

Q3

2020

Interim report January – September 2020

QUARTERLY RESULTS JULY - SEPTEMBER

- Net sales decreased by 19% to SEK 639m (791), excluding currency effects the decrease was 16%
- EBITDA was SEK -13m (153), corresponding to an EBITDA margin of -2.0% (19.4)
- Maintenance stop in Bäckhammar affected the result negatively by MSEK 79 (0). Corresponding cost in 2019 of SEK 57m charged the fourth quarter.
- IPO costs in the quarter was SEK 10m (0)
- Operating result was SEK -40m (129), corresponding to an operating margin of -6.3% (16.3)
- Net result for the period amounted to SEK -32m (102)
- Cash flow from operating activities was SEK 144m (213)
- Basic and diluted earnings per share were SEK -0.49* (1.52*)
- Return on operating capital was 20.9% (35.3)

SIGNIFICANT EVENTS AFTER THE QUARTER

- On extra general meeting on 1 October a split was made of the company's share 1,400:1
- A dividend of SEK 950m was paid out to the parent company, after which the available credit facilities amounts to SEK 800m
- The 22 October Nordic Paper's shares were listed on Nasdaq Stockholm

KEY FIGURES

SEKm	2020	2019	Δ, %	2020	2019	Δ, %	2019	2019
	Q3	Q3		Jan-Sep	Jan-Sep		R 12m	Full year
Net sales	639	791	-19	2,233	2,493	-10	2,971	3,231
EBITDA	-13	153	-108	314	564	-44	377	629
EBITDA margin, %	-2.0	19.4		14.1	22.6		12.7	19.5
Operating result	-40	129	-131	235	491	-52	272	530
Operating margin, %	-6.3	16.3		10.5	19.7		9.2	16.4
Result for the period	-32	102	-131	182	382	-52	212	414
Basic and diluted earnings per share, SEK*	-0.49	1.52		2.73	5.71		3.17	6.19
Cash flow from operating activities	144	213	-32	334	442	-24		451
Return on operating capital 12m, %	20.9	35.3		33.7	42.3		33.7	39.4
Net debt/EBITDA 12m, ratio**	-0.3	0.0		-0.3	0.0		0.0	0.0
Sales volumes, ktonnes	61	69	-12	203	211	-4	264	272

*Recalculated for the 1,400:1 split of the company's ordinary shares, which was decided by the extraordinary general meeting on 1 October 2020.

**Negative value because of net cash.

CEO COMMENT



This interim report is Nordic Paper's first as a listed company. It is with pride and joy I can observe that the solid and in moments intense work we have carried out now has resulted in Nordic Paper's listing on Nasdaq Stockholm on 22 October. A milestone has been passed and we will make the most out of the opportunities a listing entails. We continue our efforts to create value to our customers and from now on also including all 5,000 new shareholders.

STABLE MARKET BUT LOWER PRODUCTION

The market development in the third quarter is in line with the second quarter. Covid-19 has mitigated demand from the market for greaseproofpaper with end-user in the professional sector in the countries that have introduced the hardest restrictions. The demand for kraft paper has continued to be good.

However, market prices were significantly lower than in the third quarter last year, but stable compared to the second quarter this year.

LOWER PRODUCTION DURING RAMP-UP

In the third quarter maintenance was carried out on our four production units. On most of the mills they are carried out in connection to the summer holiday stops, with Bäckhammar as an exception where the stop was carried out in September. All maintenance stops were carried out with comprehensive safety measures due to the pandemic. On three of our mills, the maintenance work and restart went entirely according to plan, but in Bäckhammar a supplementing maintenance repairment compared to original plan was carried out. Despite the extra repairment we were able to start the production according to plan, but initially with lower capacity.

The extended repairment in Bäckhammar meant that the negative effect on the operating result increased by SEK 28m to SEK 88m compared to the originally estimated SEK 60m. Of the result effect of SEK 88m, 9 will charge the fourth quarter. Last year the stop in Bäckhammar affected in its entirety the fourth quarter.

PERMIT APPLICATION SUBMITTED

In the quarter we submitted the permit application for increased production capacity in Bäckhammar. The investment of in total approximately SEK 1,200 consists of three parts and will give opportunity to increase the pulp and paper production by just over 20 and 10 percent respectively. The first part including a new woodroom with higher capacity is independent of the permit and will give an increased flexibility regarding raw material supply and decrease our costs. It will also enable a way to efficiently increase the production at a later stage. The pre-projection of the wood room has started.

