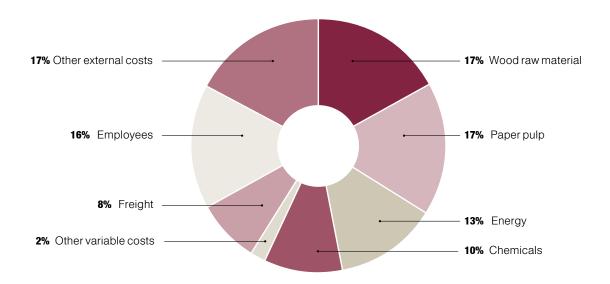
Pulp production in Bäckhammar generates surplus steam which the company uses in production and to produce electricity in a turbine. The electricity generated by Bäckhammar is equivalent to around 25% of the company's entire electricity requirement of just under 500 GWh/year. Electricity needed over and above that which the company generates is purchased.

The company has a hedging policy according to which 70% of the short-term electricity requirement is fully or partly hedged through various forms of price arrangements. The hedging portfolio is reduced in steps over a five-year period and is continually being replenished.

Steam is needed in paper production to dry the paper. All of the mills have different solutions for meeting their steam requirements.

Bäckhammar gets most of its steam from the recovery process in pulp production, while in Åmotfors and Québec the steam is supplied from nearby waste incineration plants owned by other actors. In Säffle and Greåker Nordic Paper has its own boilers to produce steam. The main fuel used in Säffle is biofuel and the plant in Greåker has the ability to produce steam using either natural gas or electricity.

#### Costs by type 2023



## 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, for food handling and for industrial applications. In 2023 the Kraft Paper segment accounted for 51% of Nordic Paper's net sales, while Natural Greaseproof accounted for 49%.



### 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 the categories of sack paper/MF (machine finished), MG (machine glazed), and other speciality paper.

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 next largest product group is MG paper, with nearly a quarter of 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.

Customers have high expectations for the quality and properties of the paper and also have specifications regarding the width of paper rolls and the paper's grammage. A flexible production process makes it possible to produce kraft paper to a multitude of specifications and with 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.

#### 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 speciality paper Absorbent paper

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

#### Interleaving paper

· Used to protect the surface of stainless steel and aluminium.

#### Electrotechnical paper

· Used to insulate electrical components.

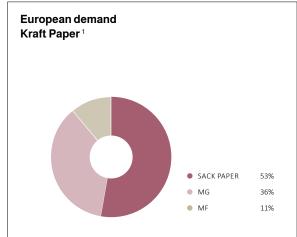
#### Market

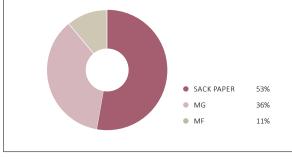
The global demand for kraft paper is around 13 million tonnes a year. This volume makes up only around 3% of the world's total demand for paper and cardboard. Asia is the largest market, while Europe and North America each have 18% of global demand.

Nordic Paper's primary market for kraft paper is Europe. The total demand for kraft paper in Europe is just under 3 million tonnes, of which 77% is unbleached kraft paper and the remaining 23% is bleached kraft paper. The largest product is sack paper, which accounts for more than half of European demand, followed by MG and MF paper.

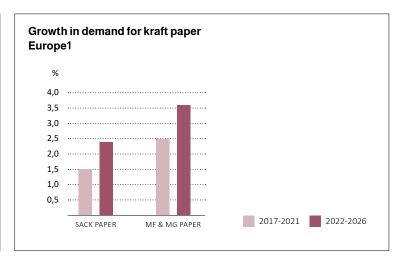
Growth for sack paper as well as MF and MG paper is expected to increase for the 2022–2026 period compared with 2017–2021, driven by increased demand since plastic packaging is to be replaced with other materials.

European growth rates are expected to be higher than growth in global demand for the 2022-2026 period. For MG and MF paper, Europe has the highest growth rate in the world.









#### Competitors

Packaging solutions made from fossil-based plastic are the main competition for much of Nordic Paper's product portfolio within kraft paper. Plastic has excellent properties for packaging solutions and also has cost benefits in many cases. However, plastic has drawbacks in terms of sustainability, including its climate impact which mainly comes from the fossil raw materials used in plastic production, as well as plastic littering. 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 are also Nordic Paper's competitors. Examples of European competitors in the kraft paper segment are Mondi, Smurfit Kappa, Gascogne, Billerud and Ahlstrom.

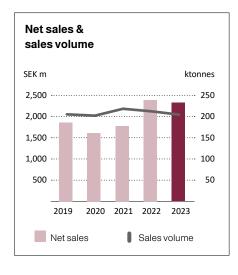
Similar to Nordic Paper, most of the competing paper manufacturers have their own integrated paper pulp production. Several competing paper manufacturers also have integrated conversion; in other words, they sell paper to other converters and also convert it themselves. Paper producers who also have their own conversion processes are competing directly with their customers. When doing business with independent converters, Nordic Paper sees it as a competitive advantage that it does not have its own conversion processes.

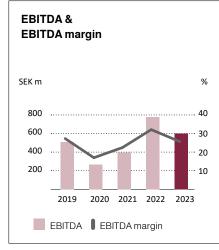




#### Developments in 2023

- At the start of 2023 demand for Nordic Paper's kraft paper was somewhat weaker than during 2022, which was a very strong year. in the second quarter of the year and remained generally soft for the remainder of the year. The market situation in Europe was softer than in other geographies.
- In this soft market, the company's selling prices in local currency decreased from the historically high levels at the start of the year. Average prices for full-year 2023 were on a par with average prices in 2022, however.
- To mitigate further downward pressure on selling prices the company chose during the year to limit production and sales volumes. As a result, the sales volume decreased by 5% to 203,200 tonnes.
- Net sales for full-year 2023 amounted to SEK 2,327 (2,388) million, a decrease of 3%. The decrease is due to lower volumes and a somewhat less favourable product mix.
- The price of pulpwood as an input increased throughout the year due to reduced supply in the Baltic region after imports from Russia to Finland were stopped, forcing the Finnish pulp industry to source its raw material also from Sweden.
- EBITDA amounted to SEK 594 (768) million, corresponding to an EBITDA margin of 25.5% (32.2%).
- Operating profit amounted to SEK 534 (712) million and the operating margin was 23.0% (29.8%).





	2023	2022	
SEK m	Full year	Full year	<b>Δ</b> , %
Net sales	2,327	2,388	-3
EBITDA	594	768	-23
EBITDA margin, %	25.5	32.2	
Operating profit	534	712	-25
Operating margin, %	23.0	29.8	
Sales volume <sup>1</sup> , ktonnes	203.2	213.3	-5

<sup>&</sup>lt;sup>1</sup>Includes intra-group deliveries



### Nordic Paper explores the potential of dry forming

Development company Ekoligens, based in Kungälv, shapes kraft paper from Nordic Paper into clothes hangers for the fashion industry. The company, which has been a customer of Nordic Paper for some years, is a leading actor within dry forming of cellulose into 3D structures.

Nordic Paper's products from renewable raw material can replace fossil-based plastic, for example in food packaging or in packaging for e-commerce, but there is great potential for further substitution. One area of technology that has been developed greatly in recent years is known as dry forming, which uses pressure and temperature to form 3D structures from cellulose fibres. The products created are able to compete with plastic in applications not normally reached with conventional paper.

Ekoligens is a development company that has been working on dry forming of cellulose for some years. Its production plant in Kungälv is designed to manufacture hangers that can help the fashion industry replace fossil-based plastic hangers.

"Various actors in the fashion industry have committed to phasing out plastics in their operations, which includes their clothes hangers. We like to say that we want to help change the world one hanger at a time," says Anders Lundin, Chief Operating Officer at Ekoligens.

Ekoligens uses kraft paper from Nordic Paper in its process. The paper is an example of the specialised, customised technical kraft paper produced in Åmotfors.

"Our process is unique and Nordic Paper's paper is an excellent fit for us. It is one of only a few to provide us with the properties we need in our products," continues Anders.

To develop Nordic Paper's knowledge of dry forming, during the year the company became a minority share-holder in Ekoligens.

### Natural Greaseproof

Greaseproof paper is a group of paper types that are resistant to oil or grease. They are mainly used in the food sector, but also have a number of industrial applications.

Nordic Paper's greaseproof products consist of baking paper, paper for baking cups, food packaging paper, barrier paper, bacon layout paper, paper for fabric rolls and lamination paper for building materials. Baking paper is the largest product category, with around 65% of net sales. Baking cup paper is the second largest, with around 20%.

Different end-use applications have different requirements with respect to the quality and properties of the greaseproof paper. Baking and cooking papers, for example, are intended to facilitate food preparation and minimise clean-up afterwards. The greaseproof paper therefore needs to tolerate being heated and frozen, because food may 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.

Nordic Paper's natural greaseproof paper meets global standards for food handling and has the flexibility to match the properties that customers require.

The company's greaseproof paper contains no added fluorochemicals (PFAS). Instead the cellulose fibres are processed mechanically to achieve grease proof properties. This provides a natural barrier of pure cellulose without PFAS, which are harmful to health.

Natural greaseproof paper is characterised by high quality and flexibility, 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 biodegradable and compostable natural greaseproof paper that can be treated with silicone and has excellent heat stability.
- . The baking paper is used by professional bakers and food manufacturers, as well as by home cooks and bakers.
- · 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 provide an excellent barrier against grease and moisture.
- . The paper comes in many colours, types and sizes.
- . The paper is mainly sold to converters with industrial baking cup production.

- · Other includes speciality paper such as food packaging, paper for industrial thread cones, barrier paper and lamination paper for building materials.
- · Customers include converters and lamination companies.

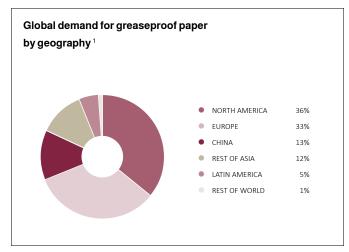
#### Market

Global demand for all types of greaseproof paper amounts to just under a million tonnes, making this a small portion of the total paper market. Global demand for greaseproof paper is met by a range of varieties of paper, including the natural greaseproof papers that Nordic Paper manufactures, but also by other grease-resistant papers. The latter types of paper get their properties from the addition of surfactants including fluorochemicals (PFAS).

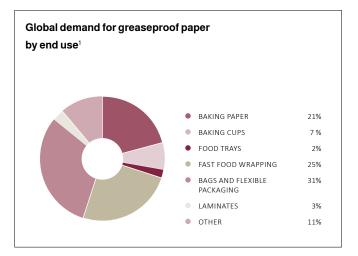
Natural greaseproof paper is used mostly as baking paper or for different types of baking cups, while grease-resistant paper is mainly used in various types of bags and to wrap fast food. The supply of natural greaseproof paper meets around one third of the total greaseproof paper demand.

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. This is due to differences in food consumption patterns in different regions. Asian cuisine, for example, contains a lot of steamed or boiled food and consumption of baking paper is therefore low, while the higher proportion of food cooked in the oven in Europe and North America means there is higher consumption of baking paper in these regions.

Global demand for greaseproof paper is expected to increase in volume by 4.1% per year for the period 2019–2024, which is higher than the growth rate for the paper market as a whole.







#### Competitors

Greaseproof properties can be achieved in a variety of ways and demand for greaseproof paper is met by a range of different types of paper. There are many actors in the market that add fluorochemicals (PFAS) to achieve grease resistance. Nordic Paper does not do this. Natural greaseproof paper competitors are mainly other actors in Europe or in the USA. Examples of competitors within the natural greaseproof segment are Metsä Tissue and Ahlstrom.

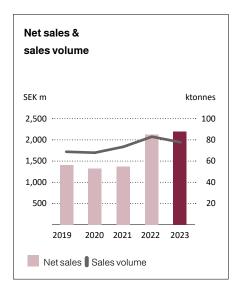
All European competitors within greaseproof paper are so-called unintegrated papermills, i.e. they are not physically integrated with paper pulp manufacturing. All competitors rely on purchasing market pulp as well as energy such as electricity and/or fuels.

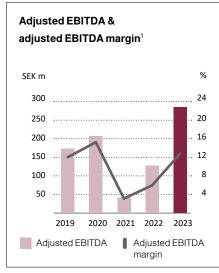




#### Developments in 2023

- At the start of 2023 demand for Nordic Paper's greaseproof paper was still strong, but during the spring this waned and demand then stayed generally soft for the remainder of the year. The company's home market of Europe was softer than the second largest market, North America.
- Although product prices decreased for much of the year, average prices for 2023 were still 6% higher than average prices in the previous year.
- To mitigate further downward pressure on selling prices the company chose during the year to limit production and sales volumes. As a result, the sales volume decreased by 7% to 78,100 tonnes.
- Net sales for full-year 2023 increased by 3% to SEK 2,189 (2,124) million. Excluding positive currency effects, net sales decreased by 2%.
- The cost of inputs decreased in 2023 as market prices for paper pulp and energy fell.
- EBITDA increased to SEK 282 (126) million, which is a new full-year record for the segment. The EBITDA margin was 12.9% (5.9%).
- Operating profit amounted to SEK 203 (52) million and the operating margin was 9.3% (2.5%).





	2023	2022	
SEK m	Full year	Full year	Δ,
Net sales	2,189	2,124	3
EBITDA	282	126	124
EBITDA margin, %	12.9	5.9	
Operating profit	203	52	290
Operating margin, %	9.3	2.5	
Sales volume, ktonnes	78.1	84.0	-7

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



"We are on a really exciting journey," says Björn Tielman, CEO.

Today the Tielman Group has two strands to its business, with one company based in Sweden and another in North America. The latter came about in 2014 when the café and fast food chain Tim Hortons wanted to move away from the traditional muffin cup to a new, proprietary, more premium variant.

"We had already been working with Tim Hortons for a few years through a partner, but in 2014 we started our own operation in North America to meet the brand's new needs," explains Björn.

No sooner said than done: the white standard cup was replaced with a 100% custom-made and specially designed paper cup that elevated this already strong brand to another level.

"They wanted to develop their muffins and make them more exclusive. No other actor in the market could help them with their requests for the baking cups themselves, which is the main reason why we are in North America today."

Thanks to Tielman Group's customised muffin cups, Tim Hortons could both streamline production and charge more for its muffins. The result was a success story, with higher sales and increased profit on each muffin sold - despite a more expensive muffin cup.

"Part of our business concept is that both form and function are important. The baking cup should not only look good, it must be easy to pick out, not cause problems in operations, handle being filled, stored, cooled and sold - and finally, of course, it has to be recyclable," says Björn.

The baking cups that Tielman Group produces are made from Nordic Paper's natural greaseproof paper.

"I honestly can't remember how far back our collaboration with Nordic Paper goes. However, we've always felt a great sense of security in the Scandinavian paper raw material, with Nordic Paper creating the greaseproof paper through mechanical treatment - not chemicals. That the paper is both environmentally friendly and biodegradable is very important to us.

In the future Tielman Group aims to find more paper-based alternatives to today's plastic and aluminium packaging in the food and café segment - and would gladly join forces with Nordic Paper again to achieve this.

"Nordic Paper has always provided us with good service, and has been flexible and responsive when new needs or challenges arise. I hope that together we can find paper-based packaging with even better wet strength," concludes Björn.

## Strategy

Nordic Paper is the natural leader in speciality paper. The company's target is growth of 2–4% of net sales per year and an EBITDA margin of 20%. In addition to organic growth, the company can also grow through selective acquisitions.

The basis for the company's growth is the customer offering of speciality products of consistently high quality combined with service and know-how. The customer offering will be developed over time by the company actively driving progress in the areas of people, production and systems, sustainability, and products and markets. An approach that seeks constant improvement is a theme throughout.

**PEOPLE.** Nordic Paper's employees form the foundation for all the company does, and a structured approach to developing employeeship and leadership is therefore vital when developing the customer offering.

**PRODUCTION AND SYSTEMS.** Always striving for maximum production efficiency is an obvious course in a process industry company such as Nordic Paper. The installed capacity is developed through long-term investment planning, while work methods are constantly evolving to become a little better every day. The production and business support systems are also important factors in production efficiency.

**SUSTAINABILITY.** Society's increasing interest in all aspects of sustainability is a positive trend for Nordic Paper, in part because it increases demand for the company's products as customers look for alternatives to fossil-based plastic, and because Nordic Paper's sustainability performance gives the company a competitive advantage.

**PRODUCTS AND MARKETS.** Although Nordic Paper has a stable customer base, both the product portfolio and the customer portfolio are being constantly developed towards areas with high value creation and low risk. These efforts are made in partnership with Nordic Paper's agents around the world.

CONTINUOUS IMPROVEMENT. Everything can be improved. Having this hypothesis as a basis for day-day-day work at all levels in the company provides a foundation for success. The company's customer offering is developed through constant improvements in daily internal processes, but also through frequent dialogue with customers about their needs and how Nordic Paper can support their business.

PROFITABLE GROWTH

CUSTOMER OFFERING
Speciality products of consistently high quality combined with excellent service and know-how

CONTINUOUS IMPROVEMENT

MARKELS

CONTINUOUS IMPROVEMENT

CONTINUOUS IMPROVEMENT

CONTINUOUS IMPROVEMENT

In addition to organic growth, the company can also grow through selective acquisitions. Acquisitions are made to broaden the company's offering in existing or adjacent product categories or to provide potential for expansion into new geographies.

The acquisition strategy includes retaining a balanced and well-diversified product portfolio without putting the company's strength as an independent player both upstream and downstream at risk. The main focus is therefore on smaller and complementary acquisitions rather than vertical ones.



### Investing for the future in Bäckhammar

Nordic Paper continuously invests to maintain the technical capacity of its facilities. In addition to ongoing investments of around SEK 150 million per year, Nordic Paper may make strategic investments – for example, to expand production capacity.

In August 2023 Nordic Paper's Board decided to implement such an initiative: an investment of around SEK 850 million at Bäckhammar mill. The investment is being made to further improve sustainability performance and strengthen competitiveness at the plant.

A large part of the investment consists of a new wood room, which will provide the mill with strategic flexibility in raw material supply and lead to efficiency gains in production. In the wood room, pulpwood is received into Nordic Paper's process, debarked and chipped before being transported to the pulp mill's digester.

The capacity of the plant's current wood room cannot meet demand and Nordic Paper is thus forced to rely on purchasing wood chips for part of its requirement. With the new larger wood room, Nordic Paper will have full freedom to choose between pulpwood and wood chips as best suits the company.

The investment decision also includes the installation of a new electrofilter that will reduce dust emissions to air by more than two-thirds. The investments will be carried out over the period 2023–2025 and are expected to contribute around SEK 100 million annually to Nordic Paper's EBITDA, with full effect from 2026. The installation of the new wood room and new electrofilter also lays the foundation for future expansion of the production volume.

After the investment decision in August, the major supplier con-

tracts were negotiated and finalised. In December groundworks for the new wood room began on-site in Bäckhammar.

Martin Isacson is Nordic Paper's project manager for the investments. He explains that preparations have been ongoing for several years and that the project organisation has now been expanded following the investment decision.

"It's very exciting that, after careful preparations, we've been able to start on the work for real. Our suppliers have shown great interest and together with them, we've been able to achieve really good solutions for the future of Bäckhammar," says Martin.

The investments are being carried out under Bäckhammar's existing production permit, which allows pulp production of 230,000 tonnes a year. At the start of 2023 a new production permit was obtained that allows a higher production volume, but the permit was appealed and the legal process continued throughout the year. The process was only concluded in 2024, when the new permit gained legal force.



### Sustainability

### starting point for long-term value creation



The operations at several of Nordic Paper's plants are based on more than 100 years' experience in processing renewable forest raw materials to make speciality products. This would not have been possible without economic, social and environmental sustainability being a core focus area. Sustainability is increasingly a business driver.

Nordic Paper is part of a circular, bio-based economy in which renewable fibres are processed into recyclable paper products that can replace fossil-based alternatives.

Nordic Paper plays a significant role as an employer in the rural areas where several of the mills are located and not only provides job opportunities within the Group but also provides business opportunities to local suppliers of goods and services. The top priority is to ensure that the work environment is safe for everyone who works for the company – not just own employees but also for contractors and temporary personnel, and for visitors.

Nordic Paper also strives to maintain profitability to make continual improvements in production and resource use possible. On the raw materials side, Nordic Paper is part of the forestry industry network in which one company's by-product is another's raw material. Around 30% of Nordic Paper's wood raw material comprises a by-product from the sawmill industry and the remainder is mainly timber from thinning out or from narrower parts of trees used as raw materials for the sawmill industry.

After use, the fibres in Nordic Paper's products become a high quality raw material for recycled paper. Since fibres wear and weaken with use, the paper recycling system needs to be replenished with new virgin fibre in order to function. In Nordic Paper's own production, process chemicals and water are largely reused. This benefits both production finances and the environment.

Through constant efforts over recent decades Nordic Paper has improved its performance in multiple areas of sustainability, not least in environmental sustainability. Nordic Paper wants to continue to minimise the negative impacts of its operations through cooperation with stakeholders across the entire value chain – from extraction of raw materials to end use and recycling – and by taking active steps together to increase the positive impact of the products, for example as a replacement for fossil-based packaging materials.

## Nordic Paper's products make a difference

Nordic Paper's speciality products create value in the downstream value chain in many ways due to their technical performance, through adaptation to customer needs and in the sustainability performance that the products provide to customers' solutions.

Nordic Paper's products are used above all for packaging and predominantly packaging for food. Food packaging plays an important role in a sustainable food system by protecting the contents, maintaining high quality and safety, and by reducing food waste.

The food itself may often have higher climate impact than the packaging and, by promoting the smart use of packaging made from renewable raw materials that reduces waste, Nordic Paper is helping to decrease the overall climate impact.

Nordic Paper's products are recyclable after use. The paper packaging recycling rate within the EU was 82.5% in 2021, compared with 64.0% for all types of packaging.

Recycling rate EU 2021<sup>1</sup>

paper packaging

82%

· all types of packaging

64%



# How Nordic Paper impacts and is impacted within the value chain

Nordic Paper's operations have both a positive and a negative impact in all parts of the value chain and the company is impacted financially by a number of external factors.

In a double materiality analysis conducted based on the requirements in the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), Nordic Paper has identified the sustainability topics that the company impacts and is impacted by. The materiality analysis was conducted in several stages in autumn 2023 with the participation of various specialists and experts.

The first stage involved mapping the company's value chain and business activities to identify which of the reporting standards within ESRS apply to Nordic Paper.

The next stage involved identifying relevant risks and opportunities to determine which activities in the company's value chain may have a material impact on people and the environment, and which financial risks and opportunities may exist.

In the final stage, materiality was assessed, i.e. in which of the identified impact areas, risks and opportunities the company has the most material impact and which of these areas have the greatest financial impact on the company.

A summary of the analysis results is presented in the table on the next page:

**CSRD** stands for Corporate Sustainability Reporting Directive.

The CSRD is a European legal framework for sustainability reporting that regulates the scope, methods and metrics for sustainability reporting.

**ESRS** is a set of 12 associated European accounting standards that stipulate the information to be reported with respect to environmental, social and corporate governance matters.



Nordic Paper's impact spans the entire value chain, upstream this comprises purchases of goods and services, internally it involves the company's own pulp and paper production, and downstream it consists of transport to customers, customers' operations and end-consumers' use of the products. Nordic Paper is also impacted financially by various external factors.

#### Nordic Paper's material sustainability topics

#### NORDIC PAPER'S IMPACT ASSESSMENT

						RIAL IMPACT ON PEOPLE E ENVIRONMENT	
		TOPIC ACCORDING TO ESRS	ACTUAL OR POTENTIAL IMPA	ACT (/P)		MATERIAL FINANCIAL IMPACT	POSITIVE OR NEGATIVE IMPACT
	E1	CLIMATE CHANGE	Climate change mitigation	Р	X	X	Negative and positive
			<ul> <li>Climate change adaptation</li> </ul>	Α		X	Negative
			• Energy	Α	Х	X	Negative
5	E2	POLLUTION	Pollution of air	Α		Χ	Negative
Ę			Pollution of water	Α		Χ	Negative
ENVIRONMENT	E3	WATER AND MARINE RESOURCES	• Water	А	Х	X	Negative
Ш	E4	BIODIVERSITY AND ECOSYSTEMS	Direct impact drivers of biodiversity loss	Р	Х	X	Negative and positive
	E5	RESOURCE USE AND	Resources inflows, including resource use	Α	Х	X	Negative and positive
		CIRCULAR ECONOMY	Resource outflows related to products and services	Α	Χ	Χ	Positive
	<b>S1</b>	OWN WORKFORCE	Working conditions	Α, Ρ	Х		Negative and positive
ΙĘ			<ul> <li>Equal treatment and opportunities for all</li> </ul>	Α	Χ		Positive
SOCIAL	<b>S3</b>	AFFECTED COMMUNITIES	Communities' economic, social and cultural rights	Α	Х		Positive
벁붷	G1	BUSINESS CONDUCT	Corporate culture	Р	Х		Positive
			<ul> <li>Political engagement</li> </ul>	Α		X	Negative and positive
CORPORATE			<ul> <li>Management of relationships with suppliers including payment practices</li> </ul>	Α	Χ		Positive
GOVE			Corruption and bribery	Р		X	Negative

#### Climate change

Although Nordic Paper's products can replace fossil-based products with products made from renewable raw materials, the company's activities have a negative climate impact in all parts of the value chain - from production of inputs, to the company's own production and in transportation of products to customers.

Around 20% of GHG emissions from fossil sources come from the company's own activities, 50% from consumed energy and the remaining 30% from purchased goods, transportation to Nordic Paper and transportation to customers. Most of the fossil GHG emissions from purchased goods and services arise in production of chemicals that the company uses, followed by emissions from production of purchased paper pulp, and transport to Nordic Paper's mills.

At the Åmotfors and Québec mills, the supply of steam is purchased externally from waste incineration plants. Electricity for the Swedish production plants is purchased with full origin guarantees from hydropower and nuclear power. Some of the electricity for the Norwegian production plant is purchased with origin guarantees.

#### **Emissions**

20%	Nordic Paper's operations
30%	Purchased goods, transport
50%	Consumed energy

#### **Pollution**

The company has an actual impact on air quality and generates pollution to air primarily in the form of sulphur, nitric oxides and dust. These arise mainly in combustion in the mills' various combustion furnaces.