LONG-TERM POSITIVE DEVELOPMENT, BUT SHORT-TERM UNCERTAINTY

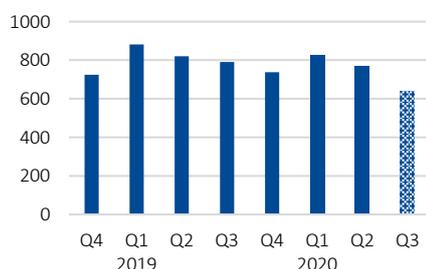
The market development we have seen so far in 2020 continues and our market segments has in general appeared relatively stable. Covid-19 continues to impact our surrounding world and daily life and there is a continued uncertainty. New shutdowns in several countries will mean that the trend we have seen since April, with lower demand of greaseproofpaper with end-user in the professional sector continues. However, it is gratifying to see that the interest from our customers to replace packaging in plastic by our material increases. We have a number of on-going interesting projects together with our customers where we examine opportunities to new applications for our products.

It is with confidence and joy I welcome all new shareholders onboard and together with me and Nordic Paper's competent employees continue the journey of producing sustainable products and creating good profitability.

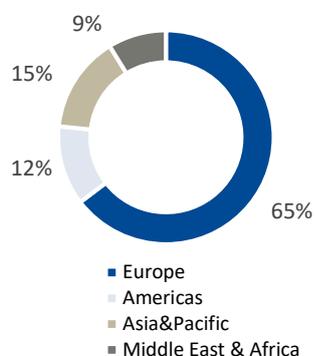
Anita Sjölander
CEO

GROUP PERFORMANCE

NET SALES, SEKm



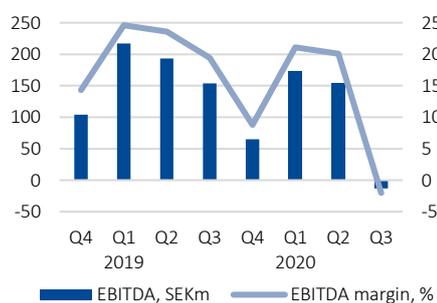
NET SALES PER GEOGRAPHY



CHANGE IN NET SALES

Q3 2019, SEKm	791
Sales volume and product mix	-9%
Selling price	-7%
Currency	-3%
Q3 2020, SEKm	639

EBITDA



Q3 and Q4 2019 was affected by maintenance stops normally carried out in Q3 was moved to Q4. See information about seasonality in page 10.

JULY - SEPTEMBER

MARKET AND SALES

The market development continued in the third quarter in line with the second quarter. Covid-19 affected primarily the professional market for greaseproofpaper in the countries with the most extensive restrictions. The demand in Natural Greaseproof has shifted from products in professional businesses to products towards retail. Prices were lower, in particular for kraft paper, compared to a very strong market situation in the beginning of last year.

Net sales in the third quarter declined by 19% to SEK 639m (791). Primarily lower volumes gave a negative effect by 9%. The lower volumes are mainly due to a slower ramp-up of the production after the annual maintenance stop in Bäckhammar, when a supplementing maintenance repairment not included in the original plan was carried out. The production started according to plan, but initially to a lower capacity. The net sales have in addition been affected by lower demand in Natural Greaseproof. Lower price levels had a negative effect of 7%. The stronger SEK rate mainly to USD gave a negative currency effect of 3%. Middle East & Africa increased net sales, while the other geographical areas had lower net sales compared to last year.

RESULTS

EBITDA decreased to SEK -13m (153). Lower volumes and prices gave negative effects on the result. The lower volumes depending on the ordinary maintenance stop and the extra repairment in Bäckhammar affected the result negatively by SEK 79m in the quarter. Last year's cost of approximately SEK 57m related to the maintenance stop charged the fourth quarter. Costs related to the listing process was SEK 10m (0). Lower pulp prices impacted the result positively. The EBITDA margin declined by -2.0% compared to 19.4% the same period last year.

The total negative impact on EBITDA as well as operating result due to the ordinary maintenance stops including the additional maintenance repairment in Bäckhammar amounted to SEK 133m. Original expected negative effect on the result was estimated to SEK 105m. In the third quarter the effect was SEK 124m and approximately SEK 9 million will affect the fourth quarter. The increased negative effect on the operating result is mainly due lower sales.

Operating result declined to SEK -40m (129) and the operating margin was -6.3% (16.3). Net profit for the period amounted to SEK -32m (102).

FINANCIAL NET AND TAX

Net financial items for the third quarter was SEK 0m (1) of which interest net was -1 (-4). Tax cost for the third quarter was SEK 8m (-29).

JANUARY – SEPTEMBER

CHANGE IN NET SALES

Jan-Sep 2019, SEKm	2,493
Sales volume and product mix	3%
Selling price	-8%
Currency	0%
Jan-Sep 2020, SEKm	2,233

MARKET AND SALES

Net sales for the first nine months of this year declined by 10% to SEK 2,233m (2,493) compared to the same period last year, mainly due to lower sales prices. The negative price effect was 8%, while volume and product mix impacted negatively by 3%. Covid-19 has had some effect from April and forward and has meant an impact on the product mix, primarily within Natural Greaseproof. The prices of kraft paper has in the period been on a significantly lower level than in the same period last year, when the very high pulp prices pushed up the kraft paper prices.

RESULTS

EBITDA decreased by 44% to SEK 314m (564) and the EBITDA margin was 14.1% (22.6). The lower market prices in the period were partly offset by lower pulp and energy costs, mainly affecting the margin for Natural Greaseproof positively. Kraft Paper's margin has decreased, mainly due to negative price development.

The annual planned maintenance stop in Bäckhammar was carried out in the third quarter, unlike last year when it was carried out in the fourth quarter. It was followed by a slower ramp-up of the production than planned. In May a comprehensive unplanned stop in the pulp production in Bäckhammar in May. The aggregated negative effect on EBITDA as well as the operating result was SEK 99m. Costs related to the listing process was SEK 22m (0) in the period.

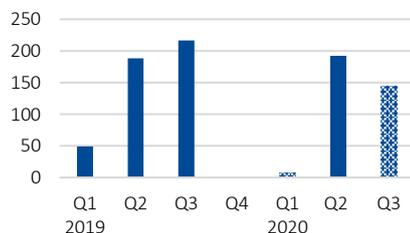
The operating result totalled SEK 235m (491). The profit for the period was SEK 182m (382) and basic and diluted earnings per share was SEK 2.73 (5.71).

FINANCIAL NET AND TAX

Net financial items for the nine-month period was SEK -1m (-1) of which interest net was -4(-9). Tax cost for the period totalled SEK 51m (107), corresponding to a tax rate of 21.8% (21.8).

CASH FLOW AND FINANCIAL POSITION

CASH FLOW FROM OPERATING ACTIVITIES, SEKm

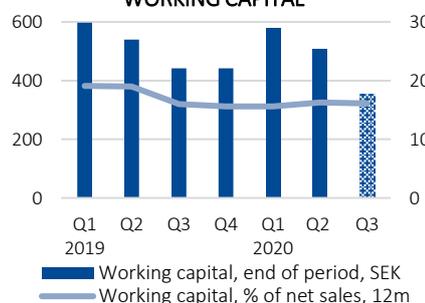


CASH FLOW AND WORKING CAPITAL

Cash flow from operating activities declined to SEK 144m (213) for the third quarter. The decrease in net working capital contributed positively to the cash flow by SEK 184m (78) in the quarter.

Net working capital on 30 September was SEK 355m (442). Net working capital as a percentage of net sales the last 12-month period was 16.1% (16.0).

WORKING CAPITAL



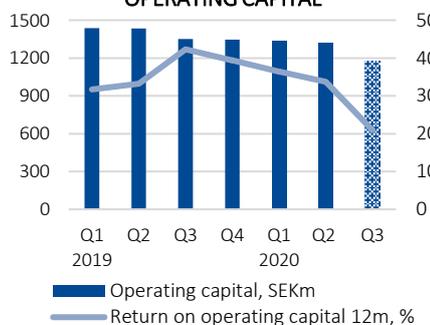
INVESTMENTS AND OPERATING CAPITAL

Investments in the quarter was SEK 37m (33). Operating capital on the 30 September totalled SEK 1,179m (1,289). Return on operating capital for the last 12-month period was 20.9% (35.3).

FINANCING

At 30 September 2020, the group had an interest-bearing net cash of SEK 114m (6). Interest-bearing debt amounted to SEK 344m (324), an increase compared to the same date last year. Debt to parent company regarding at the annual general meeting decided dividend of SEK 150m is included. Of the SEK 344m are 16 attributable to IFRS 16 leasing liabilities. The total cash position was SEK 458m (329). In addition, the company has overdraft facilities of SEK 200m (200) available. The debt/equity ratio was 55.5% (54.0) and the net debt/EBITDA ratio was -0.3 (0.0).