#### Water and marine resources

The production of paper and pulp requires access to water. The Scandinavian mills are supplied with water from nearby lakes and water courses. This means that neither groundwater nor municipal water is used. The Québec mill uses municipal water.

The company also has an impact through water being discharged after treatment into the recipient, a nearby watercourse.

#### **Biodiversity and ecosystems**

Nordic Paper's main impact on biodiversity is through the wood raw materials used at the pulp mill in Bäckhammar and, to a lesser extent, indirectly through the paper pulp purchased externally.

In total Nordic Paper consumed just over 913,000 cubic metres sub (solid under bark) of wood raw materials in 2023, and also a certain amount of fuel wood. The average transport distance for pulpwood to the pulp mill in Bäckhammar was around 100 kilometres, which means the greenhouse gas (GHG) emissions from transport to Nordic Paper are at low levels.

99.6% of the raw material came from Swedish sources and the remaining 0.4% of the wood was imported from the Baltic region. The small amount of wood imported in 2023 was to avoid a possible wood shortage at the beginning of the summer when conditions for forestry industry in central Sweden were difficult due to forest fire risk.

Nordic Paper promotes sustainable forestry that gives consideration to biodiversity and the protection of ecologically valuable environments. The company therefore requires all fibre raw material to be traceable and to fulfil the criteria for FSC® Controlled Wood and PEFC Controlled Sources. All wood raw material also complies with the EU's timber legislation EUTR.

913,000

cubic metres sub of wood raw material consumed in 2023

average transport route for polowodlug

99.6%

Swedish wood raw materials

#### **E**5

#### Resource use and circular economy

Nordic Paper endeavours to use resources such as raw materials and energy as efficiently as possible, and recycles fibres, water and chemicals.

The wood chips that the company purchases are residuals from other companies' sawn timber. The sulphate pulp production process is based on a circular principle. which means that the raw materials are used efficiently and that emissions and energy losses are minimised.

In the production process at the mills, used chemicals are recycled and returned to the process, while other by-products are extracted. Two examples of extracted by-products are tall oil and turpentine. The extracted tall oil is sold on for processing into new products and the remainder becomes pitch oil which is subsequently reused for fossil-free energy production. Turpentine is, for example, used in cosmetics manufacturing.

Nordic Paper also sells other by-products such as fibre sludge, lime sludge and lime.

Nordic Paper's products are recyclable, and a very substantial portion of the company's product portfolio competes directly with other materials in the end-user phase, primarily with fossil-based plastics.





## Own workforce

Nordic Paper's employees are affected by various policies and guidelines such as the Code of Conduct and the HR Policy. The company follows the principles of the UN Universal Declaration of Human Rights and the fundamental principles and labour standards of the International Labour Organization (ILO).

Nordic Paper has undertaken to ensure fair and equal salaries and benefits, freedom of association and collective bargaining, safe working conditions, and not to accept forced labour, child labour or human trafficking.

All relationships with the company are to be voluntary and the workplace is to be free from discrimination and harassment. Nordic Paper's employees and contractors can, however, be exposed to risky situations and the company therefore works proactively on preventing ill health and accidents.

## Affected communities

Several of Nordic Paper's production plants are located in small cities or rural communities where the company is a very substantial employer and a significant client for suppliers.

Nordic Paper supports local organisations, associations and clubs, helping children and young people to pursue leisure activities near to where they live. Involvement with schools and universities also helps to build knowledge and develop skills in the local community.



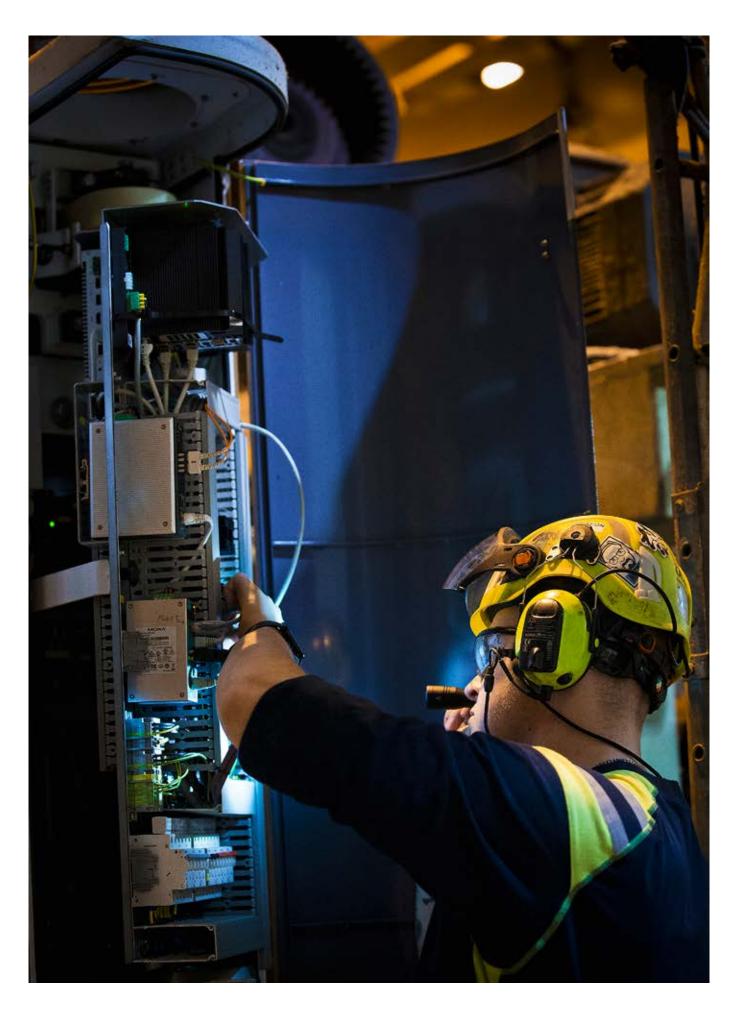
#### **Business conduct**

Nordic Paper's business conduct impacts the value chain both downstream and upstream. In several cases multiple parts of the value chain are impacted, for example when suppliers use subcontractors. Nordic Paper's relationships with customers are through the company's agents around the world. Nordic Paper's codes of conduct provide a basis for the company's choice of partners to work with.

Nordic Paper has group-wide values, policies and ways of working that influence the employees' behaviour and combine to shape Nordic Paper's corporate culture. The company's core values are responsibility, respect, cooperation and development.

The company-wide corporate culture is important in facilitating internal cooperation and for governance. The corporate culture of the customers may also impact Nordic Paper and this is taken into account when the company decides to which countries and customers its products will be sold. There is a risk of corruption, bribes and actions that violate antitrust laws in commercial relationships. Nordic Paper has zero tolerance for these.

Nordic Paper is affected by political decisions that can have positive or negative consequences for the company. Nordic Paper is not individually involved in any advocacy action but is a member of industry associations and other industry-wide initiatives that drive advocacy efforts to bring about changes in laws at the EU and national level. At this time Nordic Paper is a member of the Confederation of Swedish Enterprise, Paper Province, Värmland Chamber of Commerce, the Swedish Forest Industries Federation and CEPI Eurokraft.



# Nordic Paper's sustainability approach

Nordic Paper's sustainability approach is based on the double materiality analysis carried out. Based on the analysis outcome, the company has created focus areas for its sustainability work. These are the topics where the company is concentrating its efforts in order to drive change. The focus areas are: sustainable work environment, reduced climate impact and products that support sustainability. The company has sustainability goals and targets within each of these areas.



### Sustainable work environment

Nordic Paper's overall goal is a sustainable and safe work environment for employees as well as contractors, temporary personnel and visitors

Nordic Paper has a zero vision for accidents at work and makes systematic efforts to create a workplace where nobody's health or safety is put at risk.

The overall goal is to offer a workplace free from ill health and accidents and with zero accidents that result in sickness absence.

#### Target for 2023:

To reduce the Lost Time Injury Frequency Rate (LTIFR) to below 9.0 per million hours worked.

#### Outcome for 2023:

5.5 lost time injuries per million hours worked.



### Reduced climate impact

Nordic Paper's climate impact is linked to its own production process and to purchased goods and services. Through continual improvements, process improvements and targeted efforts at the mills, and by setting clear criteria in procurement processes, Nordic Paper is constantly working to reduce the company's overall climate impact.

The overall target is for total emissions from Nordic Paper's operations, including indirect emissions from purchased goods and services. to be reduced by 50% by 2030 compared with 2020. Direct emissions from the company's own operations and from purchased energy are to be reduced by at least 50% during the same time period.

#### Target for 2023:

To reduce the carbon footprint by 5% compared with the previous year.

#### Outcome for 2023:

Reduction in the carbon footprint by 5% compared with 2022.



### **Products that support** sustainability

Nordic Paper's sustainability performance adds value when the company's products are used by the customers. This can take place in several different ways.

Using Nordic Paper's products rather than other fossil-based packaging solutions allows consumers to reduce their climate footprint and the amount of resources they use.

#### Target for 2023:

To increase the rating from Nordic Paper's customers for how the products' sustainability performance adds value for them. This is measured in the company's annual customer survey.

#### Outcome for 2023:

Increase to a rating of 4.49 on a 5-point scale.

#### **Governing documents**

Nordic Paper is to manage and develop the business in a responsible and sustainable way throughout the value chain. To ensure that this happens, the company has 14 policies adopted by the Board, including the company's Code of Conduct.

The Code of Conduct forms the framework that translates the company's values into actions and describes how employees are to act and do business ethically and sustainably, based on a corporate culture focused on the core values of responsibility, respect, cooperation and development.

Nordic Paper works to achieve long-term business relationships in which, together with its business partners, the company lays the foundation for strong financial results while giving consideration to the environment and community engagement. Nordic Paper also requires suppliers of goods and services to conduct business responsibly. These requirements are stated in the company's Supplier Code of Conduct.

The other policies are all based on the Code of Conduct. From a sustainability perspective, as well as the Code of Conduct, it is above all the company's HR Policy, Work Environment Policy and Environmental Policy that provide guidance along the way to doing business more sustainably. All of these documents are published on Nordic Paper's external website.

All the policies in the portfolio have been approved by the Board of Directors and have a designated owner who is responsible for implementation. The Chief Executive Officer reports annually to the Board of Directors on compliance with the policy portfolio. For more information on the company's policy portfolio see page 71.

#### Certifications

With the aim of maintaining high and consistent quality, the company's Scandinavian production units are certified to ISO 9001 Quality Management, with multi-site certification. Multi-site certification to ISO 22000 Food Safety Management for the plants in Säffle and Greåker and SQF (Safe Quality Food) certification in Québec guarantee product safety throughout the process, from paper production and transport to end use.

It is important that the fibre raw material used originates from sustainable forestry. Nordic Paper is therefore certified and able to offer both Scandinavian and Canadian FSC®-certified paper (FSC-C102767, FSC-C112757) and Scandinavian PEFC-certified paper (PEFC/05-33-213). Nordic Paper is also subject to sustainability decisions under the Swedish regulation on sustainability criteria for biofuels, bioliquids and biomass fuels, which covers all liquid biofuels as well as spent liquor and solid biofuel.

#### Governing documents for sustainable business conduct

GOVERNING DOCUMENT		TOPIC ACCORDING TO ESRS	OWNER	APPLICATION IN THE BUSINESS	RESULTS OF THE GOVERNING DOCUMENT
Code of Conduct Nordic Paper		All topics identified in the materiality analysis, see page 35.	CEO	The Code translates the company's values into actions. It describes how employees are to act and do business, expectations of employees and business partners, and what stakeholders can expect of the company.	Anti-corruption and anti-bribery guidelines GDPR guidelines Promotion of health and safety Conduct according to Nordic Paper's core values Agent Code of Conduct Supplier Code of Conduct Non-conformance reporting Membership of the UN Global Compact
Work Environment Policy	S1	Own workforce	CEO	The policy describes the company's basic principles for the work environment and how the company makes systematic efforts to create a work environment in which employees feel safe, motivated and valued.	Guidelines on the work environment and safety Health, protection and safety targets Cooperation meetings Systematic work environment efforts Local health and safety guidelines, procedures and instructions Orientation and training Non-conformance reporting
HR Policy	S1	Own workforce	Director of Human Resources	The HR Policy clarifies expectations and responsibilities within this area that are important for the company's employees and summarises the internal policy documents within the area of Human Resources.	Guidelines on diversity and non-discrimination Guidelines on compensation Guidelines for recruitment Promotion of health and safety Professional development Pay mapping Statutory employee rights Zero tolerance for alcohol and drugs
Environmental Policy	E1 E2 E3 E4	Climate change Pollution Water and marine resources Biodiversity and ecosystems Resource use and circular economy	CEO	The Environmental Policy describes the core values and approaches that guide efforts to reduce the company's environmental impact.	<ul> <li>Producing and monitoring KPIs based on permits</li> <li>External reporting</li> <li>Internal non-conformance reporting</li> <li>Steering group meetings for purchasing categories</li> <li>Monitoring and evaluation of climate performance</li> </ul>

#### Sustainability risk management

Nordic Paper is exposed to a number of risks that may have a significant impact on the company. The Board of Directors has overall responsibility for identifying and managing the company's risks. The risk management process is part of the company's annual procedures, and is initiated by a risk-identification and a risk assessment performed by the company's executive management.

Based on the requirements and expectations that the company has become aware of in preparing its sustainability strategy, for example through the materiality analysis performed, the following overall risks have been identified as the company's sustainability risks:

- · Health and safety risk
- · Climate risk
- · Business ethics risk
- Environmental risk

These risks have been assessed by the company's executive management based on the likelihood that they will occur and the expected impact on the company's ability to achieve its set goals. The company's process owners then design, develop and maintain actions and controls for managing these risks. For a more detailed description of the Group's risk and risk management, see the section Risk and risk management on pages 75-81.

#### Legal framework provides a basis

As a company in the process industry Nordic Paper is affected by various legal frameworks. The Land and Environment Court issues the production permits for the Swedish plants, while the County Administrative Board is the supervisory authority and also the authority to which the company reports compliance with the conditions imposed.

Nordic Paper's production permits stipulate 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.

Since Nordic Paper produces speciality paper, the conditions differ from those imposed on typical plants in the paper industry. The company therefore currently has seven time-limited exemptions from the BAT levels in the production permits for the Swedish plants. In Norway permits and supervision are dealt with by the Norwegian Environment Agency and in Québec mainly by municipal bodies.

With one exception Nordic Paper conducted its operations in 2023 in accordance with the applicable production permits. The exception was the

Bäckhammar mill, where for a 24-hour period emissions to air temporarily exceeded the maximum levels in connection with resuming operations after the annual maintenance shutdown. The company reported this transgression to the County Administrative Board in the routine manner.





#### Choice of raw materials and suppliers

Responsible production also involves choosing the right raw materials to minimise any indirect negative impact. Nordic Paper sets high standards for its suppliers. The requirements are described in the Supplier Code of Conduct, which all suppliers with a contract volume exceeding SEK1 million per year or who have more than 24 orders a year are required to confirm in writing.

Among other things, the Code states that suppliers are to make active efforts to use resources such as raw materials and energy efficiently and must take preventive action to avoid accidents that could have negative environmental impacts. Failure to comply with the Code could result in contracts being cancelled.

#### **Assessment of suppliers**

Each year a supplier evaluation is conducted for suppliers deemed to affect the quality of what is delivered to the customer. This evaluation is based partly on the supplier non-conformance reports received during the year, i.e. the documented complaints that Nordic Paper makes when a supplier fails to deliver as agreed or to meet other agreed requirements, and partly on interviews with customers and those receiving goods and services

The parameters used in this assessment include quality, technical support, lead times and sustainability aspects.

In 2023 new assessment criteria were designed whereby the suppliers are placed into different categories

> depending on the extent of the business risk associated with the supplier.

> The suppliers with the greatest business risk are evaluated once a year, while the rest go through an evaluation every 18 or 24 months.

> In 2023 a total of 21 suppliers were evaluated, two of which were rated very good and the remaining ones received a passing rating. The supplier evaluation will be further developed in 2024.



#### 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 to achieve long-term sustainable development.

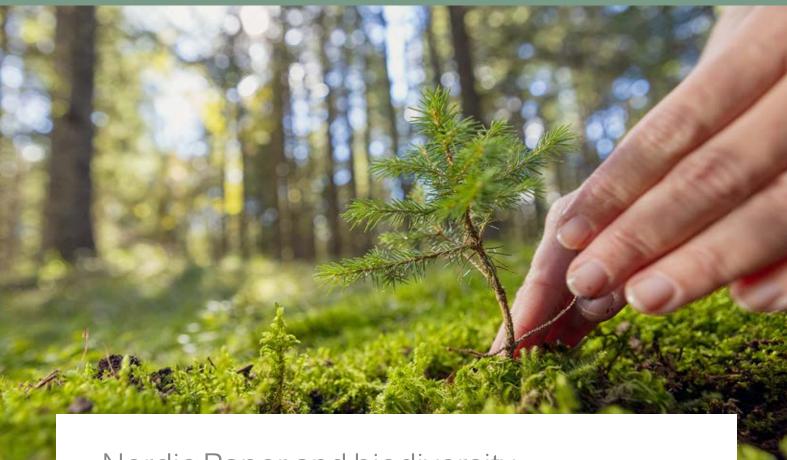
Nordic Paper has analysed the company's operations, impacts and sustainability efforts based on the framework for the SDGs and Agenda 2030. The assessment is that Nordic Paper has the greatest capacity and potential to impact Goal 8 Decent Work and Economic Growth, Goal 12 Responsible Consumption and Production, and Goal 13 Climate Action. The materiality analysis carried out and the Company's selected focus areas continue to support the SDGs identified.

#### **UN Global Compact**

Since 2022 Nordic Paper has been a signatory to the world's biggest sustainability initiative, the UN Global Compact. Nordic Paper thereby undertakes to make active efforts in respect of sustainability topics and to report progress annually within the areas of human rights, labour, the environment and anti-corruption.

#### **Human rights**

Nordic Paper applies the UN Framework Principles on Human Rights and complies with the eight core conventions of the International Labour Organization (ILO) as well as the OECD Guidelines for Multinational Enterprises.



# Nordic Paper and biodiversity

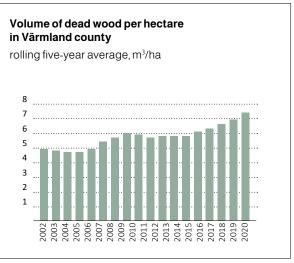
Nordic Paper has an impact on biodiversity in a number of ways. The company's production plants have a direct impact on biodiversity in terms of the space they take up. There is also another direct impact from operations on the local area, mainly relating to process water that is treated and returned to the source. In Bäckhammar, for example, the treated process water is returned to the Visman river which runs into Lake Vänern. Nordic Paper accounts for a large portion of the flow of this river and therefore impacts the conditions for biodiversity of aquatic organisms.

In addition to biodiversity in the vicinity of Nordic Paper's mills, the company also affects biodiversity due to its purchases of fibre raw materials in the form of pulpwood and wood chips from sawmills. In 2023 Nordic Paper consumed a total of 913,000 m<sup>3</sup> sub of fibre raw material. The raw materials used were transported an average distance of around 100 km to Bäckhammar, and the sourcing area extends from the western parts of Örebro county to the southern and eastern parts of Värmland county.

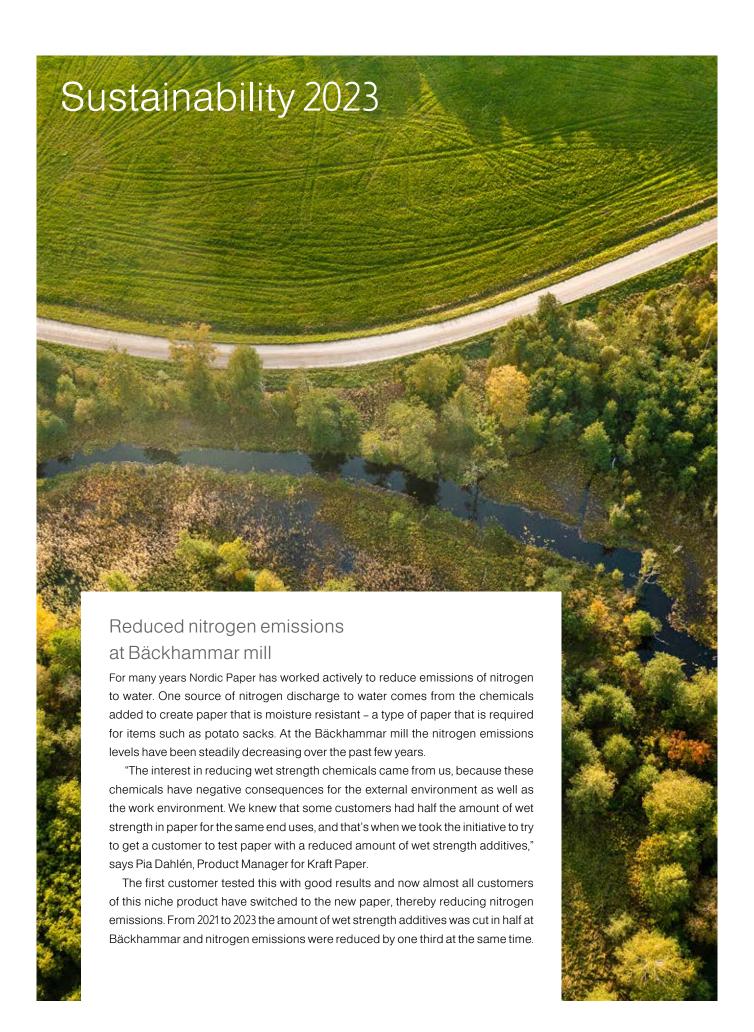
In 2023 the company commissioned a study of different ways to measure biodiversity in the wood raw material sourcing area. Most of the source material consisted of documentation available to the public. The purpose of the study was to increase knowledge about the status of biodiversity and to learn what Nordic Paper can do to make an even more positive contribution.

In the absence of absolute measurements for biodiversity, there are various indicators indirectly linked to biodiversity that can be applied to Nordic Paper's sourcing area. These include measuring habitats that promote biodiversity such as the amount of dead wood, the presence of old forests, the proportion of deciduous trees and the amount of mature trees.

For several of these indicators the development over the past 20 years has been positive for biodiversity.



Source: SLU Swedish National Forest Inventory



## Reduced resource use

In 2023 various resource-conserving initiatives were implemented at the production plants. Sodium hydroxide is a chemical used to, for example, adjust the pH level in the settling tanks used to treat water. In Åmotfors Nordic Paper managed to lower the dose of sodium hydroxide added to the settling tank by around 90% in 2023.

The Säffle plant has been working actively for the past two years on reducing its oil consumption. In 2023 oil consumption was reduced by a further 35% compared with 2022.

In 2023 a total of 45 temporary substitutes and interns were given an insight into different parts of the company's operations.

## Investments in Bäckhammar

In 2023 Nordic Paper decided to make strategic investments at the Bäckhammar mill. The investments will further improve the mill's sustainability performance and further strengthen competitiveness.

An important part of the investments is a new wood room which will provide the plant with strategic flexibility in its raw material supply and lead to production efficiency gains. Emissions of dust to air will also be reduced by more than two thirds with the installation of a new electrofilter.

## Customer seminars on sustainability

As a means of increasing knowledge and awareness about Nordic Paper's sustainability performance, the company arranged around 10 seminars during the year for customers in the Kraft Paper segment.

At the seminars issues around sustainability and innovation were discussed, including sustainability in the Swedish forest industry and the company's climate performance. The seminars were much appreciated by customers and more will be planned in

## Whistleblower service



For the past few years Nordic Paper has provided a whistleblower service, allowing the company's employees and external stakeholders to report any suspected irregularities that have occurred or are in the process of occurring and which involve a risk of harm to individuals, the company, the community or the environment. Examples could include breaches of the Code of Conduct, bribery or corruption, major deficits in safety or serious environmental breaches.

The service is available on the company's intranet and website but is managed by an external provider. All reports are made anonymously. No whistleblower incidents were reported to the service during the year.

## Sustainable commute

The company's climate footprint is also affected by how the employees get to their place of work. In 2023 Nordic Paper therefore offered employees the opportunity to purchase a cycle as an employee benefit. 63 employees took up the offer.

The company has also started to install charging ports for electric vehicles at the Scandinavian mills.

## Focus on diversity and non-discrimination

Nordic Paper makes active efforts to improve diversity and to create workplaces that are free from harassment, degrading treatment and discrimination, where everyone has and is ensured equal value and where differences and diversity are considered assets. Nordic Paper endeavours to maintain gender equality throughout the company and each year tracks important KPIs for this area, including but not limited to the proportion of men and women within different departments and at different organisational levels, the ratio of men to women in the recruitment process and the outcome of annual employee surveys.

Nordic Paper also produces an action plan every year containing activities to improve gender equality. These include various actions such as initiatives to promote female leadership, enhanced employer branding in respect of selected target groups and analysis of pay structures (pay mapping). 23% of Nordic Paper's employees are women and 50% of the elected board members are women. Overall, women hold a third of the management roles within the company.



Nordic Paper wants to help create vibrant and sustainable local communities where the company operates.

One of the many sports clubs that Nordic Paper sponsors is located literally deep in the forests of Värmland. Five kilometres south of Nordic Paper's Åmotfors mill we find the small village of Brevik with its 55 residents. On the shore of Lake Ränken is where the villagers gather, at the Brevik sports club, where many table tennis matches are played several evenings a week. The club has around 30 active players, 20 of whom are young people. Nordic Paper's sponsorship during the year has, among other things, helped the club to purchase new table tennis tables.

"The focus here is on camaraderie and for everyone to have as much fun as possible. This isn't an elite league; everyone who wants to join can," says youth leader Stefan Håkansson.

The club was founded in 1957 and today has 260 members, many of whom are supporting members. In addition to youth activities, the club has a men's table tennis team in division four.



#### Focus Area 1:

## Sustainable work environment

#### **OVERALL LONG-TERM GOAL**

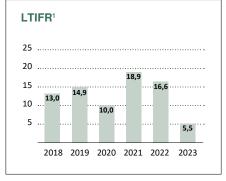
· A workplace free from ill-health and accidents

#### **TARGET FOR 2023**

. LTIFR1 < 9

#### **OUTCOME FOR 2023**

LTIFR<sup>1</sup> 5.5



1) Rate of accidents resulting in sickness absence per million hours worked

Nordic Paper is to offer and maintain a safe and healthy work environment that meets or exceeds standards and legal requirements in the countries where the company operates. A sustainable work environment with healthy employees who feel safe, motivated and appreciated is what makes 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 core values and Code of Conduct are key elements in health and safety efforts, and they are integrated into all day-to-day operations.