OPERATING CAPITAL



In September the company entered into an agreement regarding a credit facility that in October been partly used to finance the dividend of SEK 950m to the previous principal owner. Available for potential future financing requirements remains SEK 800m including the undrawn committed credit facilities.

HEDGING OF EXCHANGE RATES

The Group hedges parts of future estimated net flows in foreign currencies according to the finance policy, approximately 50-75% for the coming 6 months period and 25-50% for the 7-12 month period. EBITDA for the third quarter includes an earnings effect from currency hedges of SEK 10m (-9). For the coming 12 months the hedges are described as follows.

Currency	Average rate of derivatives	FX rate, 31 Sep	Total FX, m	Total, SEKm	Fair value, net, SEKm
EUR	10.62	10.56	43	451	3
USD	9.32	9.00	12	107	4
GBP	12.08	11.58	7	81	3
				640	10

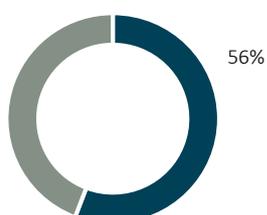
SEGMENT KRAFT PAPER

Segment Kraft Paper produces unbleached sack paper, MG paper and different kind of specialty paper of high quality for industrial usage. Examples of applications for the MG and sack paper are sacks and bags for food and construction materials, and masking and protection paper for different applications. The specialty papers can be used as components in production of laminates, in stainless steel production, and in electrical transformers. The mills in Bäckhammar and Åmotfors belongs to this segment. The segment also sells a certain amount of pulp.

SEKm	2020	2019	Δ, %	2020	2019	Δ, %	R 12m	2019
	Q3	Q3		Jan-Sep	Jan-Sep			Full year
Net sales	361	469	-23	1,252	1471	-15	1,636	1,855
EBITDA	-17	148	-111	186	484	-62	206	504
EBITDA margin, %	-4.7	31.6		14.9	32.9		12.6	27.2
Operating result	-31	135	-123	147	447	-67	155	455
Operating margin, %	-8.6	28.8		11.7	30.4		9.5	24.5
Sales volumes, ktonnes	46	54	-14	152	160	-5	196	204

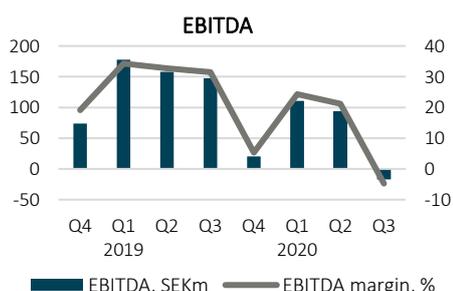


SHARE OF GROUP'S NET SALES Q3 2020



CHANGE IN NET SALES

Q3 2019, SEKm	469
Sales volume and product mix	-12%
Selling price	-9%
Currency	-2%
Q3 2020, SEKm	361



Q3 and Q4 2019 was affected by maintenance stops normally carried out in Q3 was moved to Q4. See information about seasonality on page 10.

JULY - SEPTEMBER

MARKET AND SALES

Market conditions for Nordic Paper's kraft paper continued to be healthy on the demand side. Weaker market conditions in sack paper for the cement and construction industry outside Europe increased the competition in Nordic Paper's main market Europe. All product groups, but in particular sack paper, showed weaker price development compared to a strong market situation in the third quarter last year. The price level of sack paper has stabilised on corresponding level as in the second quarter 2020.

Net sales for the third quarter decreased by 23% to SEK 361m (469). Volume and mix had a negative effect on net sales of 12%. The volume decline is mainly related to the slower production start after the maintenance stop in Bäckhammar. A supplementing maintenance repairment compared to the original plan was carried out. The production was restarted according to plan, but initially to a lower capacity. In 2019 the maintenance stop was as carried out in the fourth quarter. The significantly lower prices had a negative impact by 9% and currency impacted negatively by 2%. In Middle East & Africa net sales development were positive, while Europe and Asia saw declining net sales.

RESULTS

EBITDA decreased to SEK -17m (148), mainly due to negative price performance, but also due to the lower volumes. The EBITDA margin decreased to -4.7% (31.6). The operating result was SEK -31m (135) and the operating margin was -8.6% (28.8). The total negative effect of the operating result due to the lower production rate in the ramp-up amounted to SEK 88m, compared to the originally expected negative result effect of approximately SEK 60m. Of the increase, SEK 19m affected the third quarter and SEK 9m will affect the fourth quarter. The negative effect of the operating result is mainly related to reduced sales. Last year the stop in Bäckhammar was carried out in the fourth quarter and affected the operating result by SEK 57m.

JANUARY – SEPTEMBER

Net sales for the first nine months declined by 15% to SEK 1,252m (1,471), primarily due to a negative price development of 11%, and negative volume and mix effect of 4%. EBITDA decreased by 62% to SEK 186m (484) and the EBITDA margin declined to 14.9% (32.9). The operating profit was SEK 147m (447) and the operating margin was 11.7% (30.4).

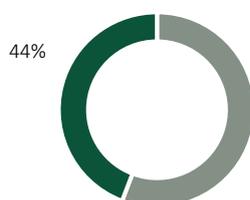
SEGMENT NATURAL GREASEPROOF

Segment Natural Greaseproof produces premium, natural greaseproof paper for the food industry. Greaseproof paper is used in the preparation, production, packaging and storage of food, for instance in baking cups, baking papers, food containers for ready meals, and barrier papers for wrapping meat, butter and other fatty foods. The mills in Greåker and Säffle belongs to this segment.

SEKm	2020			2019			2019	
	Q3	Q3	Δ, %	Jan-Sep	Jan-Sep	Δ, %	R 12m	Full year
Net sales	286	330	-13	1,009	1,049	-4	1,377	1,412
EBITDA	2	15	-87	143	116	23	198	171
EBITDA margin, %	0.6	4.5		14.2	11.1		14.4	12.1
Operating result	-7	6	-217	117	91	29	162	136
Operating margin, %	-2.4	1.8		11.6	8.7		11.8	9.6
Sales volumes, ktonnes	15	16	-5	51	50	1	68	68

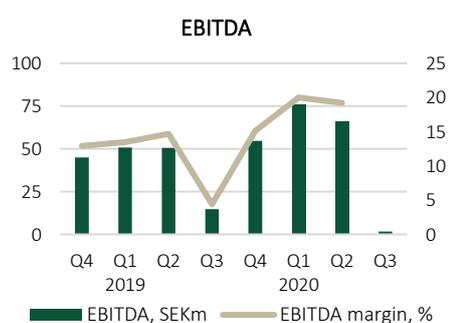


SHARE OF GROUP'S NET SALES
Q3 2020



CHANGE IN NET SALES

Q3 2019, SEKm		330
Sales volume and product mix	-5%	
Selling price	-5%	
Currency	-4%	
Q3 2020, SEKm		286



JULY - SEPTEMBER

MARKET AND SALES

Covid-19 has primarily affected the demand for Natural Greaseproof's products in countries with comprehensive shutdowns negatively. The shift from products in professional businesses to products addressed toward retail that started in the first quarter, has continued.

Net sales for the third quarter decreased by 13% to SEK 286m (330). Volume and mix and price had a negative impact on net sales of 5% each. Products from the retail sector has to a certain extent compensated the volume decrease from the professional sector. The price decrease reflects a strong market situation in the same period last year. Currency effects had a negative effect of 4%. Middle East & Africa had positive sales performance, while the other geographical areas had declining sales compared to last year.

RESULTS

EBITDA declined to SEK 2m (15), mainly because of weaker sales and negative price development. The EBITDA-margin decreased to 0.6% (4.5). Operating result was SEK -7m (6) and the operating margin was -2.4% (1.8).

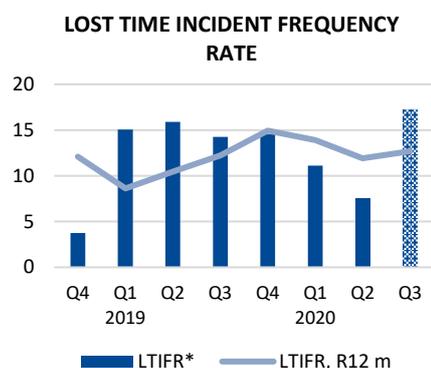
JANUARY – SEPTEMBER

Net sales in the first nine months was SEK 1,009m (1,049). The sales volumes stayed at the level as last year and the decrease of 4% is due to negative price development. EBITDA increased by 23% to SEK 143m (116), mainly due to lower raw material costs. The EBITDA margin increased to 14.2% (11.1). The operating profit improved to SEK 117m (91) and the operating margin to 11.6% (8.7).