To further reinforce existing procedures, the company has established a set of Rules That Save Lives. 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.

## Vision - a workplace free from ill-health and accidents

All incidents and accidents are to be systematically investigated to identify any sources of risk that could potentially expose employees to health hazards or accidents, so that preventive measures can be implemented.

There were, however, nine accidents resulting in sickness absence in 2023, which is a clear decrease compared with the previous year.

The number of accidents represents an LTIFR1 of 5.5 and the incidents resulted in a total of 120 days of sickness absence during the year. The dominant types of accidents were falls on the same level (stumbling and slipping). These represented 16% of total accidents and mainly caused foot and ankle injuries.

There was only one serious incident during the year - compared with six the previous year - that was sufficiently serious for a report to be made to the Swedish Work Environment Authority. The incident did not require any subsequent investigation by the authority.

Identifying risk is an important aspect of efforts to prevent accidents. In 2023 the production plants therefore established targets for the number of risk observations reported.

In total, over 1,500 risk observations were reported within the company, which is an increase of around 50% compared with the previous year. Thanks to the high number of observations, more deficits were identified and preventive action was subsequently taken - thereby improving preventive protective efforts and helping to reduce the injury rate.

#### Work environment efforts in 2023

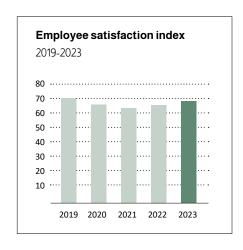
Systematic work environment efforts were further intensified during the year in accordance with the long-term plan adopted in 2021.

During the year a so-called "safety journey" was begun. This is a programme where all employees participate in meetings to discuss how to work safely at the company's workplaces. The purpose is to take discussions about safety to a new level, where all employees together contribute to creating a safer work environment.

## Employee survey and performance and career development reviews

To gain an understanding of the company's strengths and development potential as an employer, every year an employee survey takes place. The survey is conducted anonymously but allows the company to follow up on the results at department level. In alternate years the survey is more extensive, while in the interim years it is more a case of "taking the pulse" with fewer questions.

In 2023 a shorter survey was conducted and resulted in an ESI of 69, an improvement of four points on 2022. Performance and career development reviews are an additional important tool for developing a sustainable work environment and encouraging employees' personal development. Nordic Paper aims for all employees to have a performance and career development review annually, and this was achieved in 2023.





### Activities for health and wellness

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 the company's plants and the areas around them.

During the year employees have also taken the initiative to participate together in several running events and have continued to take part in ski relays as part of the Vasaloppet cross-country ski race.

## Training

Various training initiatives were carried out during the year, including protection and safety courses that provide certification for work assignments associated with specific risks, more advanced courses as well as other core work environment training such as the Better Work Environment course.

A total of more than 450 employees took various courses aimed at meeting legal requirements and minimising the risk of ill health and accidents.



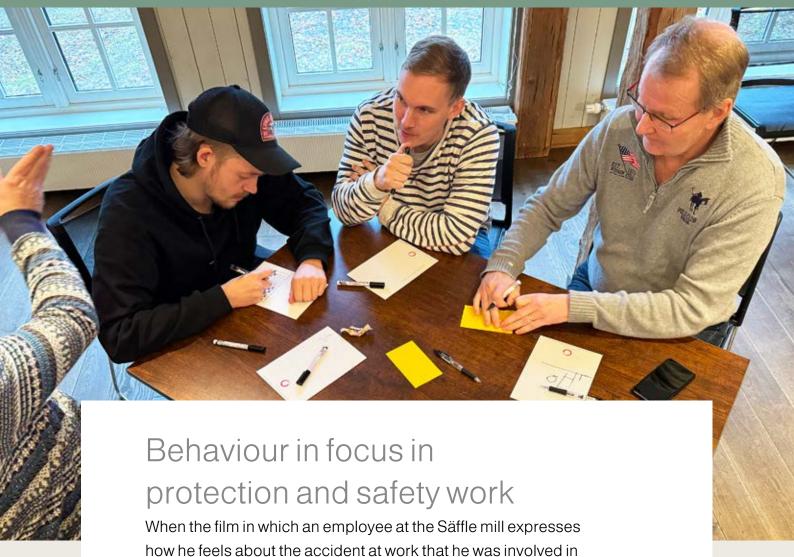
## Zero tolerance for alcohol and drugs

Nordic Paper has zero tolerance for alcohol and drugs in the workplace. Random alcohol tests were carried out during the year on employees at the head office and at the Swedish production plants. During the maintenance shutdowns random drug tests were also performed on the company's employees and contractors.

A total of 14,970 alcohol tests and 190 drug tests were performed during the year. On a few occasions, individual employees and contractors tested positive. This was dealt with in accordance with established procedures.

The number of positive test results in 2023 was half that of the previous year.





The scene provides a good snapshot from the autumn series of meetings on behaviour and the results the series yielded. The purpose of the meetings was for people to feel safe talking about how it feels when an accident happens at work and how their own behaviour can help to make the workplace safer.

ends, spontaneous applause breaks out in the meeting room.

"We have had great conversations about the excuses we make for how we choose to behave when we trust luck more than our own knowledge. Above all we talked about what we should do to avoid making excuses," says Stefan Åbom, plant manager.

The series resulted in 140 pieces of advice. Most of the advice is about helping each other, not being afraid to ask for help and ultimately knowing each other so well that we feel safe on our shift or team. Management at Säffle mill will continue to develop the advice together with a group of employees in spring 2024.

"Changing ingrained behaviour is one of the most difficult things to do, but now we've at least started talking about what we need to do to break old habits. There have been many positive and appreciative comments after the meetings. I see this as proof of how important it is to be able to talk about difficult things like these," says Henrik Vennergrund, team leader at the Säffle mill.



Over the past few years there has been a major emphasis on protection and safety within Nordic Paper One of the initiatives in 2023 focused on behaviour, All employees at the Nordic mills will participate in half-day meetings. The initiative counts on broad participation and the meetings will be run by the mills' own management. The Säffle mill was first and the other mills will hold their meetings in the first quarter of 2024.

#### Focus Area 2:

## Reduced climate impact

#### **TARGET FOR 2030**

- Total GHG emissions from fossil sources from Nordic Paper's operations, including indirect emissions from purchased goods and services, are to be reduced by at least 50% by 2030 compared with 2020.
- Direct emissions from the company's operations and indirect emissions from purchased energy are to be reduced by 50% by 2030 compared with 2020.

#### **TARGET FOR 2023**

 Total GHG emissions from fossil sources from Nordic Paper's operations, including indirect emissions from purchased goods and services, are to be reduced by at least 5% by 2023 compared with 2022.

#### **OUTCOME FOR 2023**

- Total emissions of fossil greenhouse gases from Nordic Paper's operations, including indirect emissions from purchased goods and services, amounted to 177,000 tonnes in 2023.
  - 5% reduction compared with 2022.
  - 2% reduction compared with 2020.
- Direct emissions from the company's operations and indirect emissions from purchased energy amounted to 115,000 tonnes, which is a reduction of 5% compared with 2020.

The Greenhouse Gas Protocol classifies climate impact into three scopes:

Scope 1 - emissions from own operations

Scope 2 - emissions from purchased energy

Scope 3 – indirect emissions from other purchased goods and services

In 2023 the company's operations gave rise to fossil GHG emissions totalling around 177,000 tonnes of  ${\rm CO_2}$  eq.

Just under half of Nordic Paper's total impact consists of indirect emissions from the company's purchases of electricity and steam, which are Scope 2 emissions. The largest contribution to this category comes from electricity purchased for the Greåker mill. During the year, to reduce climate impact the company started to purchase origin guarantees for part of its electricity purchased in Norway.

For its mills in Åmotfors and Québec, Nordic Paper purchases steam from nearby waste incineration plants, which means that emissions of fossil carbon dioxide are added. This is calculated based on the fossil plastic in household waste that is incinerated at the plant.

Of the total emissions, around 31,000 tonnes or 18% were derived from the use of fossil fuels in the company's own operations, particularly in Bäckhammar and Greåker. The use of fossil fuels increased in Bäckhammar in 2023 compared with the previous year due to supply shortages for alternative bio-oils during the year. The use of

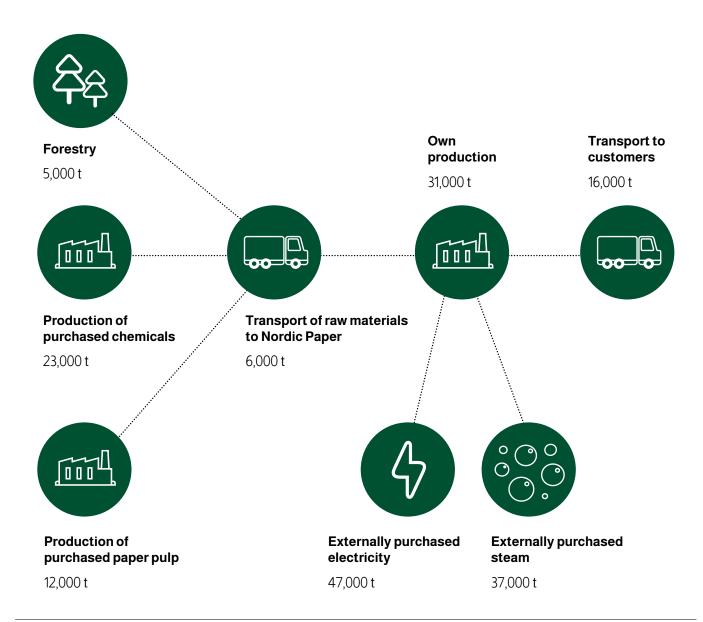
fossil fuels was kept very low at the company's Säffle mill thanks to a process that started in 2022 to reduce consumption of back-up fuel for the mill's biofuel boiler.

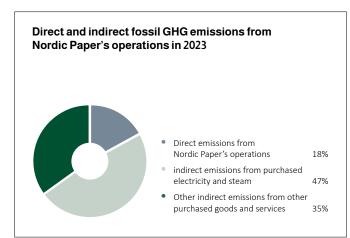
The remaining fossil GHG emissions, just over 60,000 tonnes or 35% of the company's total footprint, are other indirect emissions from the company's purchased goods and services. Large components among these emissions are emissions from production of the chemicals used by the company, and from transport of raw materials to Nordic Paper and from transporting products to customers. Emissions from the forest industry's use of fossil fuels for machinery are also included in these indirect emissions.

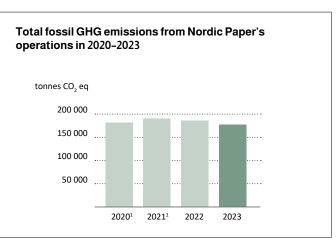
In addition to Nordic Paper's GHG emissions from fossil sources, the company handles large volumes of biogenic carbon, i.e. carbon in the biomass the company brings in with the wood. Around half of the carbon that comes in through the wood leaves in the form of the company's products and the remainder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

#### GHG emissions in the value chain 2023

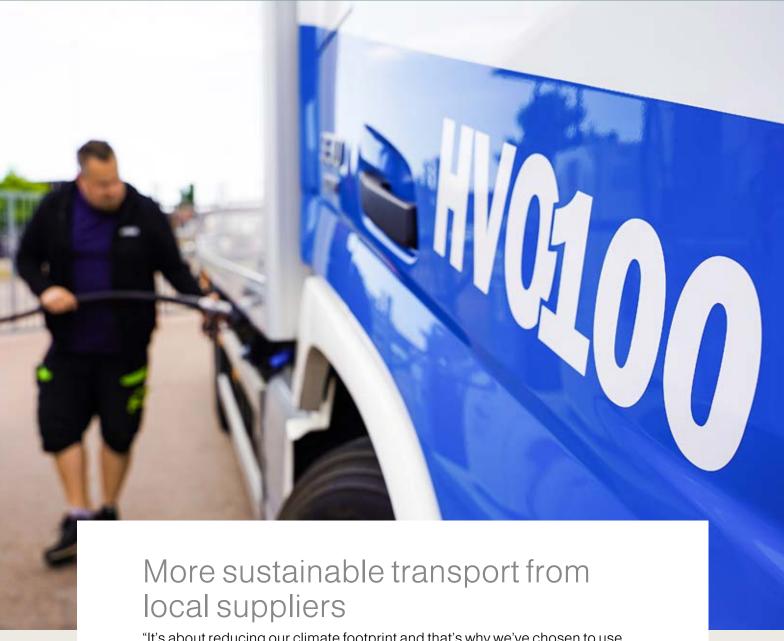
tonnes CO<sub>2</sub>eq







 $<sup>^{\</sup>rm 1}$  Includes emissions from Glassine Canada Inc, a part of Nordic Paper since 2022.



"It's about reducing our climate footprint and that's why we've chosen to use hydrogenated vegetable oil (HVO)." These are the words of Lars Böhn, head of sustainability at Österbergs Industrihandel, a service and logistics company established in Karlstad since 1905.

Österbergs is one of Nordic Paper's suppliers of indirect materials, such as personal protective equipment and various types of tools. Every day at least one lorry load of products is transported from Karstad to Bäckhammar mill.

Starting in 2022, Österbergs has phased out fossil diesel and petrol and has now fully transitioned to HVO 100 for all lorry and service vehicle transport. The reason is quite simply to reduce carbon emissions. The increased cost involved has not been an obstacle.

"To secure access to HVO we have installed our own filling station on our site," says Lars. The response from both customers and drivers has been wholly positive and the company is now going a step further with sustainable transport by putting its first electric lorry on the road in 2024.

For full-year 2023, HVO-fuelled transport to Bäckhammar has helped reduce emissions levels by 90% compared with transporting the goods in vehicles run on conventional fuels.

#### Focus Area 3:

## Products that support sustainability

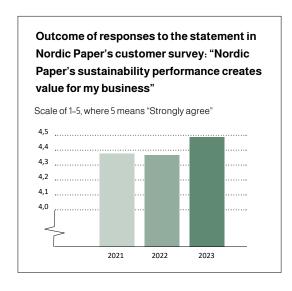


#### **TARGET FOR 2023**

. Increasing the rating from Nordic Paper's customers for how the products' sustainability performance adds value for them. This is measured in the company's annual customer survey.

#### **OUTCOME FOR 2023**

• Rating of 4.49 on a 5-point scale for 2023 compared with 4.37 in 2022



Consumption of industrially manufactured products has sustainability effects encompassing many different aspects, some positive and some negative. Weighing up different types of sustainability effects against each other is difficult or often impossible. All consumption thus has a certain negative impact compared with the alternative of there being no consumption at all.

By using products with better sustainability performance in a given situation, the negative effects can be minimised. In Nordic Paper's case, using the company's products provides sustainability benefits since in many cases they are able to replace other packaging solutions.

#### Replacing plastic as a packaging material

65% of the company's sales go to applications in the food industry, largely as packaging materials.

The main competition for the company's products is from packaging alternatives made of fossil-based plastic. Plastic is excellent as a packaging material and in many cases comes in at a competitive cost, but fossil-based plastic has two significant sustainability-related disadvantages. One is the contribution made by plastic packaging to littering in general and to littering in the sea in particular, since many plastic materials break up into microplastics that can take hundreds of years to decompose. The second disadvantage of plastic packaging is that it largely uses fossil-based raw materials and therefore has a climate impact, even if it functions very well as packaging.





Using products from Nordic Paper to reduce plastic use addresses both the littering problem and the issue of climate impact. After use, the materials in Nordic Paper's products are useful as recycled materials – but should they end up in nature, they will decompose.

#### Low climate impact in Bäckhammar

Nordic Paper makes active efforts to reduce the climate impact of its products. Today climate performance is already a competitive advantage, particularly when compared with fossil-based plastic materials.

During the year Nordic Paper also investigated climate performance among its direct competitors in the kraft paper industry and found that the company's plant in Bäckhammar is among those in the industry with the lowest climate impact in Scope 1 and 2.

There has been a continued trend during the year for Nordic Paper's customers and their customers, the brand owners, to actively



seek new packaging solutions that can replace fossil-based solutions. To highlight climate performance, a life-cycle analysis was performed in 2023 for a growing application area: bags for e-commerce purchases, made of paper from Nordic Paper's Bäckhammar mill.

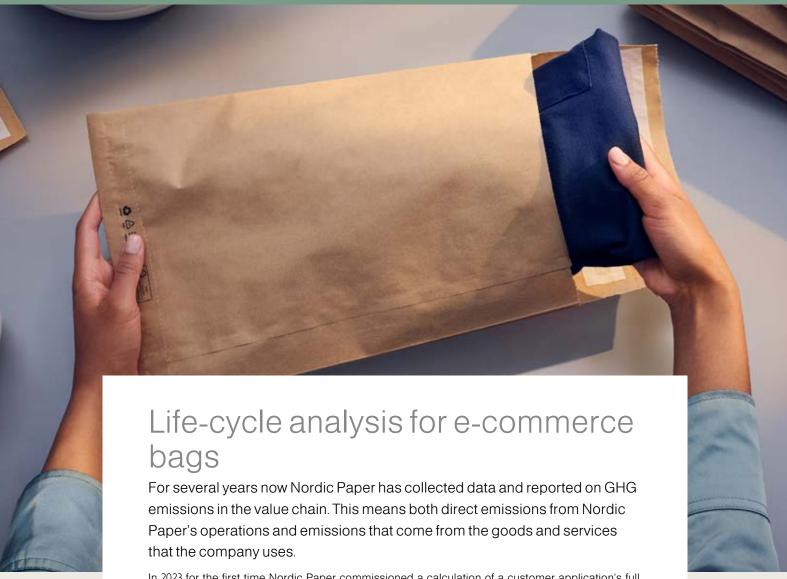
#### Increasing resource efficiency in the downstream value chain

many of the company's products that are sold for industrial purposes are highly specialised kraft papers, the value of which lies in the fact that they fulfil a function in the customer's processes. For example, the porosity - how much air the paper lets through - is of great importance for producers of flour, sugar, cement or other powdery goods.

Modern lines for filling bags with powder are often restricted by how quickly the air can disperse when the powder is filled at high speed. If the air cannot pass through the paper, the packaging explodes and the filling machine has to be stopped - with increased resource utilisation as a result.

Constantly developing and customising the properties of the paper to customers' needs enables not only customer loyalty but also increased resource efficiency to be achieved.

By focusing on products that support sustainability, Nordic Paper is proactively helping customers maximise the sustainability benefits of the company's products. This can be done in joint development projects with customers or partners in the downstream value chain. but the focus area also includes shorter-term measures involving increased communication about the sustainability performance of the company's products.



In 2023 for the first time Nordic Paper commissioned a calculation of a customer application's full life-cycle impact. This life-cycle analysis was carried out by an independent third party and another third party reviewed the calculations and results.

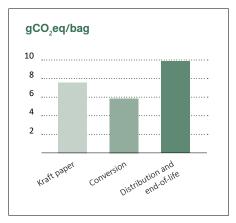
The product that was the subject of the life-cycle analysis was a type of bag used for e-commerce purchases that is made of paper from Nordic Paper's Bäckhammar mill and converted by Jonsac in Otterbäcken.

The result shows that the fossil climate impact from 1 tonne of kraft paper produced in Bäckhammar

amounted to 204 kg and mainly arises in transport and production of the wood raw material and from the chemicals used. Conversion adds a fossil climate impact that is 80% of the paper's impact, with the greatest impact coming from distribution of the paper to users.

Scenario analysis was also performed in which the impact from the paper bag was compared with available general data for a plastic bag of an equivalent size made from fossil PE. In this comparison the plastic bag's climate impact was around four times higher than that of the paper bag.\*

The differences mainly arise in production of the material and in the end-of-life scenario.



Fossil climate impact over the life cycle of an e-commerce paper bag from Nordic Paper's Bäckhammar mill.

<sup>\*</sup> The result is based on assumptions for the plastic bag and could be different if the bag were made from different type of plastic.

## Sustainability data

		2023	2022	2021	2020
Production					
Paper 1,000	t	274	300	272	256
Paper pulp 1,000	t	219	222	242	237
Raw material					
Wood raw material 1,000 m³fu	b	913	937	1,043	1,023
Externally purchased paper pulp 1,000	t	74	79	48	42
Water consumption million n	1 <sup>3</sup>	17	17	20	20
Energy consumption					
Biofuels, including spent liquor GW	h 1	1,463	1,583	1,631	1,530
Fossil fuels GW	h	113	126	111	9
Electricity consumption					
Own electricity production GW	h	114	114	122	11
Purchased electricity GW		369	371	366	37
Purchased steam GW	h	149	153	117	10
GHG emissions					
Biogenic emissions 1,000 t CC	)	546	601	571	56
Total fossil emissions 1,000 t CO <sub>2</sub> e	-	177	186	174	16
Fossil emissions, scope 1	ч	31	32	39	2
Fossil emissions, scope 2		84	87	75	7
Fossil emissions, scope 3		62	67	60	5
of which from purchased goods		40	43	37	3
of which from upstreams transportation		6	6	6	
of which from downstream transportation		16	18	17	1
Intensity fossil GHG					
Total kg CO <sub>2</sub> eq/ton pape	r	646	621	640	65
of which Scope 1		113	107	143	11
of which Scope 2		306	290	276	30
of which Scope 3		226	224	221	23
Intensity fossil GHG per net sales					
Fotal t CO <sub>2</sub> eq/SEK n	1	40	42	56	5
of which Scope 1		7	7	13	1
of which Scope 2		19	20	24	2
of which Scope 3		14	15	19	2
Emissions to air					
Sulphur	t	37	38	66	5
Nitric oxides	t	262	303	312	28
Dust	t	151	130	101	12
Emissions to water					
COD	t :	1,564	1,478	3,052	2,59
TSS	t	187	195	196	21
Р	t	1	1	3	
N	t	61	61	88	10
Waste					
Process waste 1,000	t	42	34	33	5
Hazardous waste	t	406	290	68	11

#### Economic value per stakeholder

SEK m	2023	2022	2021	2020
Directly generated value: Revenue	4,508	4,481	3,128	2,960
Economic value by: Supplier	-3,076	-3,093	-2,232	-1,967
Investments in property, plant and equipment and intangible non-current assets	-208	-145	-180	-102
Personnel costs	-602	-588	-519	-479
Interest paid to lenders	-62	-39	-22	-5
Dividend to shareholders	-311	-134	-134	-950
Paid tax	-119	-122	-48	-85
Total	130	360	-7	-628

#### Tax (excl. deferred tax) by country

SEK m	2023	2022	2021	2020
Sweden	-91	-106	-44	-55
Norway	-3	-4	-4	-30
Canada	-25	-12		
Total	-119	-122	-48	-85

#### **Employee overviev**

Employee overview				
Average number of employees	677	680	634	632
of which women	23 %	21 %	22 %	23 %
of which men	77 %	79 %	78 %	77 %
Temporary employment <sup>1</sup>	25	16	22	25
Number of new employees (permanent employment)	35	69	36	38
Employee turnover	6 %	10 %	6 %	5 %
Average age <sup>2</sup>	45 yr	45 yr	45 yr	45 yr
Up to 30 years	18 %	18 %	18 %	18 %
31-50 years	38 %	37 %	36 %	32 %
51 years and older	44 %	45 %	46 %	50 %

<sup>&</sup>lt;sup>1)</sup> Number of temporary employees at year-end (Sweden only, does not include holiday workers – only substitute and part-time inhs)

#### About the sustainability report

Nordic Paper's sustainability report is inspired by the Global Reporting Initiative (GRI). The calculations of the company's fossil GHG emissions are based on the Greenhouse Gas Protocol.

The Sustainability Report follows the financial year and is published annually. Changes have been made to historical sustainability data since last year. In accordance with the Greenhouse Gas Protocol, the 2023 data for fossil GHG emissions include emissions of nitrous oxide from Nordic Paper's plants.

The impact of nitrous oxide has also been added to historical data. In addition, an incorrect emission factor for fossil greenhouse gases was identified for one chemical as well as a minor error regarding steam consumption in Québec for 2022. Both of these errors have been corrected for.

**Contact**: Jenny Sjöstedt, jenny.sjostedt@nordic-paper.com and Henrik Essén, henrik.essen@nordic-paper.com

 $<sup>^{\</sup>scriptscriptstyle{(2)}}$  Average age refers to Sweden

## Disclosures according to the EU Taxonomy

The EU Taxonomy Regulation contains rules for deciding when an economic activity is to be considered environmentally sustainable. From 2023, the reporting requirement has been expanded to include all six environmental objectives. However, the requirement to report activities that are aligned with taxonomy is only applicable for the two first objectives, climate change adaptation and climate change mitigation.

As Nordic Paper net sales consist entirely of sales of goods and do not include other income from activities that could be Taxonomy eligible, for example transmission and distribution of electricity or production of heat/cool from bioenergy, no turnover from activities that are Taxonomy eligible has been identified.

#### Identification and assessment of Taxonomy-eligible activities

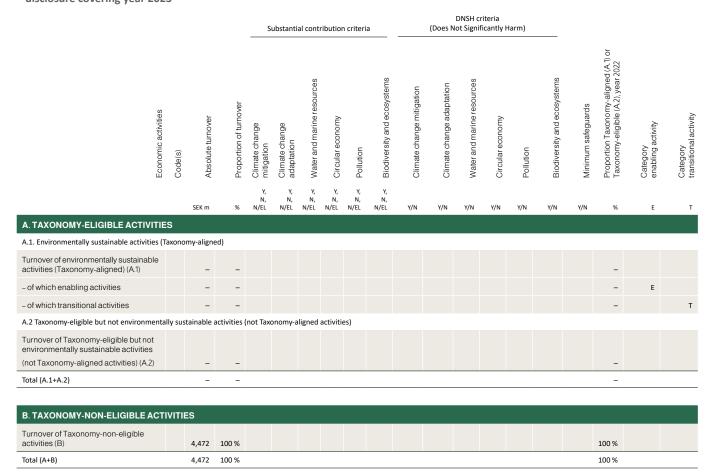
Relevant economic activities for Nordic Paper have been assessed based on the Taxonomy Regulation (2020/852/EU) and associated delegated acts. Nordic Paper's primary economic activities, manufacture of paper, are not included in the current version of the Taxonomy even though use of the renewable paper products can replace products made from fossil-based plastics and thus contribute to society's transition away from dependence on fossil raw materials.

#### **DEFINITIONS**

**CAPEX** is defined as capital expenditure for acquiring assets recognised in accordance with IAS 16 Property, Plant and Equipment, IAS 38 Intangible Assets and IFRS 16 Leases, including assets added through business combinations.

**OPEX** is defined as the sum of costs for maintenance and repair as well as other direct costs necessary for effective daily operation of tangible fixed assets

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023



Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

				Sı	ubstanti	al contr	ibutior	n criteria	a	DNSH criteria (Does Not Significantly Harm)									
Economic activities	Code(s)	CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2), year 2022	Category enabling activity	Category transitional activity
			**	Y, N,	Y, N,	Y, N,	Y, N,	Y, N,	Y, N,									_	_
A. TAXONOMY-ELIGIBLE ACTIVIT	TIES	SEK m	%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	Т
A.1. Environmentally sustainable activities		mv-aligne	od)																
Transportation by motorcycle, passenger car and light commercial vehicle	CCM 6.5	1	0 %	Υ	-	_	-	_	_	_	Υ	Υ	Y	Y	Υ	Υ	0 %		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and paring spaces attached to buildings)	CCM 7.4	2	1%	Y	_	_	_	_	_	_	Υ	Y	Y	Y	Υ	Y	_	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		3	1 %	1%	_	_	_	_	_								0 %		
- of which enabling activities		2	1%	1 %	-	-	-	-	-								-	E	
- of which transitional activities		-	_														-		Т
A.2 Taxonomy-eligible but not environmen	ntally sus	tainable a	ctivities (	not Taxo	onomy-a	ligned	activitie	es)											
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		_	_														_		
Totalt (A.1+A.2)		3	1 %	1 %	-	-	-	-	-								0 %		
B. TAXONOMY-NON-ELIGIBLE AC	TIVITIE	ES																	
CapEx of Taxonomy-non-eligible activities (B)		307	99 %														100 %		
Total (A+B)		310	100 %														100 %		

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

					Substant	ial cont	tributio	n criter	ia		(Does N	DNSH c lot Signi	riteria ficantly I	Harm)					
Economic activities	Code(s)	OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2), year 2022	Category enabling activity	Category transitional activity
		SEK m	%	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y, N, N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	Т
A. TAXONOMY-ELIGIBLE ACTIVIT	ΓIES																		
A.1. Environmentally sustainable activities	s (Taxon	omy-align	ed)																
Transportation by motorcycle, passenger car and light commercial vehicle	CCM 6.5	1	0 %	Y	_	_	_	_	_	_	Υ	Υ	Υ	Υ	Υ	Υ	0 %		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1	0 %	Υ	_	_	_	_	_								0 %		
- of which enabling activities		-	-														-	Е	
- of which transitional activities		-	-														-		T
A.2 Taxonomy-eligible but not environme	ntally su	stainable	activities	(not Tax	onomy-a	aligned	activiti	es)											
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-														-		
Total (A.1+A.2)		1	0 %	0 %	_	Ξ	_	_	_								0 %		
B. TAXONOMY-NON-ELIGIBLE AC	CTIVITI	ES																	
OpEx of Taxonomy-non-eligible activities (B)		428	100 %														100 %		
Total (A+B)		429	100 %														100 %		

## Nuclear and fossil gas related activities

Nu	clear energy related activities	Yes/No
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fos	sil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

This is a literal translation of the Swedish original report.

## Auditor's report 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 2023 on pages 31-61 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.

Karlstad 9 April 2024 **KPMG AB** 

#### **Mattias Eriksson**

Authorised Public Accountant



# Directors' Report

The Board of Directors and the Chief Executive Officer of Nordic Paper Holding AB, 556914-1913, with its registered office in Karlstad, Sweden, hereby submit the following Annual Report and consolidated financial statements for the 2023 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 consists of Nordic Paper Bäckhammar AB, Nordic Paper Åmotfors AB, Nordic Paper Seffle AB, Nordic Paper AS in Greåker, Norway and Nordic Paper Québec in Canada.

The Group is active in production and sales of kraft paper and natural greaseproof paper. Nordic Paper reports in two segments. The Kraft Paper segment produces sulphate pulp and kraft paper in Kristinehamn municipality in Bäckhammar and kraft paper in Eda municipality in Amotfors. The Natural Greaseproof segment manufactures greaseproof paper in Säffle, Sweden, in Greåker, Norway and in Québec, Canada.

In 2023 the Kraft Paper segment accounted for 51% (52%) of net sales and the Natural Greaseproof segment for 49% (48%).

The parent company's operations consist of management services and it has two employees, the CEO and CFO. For effective currency management, all of the Group's currency hedging is handled by the parent company.

#### Market

Nordic Paper operates in selected niches within the global speciality paper market and manufactures kraft paper and greaseproof paper. The company sells to customers in around 90 countries.

In 2023 demand for Nordic Paper's pro-

ducts was lower in all geographies as a consequence of inventory reduction among customers and actors in the downstream value chain. Although in this subdued market the company's average selling prices fell, they were still 3% higher on average than the selling prices in the previous year. Consumers' growing interest in sustainability and a desire to reduce plastic consumption are having a positive impact on demand for Nordic Paper's products.

#### Sales and earnings

The Group's sales increased by 1% in 2023 to SEK 4,472 (4,440) million compared to 2022. The selling prices have on average been 3% higher and positive currency effects of 5% were noted. Sales volume and product mix had a total negative effect of 7%.

The geographical distribution of net sales in 2023 was essentially the same as in 2022. A minor increase was noted in Europe, which accounted for 66% of net sales during the year. North and South America accounted for 19%, Asia-Pacific for 10% and Africa and the Middle East for 5%. A more detailed geographical breakdown is presented in Note 6.

EBITDA decreased by 6% to SEK 775 (821) million and the EBITDA margin was 17.3% (18.5%). EBITDA was negatively affected mainly by the lower sales volume and changed product mix. Market prices were in general higher than in the previous year. The cost of inputs developed in different directions. The price of pulpwood and wood chips was significantly higher than in 2022, which affected the Kraft Paper segment, while the price of paper pulp went down, which is a positive development for Natural Greaseproof. The price of energy and freight was lower than in 2022, while the price of chemicals was on average slightly higher.

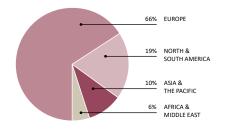
Realised currency hedges had a negative impact of SEK -95 (-57) million on EBITDA.

SEK m	2023	2022
Net sales	4,472	4,440
EBITDA	775	821
EBITDA margin, %	17.3	18.5
Operating profit	623	676
Operating margin, %	13.9	15.2
Profit for the period	416	566
Earnings per share before and after dilution, SEK	6.22	8.46

#### Change in net sales

Jan-Dec 2022, SEK m	4,440
Sales volume	-5%
Product mix	-2%
Selling price	3%
Currency	5%
Jan-Dec 2023, SEK m	4,472

#### Net sales by geography



The planned maintenance and production shutdowns took place according to plan in 2023 for all plants and the cost was at the planned level.

Operating profit amounted to SEK 623 (676) million. Profit for the year amounted to SEK 416 (566) million and earnings per share were SEK 6.22 (8.46).

#### Net sales

SEK m	2023	2022
Kraft Paper segment	2,327	2,388
Natural Greaseproof segment	2,189	2,124
Eliminations	-44	-72
Total group	4,472	4,440

#### **EBITDA**

SEK m	2023	2022
Kraft Paper segment	594	768
Natural Greaseproof segment	282	126
Parent company and undistributed items	-83	-112
Eliminations etc.	-17	39
Total group	775	821

#### **Kraft Paper segment**

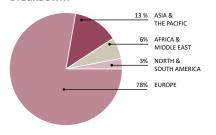
Net sales in the Kraft Paper segment decreased by 3% to SEK 2,327 (2,388) million, mainly due to a lower sales volume and a less favourable product mix. EBITDA decreased by 23% to SEK 594 (768) million. The decreased EBITDA is also mainly due to the lower sales volume and the changed product mix. The EBITDA margin decreased to 25.5% (32.2%). Operating profit amounted to SEK 534 (712) million and the operating margin was 23.0% (29.8%).

The majority of sales for the Kraft Paper segment are in Europe. The geographical distribution in 2023 was essentially the same as in 2022.

#### Change in net sales

Jan-Dec 2022, SEK m	2,388
Sales volume	-5%
Product mix	-3%
Selling price	0%
Currency	5%
Jan-Dec 2023, SEK m	2,327

#### Breakdown:



#### **Natural Greaseproof segment**

Net sales in the Natural Greaseproof segment amounted to SEK 2,189 (2,124) million, an increase of 3%.

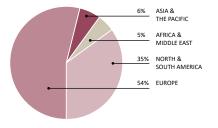
The increase in market prices contributed 6%, while lower sales volumes and a changed product mix had a negative impact of 8%. EBITDA increased by 124% to SEK 282 (126) million. The lower cost of inputs, primarily energy and paper pulp, as well as higher average market prices had a positive effect on EBITDA, while lower sales volumes and a changed product mix had a negative impact. The EBITDA margin increased to 12.9% (5.9%). Operatingprofit increased to SEK 203 (52) million and the operating margin to 9 3% (2 5%)

The majority of sales for the Natural Greaseproof segment are in Europe, but North America is also an important market. In 2023 sales in Europe increased slightly compared with 2022, while other markets decreased marginally.

#### Change in net sales

Jan-Dec 2022, SEK m	2,124
Sales volume	-6%
Product mix	-2%
Selling price	6%
Currency	5%
Jan-Dec 2023, SEK m	2,189

#### Breakdown:



#### **Material Events During The 2023 Financial Year**

Nordic Paper's Board of Directors took the decision in the third quarter to invest around SEK 850 million in the Bäckhammar mill

The investments are for a new wood room and a new electrofilter. Once they are up and running, the investment is expected to contribute around SEK 100 million to Nordic Paper's EBITDA.

#### Financial targets

- · Annual net sales growth of 2-4% over the long term. Nordic Paper also intends to grow by seizing opportunities that arise to make selective acquisitions. For 2023 an increase of 1% was noted despite the subdued market and the lower sales volumes
- EBITDA margin in the medium term of around 20%. For 2023 an EBITDA margin of 17.3% was noted despite the subdued market and lower sales volumes.
- . Net debt in relation to EBITDA not exceeding 2.5x. The net debt in relation to EBITDA may, however, exceed 2.5x temporarily, for example in connection with acquisitions. Net debt in relation to EBITDA was 1.0 at year-end.
- Dividend of around 50–70% 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. The dividend proposed by the Board for 2023 amounts to 64% of net profit for the year.

## Cash flow, financial position and financing

Cash flow from operating activities amounted to SEK 765 (560) million for full-year 2023. Lowered market prices on the Group's products combined with lower sales resulted in a decrease in the value of accounts receivable compared with 2022, and working capital decreased to SEK 225 (497) million.

As of 31 December, the Group had net debt of SEK 751 (956) million.

Interest-bearing liabilities amounted to SEK 1.247 (1.281) million, of which SEK 23 (31) million was attributable to lease liabilities according to IFRS 16. Cash and cash equivalents were SEK 496 (325) million. The equity/ assets ratio was 31.1% (28.7%) and the net debt/EBITDA ratio was 1.0 (1.2).

## Investments in property, plant and equipment

Investments in property, plant and equipment and intangible non-current assets amounted to SEK 298 (145) million in 2023. The increase was mainly driven by the start of an investment in a new wood room and flue gas filter at the Bäckhammar mill.

Currency hedges for the next 12 months

Currency	Average rate for currency hedges	Exchange rate, 31 Dec	Local currency total, m	Total, SEK m	Market value, net, SEK m	Currency hedging as % of estimated net exposure, 1-6 months	Currency hedging as % of estimated net exposure, 7–12 months
EUR	11.45	11.10	93	1,069	29	71%	45 %
USD	10.60	10.04	14	144	8	62%	39%
GBP	12.97	12.77	12	156	3	72%	48%
				1,369	40		

#### **Currency hedging**

The Group hedges future net flows in foreign currencies. Typically, 50–75% of the net flows are hedged for the next six-month period and 25–50% for the subsequent seven months to a year.

The graph above presents hedging for the upcoming 12-month period.

#### Tax situation

Tax expense for the year amounted to SEK 120 (143) million, which is equivalent to a tax rate of 22.4% (20.1%). The Nordic Paper Group operates in Sweden, Norway and Canada. The 2023 income tax rate for companies in Sweden was 20.6%, in Norway 22% and in Canada 26.5%. There are no accumulated loss carryforwards within the Group.

#### Seasonal effects

Nordic Paper is impacted to a certain extent by seasonal variations over its financial year, primarily due to planned production shutdowns. The company's plants in Åmotfors and Greåker both have summer holiday shutdowns falling in the third quarter and lasting three to four weeks.

Much of the annual maintenance work at the plants is also carried out during these shutdowns. The plants in Bäckhammar, Säffle and Québec operate all year round and therefore have an annual maintenance shutdown which generally falls in the third quarter. Shutdowns normally last between one and just under two weeks.

During both maintenance shutdowns and holidayperiod shutdowns, production comes to a standstill and operating profit is negatively affected by lower contribution margins and by slightly lower delivery volumes.

At the plants that have production shutdowns during the summer holiday period, the third quarter is also affected by lower personnel costs. The Group applies IFRS 15 for revenue recognition. Accordingly, sales are recognised as revenue when control of the goods is transferred to the customer.

Revenue recognition is ensured by analysing delivery terms, and deliveries that cannot be recognised as revenue at the end of the period are transferred to the next period with these deliveries remaining in inventory.

#### Activities subject to permit or notification

The Group has activities subject to permit or notification under the Environmental Code (Sweden), the Environmental Act (Norway) and the Environmental Protection Act (Canada).

Environmental impact occurs mainly through emissions to water and air as well as noise. The operations subject to permits account for the Group's entire net sales. Production volumes for 2023 were within the limits of approved permits.

On 31 January 2023 the Land and Environment Court in Vänersborg granted a permit to expand production at Nordic Paper's Bäckhammar mill.

The new production permit allows an increase in pulp production to 280,000 tonnes and an increase in paper production to 180,000 tonnes, which is in line with the company's permit application for increased production.

The application was submitted in August 2020. The production permit granted also contains provisions regarding the production increase.

The production permit granted was appealed by a private individual in February 2023 but gained legal force on 31 January 2024.

#### **Sustainability Report**

Nordic Paper has prepared the Sustainability Report for 2023 which is incorporated into the Annual Report on pages 31-61. The

business model is described on pages 11 and 16–17 and risks on pages 75-81.

#### The Nordic Paper share

The number of shares in Nordic Paper Holding AB is 66,908,800 ordinary shares. Each share carries one vote at the shareholders' meeting. There are no restrictions in law or the Articles of Association on the transferability of shares.

On 31 December the largest shareholder in the company, Sutriv Holding AB, held 32,220,312 shares, corresponding to 48.16% of the number of shares on the market. There were no other shareholders with a holding of 10% or more of the total number of shares as of 31 December 2023. Nordic Paper does not hold any shares in treasury.

More information on the Nordic Paper share can be found on page 131 and on the website, www.nordic-paper.com/en

#### Proposed appropriation of profit

The Board of Directors proposes that the available earnings (SEK):

Retained earnings	445,568,704
Profit for the year	329,298,204
	774,866,908
be distributed as follows:	
a dividend to the sharehold-	
ers of SEK 4.00 per share	267,635,200
	507.034.700
carried forward	507,231,708
	774,866,908

## Material events after the end of the financial

At March 12 Nordic Paper decided to start a process to look into the possibilities for a sale of the company. The decision was made due to the public information from Shanying International Holding Co., Ltd to divest all or part of the shares in Nordic Paper, held by Sutriv Holding AB.



# Corporate Governance Report

Nordic Paper's vision is to be the natural leader in speciality paper, with our work being based on the core values of responsibility, respect, cooperation and development. The company offers effective and environmentally responsible products and solutions within its Kraft Paper and Natural Greaseproof segments. The company works towards clear growth, profitability and return targets and there are also explicit requirements for Nordic Paper to act in a way that is sustainable over the long term for the benefit of 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). Furthermore, the company's own governance follows internal rules and guidelines set out in governing documents such as the Board's and CEO's rules of procedure and policies, as well as processes for areas such as 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. 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 Holding AB is a public Swedish limited liability company that has been listed on the Stockholm stock exchange, Nasdaq Stockholm, since October 2020. Nordic Paper has applied the Code since the Annual General Meeting on 12 March 2020.

This Corporate Governance Report has been prepared observing the company's application of the Code in 2023. 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 2023.

#### **Shareholders**

At the end of 2023 Nordic Paper Holding AB had 13,556 shareholders. Swedish individuals were the largest category with around 13,000 shareholders.

The largest shareholder at the end of the year, with 48.16% of the votes and capital, was Sutriv Holding AB (corp. reg. no. 556056-8817) with its registered office in Stockholm. Sutriv Holding AB is 100% owned by Shanying International Holding Co. Ltd., which is listed on the Shanghai Stock Exchange.

The three next largest shareholders were Swedbank Robur Fonder with 6.71%, Norges Bank with 5.81% and AMF Försäkring & Fonder with 4.91%.

The employees have no shares in Nordic Paper Holding through pension funds or any similar investments. There is no limit on the number of votes each shareholder may cast at the Annual General Meeting.

More information about the share and the ownership structure is presented on page 131.

#### Shareholders' meeting

Notice of the Annual General Meeting is issued no earlier than six weeks 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) a 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.se.

The 2023 Annual General Meeting took place on 24 May 2023 and addressed the usual agenda items for AGMs. At the 2023 AGM the Board of Directors was given authorisation until the next AGM, on one or more occasions, to take decisions to acquire treasury shares in an amount such that at any time the number held does not exceed 10% of the total number of shares in the company. The Board was also given authorisation until the next AGM, on one or more occasion, to take decisions on the transfer of treasury shares. Acquisitions and transfers are only to be executed on Nasdaq Stockholm.

At the 2023 AGM the Board of Directors was given authorisation until the next AGM, on one or more occasions, to take decisions on issuing new shares for a combined maximum of 10% of the total number of shares in the company outstanding as of the date of the AGM decision.

As announced on 31 October 2023, the 2024 Annual General Meeting will take place on 23 May 2024.

#### **Nomination Committee**

Instructions for the company's Nomination Committee were adopted at the Annual General Meeting. According to the instructions, the Nomination Committee may consist of up to four representatives. The company's four largest shareholders in terms of voting rights as of 31 August 2023 may each appoint one of the representatives. The composition of the Nomination Committee ahead of the 2024 Annual General Meeting is Andreas Kihlblom for Sutriv Holding AB (chair), Caroline Sjösten for Swedbank Robur and Patricia Hedelius for AMF.

The Nomination Committee's task is to submit proposals for 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.

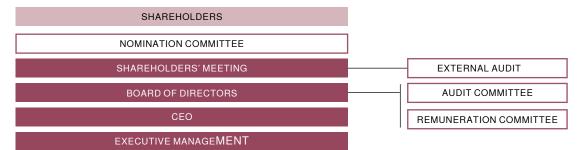
The Nomination Committee is to apply Rule 4.1 of the Code as a diversity policy when preparing its proposal for the Board. This means that the Board must have an appropriate composition that takes into account the company's operations, stage of development and other circumstances, and that is characterised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

#### **Board meetings**

In 2023 the Board held 13 meetings, four of which were held in connection with the company presenting a quarterly report.

One meeting was devoted to the company's long-term strategic plan and to the Group's budget. In addition, the Board has paid special attention to sustainability as well as financial and accounting matters, monitoring operations and the planned programme for expansion of the plant in Bäckhammar and other major investments. The Board has also 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.



Nordic Paper's corporate governance structure

#### Work of the Board of Directors

The Board of Directors is the company's second highest decision-making body, after the shareholders' meeting. According to the Swedish Companies Act the Board of Directors is responsible for the administration and organisational structure of the company. This means that the Board is responsible for, among other things, establishing targets and strategies, ensuring that routines and systems are in place to evaluate performance in relation to established targets, and ongoing evaluation of the company's financial performance and position as well as its operational management.

The Board's work follows a plan which, among other things, is to ensure that the board members receive 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 2023 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 fulfils 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 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 AGM-elected 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 2023 Annual General Meeting resolved to re-elect the board members Per Bjurbom, Ying Che, Stefan Lundin, Karin Eliasson and Helene Willberg. Thomas Körmendi was elected as a new board member. 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, five are deemed to be independent in relation to the company and four 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 85.

#### Board members after the 2023 Annual General Meeting

Members	Elected	Position	Company and management	Major shareholders	Audit Committee	Remuneration Committee			
Per Bjurbom	2019	Chair of the Board	No <sup>2</sup>	No³	-	-			
Karin Eliasson	2020	Board member	Yes	Yes	-	Chair			
Helene Willberg	2020	Board member	Yes	Yes	Chair	-			
Thomas Körmendi	2023	Board member	Yes	Yes	-	-			
Ying Che	2019	Board member	Yes	No <sup>3</sup>	-	Member			
Stefan Lundin	2019	Board member	Yes	Yes	Member	-			
Per Gustafsson <sup>1</sup>	2013	Board member	-	-	-	-			
Tom Röd <sup>1</sup>	2019	Board member	-	-	-	-			
Niclas Backelin <sup>1</sup>	2013	Deputy board member	-	-	-	-			
Ann-Charlotte Kullander <sup>1</sup>	2022	Deputy board member	-	-	-	-			

<sup>1)</sup> Employee representative

#### **Board committees**

The Board has established two board committees – a Remuneration Committee and an Audit Committee – so as to streamline and deepen the Board's work on certain issues. The committee members are appointed for one year at a time at the statutory board meeting. The committees' work and their 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 with two members: Helene Willberg (chair) and Stefan Lundin.

The Audit Committee's duties, which are not to affect the Board's general responsibilities and duties, consist of overseeing the company's financial reporting and the efficiency of the company's internal control and risk management, and of staying informed about the audit of the annual accounts and consolidated accounts, reviewing and monitoring the auditor's impartiality and independence, and paying particular attention if the auditor is providing the company with services other than audit services, and assisting in the preparation of proposals for the election of auditors at the AGM.

<sup>&</sup>lt;sup>2)</sup> Chief Executive Officer of Nordic Paper until the end of March 2019

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

#### The work of the Audit Committee in 2023

In 2023 the Audit Committee held 10 meetings. During the year the committee addressed various accounting matters, planning of the external audit and the results of assurance procedures executed, internal control over financial reporting, financing, currency hedging, taxation 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 guide-lines 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 Ying Che, who replaced Arne Wallin after the 2023 AGM.

#### The work of the Remuneration Committee in 2023

In 2023 the Remuneration Committee held 11 meetings. Throughout the year the Remuneration Committee made preparations for decisions on 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 105–107, and also on the company's website under AGM Documentation.

#### **Executive Management**

The Board has delegated operational responsibility for the company's 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 CEO and other members of executive management can be found on page 86.

Attendance and fees Attendance at meetings					Annual fee adopted at AGM, SEK 000				
Members	Elect-	Position	Audit Com-	Remu- neration Committee	Board of Directors	Audit Com-	Remu- neration Committee		Committee work
Per Bjurbom	2019	Chair of the Board			13/13			565	
Karin Eliasson	2020	Board member		Chair	13/13		11/11	310	72
Helene Willberg	2020	Board member	Chair		13/13	10/10		310	175
Thomas Körmendi <sup>2</sup>	2023	Board member			8/8			310	
Ying Che	2019	Board member		Member	13/13		5/5	310	35
Stefan Lundin	2019	Board member	Member		13/13	10/10		310	85
Arne Wallin <sup>3,4</sup>	2020	Board member		Member	5/5		6/6	-	-
Per Gustafsson <sup>1</sup>	2013	Board member			13/13				
Tom Röd <sup>1</sup>	2019	Board member			13/13				

<sup>&</sup>lt;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 and parent company accounts, 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 2023 Annual General Meeting, the accounting firm of KPMG was elected as the new external auditor until the 2024 Annual General Meeting in accordance with a proposal from the Nomination Committee. The auditor-in-charge is Mattias Eriksson.

Other than in regards to the audit assignment, Nordic Paper Holding has only consulted KPMG to a limited extent. The fees and compensation paid to KPMG for 2023 are set out in Note 8 on page 105

 $<sup>^{\</sup>scriptscriptstyle{2)}}\,$  Board member from the beginning of the AGM on 24 May 2023

<sup>3)</sup> Board member until the end of the AGM on 24 May 2023

<sup>4)</sup> Fee approved at the 2023 AGM



Internal control processes and governing documents

#### **Internal Control Processes**

An annual review of the strategy of each business segment is carried out, including objectives for the business. The strategy is handled by the Board and forms the foundation for what is expected of 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 organisation sets relevant priorities so as to achieve the targets set.

#### **Code of Conduct**

Nordic Paper's Code of Conduct provides guidance to apply in 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.

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.

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.

#### **Policies**

Nordic Paper uses policies adopted by the Board, guidelines and instructions for the Group to clarify how the Board, CEO, management and the employees are to act in basic and critical areas, which include the following.

The Corporate Governance Policy covers aspects such as how the CEO organises the Group's operations, goal management and

monitoring, risk management and internal control, and monitoring of compliance with the policy. The division of responsibility between the Board and CEO is described in more detail in the instructions for the CEO adopted by the Board.

The company's Financial Policy covers financial risk as it relates to areas such currency risk, liquidity planning and credit risk.

The Insider Policy and Communication Policy address the company's internal and extern communication. The Insider Policy specifically covers communication of regulatory information, compliance with MAR (Market Abuse Regulation) as well as with rules and instructions from ESMA (European Securities and Markets Authority).

A safe work environment is fundamental for the company's operations. The company's Work Environment Policy describes how the company ensures a safe work environment, including the company's and the employees' responsibility for and commitment to maintaining a safe and healthy workplace.

#### The Group's 14 policies:

- · Corporate Governance Policy
- Financial Policy
- · Insider Policy
- · Communication Policy
- . Work Environment Policy
- Environmental Policy
- HR Policy
- Information Security Policy
- IT and Digitalisation Policy
- Related Party Transactions Policy
- Electricity Price Hedging Policy
- · Risk Management Guidelines
- . Code of Conduct
- · Governing Document Guidelines

#### Compliance

Nordic Paper's Code of Conduct, policies and the company's core values are all included in new employee orientation.