SUSTAINABILITY

Nordic Paper strives to integrate sustainability as a natural part of the daily work. The company has chosen three focus areas, sustainable work environment, responsible production and sustainable business behaviour. Reporting related to these focus areas are included in the interim reports.

SUSTAINABLE WORK ENVIRONMENT



The overall target is to secure a healthy and safe work environment for the employees as well as for entrepreneurs, extra staff hired and visitors. The target for 2020 is to lower the number of LTI's (Lost time Incidents) to reach a level of LTIFR* of 10 injuries/million working hour. In the third quarter occurred five accidents followed by sick leave. It corresponds to LTIFR of 13 per million working hours, which is in higher than the target.

In the quarter the planned maintenance stops have been carried out together with external resources on all production units with very few incidents. The stops have been carried out under high security and with extra measures connected to the current situation in the society with Covid-19, and the Swedish Public Health Agency recommendations.

*Lost Time Incident Frequency Rate, incidents with sick leave per 1 million working hours. Calculated as number of incidents with sick leave divided by actual working hours for the company's own employees.

SUSTAINABLE BUSINESS BEHAVIOUR

Nordic Paper has zero tolerance concerning corruption and bribes. In the quarter the scrutinization of the company's routines to ensure that no sales take place to countries and customers covered by corruption risks and sanctions. Before the year-end routines will be supplemented and updated based on risk analysis. Nordic Paper's "Guidelines against bribes and corruption" has been supplemented with instructions and support for the company's employees in practice.

RESPONSIBLE PRODUCTION

On August 28 the company submitted basis for the permit application for increased production in the Bäckhammar mill, which expects to give the company permit to increase the annual pulp and paper production by up to 50,000 and 20,000 tonnes respectively. One of the expected activities related to the new permit is a return pipeline for clean process water to a larger recipient. The company has conducted studies and proposed in the application how a return of the clean process water to Vänern can be carried out.

OTHER

EVENTS AFTER THE QUARTER

At the extraordinary general meeting on 1 October 2020, it was decided to split the company's ordinary shares by 1,400:1, and to pay an additional dividend of SEK 800 million to the parent company. A total of SEK 950 million has thus been paid to the parent company as of the 19 October. The dividend was financed in its entirety by the financing agreement the company has entered into. Net debt as of 30 September 2020 adjusted for paid out dividend is SEK 686m and total available unutilised credit facilities amounts to SEK 800m.

On October 22 Nordic Paper's shares were admitted to trading on Nasdaq Stockholm.

SEASONAL EFFECTS

Nordic Paper's has to a certain extent seasonal variation during the financial year. The business is impacted primarily by planned production shutdowns in the individual units when maintenance activities are carried out. The operating profit is negatively impacted by mainly external costs, but also by somewhat lower deliveries. Normally the inventory levels are increased in the second quarter to be able to deliver to the customers during the production shutdowns. Estimated effect on operating profit in a quarter with a planned production shutdown is an estimated result effect in relation to a quarter without production shutdown.

	Effect on operating profit, SEKm				Effects, quarter		
	Kraft Paper		Natural Greaseproof		2020	2019	2018
	Estimated	Actual	Estimated	Actual			
Bäckhammar	~60	88			3/4	4	3
Åmotfors	~10	10			3	3	3
Säffle			~25	25	3	3	3
Greåker			~10	10	3	3	3

The ramp-up of the production rate in connection to the annual maintenance stop in Bäckhammar 2020, was slower than planned due to a supplementary maintenance repairment. The total negative impact on operating profit was SEK 88m compared to the original expected negative result effect of SEK 60m. SEK 79m affected the third quarter and SEK 9m will affect the fourth quarter. The increased negative impact on the operating profit is mainly related to lower sales. It means that the total negative effect on EBITDA as well as the operating result due to the ordinary maintenance stops and the additional maintenance repairment in 2020 was SEK 133m, compared to the original expected negative result effect of SEK 105m.

Sales in December is normally somewhat negatively affected as a consequence of lower access to transportations in connection to Christmas and New Year holiday. The effect is increased inventory levels at year-end and a postponing of sales to the first quarter the following year.