Compliance with policies and guidelines is monitored by all of the Group's entities, including through annual self-evaluation processes, and is reported to the Board. All policies are adopted annually by the Board.

#### Whistleblower service

Nordic Paper has a whistleblower service to which employees and external stakeholders can anonymously report any suspected serious irregularities, such as breach of the company's Code of Conduct or other policies/guidelines, or any behaviour not consistent with the company's values.

The service, which is provided by an external party, is available through Nordic Paper's intranet and on the company's website. Reports can be made online or by phone.

#### The Board's report on internal control over 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 over financial reporting is organised at Nordic Paper.

#### Internal control over 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 standards, 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 has five fundamental elements:

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

CONTROL ENVIRONMENT A good control environment lays the foundation for efficiency in a company's internal control systems. A good control environment is based on an organisation having clear decision paths and powers and responsibilities being distributed through governing documents, and on 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 company's risks. The Board has also established a number of basic policies and governing documents that are important for maintaining effective control. These include the Financial 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

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 page 75.

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 reports on their finances and operations 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 annually to executive management and to the Audit Committee. Tests are carried out on the accuracy of the self-evaluations.

Self-evaluation of internal control over financial reporting takes place on an ongoing basis during the year, and any shortcomings are reported quarterly to executive management and the Audit Committee. The report shows any identified shortcomings in internal control as well as action plans decided on to address these shortcomings. A report compiling all self-evaluation is presented annually to the Audit Committee and the Board.

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

Nordic Paper currently has no established internal control unit. The Board addressed this during the year and concluded that existing structures for monitoring and evaluation provide a satisfactory basis for internal control, and nothing within the organisation, or other conditions in the company, justifies implementation of a special internal audit unit. 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 material impact on the company. This section describes the most material risks that affect Nordic Paper's ability to reach established goals and implement strategies, and explains how each risk is to be managed.

Nordic Paper's Board of Directors holds overall responsibility for identifying and managing the company's risks. The CEO has overall operational responsibility. The risk management process is part of the company's annual procedures and is initiated when risk is identified and a risk assessment is made by the company's executive management. At this stage the overall risks identified are assessed based on the likelihood that the risk will materialise and the impact it could have on the company's ability to achieve its goals and to implement adopted strategies. The time horizon for the assessment is up to five years into the future.

The identified risks break down as industry and market risks, operational and business risks, legal and regulatory risks and financial risks. Many of the identified risks can affect the company both positively and negatively.

The sustainability risks that impact the company are included in the identified risks. For more information on sustainability risks, see the Sustainability Report on page 41.

After the initial annual risk identification and risk assessment, the risks are broken down into relevant processes. The process owners in different parts of the company design, develop and maintain measures and controls to manage the identified risks. An evaluation of these controls is carried out once a year. The results of the risk management evaluation are compiled and reported to the Board's Audit Committee and then to the entire Board in the form of an annual risk report.

### Industry and Market Risks

**DESCRIPTION OF RISK** 

#### **GEOPOLITICAL RISK**

RISK

Nordic Paper is in many ways dependent on there being stable conditions for international trade in order to maintain its production and to be able to sell its products throughout the world.

Changes in the geopolitical situation, such as through various types of trade barriers, sanctions or military actions, can impact these conditions as a result of limitations on the supply of raw materials, energy or other goods and services, or restrictions on sales due to sanctions or voluntary restrictions.

As a consequence of Russia's aggression towards Ukraine, which began in 2022, Nordic Paper has stopped sales to customers in Russia. Russian competitors have also been shut out of the European market. The geopolitical situation resulting from Russia's aggression has also caused higher cost levels for some of Nordic Paper's inputs, including pulpwood

#### MANAGEMENT OF RISK

Most of Nordic Paper's purchases are made locally in a stable Nordic or North American environment. When sourcing from other areas Nordic Paper aims to minimise risk - both risks associated with individual suppliers and with geographical areas. In addition, a large percentage of sales are concentrated on countries with stable political systems in Western Europe.

Nordic Paper monitors geopolitical developments in order to react to changes in the risk situation.

#### **VARIATION IN DEMAND AND PRODUCT PRICES**

The strength of demand for Nordic Paper's products is impacted by the general state of the economy and by changes in end-consumer use of the products in question. Short-term demand can also be affected by changes in inventories in the downstream value chain, which can reinforce the effect of underlying economic fluctuations. As an example, customers will often wait to place an order if prices are expected to fall in the future. This in itself has a negative impact on market mood. In an economic upswing customers are keen to build up their inventories when they see opportunities to purchase paper before prices increase.

Nordic Paper's product prices are the result of negotiations between the company and its customers. These negotiations are affected, among other things, by the general supply and demand situation for the products in question, and by the actions of Nordic Paper's competitors. From time to time there may be price movements that do not correlate with Nordic Paper's cost base. If negative price development for the company's products cannot be offset by reduced costs, this could lead to decreased earnings for the Group.

Nordic Paper targets highly specialised niche markets where the speciality paper the company delivers creates value for the customer. Price variations are often less volatile in these markets as the products are not easy for the customers to replace.

Nordic Paper's products are also used in a wide variety of downstream application areas. This provides overall stability and reduces the risk of industry-specific demand disruptions. More than half of the company's products are used in food handling contexts, such as for food packaging. This also provides stability and mitigates the impact of economic fluctuations.

Geographically the company's sales are concentrated in Western Europe, but the company has sales channels throughout the world and has the ability to offset shrinking demand in one geography with increased sales volumes in others.

At times of temporary low demand and pressure on product prices Nordic Paper has always chosen to hold off on some production in order to maintain a good balance between supply and demand

#### PANDEMIC RISKS

Covid 19, the recent global pandemic, has up to now had no impact on Nordic Paper's production capacity, nor has it had a significant impact on Nordic Paper's financial position.

Nordic Paper experienced a certain shift in demand within Natural Greaseproof from the professional food sector to the consumer-driven retail sector during the pandemic

During the most critical periods of the pandemic, alternative workplaces were used when this was possible and if local circumstances required it. Due to the pandemic, all maintenance shutdowns were carried out applying extensive safety measures

#### **POLITICAL DECISIONS**

Nordic Paper operates its business in compliance with applicable laws and regulations. Political decisions may result in changes to these laws and regulations, resulting in a positive or negative impact on Nordic Paper. The company is the most exposed in the countries where it has production operations, i.e. Sweden, Norway and Canada, but legislation in the EU, for example, also affects Nordic Paper both directly and indirectly. Areas that can be impacted by political decisions include the ability to extract wood raw material in forestry operations, the use of chemicals in the industry or the types of packaging used in society.

In 2023 there were several legislative processes at the EU level that could have a potential impact on Nordic Paper. These include updating of the Packaging and Packaging Waste Directive (PPWD), the EU Corporate Sustainability Reporting Directive (CSRD) and associated European Sustainability Reporting Standards (ESRS), the EU Deforestation Regulation (EUDR) and the FuelEU Maritime initiative.

Political decisions can also change the conditions relating to permitting processes upon which Nordic Paper's operations depend. The time it takes for the authorities to review permit applications can, for example, be extended or shortened as a result of direct or indirect political priorities

Nordic Paper has production operations in countries with stable political systems and the same applies to much of its sales activities. To keep up with developments, the company has processes in place to monitor the external environment and is an active participant in industry associations through which it engages in advocacy on issues that are important for the company.

Nordic Paper has chosen to be active in several market segments where competing solutions are more seriously impacted by political decisions, such as plastic-based packaging solutions or paper which, unlike Nordic Paper's greaseproof paper, gets its greaseproof properties from the addition of fluorochemicals (PFAS).

### Industry and Market Risks

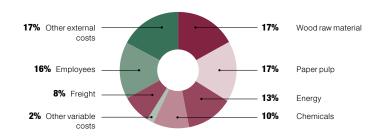
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## COST OF INPUTS AND SERVICES

RISK

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 earnings.

59% of the Group's total costs are variable, i.e. for raw materials and other inputs and services (excluding distribution services).



**DESCRIPTION OF RISK** 

Costs by type 2023.

#### MANAGEMENT OF RISK

Nordic Paper aims to put all procurement out to tender in order to reduce costs and not be dependent on an individual supplier.

WOOD RAW MATERIAL – Nordic Paper's wood supply is associated with long-term relationships with local wood suppliers, a few of which are large forest owners. The long-term relationships and local sourcing provide stability in both volumes and costs.

At the plant in Bäckhammar there is a degree of flexibility in that the amount of pulpwood and wood chips from sawmills that are accepted can be varied depending on market conditions. This has a stabilising effect on the company's fibre raw material costs. This flexibility will increase significantly with the investment in a new wood room which was decided on in 2023.

**PURCHASING OF PULP** – The net exposure to the pulp market is relatively limited as the company has its own pulp production plant in Bäckhammar.

Nordic Paper buys pulp from a number of suppliers, which reduces risk

**ENERGY PRICE** – Around 25% of the company's electricity consumption is supplied through the electricity it produces from a turbine in Bäckhammar. The remainder is purchased on the market and is hedged to a large extent through contracts with fully or partly predetermined prices. The hedged portion is around 70% in the short term and then falls to zero over a time horizon of five years.

FREIGHT – Nordic Paper transports its products by road, rail and sea to deliver them to the customers. The company has some flexibility to vary the mode of transport depending on how attractive one mode is relative to the others. Within each mode of transport there are also opportunities for optimisation, for example by opting for bulk transport or container transport of paper reels by sea. If the cost of freight increases temporarily, adding a freight surcharge on top of Nordic Paper's product prices is another instrument to manage this risk.

CHEMICALS – Nordic Paper uses chemicals in the production of both paper pulp and paper. The chemicals used in pulp production are largely recycled internally to minimise chemicals consumption. The company also aims to have multiple suppliers for its more important chemicals.

#### COMPETITION

Nordic Paper operates in a competitive industry. The company's customer survey showed that the product quality and the stability of product properties across different deliveries is very important to the customers, followed by runnability in the customers' processes and delivery predictability.

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.

Technical developments in competing types of paper, such as through advanced surface treatment methods, also present a risk.

Nordic Paper operates in niche segments within the speciality paper market and has over time moved towards areas with high entry barriers. The barriers are to some extent technical in nature, but the fragmentation of the markets is a significant entry barrier.

As part of its annual strategy work, the company carries out market analysis and identifies its major competitors. Long-term customer relationships are strengthened through the delivery of high-quality speciality paper and a high level of service.

Nordic Paper follows technical developments and also carries out its own development work, often in cooperation with customers.

#### **EMPLOYEES**

Nordic Paper needs talented and motivated employees as well as good leaders to achieve its strategic and operational goals and targets. It is therefore important for Nordic Paper to succeed in recruiting and retaining employees with the appropriate skills.

A lack of qualified staff due to reduced interest in the industry or shortcomings in the education sector could lead to difficulties in the future. The continued urbanisation trend in Sweden and abroad could also exacerbate this problem.

Nordic Paper works continuously to manage professional development and to plan for generational change at Nordic Paper's plants. To ensure that Nordic Paper attracts people with the desired skills, the company is working to strengthen its brand as an employer.

Personnel planning is an ongoing process and every year an employee survey is carried out and followed up both centrally at the Group level and in various parts of the organisation. The company has processes to ensure that salaries and other employment terms are appropriate for each market and are linked to the company's priorities.

### Operational and Business Risks

DESCRIPTION OF RISK

#### HEALTH **AND SAFETY**

RISK

Nordic Paper's ambition is to have zero injuries at the company's workplaces. To achieve this the company has set short-term targets to reduce the frequency of accidents that result in sickness absence (the lost time injury frequency rate or LTIFR). Apart from the risk to human life and health, this also involves a risk of production disruption, resulting in increased costs.

#### MANAGEMENT OF RISK

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.

To reduce accidents and increase attendance rates. Nordic Paper applies clear strategies to set targets and monitors performance in relation to these, provides staff training, and routinely reports and follows up on incidents and accidents

An action plan to intensify preventive and systematic health and safety initiatives has been produced. The company is now implementing this plan using resources allocated for the purpose. Based on this plan, the systematic approach to health and safety has been improved by, among other things, revising procedures and instructions, producing checklists and updating risk management processes. Initiatives are being implemented within training and professional development

Over the past year the company has seen an increase in the number of risk observations made. This is an important aspect of the systematic efforts being made and a way to ensure that the number of serious incidents is reduced

#### LOSS OF PRODUCTION AT THE PLANTS

Nordic Paper has five production plants: three in Sweden, one in Norway and 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

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.

An assessment is made annually of 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

Annual maintenance shutdowns are carried out to ensure a high and stable production rate. Maintenance shutdowns are carefully planned in advance to minimise maintenance time.

Further preventive activities include an annual inspection of the plants together with the company's insurance firms. 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 the cost of replacement and are, according to Nordic Paper's assessment, appropriate for the Group's operations

#### **CLIMATE RISK**

The ongoing climate change situation can affect Nordic Paper positively and negatively in a number of ways. Climate performance is a competitive advantage for the company and its products because the main competition comes from products made from fossil-based plastic which often has a significantly higher climate impact. A greater focus on the climate issue in society may be a positive trend for Nordic Paper's products.

The company's supply of wood raw material may be impacted by a potential increase in the growth rate in the forest from which Nordic Paper buys its pulpwood as a result of climate change, but may also be negatively impacted as the likelihood of insect infestation, drought, forest fires or sudden events increase the raw material supply risk profile. Climate-related floods may also impact Nordic Paper by, for example, affecting the company's raw material supply

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

The watercourses close to Nordic Paper's plants in Sweden are subject to government regulations. When designing these regulations, flood risks are also taken into account.

#### IT SYSTEMS AND CYBER THREATS

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.

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.

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.

The IT strategy includes a long-term plan to replace systems and make the company less dependent on individual suppliers

### Operational and Business Risks

DESCRIPTION OF RISK

#### CUSTOMER STRUCTURE. **CUSTOMER AND AGENT** RELATIONS

**RISK** 

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

Being highly dependent on certain individual, major customers, agents, industries or geographical markets can have a significant impact on revenues and earnings.

#### MANAGEMENT OF RISK

Nordic Paper has good commercial risk distribution over several hundred customers. Geographically, the company has established sales channels to customers in markets throughout the world and although sales are concentrated in volume terms within Western Europe, it is possible to increase sales to other areas in the world if necessary. At the same time, product development is under way to develop customised or new products for new customers and segments.

The customer base is stable in both business segments based on long historical relationships. The majority of the company's customers have purchased products from Nordic Paper for 10 years or more.

Nordic Paper's 10 largest customers account for around 20% of the company's net sales.

#### SUPPLIERS

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

A loss of one or more important suppliers can lead to increased costs and manufacturing problems for Nordic Paper. It could be problematic for Nordic Paper if suppliers fail to follow the company's Code of Conduct.

Nordic Paper aims to avoid being dependent on any one individual supplier. The company uses multiple suppliers for its most important inputs. By signing contracts of different lengths, supplier risk can be reduced.

The suppliers are evaluated regularly based on established criteria

Nordic Paper's Supplier Code of Conduct describes what the company requires of its suppliers. The Code is signed by all suppliers in a written agreement (unless the supplier can demonstrate it has its own code of conduct that at least matches the requirements in Nordic Paper's Code) and those with an annual contract volume in excess of SEK 1 million or with more than 24 orders per year.

#### STRATEGY IMPLEMENTATION

Ineffective implementation of strategic plans, poor investment decisions and an inability to generate commitment to adopted strategies could adversely affect operations

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.

Final strategy decisions are made by the company's Board and, based on the adopted strategy, management sets overall goals for the business for upcoming calendar years. These goals and the strategy are communicated once a year. Each department or entity within the company breaks down these overall goals into goals that are relevant for their specific area of operations.

#### IMPLEMENTATION AND INTEGRATION OF **ACQUISITIONS**

In an acquisition process, knowledge about the operations of the entity to be acquired is normally asymmetric because the seller is more knowledgeable about this than the buyer. The buyer is therefore not always aware of the risks associated with the entity. These transactions are also associated with contractual risks.

If integration is not completed successfully, significant value can be lost through, for example, failures in governance, declining commitment among employees or loss of customers.

The company has experience in implementing acquisition projects and ensures that external expertise is brought in to assist in relevant areas based on a risk analysis of the respective initiative.

. Those responsible for the integration phase have already participated in the transaction phase

#### **IMPLEMENTING** STRATEGIC INVESTMENT PROJECTS

The risk aspect is included in the planning, implementation and monitoring of larger investment projects. There may be a risk that the project will take longer than planned, that costs will be higher than planned or that the investment will not have the intended effect on earnings. There are also protection and security risks during the implementation of investment projects.

In 2023 a decision was made to carry out a strategic investment of SEK 850 million in Bäckhammar for a new wood room and a new electrofilter. Investment started in 2023 and will continue until the end of 2025

Nordic Paper has procedures for carrying out investment projects as effectively as possible and these procedures are updated based on experience from projects implemented in the past

Also, Nordic Paper ensures that external expertise is used in the areas that are deemed relevant according to a risk analysis for each initiative, both when planning and when implementing larger investment projects

### Legal and Regulatory Risk

#### RISK **DESCRIPTION OF RISK**

#### **BUSINESS ETHICS**

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.

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

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.

Nordic Paper is subject to competition laws. 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

#### MANAGEMENT OF RISK

The Nordic Paper Code of Conduct describes how the company and its employees should act and how business is conducted. The Code applies to all employees and all the employees confirm this in writing. All suppliers with a contract volume exceeding SEK 1 million per year or who have more than 24 orders a year are also required to confirm in writing that they will comply with Nordic Paper's Code of Conduct.

Nordic Paper has also produced anti-corruption and anti-bribery guidelines and the company has routines to ensure that no products are sold to countries or customers subject to sanctions. All customers - existing and new - are continually screened to check if they appear on any sanction lists.

The company also has a whistleblower service where both employees and external stakeholders can report any irreqularities relating to the company or its actions. The service is not connected in any way to the company's IT system and web services. Reports are handled confidentially and it is not possible to investigate the whistleblower's identity.

#### **ENVIRONMENT**

If there are shortcomings in environmental responsibility, trust in the company and the brand can be negatively affected. Nordic Paper's operations affect air, water, land and biological processes

Nordic Paper's industrial operations require permits from relevant authorities. 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.

Nordic Paper's must operate in a responsible manner with regard to all stakeholders as well as the external and internal

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.

The units have environmental roles that are responsible for contact with the supervisory authorities.

**LEGAL AND ADMINISTRATIVE PROCEDURES** INCLUDING FOOD SAFETY

Nordic Paper operates internationally. The company has production plants in Sweden, Norway and Canada and the products are sold to around 80 countries - many in stable mature markets, but there are also sales to growth markets with 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-

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.

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. Products for use in the food industry are approved by the FDA

The company's management system for food safety (Säffle and Greåker are certified to ISO 22000 and Québec to SQF) includes quality control and product safety in purchasing and

# Financial Risks

RISK	DESCRIPTION OF RISK	MANAGEMENT OF RISK
CREDIT RISK	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 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.  Nordic Paper has no material concentration of credit risk.
CURRENCY RISK - TRANSACTION EXPO- SURE	Currency risk arises from payment flows in foreign currencies, known as transaction exposure, and from the translation of balance sheet items in foreign currencies, which primarily consists of transactions in the currencies EUR, USD and GBP. Currency risk also arises when translating the foreign subsidiaries' income statements and balance sheets into the Group's reporting currency, which is Swedish kronor (SEK). This is called translation exposure.  Nordic Paper is exposed to currency risk in transactions in currencies other than SEK. This could have a negative impact on Nordic Paper's future profits, cash flow and the value of assets and liabilities. The Group operates internationally and is exposed to currency risk from both sales and purchases in various currencies, but primarily the euro (EUR), US dollar (USD), British pound (GBP), Norwegian kroner (NOK) and Canadian dollar (CAD).	Nordic Paper manages currency risk from transaction exposure and translation exposure through currency hedging in the currencies where there is material exposure, in accordance with the company's Financial Policy.  The Group hedges future net flows in foreign currencies. Typically, 50–75% of the net flows are hedged for the coming sixmonth period and 25–50% for the subsequent 7–12 months.
LIQUIDITY AND FINANCING RISK	Liquidity risk is the risk that Nordic Paper will not have sufficient cash to cover its ongoing costs or that the company will not obtain credit facilities.  Financing risk is 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 take the necessary action, and reports these forecasts to the Board.
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's loans have variable rates of interest in which the margin is determined by the covenant of net debt divided by EBITDA.  The Group can sign agreements on variable interest and also hedge interest rate levels for all or parts of the loan structure.
FINANCIAL REPORTING	A correct assessment of Nordic Paper relies on its financial statements being accurate and being prepared in accordance with issued standards and rules.	The Group uses procedures for internal control over financial reporting to ensure that financial statements are correct. External expertise is brought in to provide advice if needed. The company's auditors also provide a layer of supervision.
IMPAIRMENT RISK	Impairment risk is the risk of a decline in the value of intangible non-current assets. The acquisition that became Nordic Paper Québec resulted in an increase of reported goodwill to SEK 734 million.	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.



# Remuneration guidelines

#### Introduction

These guidelines cover remuneration to the Chief Executive Officer (CEO) and other members of Nordic Paper's executive management (senior executives). The guidelines are forward-looking, which means that they are to 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, 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 is to 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 is to 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% of the fixed cash salary for senior executives and 50% 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 plan with a premium limited to 40% of 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 are maximised at 15% of 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 a non-compete clause that is legally effective for six (6) months following termination of employment, as well as non-recruitment of relevant parties during this period. The company may unilaterally waive the non-compete clause at its own discretion. In compensation for the non-compete clause the CEO is entitled to remuneration at 60% of the monthly remuneration (calculated on fixed cash salary and variable salary) and senior executives at 75% 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 is to be paid on market terms and approved by the Board.

#### The decision-making process

The Board has appointed a Remuneration Committee. The committee prepares for the Board's decision on proposals for guidelines on remuneration 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 remuneration guidelines, 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 matters insofar as they are affected by the matters.

#### 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 for deviation 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, or take 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 of increase 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 from them.



From the left: Stefan Lundin, Karin Eliasson, Helene Willberg, Ying Che, Per Bjurbom, Tom Rød, Per Gustafsson, Thomas Körmendi

#### PER BJURBOM

Chair of the Board since 2019

**BORN**: 1961

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

OTHER CURRENT POSITIONS: Board member Bjurbom Advisory AB

PREVIOUS POSITIONS: Several senior 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, and up to 2023 Chair and CEO of Sutriv Holding AB.

INDEPENDENT IN RELATION TO THE COMPANY/MAJOR SHAREHOLDERS:

SHAREHOLDING: 34 000

#### YING CHE

Board member since 2019

Member of the Remuneration Committee

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

OTHER CURRENT POSITIONS: Chair of Sutriv Holding AB, CEO of Creative Space Holdinas 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: -

#### KARIN ELIASSON

Board member since 2020

Chair of the Remuneration Committee

EDUCATION: Bachelor's degree, Mid Sweden University

#### OTHER CURRENT POSITIONS:

Chair of Alfa Scandinavia AB and board member of Restaurang Assistans i Skandinavien AB and Ruter Dam Chefsutveckling AB

PREVIOUS POSITIONS: 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

#### THOMAS KÖRMENDI

Board member since 2023

**BORN**: 1963

EDUCATION: MBA from Copenhagen Business School

PREVIOUS POSITIONS: CEO of software company Kezzler, CEO of telecom service company Relacom and various positions within the Tetra Pak Group

OTHER CURRENT POSITIONS: President and CEO Elopak

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

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: Chair of Novum Assitans AB

PREVIOUS POSITIONS: Experience from a number of positions in finance and as a senior executive at industrial companies. CFO at Setra, one of the largest wood product companies in Sweden, for 12 years. CFO at Nordic Paper 2016-2018, Board member and CFO of Sutriv Holding AB until 2020

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

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: Board** member of Infrea AB, Profoto Holding AB, Thule Group AB, ReNewCell AB, Enzymatica AB, Indecap Holding 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

#### PER GUSTAFSSON

Board member since 2013

Employee representative for Pappers Bäckhammar

**BORN: 1959** 

OTHER CURRENT POSITIONS: -

SHAREHOLDING: 1,400

#### TOM RØD

Board member since 2022

Employee representative for GAF Greåker

**BORN: 1966** 

OTHER CURRENT POSITIONS: -

SHAREHOLDING: -

#### **DEPUTIES**

#### NICKLAS BACKELIN

Deputy board member since 2013. Employee representative for Unionen Åmotfors

**BORN: 1974** 

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

SHAREHOLDING: -

#### LOTTA KULLANDER

Deputy board member since 2022. Employee representative for Unionen Säffle

**BORN: 1959** 

OTHER CURRENT POSITIONS: -

SHAREHOLDING: -

The shareholding includes holdings of related parties

# EXECUTIVE MANAGEMENT



From the left: Niclas Eriksson, David Högström, Linda Nordqvist, Christian Persson, Henrik Essén, Anita Sjölander, Daniel Lindkvist, Markus Larin Rosendahl, Peter Warren.

#### ANITA SJÖLANDER

Chief Executive Officer since 2019, member of executive management since 2018

**BORN**: 1965

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

**BACKGROUND:** Head of Gruvön Mill, BillerudKorsnäs

**SHAREHOLDING:** 19,000 plus 140,000 warrants 2022/2025 and 70,000 warrants 2023/2026

#### NICLAS ERIKSSON

Chief Financial Officer since 2018

**BORN**: 1967

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

**SHAREHOLDING:** 10,300 plus 74,000 warrants 2022/2025 and 37,000 warrants 2023/2026

#### HENRIK ESSÉN

Director of Sustainability and Communication since 2022, member of executive management since 2021

**BORN**: 1974

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

**SHAREHOLDING:** 17,000 plus 74,000 warrants 2022/2025 and 37,000 warrants 2023/2026

#### DANIEL LINDKVIST

Director of Human Resources since 2022

**BORN**: 1975

**EDUCATION:** Studies in economics, HR, management and informatics, Karlstad University

**SHAREHOLDING:** 74,000 warrants 2022/2025 and 37,000 warrants 2023/2026

#### LINDA NORDQVIST

Director of Sales and Marketing Kraft Paper since 2022

**BORN**: 1973

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

**SHAREHOLDING**: 74,000 warrants 2022/2025

#### • CHRISTIAN PERSSON

Director of Operations since 2019

**BORN**: 1972

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

**SHAREHOLDING:** 1,188 plus 74,000 warrants 2022/2025 and 37,000 warrants 2023/2026

#### • PETER WARREN

Director of Sales and Marketing Natural Greaseproof since 2015

**BORN**: 1960

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

SHAREHOLDING: 700

#### DAVID HÖGSTRÖM

Director of Supply Chain and IT since 2023

**BORN**: 1979

**EDUCATION:** Studies in systems science, Karlstad University

**SHAREHOLDING:** 3,300 plus 37,000 warrants 2023/2026

#### MARKUS LARIN ROSENDAHL

Director of Strategy and Business Development since 2023

BORN: 1981

EDUCATION: MSc Business Economics from the School of Business, Economics and Law, University of Gothenburg

**SHAREHOLDING**: 5,186 plus 37,000 warrants 2023/2026

The shareholding includes holdings of related parties.



# Consolidated income statement

SEK m	Note	1 Jan 2023 31 Dec 2023	1 Jan 2022 31 Dec 2022
Net sales	5, 6	4,472	4,440
Other operating income	7	36	41
Raw materials, energy and consumables		-2,151	-2,139
Change in inventories of work-in-progress and finished goods		28	87
Other external costs	8, 13	-925	-954
Personnel costs	9, 10	-602	-588
Other operating expenses	11	-83	-66
EBITDA	13	775	821
Depreciation/amortisation	12, 13	-152	-145
Operating profit	13	623	676
Financial income and expense, net	14	-87	33
Profit before tax		536	709
Income tax	15	-120	-143
Net profit for the year		416	566
Net profit for the year attributable to:			
Owners of the parent		416	566
Earnings per share before and after dilution, SEK	16	6.22	8.46

# Consolidated statement of comprehensive income

SEK m	Note	1 Jan 2023 31 Dec 2023	1 Jan 2022 31 Dec 2022
Net profit for the year		416	566
Other comprehensive income			
Items that have been or may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges	25	71	-26
Translation differences on translation of foreign operations	25	-11	34
Tax attributable to items that have been or may be reclassified to profit or loss		-15	6
		45	14
Items that will not be reclassified to profit or loss			
Remeasurement of pension plan		2	15
Tax attributable to items that will not be reclassified to profit or loss	15	-0	-6
		2	10
Other comprehensive income for the year		47	24
Comprehensive income for the year		464	590
Comprehensive income for the year attributable to:			
Owners of the parent		464	590

# Consolidated balance sheet

SEK m	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Brands	17	33	34
Customer relationships	17	187	214
Goodwill	17	734	740
Other intangible assets	17	24	7
Buildings and land	18	29	40
Plant and machinery	18	547	544
Equipment, tools and installations	18	6	-
Work in progress	18	315	15
Right-of-use assets	19	23	3:
Shares in associated companies	33	15	
Deferred tax assets	15	3	18
Other financial receivables	20	10	10
Total non-current assets		1,927	1,79
Current assets		_,	_,
Inventories	21	661	625
Accounts receivable	4	496	769
Other receivables	23	187	8!
Derivatives	22	44	
Prepaid expenses and accrued income	24	26	24
Cash and cash equivalents	36	496	325
Total current assets		1,910	1,830
TOTAL ASSETS		3,837	3,626
EQUITY AND LIABILITIES			
Equity	25	40	4.6
Share capital		19	19
Reserves		20	-23
Retained earnings including net profit for the year		1,154	1,045
Equity attributable to owners of the parent		1,193	1,04
Non-current liabilities			
Liabilities to credit institutions	27, 31	950	950
Long-term lease liabilities	19, 21	13	20
Obligations relating to employee benefits	10	14	10
Deferred tax liabilities	15	229	228
Derivatives		-	2!
Provisions	22	112	10:
Total non-current liabilities		1,319	1,340
Current liabilities			
Factoring loan	27, 31	260	284
Accounts payable	22	569	419
Current tax liability	15	75	43
Current lease liabilities	19, 27	10	13
Derivatives	22	22	4.
Other liabilities	29	14	1
Accrued expenses and deferred income	30	375	42
Total current liabilities		1,325	1,245
TOTAL EQUITY AND LIABILITIES		3,837	3,626

# Consolidated statement of changes in equity

		Equity attr	ibutable to owners	of the parent		
SEK m	Share capital	Reserves: Translation reserve	Reserves: Hedge reserve	Other paid- in capital	Retained earn- ings including profit for the year	Total
Equity 1 January 2022	19	-25	-8	_	598	584
Net profit for the year					566	566
Other comprehensive income for the year		28	-20		15	24
Comprehensive income for the year		28	-20	-	581	590
Transactions with owners of the parent						
Issue of warrants in conjunction with incentive programmes				1		1
Dividend					-134	-134
Total transactions with owners	_	-	_	1	-134	-133
Equity 31 December 2022	19	5	-28	1	1,045	1,041
Equity 1 January 2023	19	5	-28	1	1,045	1,041
Net profit for the year					416	416
Other comprehensive income for the year		-11	56	-	2	47
Comprehensive income for the year		-11	56	-	418	463
Transactions with owners of the parent						
Issue of warrants in conjunction with incentive programmes				0		0
Dividend					-311	-311
Total transactions with owners	_	-	-	-	-311	-311
Equity 31 December 2023	19	-8	29	1	1,154	1,193

See also Note 25

# Consolidated statement of cash flows

SEK m	Note	1 Jan 2023 31 Dec 2023	1 Jan 202 31 Dec 202
Operating activities			
Operating profit		623	67
Interest received		13	
Interest paid		-74	-4
Adjustments for non-cash items	36	136	18
Paid income tax		-72	-7:
Cash flow from operating activities before changes in working capital		626	75
Cash flow from changes in working capital			
Change in inventories		-49	-14
Change in accounts receivable		273	-22
Change in current receivables		-104	3
Change in accounts payable		69	3
Change in current liabilities		-51	11
Cash flow from operating activities		765	56
Investing activities			
Acquisition of property, plant and equipment	18	-208	-14
Acquisition of subsidiaries, net effect on cash and cash equivalents	34	_	2
Acquisition of associated companies, net effect on cash and cash equivalents	35	-15	
Divestment of associated companies, net effect on cash and cash equivalents	35	-	4
Change in financial receivable	20	-	-1
Cash flow from investing activities		-223	-9
Financing activities			
Amortisation of loans	36	_	-40
Borrowing	36	_	
Repayment of lease liabilities	36	-11	-1
Net change in factoring loan	36	-24	1
Dividend paid		-311	-13
Cash flow from financing activities		-346	-53
Cash flow for the year		196	-6
Cash and cash equivalents at beginning of year	36	325	36
Exchange rate difference in cash and cash equivalents		-25	3
Cash and cash equivalents at end of year	36	496	32

# Parent company income statement

SEK m	Note	1 Jan 2023 31 Dec 2023	1 Jan 2022 31 Dec 2022
Net sales	6	62	57
Other operating income	7	0	0
Other external costs	8	-78	-66
Personnel costs	9, 10	-14	-13
Other operating expenses	11	-54	-90
Operating profit		-83	-111
Financial income and expense, net	14	-20	-3
Profit after financial items		-103	-114
Year-end appropriations	37	524	610
Profit before tax		420	496
Tax on profit for the year	15	-91	-100
Profit for the year and total comprehensive income		329	396

# Parent company balance sheet

SEK m	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Participations in Group companies	33	1,165	1,165
Receivables from group companies	33, 35	273	345
Participations in associated companies	33	15	-
Deferred tax assets	15	1	10
Total non-current assets		1,453	1,521
Current assets			
Receivables from Group companies	35	572	720
Other receivables	23	53	-
Prepaid expenses and accrued income	24	9	11
Cash and bank balances		318	109
Total current assets		953	839
TOTAL ASSETS		2,406	2,360
EQUITY AND LIABILITIES			
Equity	25		
Restricted equity			
Share capital		19	19
Total share capital		19	19
Non-restricted equity			
Retained earnings		446	361
Net profit for the year		329	396
Total non-restricted equity		775	757
Total equity		794	776
Untaxed reserves	37	557	508
Non-current liabilities			
Liabilities to credit institutions	27	950	950
Derivatives		-	25
Total non-current liabilities		950	975
Current liabilities	4		
Liabilities to Group companies	35	1	1
Accounts payable	22	5	2
Derivatives	22	22	45
Other liabilities	29	1	1
Current tax liability	15	72	48
Accrued expenses and deferred income	30	4	5
Total current liabilities		106	101
TOTAL EQUITY AND LIABILITIES		2,406	2,360

# Parent company statement of changes in equity

	Restricted equity Non-restrict			estricted equity			
SEK m	Share capital	Issue in respect of incentive pro- grammes	Retained earn- ings	Net profit for the year	Total		
Equity 1 January 2022	19		272	222	513		
Appropriation of profit			222	-222	-		
Profit for the year and total comprehensive income				396	396		
Issue in respect of incentive programmes		1			1		
Transactions with owners							
Dividend			-134		-134		
Equity 31 December 2022	19	1	361	396	776		
Equity 1 January 2023	19	1	361	396	776		
Appropriation of profit			396	-396	-		
Profit for the year and total comprehensive income				329	329		
Issue in respect of incentive programmes		0			0		
Transactions with owners							
Dividend			-311		-311		
Equity 31 December 2023	19	1	446	329	794		

# Parent company statement of cash flows

SEK m	Note	1 Jan 2023 31 Dec 2023	1 Jan 2022 31 Dec 2022
Operating activities			
Operating profit		-83	-111
Interest received		30	21
Interest paid		-67	-43
Adjustments, cash flow	36	18	-
Paid income tax		-58	-58
Cash flow from operating activities before changes in working capital		-161	-191
Cash flow from changes in working capital			
Change in current receivables		-53	8
Change in current liabilities		-43	37
		-96	45
Cash flow from operating activities		-257	-14
Investing activities			
Acquisition of associated companies	33	-15	-
Dividend received		-	19
Change in non-current receivables		72	56
Cash flow from investing activities		57	7!
Financing activities			
Issue of warrants		0	:
Amortisation of loans	36	-	-400
Group contributions received		720	234
Dividend paid		-311	-134
Cash flow from financing activities		409	-29
Cash flow for the year		209	-370
Cash and cash equivalents at beginning of year	36	109	479
Cash and cash equivalents at end of year		318	109

# Notes

#### Note 1 Information on the parent company

Nordic Paper Holding AB (publ) with Swedish corporate registration number 556914-1913 is a Swedish-registered limited liability company and its registered office is in Karlstad, Sweden. The company's shares have been registered on Nasdaq Stockholm AB since 22 October 2020. The address of the head office is Tullhusgatan 1B, 652 09 Karlstad.

The consolidated financial statements for 2023 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 Nordic Paper Québec Inc. (formerly Glassine Canada Inc.), collectively referred to as the Group.

#### Note 2 Material accounting policies

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

#### Information on the figures recognised in the Annual Report

All amounts are stated in millions of Swedish kronor (SEK m) unless otherwise stated. Rounding differences of SEK +/- 1 million may occur in the totals of amounts. In cases where an underlying amount is SEK 0 million 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 in current and future years

The IASB has issued amendments to IAS1 Presentation of Financial Statements and IFRS Practice Statement 2 Disclosure of Accounting Policies. As a result disclosures are only to be provided in the Annual Report concerning material accounting policies.

The purpose if the amendments is to make disclosures concerning the accounting policies applied more useful, in that only material policies are described, with these descriptions explaining how the company applies policies based on its specific circumstances. The company has reviewed the accounting policies applied in the Annual Report and adapted these to the amendments to IAS 1 in this Annual Report.

No other new or amended standards have a material impact on the Nordic Paper Group.

#### Functional and reporting currency

The parent company's functional currency is Swedish kronor, which is also the reporting currency for the parent company and for the Group.

#### Foreign currency

Transactions in foreign currency

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 on loan liabilities are recognised as financial income or financial expense respectively. In the income statement these appear as financial income and financial expense, net, with details given later in the notes.

#### 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 the applicable 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 may occur, in the form of discounts linked to the commitment. 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 in the form of annual discounts to customers are calculated and reserved monthly as accrued debt (see Note 30).

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 guarantees linked to the sale, 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 material 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.

#### Earnings per share

Earnings per share before dilution is calculated by dividing the net profit for the year 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 dilutive effect. In 2022 a warrant programme was implemented, generating a potential dilutive effect of around 0.7%. In 2023 a further incentive programme was implemented, with a potential dilutive effect of 0.43%.

#### 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 are 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

All items except derivatives are recognised at amortised cost.

Derivatives are recognised at fair value. Derivatives that the Group does not manage within the framework of hedge accounting are recognised at fair value through profit or loss, which is the case for a currency swap hedging an internal loan to the Canadian subsidiary. Hedge accounting is described in more detail below.

#### Accounts receivable

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.

#### Currency derivatives and hedge accounting

Derivatives are recognised in the balance sheet on the transaction date and are measured at fair value, both initially and on subsequent remeasurement at the end of each reporting period. The method for reporting the gain or loss arising on 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

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 within other operating income (gain) or 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 profit or loss.

The amount recognised in equity through other comprehensive income is returned to profit or loss in the same period that the hedged item affects profit or loss and is recognised in other operating income or other operating expenses. When a hedging instrument matures, is sold, settled or redeemed, or the company redesignates 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 requirements. When the Group hedges the sale of foreign currency, hedging relationships are entered into where critical terms in the  $hedging\ instrument\ match\ the\ terms\ of\ the\ hedged\ item\ exactly.\ In\ this\ way, a\ qualitative for the property of t$ tive 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 business combinations 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 cashgenerating units.

#### Customer relationships

Amortisation is applied on a straight-line basis over the useful life, which is estimated at 10 years. Customer relationships have been acquired through business combinations and are recognised at fair value on the acquisition date.

#### Brands

The useful life is indefinite and brands are therefore not amortised. The brands have been acquired through business combinations and are recognised at fair value on the acquisition date.

#### Other intangible assets

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

#### Amortisation principles

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

### Property, plant and equipment

#### Depreciation principles

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

- Buildinas 20-50 years - Land improvements 20 years - Plant and machinery 5-20 years - Equipment, tools and installations 3-10 years

#### Leases

The Group's leases are mainly for office premises, company cars, work vehicles and machinery. Leases normally have a fixed term of three to six years, but there may be an option to extend as described below.

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.

Assets and liabilities arising from leases are initially recognised at present value. Lease liabilities include the present value of fixed payments and/or variable lease payments that are dependent on an index or an interest rate. Payments are discounted at the incremental borrowing 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. In cash flow the main payment attributable to leases is recognised in financing activities as an outflow for repayment of lease liabilities. The interest component is recognised in operating activities and is included in the item interest paid.

#### Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated according to the so-called first-in first-out principle and includes expenses incurred in acquiring the inventory assets and bringing them to their current location and condition.

#### **Employee benefits**

The Group has both defined-contribution and defined-benefit pension plans. 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.

The defined-benefit pension plan that is recognised in the balance sheet as a liability relates to Nordic Paper Québec Inc. The liability recognised is measured annually by independent actuaries. The Group's net obligation consists of the present value of the obligation, minus the fair value of the managed assets adjusted for any asset restrictions.

Remeasurement effects consist of actuarial gains and losses, the difference between the actual return on managed assets and the amount included in net interest, and any changes in the effects of asset restrictions (excluding interest included in net interest). The remeasurement effects are recognised in other comprehensive income.

The net interest expense/income on the defined-benefit obligation/asset is recognised in the income statement under net financial items. The net interest is based on the interest rate that arises from discounting the net obligation, i.e. interest on the obligation, managed assets and interest on the effect of any asset restrictions. Other components are recognised in operating profit.

In Norway, a defined-benefit obligation has an insignificant portion remaining. The remaining value of SEK 0.2 million is reported in the balance sheet and decreases gradually as payments are made.

#### Share-based payment

Incentive programmes in the form of shares are recognised as share-based payment and settled using equity instruments in accordance with IFRS 2. Warrants are purchased at fair value. No cost is recognised for this at the time of purchase. The company is partly subsidising the participants' acquisitions of warrants. The subsidy is paid out at the end of the programme. The vesting period for current programmes is three years, and the cost in the form of payroll overheads is distributed over the vesting period (see Note 9). The provision arising is remeasured at each reporting date in order to correspond to the estimated overheads that are to be paid at the end of the vesting period.

#### 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. The statements issued relating to listed companies are also 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 not material in the aggregate.

#### Participations in Group companies

The parent company recognises participations in subsidiaries according to the cost method. This means that transaction expenses are included in the carrying amount of 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. Similarly, in the income statement the parent company does not allocate 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, the value of the shares is tested for impairment. This follows normal rules for measurement of an asset item. Shareholder contributions received are recognised directly in non-restricted equity.

#### Financial instruments

The parent company does not apply IFRS 9 but instead applies the items specified in RFR 2 (IFRS 9 Financial Instruments, items 3–10).

These mean that financial instruments are measured initially 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.

#### 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.

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

#### 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 derivative instruments: market risk (mainly interest rate risk and currency risk), credit risk, liquidity risk and refinancing risk.

The Group strives to limit potential adverse effects of financial risk on the Group's financial results. The objective of the Group's financing activities is 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 economies of scale and synergy effects, and to minimise management risks. The finance department is responsible for the Group's loan financing and its 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 cash flow risk in currency transactions. 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, thereby causing 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 rating agency 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. These 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

%	31 Dec 2023	31 Dec 2022
Cash and cash equivalents		
AA-	100	100
Total	100	100
Derivative instruments		
AA-	100	100
Total	100	100

The Group has established guidelines to ensure that products are sold to customers with a suitable credit history, taking into account the customer's financial position, historical experience and other factors. To minimise the risk associated with exposure to customers, the Group takes out credit insurance for customers to the greatest extent possible. The insurance company used for credit insurance has a credit rating of AA. In cases where the customer is not credit-insured, advance payment or a letter of credit (LC) are widely used.

#### (ii) Collateral

Customers are credit-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, alternatives such as advance payment or a letter of credit (LC) are widely used to guarantee payment.

#### (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

#### Age analysis for accounts receivable

					Group			
		31 Dec 2023			31 Dec 2022			
SEK m	Gross	Credit loss provision, %	Credit loss provision	Net	Gross	Credit loss provision, %	Credit loss provision	Net
Non-overdue accounts receivable	437	0.5%	-2	435	672	0.5%	-3	669
Overdue accounts receivable 0–30 days	59.2	5%	-3	56	100	5%	-5	95
Overdue accounts receivable >30–60 days	5	10%	-1	5	6	10%	-1	5
Overdue accounts receivable >60 days	2.4	100%	-2	0	0	100%	0	0
Total	504		-8	496	778		-9	769

in accordance with IFRS 9; however, the impairment that could arise is deemed immaterial. The scope of application also includes accrued income and receivables from factoring companies.

#### Accounts receivable

The Group uses a model involving stages to estimate expected credit losses. The percentage of credit loss on accounts receivable from external customers is estimated with deductions made for any advance payments from customers. The estimate amount also includes receivables that are managed via factoring companies as the risk still accrues to the Group. The stages are shown in the above table and are used in assessing accounts receivable credit loss:

To calculate expected credit losses, accounts receivable have been grouped based on number of days overdue. The percentages used in assessing credit loss are based on historical data for the 24 months prior to 31 December 2023 and 31 December 2022, and taking into account the loss history.

The assessment also takes into account current and forward-looking information about market factors that may affect customers' ability to pay the receivable.

Accounts receivable amounted to SEK 496 (769) million at the end of December 2023. On average, accounts receivable amounted to SEK 633 (657) million in 2023. In 2023 the Group had no confirmed customer losses.

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

#### Change in loss provision for accounts receivable

SEK m	2023	2022
Provision as of 1 January	-9	-6
Reversal of previously made provisions	9	_
Increase/decrease in the loss provision, change recognised in the income statement	-8	-3
As of 31 December	-8	-9

#### (i) Currency risk

The Group operates internationally and is exposed to currency risk that arises from various currency exposures, primarily with regard to the euro (EUR), British pound (GBP), US dollar (USD) 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 in foreign currencies, which primarily consist of transactions in the currencies EUR, GBP and USD. Currency risk also arises when translating foreign subsidiaries' income statements and balance sheets into the Group's reporting currency of Swedish kronor (SEK), known as translation exposure, since the Group has a Norwegian subsidiary and a Canadian subsidiary.

Cash flow relating to intra-group loans in CAD to the Canadian subsidiary is hedged using currency swaps.

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

Nordic Paper's main transaction exposure involves EUR, GBP and USD. The Group hedges net exposure to the currency flows, largely when the sales revenues in the respective currency exceed the purchasing flows. To minimise the currency risk in sales revenues, currency hedges are made in the currencies where the net exposure is material, which is currently EUR, GBP and USD.

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

#### Market risk

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

	Nominal amount of currency futures on the balance sheet date, USD m	Nominal amount of currency futures on the balance sheet date, EUR m	Nominal amount of currency futures on the balance sheet date, GBP m	Recognised fair value SEK m	Balance sheet item that contains hedging instruments
Maturing Jan 2024—Dec 2024			31 Dec 2023		
Receivable: Currency futures, hedging instruments for cash flow hedging	12	64	6	44	Current asset: Derivatives
Liability: Currency futures, hedging instruments for cash flow hedging	2	29	6	4	Current liability: Derivatives
Maturing Jan 2023–Dec 2023			31 Dec 2022		
Receivable: Currency futures, hedging instruments for cash flow hedging	2	-	0	2	Current asset: Derivatives
Liability: Currency futures, hedging instruments for cash flow hedging	3	105	12	45	Current liability: Derivatives

The change in value of the hedging instrument (forward exchange contract), which is reported under derivative instruments among current liabilities, was SEK -4 (-45) million at year-end. The change in value of hedging instruments (the futures contract) which is reported under derivative instruments among current assets was SEK 44 (2) million at 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

All derivative instruments used for hedge accounting (not currency swaps in CAD) are classified as current assets and current liabilities as of 31 December 2023 and 31 December 2022, as the hedged transactions are expected to occur within 12 months. No ineffectiveness has been recognised in the income statement in either 2023 or 2022. The weighted average for futures prices is as follows:

#### Weighted average for futures prices for outstanding hedging instruments

	USD	EUR	GBP	USD	EUR	GBP
SEK m	31	Dec 2023		31	Dec 2022	
Current receivable						
Weighted average price for outstanding futures	10.70	11.64	13.35	10.68	-	12.51
Current liability						
Weighted average price for outstanding futures	9.84	11.07	12.55	9.28	10.77	12.25

#### **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:

	CAD	USD	EUR	GBP	NOK	DKK	Total	CAD	USD	EUR	GBP	NOK	DKK	Total
SEK m			3	1 Dec 202	3					3	1 Dec 202	2		
Accounts receivable	11	139	246	53	6	0	455	1	184	341	58	11	3	598
Cash and cash equivalents	2	147	152	16	-14	16	318	1	75	198	30	59	6	369
Accounts payable	-2	-98	-178	-1	-4	0	-283	-	-168	-91	0	-48	0	-307
Factoring loan	-	-14	-159	-28	-2	-1	-204	-	-11	-176	-35	-11	-2	-235
Net exposure by currency	11	174	60	40	-13	15	286	2	81	272	53	10	6	424

#### 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 Financial Policy, in currencies where the exposure for the year is material, the net exposure must be hedged. In 2023 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%, while the subsequent six months' net exposure is hedged at between 25% and 50%.

#### Currency hedging for the upcoming 12 months

Currency	Average forward rate	Exchange rate 31 Dec 2023	Nominal amount in local currency (m)	Total SEK m	Market value SEK m	Currency hedging as % of net exposure (1–6 months ahead)	Currency hedging as % of net exposure (7–12 months ahead)
EUR	11.45	11.10	93	1,069	29	71%	45%
USD	10.60	10.04	14	144	8	62%	39%
GBP	12.97	12.77	12	156	3	72%	48%
Total			119	1,369	40		

As stated in this section, the Group is primarily exposed to changes in the exchange rates EUR/SEK, GBP/SEK and USD/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 2023

	The year's average net exposure in local currency (USD m/EUR m/GBP m)	Estimated impact on earnings in SEK m in the event of currency movements of +/-5%	The year's average net exposure taking into account outstanding hedging instruments (in USD/EUR/GBP m)	Estimated impact on earnings taking into account hedging instruments in SEK m in the event of currency movements of +/- 5%
SEK m	Before hedging instruments		After hedging instruments	
USD/SEK	22	11	8	4
EUR/SEK	143	79	50	28
GBP/SEK	21	13	9	6

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

#### Sensitivity analysis of the currency's impact on earnings before and after hedging instruments 2022

	The year's average net exposure in local currency (USD/EUR/GBP m)	Estimated impact on earnings in SEK m in the event of currency movements of +/-5%	The year's average net exposure taking into account outstanding hedging instruments (in USD/EUR/GBP m)	Estimated impact on earnings taking into account hedging instruments in SEK m in the event of currency movements of +/- 5%
SEK m	Before hedging instruments		After hedging instruments	
USD/SEK	31	16	25	13
EUR/SEK	140	78	35	19
GBP/SEK	23	14	11	7

#### The Group's exposure to other exchange rate changes is not material 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 main translation exposure is to Norwegian kroner (NOK) and Canadian dollars (CAD).

The exposure on the balance sheet date amounts to SEK 67 (65) million relating to the Norwegian subsidiary and SEK 372 (334) million 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 around SEK +/-3 (+/-3) million and on profit after tax of SEK +/-0 (+/-1) million. A change of +/-5% in the SEK against the CAD would have an impact on equity of around SEK +/-18 (17) million and on profit after tax of SEK +/-1 (-1) million.

#### Interest rate risk

Interest rate risk is a risk identified in the company. The company has one current loan and aims to mitigate the risk of volatility in future cash flows based on changes in market interest rates. A significant factor that affects interest rate risk is the fixed interest period. In 2023 the Group had one long-term loan. This was taken out in autumn 2020 and carries a variable interest rate. The Group's Financial Policy allows for fixing the interest rate at a fixed rate. A change in the interest rate of +/-1% over the coming years would change interest expense by SEK  $\pm$ /-10 (10) million.

Other than the above-mentioned loan, 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. All borrowing is currently carried out at variable interest rates and the margin varies according to the net debt/EBITDA ratio. During the year no hedging to fixed rates occurred. The Group continuously monitors the financial target of net debt/EBITDA. The goal is for net debt not to exceed 2.5 times EBITDA, but for the Group to still be able to temporarily exceed this on specific occasions, for example in connection with acquisitions. At the end of 2023 the net debt/EBITDA ratio was 1.0 (1.2).