RISKS AND RISK MANAGEMENT

Nordic Paper is exposed to strategic, operative, financial and legal and regulatory risks that may significantly affect the company. Awareness of risks and mitigation of risks is a part of the daily activities and is reviewed and reported to the management, audit committee and to the Board. These risks include, inter alia, the following industry- and business-related risks:

- Covid-19 has so far not had any effect on Nordic Paper's production capabilities and no material effect on Nordic Paper's financial condition. Nordic Paper experiences that the pandemic has a negative impact on demand in countries where lockdown is implemented or has been implemented, such as the United States, United Kingdom and Italy, and the Company has therefore implemented certain production restrictions in the Natural Greaseproof segment and it cannot be ruled out that such measures may also need to be taken in the future. In regard to greaseproof paper, there has also been some shift in the demand, i.e. from the

professional food service sector to the consumer driven retail sector. When viewing the operations as a whole, the experienced decrease in demand is limited and has thus not had a material effect on Nordic Paper's financial condition. However, it cannot be ruled out that Covid-19, including any potential second wave of the pandemic, or any related measures taken to combat its spread, may in the future, have an impact that proves to be materially adverse to Nordic Paper's financial condition and results of operations.

- Nordic Paper operates in competitive markets and is subject to competition regarding both the pricing and quality of its products, whereby it could fail to compete successfully.
- Macroeconomic factors and trends in various markets, such as food and industrial, could lead to variations in demand and pricing of Nordic Paper's products.
- Cost of input goods and services used by Nordic Paper for production vary over time and could adversely affect Nordic Paper's operations.
- Long term relationships with agents and customers could be impacted if such agents and/or customers face difficulties or if such relationships deteriorate.
- Damages to production equipment and other disruptions in production could lead to temporary cessation of one or several of Nordic Paper's production units.
- Nordic Paper is dependent on IT systems for its ongoing operations and disruptions or errors in critical systems could lead to disruptions in production and important business processes.
- An inefficient implementation of strategic plans, erroneous investment decisions, failure in establishing commitment for adopted strategies and risks relating to acquisitions and integration could adversely affect Nordic Paper's operations.
- Nordic Paper is exposed to currency risks due to transactions performed in currencies other than SEK and due to foreign subsidiaries in the Group.
- Nordic Paper's operations are exposed to environmental risks and must comply with various environmental regulations.
- Nordic Paper's operations are exposed to risks related to sanctions, corruption and competition.
- Nordic Paper's operations are exposed to health and safety risks and must comply with various work-related health and safety regulations.

A more comprehensive description of the risks is provided in Nordic Papers' Listing prospectus available on www.nordic-paper.com.

TRANSACTIONS WITH RELATED PARTIES

During the quarter Nordic Paper acquired services to an amount of SEK 2m (1) from the parent company Sutriv Holding and acquired energy to the amount of SEK 7m (9) and sold services and consumable to Åmotfors Energi AB to an amount of SEK 1m (2). The transactions were conducted on market conditions.

28 October, 2020

Nordic Paper Holding AB

Anita Sjölander

CEO

AUDITOR'S REPORT

Nordic Paper Holding AB reg. no. 556914-1913

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Nordic Paper Holding AB as of 30 September 2020 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 28 October 2020

Öhrlings PricewaterhouseCoopers AB

Martin Johansson
Authorized Public Accountant

Group

CONDENSED INCOME STATEMENT

SEKm	2020 Q3	2019 Q3	2020 Jan-Sep	2019 Jan-Sep	2019 Full year
Net sales*	639	791	2,233	2,493	3,231
Change in inventories	-50	-57	-55	-50	-30
Other operating income	13	5	13	17	21
Raw materials and consumables	-258	-291	-911	-1,029	-1,368
Other external costs	-249	-187	-599	-500	-713
Personnel costs	-107	-105	-359	-347	-477
Depreciation and amortisation	-27	-24	-79	-73	-99
Other operating costs	-2	-2	-7	-20	-34
Operating result	-40	129	235	491	530
Financial income	2	5	5	8	3
Financial costs	-2	-4	-6	-9	-14
	0	1	-1	-1	-11
Result before tax	-41	130	234	490	519
Tax	8	-29	-51	-107	-105
Result for the period	-32	102	182	382	414
Profit attributable to:					
Owners of the parent company	-32	102	182	382	414
Non-controlling interests	-	-	-	-	-
Net result for the period	-32	102	182	382	414
Basic and diluted earnings per share, SEK**	-0.49	1.52	2.73	5.71	6.19

*Net sales consist in entirety of sales of goods.

**The number of shares and the amounts for all periods are recalculated for the 1,400:1 split of the company's ordinary shares, which was decided by the extraordinary general meeting on 1 October 2020.