#### Liquidity risk

Through responsible liquidity management, the Group ensures that sufficient cash is available to meet the needs of operating activities.

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

As of 31 December 2023, the Group's unutilised credit facilities are SEK 800 (800) million, of which the overdraft facility is SEK 200 (200) million.

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-settled 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 immaterial. 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.

Management continuously monitors capital management in the balance sheet through the KPI net debt/EBITDA.

#### **Contractual maturities for financial liabilities**

	< 3 months	3–12 months	1–2 years	3–5 years	> 5 years	Total contractual cash flows	Carrying amount
SEK m				31 Dec 202	23		
Financial liabilities (excl. derivatives)							
Liabilities to credit institutions	20	63	1,035	-	-	1,118	950
Factoring loan	260	-	-	-	-	260	260
Accounts payable	569	-	-	-		569	569
Lease liabilities	1	9	8	6	0	24	24
Other liabilities	7	-	-	-	-	7	7
Total financial liabilities						1,978	1,810
Financial liabilities relating to derivatives							
Gross currency futures – cash flow hedges							
Inflow (SEK m)	144	266				410	4
Total inflow	144	266				410	4
Total outflow in each currency							
Outflow (EUR m)	10	19				29	-
Outflow (USD m)	0	1				1	-
Outflow (GBP m)	2	3				5	-
SEK m				31 Dec 202	22		
Financial liabilities (excl. derivatives)							
Liabilities to credit institutions	10	31	41	997	_	1,080	950
Factoring loan	284	-	-	-	-	284	284
Accounts payable	419	-	-	-	-	419	419
Lease liabilities	2	9	10	13	0	35	31
Other liabilities	5	_	-	-	-	5	5
Total financial liabilities						1,822	1,689
Financial liabilities relating to derivatives							
Gross currency futures – cash flow hedges							
Inflow (SEK m)	409	882				1,291	45
Total inflow	409	882				1,291	45
Total outflow in each currency							
Outflow (EUR m)	33	72				105	-
Outflow (USD m)	2	1				3	-
Outflow (GBP m)	4	8				12	_

#### Note 5 **Operating 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 kraft paper products, are in the Kraft Paper segment.

#### **Natural Greaseproof**

The Natural Greaseproof segment includes the Group's companies in Säffle in Sweden, Greåker in Norway and Québec in Canada. The segment produces paper designed for baking and food preparation, among other things.

#### **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 losses.

See also Note 6.

#### **Operating segments**

	Net sales including intra-group sales	Eliminations	Net sales	EBITDA	Net sales including intra-group sales	Eliminations	Net sales	EBITDA
SEK m		2023				2022		
Kraft Paper	2,327	-44	2,284	594	2,388	-72	2,316	768
Greaseproof Paper	2,189	-	2,189	282	2,124	-	2,124	126
Parent company and undistributed items	62	-62	0	-100	57	-57	0	-72
EBITDA Group	4,578	-106	4,472	775	4,569	-129	4,440	821
Depreciation/amortisation				-152				-145
Net financial items				-87				33
Profit before tax for the Group				536				709
Non-current assets				31 Dec 2023				31 Dec 2022
Sweden				1,185				1,004
Norway				100				113
Canada				642				679
Total non-current assets				1,927				1,796
Non-current assets by segment								
Kraft Paper								
Intangible assets				367				350
Property, plant and equipment				579				402
Total				947				753
Natural Greaseproof								
Intangible assets				604				641
Property, plant and equipment				337				364
Total				940				1,004
Parent company and undistributed items				40				39
Total non-current assets				1,927				1,796

#### Note 6 Breakdown of net sales

#### Net sales by type of revenue

		Group	Parent c	ompany
SEK m	2023	2022	2023	2022
Sale of goods	4,472	4,440	-	_
Total	4,472	4,440	-	-
Sweden	570	428	34	31
Italy	491	562	-	-
Germany	418	487	-	-
UK	171	302		
Rest of Europe	1,230	1,095	29	26
USA	645	706	-	-
Rest of world	948	861		-
Total	4,472	4,440	62	57

#### Net sales by segment, geographic market

	Natural Greaseproof				
SEK m	2023	2022	2023	2022	
Sweden	56	57	484	371	
Italy	235	258	261	304	
Germany	132	156	293	330	
Rest of Europe	752	643	735	756	
USA	644	693	1	13	
Rest of world	370	317	511	542	
Total	2,189	2,124	2,284	2,316	

Nordic Paper's 10 largest customers account for around 22% of the company's net sales. No individual customer accounts for more than 10 percent of 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

	Gro	oup	Parent o	company
SEK m	2023	2022	2023	2022
Carbon offset, Norway	18	18	-	-
Sales of district heating, by-products and similar	17	16	-	_
Exchange rate effect (net) on currency translation of receivables/liabilities	-	6	-	-
Other	0	1	0	0
Total	35	41	0	0

#### Note 8 Auditor's fees and compensation for expenses

	Group		Parent company	
SEK m	2023	2022	2023	2022
KPMG (elected accounting firm since 2023)				
Audit assignment	-2.0	-1.8	-1.7	-1.7
Other services	-0.2	-0.4	-0.2	-0.3
Total	-2.2	-2.2	-1.9	-2.0

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: KPMG Sverige AB, audit assignment SEK –1.8 (–1.7) million and other services SEK –0.2 (–0.3) million. Comparative figures are fees to Öhrlings PricewaterhouseCoopers AB.

#### 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 2.5 (2.4) million.

#### Decision process for remuneration

Remuneration for the Chief Executive Officer and other senior executives is decided 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 (7) 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' salary to senior executives if the employment ends at the company's request.

The company's CEO and senior executives are covered by a non-compete clause that is legally effective for six (6) months following termination of employment, as well as non-recruitment of relevant parties during this period. The company may unilaterally waive the non-compete clause at its own discretion. In compensation for the non-compete clause the CEO will be entitled to remuneration at 60% of the monthly remuneration (calculated on fixed cash salary and variable salary) and senior executives at 75% of the monthly remuneration (calculated on fixed cash salary).

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

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

#### Share-based payment

In accordance with a proposal from the Board of Directors, the Annual General Meeting on 24 May 2023 approved the issue of a maximum of 329,000 warrants as part of a long-term incentive programme for senior executives of the Nordic Paper Group. The rationale for the incentive programme is to create opportunities to motivate and retain senior executives within the Nordic Paper Group. The incentive programme was implemented in 2023 in accordance with the decision of the Annual General Meeting. After implementation, the number of outstanding options from this programme amounts to 292,000. The warrants were offered at market price. Each warrant entitles the holder to subscribe for one new share in the company at an exercise price of SEK 38.98 per share. The final price of the warrants was SEK 0.77.

The value of the warrants was calculated according to the Black-Scholes model.

The company is partly subsidising the participants' acquisitions of warrants. The subsidy is paid out at the end of the programme. The subsidy to the participants is equal to 50% of the participants' investment net after tax. The total cost of the subsidy, based on a warrant value of SEK 0.77 and an estimated marginal tax rate of 55%, amounts to SEK 0.3 million including social security contributions.

With some exceptions, in order to be eligible for the subsidy the participant must be employed by the company at the time of payment of the subsidy, must remain employed until the warrants can be exercised and must not have transferred their warrants prior to this. The company also has an outstanding incentive programme decided on at the Annual General Meeting in 2022 for which 510,000 warrants are outstanding with an exercise price of SEK 45.77 per share. For more information about this incentive programme, see Note 9 in the previous year's Annual Report.

#### Average number of employees

	Total	Of which women	Total	Of which women
SEK m	20	023	20	022
Parent company				
Sweden	2	1	2	1
Subsidiaries				
Sweden	546	135	538	127
Norway	75	15	106	16
Canada	54	5	56	6
Group, total	677	156	702	150

#### Gender distribution, senior executives

	Percent- age of women	Percent- age of men	Percent- age of women	Percent- age of men
%	20	23	20	22
Group and parent company				
Board of Directors				
excl. employee representatives	50%	50%	50%	50%
incl. employee representatives	38%	62%	38%	62%
Chief Executive Officer and other senior executives	22%	78%	25%	75%

#### Cost of employee remuneration

	Group		Parent c	ompany
SEK m	2023	2022	2023	2022
Salaries and other remuneration etc.	-409	-410	-8	-9
Payroll overheads	-116	-107	-3	-2
Pension costs	-45	-47	-2	-2
- of which defined-benefit	-3	-4	-	-
– of which defined-contribution	-42	-43	-2	-2
Other personnel costs	-32	-23	0	0
Total	-602	-588	-14	-13

#### Salaries and other remuneration

	Group		Parent o	ompany
SEK m	2023	2022	2023	2022
Board members, CEO and other senior executives	-20	-20	-8	-9
– of which bonuses etc.	-3	-3	-3	-3
Other employees	-389	-390	-	_
– of which bonuses etc.	-6	-14	-	_
Total	-409	-410	-8	-9

### Payroll overheads

	Group		Parent c	ompany
SEK m	2023	2023 2022		2022
Pension costs				
- Board members, CEO and other senior executives	-5	-4	-2	-2
- other employees	-41	-43	-	_
Other payroll overheads	-116	-107	-3	-2
Total	-161	-153	-5	-4

#### **Board of Directors and senior executives**

	Board fees	Basic salary	Variable remuneration	Incentive pro- grammes	Pension costs	Total
SEK			202	3		
Arne Wallin <sup>1</sup>	-83,750	-	-	-	-	-83,750
Helene Willberg	-481,250	-	-	-	-	-481,250
Per Bjurbom, Chair	-561,250	-	-	-	-	-561,250
Stefan Lundin	-392,500	-	-	-	-	-392,500
Ying Che	-333,750	-	-	-	-	-333,750
Karin Eliasson	-379,000	-	-	-	-	-379,000
Thomas Körmendi <sup>1</sup>	-232,500	-	-	-	-	-232,500
Anita Sjölander, CEO	-	-3,312,703	-848,695	-135,450	-1,121,464	-5,418,311
Other senior executives	-	-11,797,923	-1,676,967	-429,570	-3,570,922	-17,475,382
Total	-2,464,000	-15,110,625	-2,525,662	-565,020	-4,692,386	-25,357,693

 $<sup>^{1}\</sup>mbox{Change}$  to the Board decided at the Annual General Meeting in 2023.

Total	-2,413,750	-14,590,969	-2,862,408	-452,600	-4,488,099	-24,807,826
Other senior executives	_	-11,381,381	-2,013,839	-344,100	-3,524,605	-17,263,925
Anita Sjölander, CEO	-	-3,209,588	-848,569	-108,500	-963,494	-5,130,151
Karin Eliasson	-365,000	-	-	-	-	-365,000
Ying Che	-318,750	-	-	_	-	-318,750
Stefan Lundin	-382,500	-	_	-	-	-382,500
Per Bjurbom, Chair	-550,000	-	-	_	-	-550,000
Helene Willberg	-465,000	_	-	_	_	-465,000
Arne Wallin	-332,500	_	-	_	_	-332,500
SEK			2022			

Basic salary including holiday pay.

#### Incentive programmes for senior executives

SEK	2023	2022
Number of share options, and exercise price:		
Outstanding at beginning of period	584,000	_
Allotted during the period	329,000	600,000
Unsubscribed options	-37,000	-16,000
Forfeited during the period	-74,000	
Outstanding at end of period	802,000	584,000
Available for exercise at year-end	-	_
Exercise price for the year's incentive programmes	38.98	45.77
Weighted average exercise price	42.38	_
Effect on financial statements, in the income statement and balance sheet		
Cost in income statement in respect of subsidy	555,983	452,961
Liabilities in the balance sheet in respect of subsidy	988,940	452,961
Payment of the options via equity	224,840	905,200

#### Note 10 Pension provision and pension costs

Nordic Paper's employees in Sweden have defined-benefit plans for company officials through the ITP plan. The company also has defined-contribution pension plans. All newly earned amounts within the ITP 2 plan are secured through Alecta pension insurance. For employees in Norway there are defined-contribution plans. Employees in Canada have defined-benefit plans. Provisions for the pension obligation that arose in connection with the acquisition of Nordic Paper Québec Inc. are secured in accordance with 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 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 2023 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 2023 Alecta's surplus in the form of the collective funding ratio was 157% (172%). 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 collective funding ratio is normally permitted to vary between 125% and 175%. If Alecta's funding ratio falls below 125% or exceeds 175%, 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 8 (8) million.

The defined-benefit pension plan that is recognised in the balance sheet as a liability relates to Nordic Paper Québec. 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 first-class corporate bonds 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. There is an immaterial portion of a defined-benefit pension plan in Norway (SEK 0.2 million), but this is not reported in the balance sheet as a provision for pensions.

#### 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**

	Gro	Group Parent company		
SEK m	2023	2022	2023	2022
Defined-contribution plans	-35	-35	-2	-2
– of which ITP 2 plan financed by Alecta	-8	-8	-2	-2
Defined-benefit plans	-3	-4	-	_
Payroll tax	-7	-8	0	0
Total	-45	-47	-2	-2

Note 10 cont.

### Provisions for defined-benefit plans

	Group		
	2023	202	
Amount reported in the balance sheet			
Present value of pension obligation, funded plans	184	187	
Fair value of plan assets	168	171	
Net liability(+) funded plans	14	16	
Amount reported in the balance sheet			
Provisions for pensions	14	16	
Total	14	16	
Specification of total costs			
Costs relating to defined-benefit plans			
Costs relating to service during current year	-3	-4	
Net interest	-1	-1	
Other	-0	-0	
Costs for defined-benefit plans	-4	-6	
Of which			
Amount charged to personnel costs	-3	-4	
Amount charged to financial expense	-1	-1	
	<b>-4</b>	-6	
Change in present value of obligations			
1 January	187	210	
Pension obligations	-		
Interest	8	7	
Costs relating to service during current year	5	6	
Remeasurement of pensions			
– Actuarial gains (–) and losses (+) – demographic assumptions	-	-	
– Actuarial gains (–) and losses (+) – financial assumptions	-0	-43	
– Actuarial gains (–) and losses (+) – experience-based adjustments	0	-	
Payments made	-11	-12	
Settlements	-		
Other 1	-		
Translation effects, currency	-3	20	
31 December	187	187	

Note 10 cont.

## Provisions for defined-benefit plans

	Gr	oup
	2023	2022
Change in fair value of plan assets		
1 January	171	179
Plan assets	-	
Interest	8	6
Remeasurement of plan assets	2	-22
Contributions from employer	4	3
Contributions from employee	2	1
Payments made from plan assets	-11	-12
Other	0	a
Translation effects, currency	-3	16
31 December	172	171
Specification of plan assets		
Bonds and other interest-bearing securities	36%	32%
Shares	36%	41%
Property	14%	15%
Other	14%	13%
	100%	100%

## **Actuarial assumptions**

	Car	nada
	2023	2022
Discount rate	4.6%	4.6%
Future salary increases	2.6%	2.9%
Expected return on plan assets	4.6%	4.6%
Inflation	1.6%	1.9%
Life expectancy / mortality	CPM-2014, CPM-B	CPM-2014, CPM-B

## Sensitivity analysis, defined-benefit pension liability

	2023	
SEK m	Pension liability	Change in liability
Pension liability with current assumptions	187	
Change in assumption:		
Discount rate +0.5 percentage points	-10	-6.0%
Discount rate –0.5 percentage points	11	7.0%
Salary increase +0.5 percentage points	0	0.2%
Salary increase –0.5 percentage points	-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.

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

	Can	ada
	2023	2022
Funded plans, employer contributions	4	4
Unfunded plans, pension disbursement	-	_
Total	4	4

## Note 11 Other operating expenses

	Group		Parent o	company
SEK m	2023	2022	2023	2022
Fair value of cash flow hedges	-83	-64	-54	-90
Exchange rate effects, net, on currency translation of operating receivables				
/liabilities	-0.1	-2	-	-
Total	-83	-66	-54	-90

See Note 25

## Note 12 Depreciation, amortisation and impairment losses

	Group		
SEK m	2023	2022	
Depreciation/amortisation:			
Brands	-	-	
Customer relationships	-24	-24	
Other intangible assets	-5	-2	
Buildings and land improvements	-9	-9	
Plant and machinery	-101	-96	
Equipment, tools and installations	-2	-2	
Right-of-use assets	-11	-12	
Depreciation of property, plant and equipment relating to closure of Săffle pulp mill	-	-	
Total	-152	-145	

## Note 13 Items affecting comparability

SEK m	2023	2022
Cost of restructuring of Säffle pulp mill		
– Provision for restoration of building and land	-	-
– Depreciation of property, plant and equipment relating to the pulp mill	-	-
– Capital gain on sale of associated company	-	42
Total items affecting comparability	-	42

Items affecting comparability are presented in order to provide opportunity to adjust earnings and give a picture of the underlying operations.

NOTE 14 Financial income and expense

NOTE 14 Timunotal moone and expense					
	G	Group		Parent company	
SEK m	2023	2022	2023	2022	
Financial income					
Interest income					
– from subsidiaries	-		17	14	
– from others	14	0	13	-	
Capital gain on divestment of associated company	-	42	-	-	
Exchange gains, net	-	38	19	5	
Dividends from subsidiaries	-		-	18	
Total	14	80	49	37	
Financial expense					
Interest expense					
– to subsidiaries	-	-	-6	_	
– to others	-74	-45	-62	-39	
Interest expense for lease liabilities	-1	-1	0	0	
Exchange losses, net	-24		-	-	
Other financial expense	-2	-2	-1	-2	
Total	-101	-47	-69	-41	
Financial items, net	-87	33	-20	-3	

## Note 15 Tax for the year

	Group		Parent company	
SEK m	2023	2022	2023	2022
Tax on profit for the year				
Current tax expense relating to profit for the year	-119	-122	-81	-106
Adjustment of tax relating to previous years	-1	-1	-1	-1
Total	-120	-122	-83	-107
Deferred tax				
Deferred tax on temporary differences	-1	-21	-8	7
Total	-120	-143	-91	-100

## Reconciliation of effective tax

	Group		Parent company	
SEK m	2023	2022	2023	2022
Profit before tax	536	709	420	496
Tax according to parent company tax rate (20%)	-110	-146	-87	-102
Effect of other tax rates for foreign subsidiaries	-4	-2	-	_
Non-deductible expenses	-15	-9	-13	-8
Tax-exempt income	10	13	10	5
Tax relating to previous years	-1	-1	-1	-1
Other	-	2	-	6
Total	-120	-143	-91	-100

## Change in deferred tax, group

Change in deferred tax, group					
		Recognised in	Recognised	Recognised in other comprehensive	31
	1 January	profit or loss	directly in equity	income	December
SEK m	-		2023		
Deferred tax assets					
Right-of-use assets	0	0	-	-	0
Pensions and other	18	-0	-	-15	3
Total	18	-1	-	-15	3
Deferred tax liabilities					
Intangible assets and property, plant and equipment	67	-10	-	-	57
Untaxed reserves	156	11	-	-	167
Financial assets	5	0	-	-	5
Total	228	1	-	-	229
			2022		
Temporary differences, foreign subsidiaries					
Deferred tax assets					
Right-of-use assets	_	0	-	-	0
Pensions and other	18	0	0	0	18
Total	18	0	0	0	18
Deferred tax liabilities					
Intangible assets and property, plant and equipment	69	-2	-	-	67
Untaxed reserves	131	25	-	-	156
Financial assets	5	0	-	-	5
Total	206	23	-	-	228

## Note 16 Earnings per share

Group		oup
SEK m	2023	2022
Profit for the year attributable to owners of the parent	416	566
Average number of ordinary shares outstanding	66,908,800	66,908,800
Earnings per share before and after dilution, SEK	6.22	8.46
Average number of shares		
before dilution	66,908,800	66,908,800
after dilution	66,908,800	66,908,800
Earnings per share		
before dilution	6.22	8.46
after dilution	6.22	8.46

Earnings per share after dilution are calculated by adjusting the average number of shares to include all potential share dilution. For stock options, a calculation is made to determine the number of shares that could have been acquired at fair value based on the monetary value of the stock option rights attributable to outstanding stock options. Share programmes are included in the dilution calculation from the time a programme has reached the minimum allocation level. Dilution from Nordic Paper's incentive programmes is attributable to the incentive programme for senior executives decided on at the 2023 Annual General Meeting. There is no dilution for the full year, but dilution occurs for Q4 2023. Dilution is calculated for the full year.

## Note 17 Intangible non-current assets

Cash-generating unit	Bra	nds	Custome	relation- ips	Good	dwill	Other in	-	Tot	al
SEK m	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Cost										
Cost, 1 January	34	31	240	219	740	726	29	26	1,044	1,002
Acquisitions during the year	-	_	_	-	-	_	-	-	_	_
Acquired during the year	-	_	-	_	-	_	-	_	-	_
Reclassifications	-	_	-	_	-	-21	22	3	22	-18
Translation effects	-1	3	-4	20	-6	35	-	-	-12	58
Accumulated cost, 31 December	33	34	237	240	734	740	51	29	1,055	1,044
Accumulated amortisation										
Amortisation, 1 January	-	_	-26	_	-	-	-22	-20	-48	-20
Acquired during the year	-	_	-	_	-	-	-	-	-	-
Reclassifications	-	_	-	-	-	-	-	-	-	0
Amortisation during the year	-	_	-24	-24	-	-	-5	-2	-29	-26
Translation effects	-	-	1	-2	-	-	-	-	-	-2
Accumulated amortisation, 31 December	-	-	-49	-26	-	-	-27	-22	-77	-48
Carrying amount	33	34	187	214	734	740	24	7	978	995

#### Impairment testing

Of the Group's goodwill of SEK 734 (740) million, SEK 343 (343) million arose upon acquisition of Wermland Paper AB in January 2008 and the remaining SEK 391 (397) million upon acquisition of Nordic Paper Québec on 31 December 2021. Goodwill from Nordic Paper Québec is translated annually since it is reported in CAD. The acquisition of Nordic Paper Québec Inc. gave rise to the item brands at SEK 31 million. This item is deemed to have an indefinite useful life since the acquired company's product range is considered strong and recognisable in the market. This item is also reported in CAD and the amount is translated annually. Nordic Paper will continue to support these brands and to work on continual product development. Goodwill attributable to Kraft Paper is tested for impairment in the Kraft Paper business segment. Goodwill attributable to Nordic Paper Québec is tested for impairment in Nordic Paper

Impairment testing of goodwill attributable to Kraft Paper and of goodwill as well as brands attributable to Nordic Paper Québec consists of assessing 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 or restructuring.

The value-in-use calculation was based on:

- Discount factor Before tax: 9.7% (9.5%)1 for Kraft and for Nordic Paper Québec 12.6% (11.5)%. After tax: 7.75% (7.5%) for Kraft and for Nordic Paper Québec 9.2% (8.4)%.
- · A forecast of cash flows over the next five years.
- An annual growth rate of 1% (1%) for the first five years. A long-term growth rate of 2% (2%) for Kraft's and Nordic Paper Québec's future cash flows.

The discounted cash flow model involves forecasting future cash flows from operations, including estimates of revenue volumes based on orders received, the economy and market situation, and production costs based on current pay agreements, previous years' gross margins and expenses, adjusted to an expectation for the coming year according to aspects such as those mentioned for the sales forecast. Expected investments in working capital and plants are largely connected to sales growth.

The amounts have been estimated for these variables based primarily on and in accordance with past experience and outcomes. The assumptions that have the greatest effect on the recoverable amount are gross margin, WACC and long-term growth rate. The calculations indicate no impairment and do not suggest that any reasonably possible changes in important assumptions such as a one percentage point increase in the discount rate or a one percentage point decrease in the longterm growth rate would result in an impairment loss.

<sup>1</sup>The discount rate is calculated as weighted average cost of capital (WACC).

Note 18 Property, plant and equipment

	Equipment, tools and									
	Buildings a	ind land	Plant and m	nachinery	installa	tions	Work in p	rogress	Tot	tal
SEK m	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Cost										
Cost, 1 January	294	323	2,706	2,684	99	102	151	176	3,251	3,284
Acquired during the year	-	0	-	1	-	-	298	144	298	145
Acquired during the year through business combinations	-	0	-	-	-	-	-	-	-	_
Sales/disposals	-	0	-5	-202	-	-5	-	_	-5	-207
Reclassifications	0	-34	110	205	1	2	-133	-169	-22	4
Translation effects	-3	5	-25	19	-2	1	-0	0	-31	25
Accumulated cost, 31 December	291	294	2,785	2,706	97	99	315	151	3,490	3,251
Accumulated depreciation										
Depreciation, 1 January	-254	-268	-2,162	-2,218	-92	-98	-	-	-2,508	-2,584
Acquired during the year	-	-	-	-	-	-	-	-	0	0
Acquired during the year through business combinations	-	-	-	-	-	-	-	-	0	0
Sales/disposals	-	-	5	166	-	5	-	-	5	171
Reclassifications	0	26	-	-	-	4	-	-	0	30
Depreciation during the year	-9	-9	-101	-96	-2	-2	-	-	-112	-107
Impairment losses for the year	-	-	-	-	-	-	-	-	0	0
Translation effects	2	-3	19	-14	2	-1	-	_	23	-18
Accumulated depreciation, 31 December	-260	-254	-2,239	-2,162	-92	-92	-	-	-2,592	-2,508
Carrying amount	29	40	547	544	6	7	315	151	898	742

## Note 19 Right-of-use assets and leases

	Group				
SEK m	31 Dec 2023	31 Dec 2022			
Right-of-use assets					
Office premises	5	7			
Company cars	1	2			
Work vehicles and machinery	17	23			
Total	23	32			
Lease liability <sup>1</sup>					
Current	10	11			
Non-current	13	20			
Total	23	31			

<sup>&</sup>lt;sup>1</sup>See Note 4 Maturity analysis for lease liabilities.

## 

	Gro	oup
SEK m	2023	2022
Depreciation of right-of-use assets		
Office premises	-3	-3
Company cars	-1	-1
Work vehicles and machinery	-7	-8
Total	-11	-12
Interest expense and lease expenses		
Interest expense (included in financial expense)	-1	-1
Expenses relating to short-term leases (included in Other external costs)	-5	-2
Total	-6	-3

## Other information

SEK m	2023	2022
Right-of-use assets added		
Office premises	-	_
Company cars	1	1
Work vehicles and machinery	2	21
Total	3	22
Total cash flow for leases	12	14
Undelivered lease obligations	-	-

#### Note 20 Financial non-current assets

	Group		
SEKm	31 Dec 2023	31 Dec 2022	
Long-term, non-interest-bearing receivables under non-current assets	10	10	
Total	10	10	

#### Note 21 Inventories

	Gro	Group			
SEK m	2023	2022			
Raw materials and consumables	387	375			
Finished goods and goods for resale	274	250			
Total	661	625			

A reserve for obsolescence is included in the inventory value. The inventory's obsolescence reserve as of 31 December 2023 is SEK 21 (22) million. The amount is included in operating expenses

#### Note 22 Financial assets and liabilities

	Amortised cost	Derivatives used in hedge accounting	Derivatives, no hedge accounting	Total carrying amount	Amortised cost	Derivatives used in hedge accounting	Derivatives, no hedge accounting	Total carrying amount
Level in fair value hierarchy		Leve	el 2	'		Leve	el 2	
SEK m		2023	3			202	22	
Assets in the balance sheet								
Accounts receivable	496	-	-	496	769	-	-	769
Derivatives	-	44	-	44	-	2	-	2
Other receivables	111	-	-	111	48	-	-	48
Cash and cash equivalents	496	-	-	496	325	-	-	325
Accrued income	0	-	-	0	0	-	-	0
Total	1,103	44	-	1,147	1,142	2	-	1,144
Liabilities in the balance sheet								
Liabilities to credit institutions	950	-	-	950	950	-	-	950
Factoring loan	260	-	-	260	284	-	-	284
Lease liabilities	23	-	-	23	31	-	-	31
Derivatives	-	4	18	22	-	45	25	70
Accounts payable	569	-	-	569	419	-	-	419
Other liabilities	14	-	-	14	5	-	-	5
Accrued expenses and prepaid liabilities	347	-	-	347	403	_	_	403
Total	2,163	4	18	2,185	2,092	45	25	2,162

Amounts payable to leasing companies have been measured according to IFRS 16.

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 immaterial 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 in the fair value hierarchy. Fair value of 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 assessed to be 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 or liabilities.

(b) Financial instruments at level 2

Inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly (that is, as quoted prices) or indirectly (that is, derived from quoted prices).

(c) Financial instruments at level 3

In cases where individual or multiple material input data are 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. Market information on the transactions made and their value as of the closing date is largely used in this context. The information is provided by the respective bank in the form of monthly reports. Asset contracts and liability contracts are presented gross. Company-specific information is used to the least extent possible. If all material 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 23 Other receivables

	Group		Parent co	ompany
SEK m	2023	2022	2023	2021
Receivables from factoring companies	29	31	-	-
Value added tax receivables	76	37	0	_
Average tax account balance	80	17	51	-
Other	2	_	2	_
Total	187	85	53	_

#### Change in hedge reserve (cash flow hedging)

	Gro	oup
SEK m	2023	2022
1 January	-28	-8
Cash flow hedges:		
Added: Changes in fair value of hedging instruments recognised in other comprehensive income	70	-34
Added: Deferred tax on change in fair value	-15	6
Deducted: Reclassification to income statement (in other operating expenses/other operating income)	4	8
Deducted: Deferred tax on derivatives reclassified to the income statement	-1	-1
Hedge reserve, 31 December	29	-28

## Note 24 Prepaid expenses and accrued income

	Group		Parent o	company
SEK m	2023	2022	2023	2022
Prepaid insurance premiums	0	1	-	1
Prepaid service and support agreements	8	7	8	7
Accrued income	17	11	0	0
Other items	1	6	1	3
Total	26	24	9	11

## Note 25 Equity

#### Share capital

As of 31 December 2023 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' meetings with one vote per share. All shares carry the same right to remaining assets in Nordic Paper Holding AB.

#### 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 and the Group present their financial statements in Swedish kronor (SEK). Any accumulated translation difference is recognised in profit or loss when foreign operations are divested.

## **Translation reserve**

	Group		
SEK m	2023	2022	
1 January	4	-25	
Translation effect for the year from foreign operations	-11	28	
Translation reserve, 31 December	-7	4	

## 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.

#### **Retained earnings**

Retained earnings include profit for the year combined with earnings of the parent company and its subsidiaries and associated companies.

## Dividend

Total

After the balance sheet date the Board proposed a dividend to the Annual General Meeting of SEK 4.00 per ordinary share, totalling SEK 268 million. The proposal is subject to adoption at the Annual General Meeting on 23 May 2024.

	Group		
	2023 20		
Average number of shares outstanding	66,908,800	66,908,800	
Dividend per ordinary share, SEK	4.00	4.65	
Dividend, SEK m	268	311	

## Note 26 Proposed appropriation of profit

Non-restricted equity in the Parent Company:	
SEK	31 Dec 2023
Retained earnings	445,568,704
Net profit for the year	329,298,204
Total	774,866,908
The Board of Directors proposes	
Dividend to shareholders, 66,908,800 shares, SEK 4.00 per share	267,635,200
To be carried forward	507,231,708

774,866,908

## Note 27 Interest-bearing liabilities

	Group Parent company			nt company
SEK m	2023	2022	2023	2022
Non-current liabilities				
Liabilities to credit institutions, 1–4 years after the closing day	950	950	950	950
Lease liabilities, 1–4 (5) years after the closing day	13	20	-	
Total	963	970	950	950
Current liabilities				
Factoring loan	260	284	-	_
Lease liabilities	10	11	-	_
Total	270	295	-	_
Utilised overdraft facility				
Granted overdraft facility	200	200	200	200
Granted credit facility	600	600	600	600

Terms and repayment schedule				2023	2022
SEK m	Currency	Year due	Interest	Carrying amount	Carrying amount
Liabilities to credit institutions	SEK	2025	Variable	950	950
Factoring loan	SEK	2024	Variable	260	284
Lease liabilities	SEK	Varies	Variable/Marginal	23	31
Total				1,233	1,265

The parent company signed a credit agreement in September 2020. The credit agreement is for a loan of SEK 950 million taken out in October 2020 and two credit facilities totalling SEK 800 million, of which SEK 200 million is an overdraft facility and SEK 600 million is a loan facility. The loan of SEK 950 million in October 2020 was to finance dividend payments in the same amount to the previous parent company Sutriv Holding AB.

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 financing carries a variable interest rate which is determined quarterly when covenants are reported to the bank, based on the specified

The loan terms were met in 2023.

## Note 28 Other provisions

	Group		
SEK m	2023	2022	
1 January	101	97	
Provisions during the year	19	4	
Reversals during the year	-8	_	
31 December	112	101	

Other provisions are estimated costs of restoration, partly for the restoration of land that occurred in connection with the decision to close the pulp mill at the Säffle plant, SEK 86 million, and partly for a landfill in Bäckhammar, SEK 26 million. Land restoration in Säffle will take place in stages over the next five to seven years. The costs associated with the pulp mill have been estimated by a third party. In 2023 the provisions relating to the Säffle pulp mill were reassessed as regards costs and present value. Work to restore the land has begun. The new restoration costs have been estimated by a third party. The cash outflow for the landfill in Bäckhammar will continue until 2032, but it is not yet clear how the outflow will break down over time.

## Note 29 Other liabilities

	Gro	Group		Parent company		
SEKm	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022		
Payroll taxes and other employee-related expenses	10	16	1	0		
Other	4	1	0	0		
Total	14	17	1	1		

## Note 30 Accrued expenses and deferred income

		Group	com	Parent pany
SEK m	2023	2022	2023	2022
Accrued salaries and holiday pay	76	81	2	3
Accrued payroll overheads	28	37	1	2
Accrued interest	1	1	1	1
Customer bonuses	23	32	-	-
Agent commissions	5	10	-	-
Goods in transit	90	94	-	-
Freight	71	23	-	-
Accrued raw material and energy costs	21	101	-	-
Other items	61	48	0	0
	375	427	4	5

## Note 31 Pledged assets

				Parent company	
SEK m	2023	2022	2023	2022	
For liabilities to credit institutions					
Property mortgages	-	-	-	-	
Floating charges	-	-	-	-	
Shares in subsidiaries	-	-	-	-	
Accounts receivable, factoring	260	284	-	_	
	260	284	-	-	
Other pledged assets					
Right-of-use assets	23	32	-	-	
Total pledged assets	283	316	-		

## Note 32 Contingent liabilities in the parent company

The subsidiaries Nordic Paper Bäckhammar AB and Nordic Paper Seffle AB have entered into factoring agreements and leases with credit institutions. Under the terms of these agreements, the parent company guarantees up to SEK 300 (300) million, plus interest and fees, in respect of any future claims relating to the subsidiaries.

## Note 33 Participations in Group companies

## Parent company's holding

SEK m	Registered office	Share	Number of shares	Carrying amount	Carrying amount
				2023	2022
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, Norway	100%	47,792	124	124
Nordic Paper Quèbec Inc. 102107257	Quebec, Canada	100%	489,000	269	269
				1,165	1,165

## Participations in Group companies

	Parent company		
SEK m	2023	2022	
Carrying amount, 1 January	1,165	1,165	
Acquisitions	-	_	
Impairment losses	-	_	
Divestments	-	_	
Carrying amount, 31 December	1,165	1,165	

#### **Indirect holdings**

SEK m	Registered office	% shareholding	Number of shares	Carrying amount	Owned by
Ekoligens AB, 556640-2474	Kungälv, Sweden	20.18%	110,988,890	15	Nordic Paper Holding AB

On 15 December 2023 Nordic Paper Holding AB acquired 20% of Ekoligens AB's shares. This makes Ekoligens an associated company. The shares are measured at their cost of SEK 15 million as of 31 December 2023 and the value of the shares will be reassessed during 2024.

## Note 34 Business combinations

In 2021 Nordic Paper Holding AB acquired the company then known as Glassine Canada Inc., which now goes under the name Nordic Paper Québec Inc. Nordic Paper Québec is included in the Natural Greaseproof segment. The preliminary purchase consideration on a debt-free basis and adjustment of the net cash amounted to SEK 644 million on the acquisition date, which resulted in payment of SEK 670 million being transferred. In 2022 the final purchase consideration was established as SEK 649 million. As a result, goodwill was adjusted downwards by SEK 21 million in 2022. The effect on cash flow in 2022 was SEK 21 million.

Effects of the acquisition of Glassine Canada Inc., SEK m	Carrying amounts after adjustment of final purch	Carrying amounts after adjustment of final purchase consideration by SEK 22 million during 20				
Carrying amount of identifiable net assets	Book value	Fair value, adjustment	Fair value			
Brands	-	31	31			
Customer relationships	0	218	218			
Buildings and land	10	-	10			
Plant and machinery	19	-	19			
Deferred tax assets	0	8	8			
Total non-current assets	30	258	287			
Inventories	24	-	24			
Accounts receivable	30	-	30			
Current tax assets	5	-	5			
Cash and cash equivalents	58	-	58			
Total current assets	116	0	116			
Total assets	146	258	404			
Obligations relating to employee benefits	-	-31	-31			
Deferred tax liabilities	-4	-70	-70			
Net identifiable assets and liabilities	126	160	286			
Goodwill		363	363			
Compensation transferred		<u> </u>	649			

## Note 35 Transactions with related parties

This note describes transactions with the Group's former associated company Åmotfors Energi AB and the subsidiaries. For further information on senior executive remuneration, see Note 9, Employees and personnel costs. In 2022 all interests in Åmotfors Energi AB were sold and the company is no longer considered an associated company as of 5 October 2022.

SEK m	Sale of goods/ services	Purchase of goods/services	Dividend	Other	Receivable on balance sheet date	Payable on balance sheet date
GROUP						
Associated companies						
2023	-	-	-	_	_	-
2022 (up to 5 Oct 2022 when divestment took place)	14	64	-	_	_	-

SEK m	Sale of goods/ services	Purchase of goods/services	Dividend	Other	Receivable on balance sheet date	Payable on balance sheet date
PARENT COMPANY						
Subsidiaries						
2023	62	51	-	-	845	_
– of which long-term receivable, Group company					273	
2022	57	44	18	-	1,065	1
– of which long-term receivable, Group company	-	-	-	-	345	_
Other transactions with related parties						
2023	-	-	-	-	-	_
2022	_	_	_	1	_	_

On 5 October 2022 Nordic Paper Åmotfors AB entered into an agreement to sell its minority interest of 37.6% of the shares in Åmotfors Energi AB. As a result of the transaction Nordic Paper is reporting a capital gain and positive cash flow of SEK 42 million.

Sale of associated company	% shareholding	Number of shares	Registered office	Carrying amount	Date of sale	Selling price (SEK m)
Åmotfors Energi AB	37.60	16,938,800	Eda, Sweden	0	5 October 2022	42

#### Note 36 Cash flow statement

	Gro	oup	Parent c	ompany
SEK m	2023	2022	2023	2022
Adjustments for non-cash items				
Depreciation/amortisation	152	145	-	_
Changes in exchange rates	32	-28	-	-
Change in fair value of derivatives	-33	35	-	_
Other	-15	35	18	_
Total	136	188	18	0

				Group				
			2023			2	022	
Financing activities, change in liabilities	Liabilities to credit institutions	Leases	Factoring Ioan	Utilised overdraft facility	Liabilities to credit institutions	Leases	Factoring loan	Utilised overdraft facility
1 January	950	31	284	-	1,350	24	273	-
Changes affecting cash flow	-	-11	-24	-	-400	-11	11	-
Other changes not affecting cash flow	-	3	-	-	-	18	-	-
31 December	950	23	260	-	950	31	284	_

				Parent company				
	2023 2022							
Financing activities, change in liabilities	Liabilities to credit institutions	Leases	Factoring loan	Utilised overdraft facility	Liabilities to credit institutions	Leases	Factoring loan	Utilised overdraft facility
1 January	950	-	-	-	1,350	-	-	-
Changes affecting cash flow	-	-	-	-	-400	-	-	-
Other changes not affecting cash flow	-	-	-	-	-	-	-	-
31 December	950	-	-	-	950	-	_	-
Cash and cash equivalents	2023	2022						

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

## Note 37 Year-end appropriations

Cash and bank balances

	Parent company		
SEK m	2023	2022	
Group contributions received/provided	572	720	
Change in tax allocation reserve	-49	-110	
Total	524	610	

496

325

## Note 38 Material events after the balance sheet date

At March 12 Nordic Paper decided to start a process to look into the possibilities for a sale of the company. The decision was made due to the public information from Shanying International Holding Co., Ltd to divest all or part of the shares in Nordic Paper, held by Sutriv Holding AB.



## SIGNATURES

The undersigned hereby provide an assurance that the consolidated financial statements and annual accounts 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 Directors' Report 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 Report and Sustainability Report and the consolidated financial statements have been approved by the Board of Directors to be issued on 9 April 2024.

The consolidated income statement, statement of comprehensive income and balance sheet, and the parent company's income statement and balance sheet are subject to adoption by the Annual General Meeting on 23 May 2024.

Karlstad 9 April 2024 Per Bjurbom Helene Willberg Stefan Lundin Chair Karin Eliasson Thomas Körmendi Ying Che Anita Sjölander Per Gustafsson Tom Rød Chief Executive Officer Employee representative Employee representative

> Our audit report was submitted on 9 April 2024 **KPMG AB**

> > **Mattias Eriksson**

Authorised Public Accountant



# Auditor's Report

To the general meeting of the shareholders of Nordic Paper Holding AB (publ), corp. id 556914-1913

## 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 2023, except for the corporate governance statement on pages 67-74. The annual accounts and consolidated accounts of the company are included on pages 63-66 and 75-123 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 the parent company as of 31 December 2023 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 2023 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 67-74. 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 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.

#### Other Matter

The audit of the annual accounts for year 2022 was performed by another auditor who submitted an auditor's report dated 13 April 2023, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

## **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.

#### **Revenue Recognition**

See disclosure 2 Accounting principles and disclosure 6 Revenue in the annual account and consolidated accounts for detailed information and description of the matter.

#### Description of key audit matter

The group manufactures and sells various types of paper goods. Net sales amounted to SEK 4 472 million for the year 2023.

Sales takes 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. Sales are recognised as revenue when control of the goods is transferred to the customer, which normally occurs in accordance with the applicable shipping terms. Within the group, a number of different shipping conditions are applied which have an impact on the accounting period in which the sales transaction must be reported.

For this reason, special consideration is requried for sales transactions with shipping terms that entail that control of the goods is transferred to the customer at a different time than in connection with the outbound delivery from the warehouse and the invoicing.

Given the large volume of transactions and that automatic bookkeeping occurs for the outbound delivery of goods, this can have a significant impact on revenue recognition, which requires special attention from the company's management.

#### Response in the audit

We have performed reviews together with management in order to gain an understanding of the market, customers and business model. We have also created an understanding of routines and processes and assessed the design and implementation of the group's controls for reporting sales transactions with different shipping conditions and tested the operating effectiveness of these controls aimed to ensure accuracy in revenue recognition.

We have inspected a selection of significant contracts to assess the appropriateness of applied revenue recognition.

Furthermore, we have tested relevant supervisory controls over the automatic processing of the company's revenue reporting that takes place upon delivery and carried out data analyses procedures to ensure the correctness of the revenue recognition from delivery to invoicing

We have performed sample testing over sale transactions reported before and after year end to assess whether correct conditions have been applied and whether control of the goods has been transferred to the customers in the period when the revenue is reported

We have also assessed the notes and accounting principles in the annual report concerning revenue recognition.

## Impairment test of goodwill, brands and customer relations

See disclosure 17 and 34 together with disclosure 2 Accounting principles in the annual account and consolidated accounts for detailed information and description of the matter.

### Description of key audit matter

The group's reported value of goodwill, brands and customer relationships amounts to SEK 954 million as of December 31, 2023.

According to IFRS, an annual impairment test must take place at least annualy. Impairment test takes place for individual segments such as cash-generating units. During the impairment test, a sensitivity analysis is also carried out, which includes how changes in essential parameters such as gross margin, growth rate and WACC affect the impairment test.

Impairment tests are based on judgments and assumptions about the future that are complex and contain a high degree of material judgment by management, which is why this area is a key audit matter in our audit

### Response in the audit

We have performed reviews together with management in order to gain an understanding of the process for the impairment test.

Analysis has taken place of how well previous years' assumptions have been achieved and if any adjustments have been made to assumptions from previous years as a result of the development of the business and external factors.

We have taken note of and evaluated the management's method, data and assumptions used in the impairment test. This includes among other things, to challenge the management in the assessments made regarding future cash flows and to assess the WACC that was used.

We have performed sensitivity analyses, which includes testing the impact changes in material assumptions such as growth rate and WACC have on the safety margins. Based on these tests we have assessed the risk that a need for impairment would arise.

We have also evaluated the information that appears in the annual report and assessed assessed whether the information is sufficiently comprehensive

## Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-30 and 130-135. The other information comprises also of the remuneration report which is published on the company's website concurrently with 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 Directors 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 Accounting Standards 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 misstate-

ment 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements Auditor's audit of the administration and the proposed appropriations of profit or loss

#### **Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nordic Paper Holding AB (publ) for the year 2023 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 Directors 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 Directors 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's 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

## 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 (publ) for year 2023.

Our examination and our opinion relate only to the statutory reauirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

#### Basis for opinion

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 Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report 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 obtain 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 International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination 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 and consolidated 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 examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format 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 consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

## The auditor's examination of the corporate governance

The Board of Directors is responsible for that the corporate governance statement on pages 67-74 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's 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.

KPMG AB, Box 382, 101 27 Stockholm, Sweden, with Mattias Eriksson as auditor in charge was appointed auditor of Nordic Paper Holding AB (publ) by the general meeting of the shareholders on the 23 May 2023. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2023.

Karlstad 9 April 2024 **KPMG AB** 

## **Mattias Eriksson**

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 2023 was SEK 44.65, which is equivalent to a market cap of SEK 2,987 million. This represents an increase of 27.6% on the closing price on the first trading day of the year.

During the corresponding period the OMX Stockholm PI index rose by 13.4%. The highest closing price for Nordic Paper's shares during the period was SEK 48.10, which was listed on 8 March. The lowest price of SEK 30.00 was listed on 21 June.

#### Share price



Shareholders 31 December 2023	Votes and capital (%)
Sutriv Holding AB	48.2%
Swedbank Robur Fonder	6.7%
Norges Bank	5.8%
AMF Försäkring & Fonder	4.9%
Nordea Funds	3.1%
Avanza Pension	2.2%
Handelsbanken Fonder	2.0%
SEB Life International Assurance	1.7%
Nordnet Pensionsförsäkring	1.5%
CACEIS Bank	1.3%
Other	22.7%
Total	100.0%

#### Liquidity

In 2023 the average turnover of Nordic Paper shares on Nasdaq Stockholm was around 170,000 per day, equivalent to around SEK 6.6 million. An average of around 720 transactions were executed per day.

#### Share capital and votes

As of 31 December 2023 there were 66,908,800 shares in total in Nordic Paper. Each share entitles the holder to 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 13,556 shareholders on 31 December 2023. Sutriv Holding AB, which is wholly owned by Shanying International, is the only shareholder that has a holding equivalent to at least 10% of the votes and shares in Nordic Paper.

## Dividend and dividend policy

According to the Dividend Policy, the dividend is to be 50%-70% 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 2023 financial year the Board is proposing a dividend of SEK 4.00 per share, to be distributed on one occasion. The proposal results in a total dividend of SEK 268 million, corresponding to 64% of the profit for 2023.

## Ownership structure 31 December 2023

Holding	Shareholders	Shares	Holding (%)
1–500	10,349	1,375,577	2.1
501-1,000	1,420	1,109,372	1.7
1,001-5,000	1,420	3,135,600	4.7
5,001–10,000	176	1,268,952	1.9
10,001–15,000	58	735,915	1.1
15,001–20,000	21	370,419	0.6
20,001-	112	60,856,484	91.0

### 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



# Group performance five-year overview

SEK m	2023	2022	2021	2020	2019
Key performance measures					
Net sales	4,472	4,440	3,083	2,903	3,231
EBITDA	775	821	358	458	629
Adjusted EBITDA	775	821	434	458	629
EBITDA margin, %	17.3	18.5	11.6	15.8	19.5
Adjusted EBITDA margin, %	17.3	18.5	14.1	15.8	19.5
Operating profit	623	676	208	348	530
Adjusted operating profit	623	676	316	348	530
Operating margin, %	13.9	15.2	6.8	12.0	16.4
Adjusted operating margin, %	13.9	15.2	10.3	12.0	16.4
Working capital	225	497	378	439	442
Profit for the period	416	566	144	258	414
Earnings per share before and after dilution, SEK	6.22	8.46	2.15	3.85	6.19
Cash flow from operating activities	765	560	408	352	451
Investments	298	145	180	102	100
Return on operating capital, 12 m, %	30.0	32.5	15.9	26.9	39.4
Return on equity	37.1	69.5	24.6	22.3	35.9
Equity/assets ratio, %	31.1	28.7	18.0	25.3	57.6
Net debt/EBITDA, multiple	1.0	1.2	3.7	1.6	0.0
Earnings per share before dilution, SEK	6.22	8.46	2.15	3.85	6.19
Earnings per share after dilution, SEK	6.22	8.46	2.15	3.85	6.19
Number of employees at year-end	679	672	688	632	619
Sales volume, ktonnes	273.3	284.5	280.6	266.9	271.9

## Definitions

Non-IFRS performance measures	Description	Reasons for use
Sales volume	Sales of paper and pulp by the segment and the Group respectively, expressed in ktonnes.	Shows if the business is expanding or contracting.
EBITDA	EBITDA (earnings before interest, taxes, depreciation and amorti- sation) 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.
Material items affecting comparability	Material 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.	Provides a better understanding of the development of operating activities over time.
Adjusted EBITDA	EBITDA adjusted for material items affecting comparability.	Increases comparability of EBITDA between different periods and provides a better understanding of the development of operating activities over time.
EBITDA margin	EBITDA as a percentage of net sales.	Shows how much cash the business can generate in relation to revenue.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of net sales.	Increases comparability in the EBITDA margin between different periods.
Operating profit	Profit before financial income, financial expense and tax.	Shows the result of the company's operating activities.
Adjusted operating profit	Operating profit adjusted for material items affecting comparability.	Increases comparability of operating profit between different periods and provides a better understanding of the development of operating activities over time.
Operating margin	Operating profit as a percentage of net sales.	Shows operating profit in relation to net sales and is a measure of the profitability of the company's operating activities.
Adjusted operating margin	Adjusted operating profit as a percentage of net sales.	Increases comparability in the operating margin between different periods. $ \\$
Investments	Investments refers to the accounting effect of acquisitions of property, plant and equipment and intangible non-current assets. In the cash flow statement the term acquisitions refers to the cash flow effect including any adjustments for amounts reported as accounts payable.	Shows the amount of property, plant and equipment and intangible assets acquired to maintain and develop operations.
Working capital	Total inventories, accounts receivable, other operating assets and operating liabilities, excluding derivatives, and other provisions (non-interest-bearing). In the cash flow statement, adjustments are made for non-cash transactions such as currency effects, acquisitions/disposals of subsidiaries (operations), and accounts payable related to investments in non-current assets.	Shows the net of current assets and current liabilities used in operating activities.
Change in working capital	Working capital for the current period minus working capital for the previous period.	Shows development of the company's working capital.
Working capital as a percentage of net sales*	Working capital divided by net sales.	Indicates how effectively the company is using working capital.
Operating capital	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.
Return on operating capital*	Operating profit as a percentage of operating capital.	Shows the company's performance in generating profit from the capital used in operating activities.
Return on equity*	Profit/loss for the period as a percentage of equity.	Shows the return generated on equity invested in the business.
Interest-bearing liabilities	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.
Net debt	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.
Net debt/EBITDA ratio*	Net debt in relation to EBITDA, expressed as a multiple.	A measure of financial risk and an indication of repayment capacity.
Net debt/equity ratio	Net debt divided by equity, expressed as a percentage.	Shows the relationship between externally financed capital and equity.
Equity/assets ratio	Equity divided by total assets, expressed as a percentage.	Shows what proportion of the assets are financed through equity.

<sup>\*</sup>Calculated on the basis of the last 12-month period, as an average of 12 months. The 12-month figure enables comparisons that reflect both current and seasonal variations, which improves the ability to make comparisons over time.