CONDENSED COMPREHENSIVE INCOME

SEKm	2020 Q3	2019 Q3	2,020 Jan-Sep	2019 Jan-Sep	2019 Full year
Result for the period	-32	102	182	382	414
<i>Items that will be reclassified to profit or loss</i>					
Change in fair value of cash flow hedges	-7	-13	-1	-22	11
Exchange differences on translation of foreign operations	-3	0	-18	11	4
Tax attributable to items that have been or may be reclassified to profit or loss	-2	3	0	5	-2
<i>Items that will not be reclassified to profit or loss</i>					
Actuarial gains and losses on defined benefit plans	-	0	-	-	2
Other comprehensive income for the period	-12	-10	-19	-7	14
Comprehensive income for the period	-44	91	164	375	428
Comprehensive income attributable to:					
Parent company's shareholders	-44	91	164	375	428

CONDENSED BALANCE SHEET

SEKm	2020 30 Sep	2019 30 Sep	2019 31 Dec
Goodwill	343	343	343
Other intangible assets	1	2	2
Buildings and land	58	72	68
Machinery and plant	479	477	498
Equipment, tools, fixtures and fittings	4	4	6
Right of use assets	17	14	12
Construction in progress	81	74	62
Deferred tax assets	7	4	6
Total non-current assets	990	990	998
Inventories	409	460	470
Accounts receivables	375	503	402
Income tax receivables	13	0	14
Other operating receivables	78	54	74
Derivatives	12	1	17
Prepaid expenses and accrued revenue	9	9	15
Cash and cash equivalents	458	329	247
Total current assets	1,354	1,357	1,238
Total assets	2,344	2,347	2,236
Share capital	19	19	19
Reserves	-32	-34	-13
Retained earnings including profit of the year	1,314	1,281	1,282
Total equity	1,301	1,267	1,288
Lease liabilities	8	8	7
Provisions for pension	-	13	2
Deferred tax liabilities	165	143	169
Other liabilities and provisions	24	10	22
Total non-current liabilities	197	174	200
Factoring credit-line	178	222	184
Liabilities to parent	150	76	41
Accounts payables	290	308	262
Liabilities to associated companies	1	0	3
Income tax liability	-	63	48
Lease liabilities	8	7	6
Derivatives	3	28	7
Other liabilities	11	10	14
Accrued expenses and deferred income	206	193	183
Total current liabilities	846	906	748
Total equity and liabilities	2,344	2,347	2,236

CONDENSED STATEMENT OF CHANGES IN EQUITY

SEKm	2020 30 Sep	2019 30 Sep	2019 31 Dec
	2020 30 sep	2019 30 sep	2019 31 dec
Opening balance	1,288	892	892
Comprehensive income for the period	182	382	414
Other comprehensive income for the period	-19	-7	14
Transactions with the parent			
Group contribution	-	-	-32
Dividend	-150	-	-
Closing balance	1,301	1,267	1,288
Equity attributable to:			
Owners of the parent company	1,301	1,267	1,288

CONDENSED CASH FLOW

SEKm	2020 Q3	2019 Q3	2020 Jan-Sep	2019 Jan-Sep	2019 Full year
Operating activities					
Operating result	-40	129	235	491	530
Interest income	0	0	0	0	1
Interest cost	-1	-4	-4	-9	-12
Adjustments for non-cash items	22	30	75	67	121
Paid income tax	-21	-22	-100	-103	-90
Cash flow from operating activities before changes in working capital	-41	134	205	447	550
Cash flow from changes in working capital					
Changes in inventories	62	54	50	14	3
Change in operating receivables	75	11	15	18	73
Change in operating liabilities	47	13	64	-38	-175
Cash flow from operating activities	144	213	334	442	451
Investing activities					
Acquisitions of non-current tangible asset	-37	-33	-71	-69	-100
Cash flow from investing activities	-37	-33	-71	-69	-100
Financing activities					
Net change in factoring credit line	29	8	-7	20	-18
Net change of credit facility	-	-	-	-65	-65
Group contribution paid out	-	-	-41	-	-11
Payment related to amortisation of lease liabilities	-2	-2	-7	-6	-8
Cash flow from financing activities	26	6	-55	-52	-103
Cash flow for the period	133	186	209	321	247
Opening cash and cash equivalents	324	138	247	0	0
Currency translation in cash and cash equivalents	1	5	3	8	0
Closing cash and cash equivalents	458	329	458	329	247
Adjustments for non-cash items					
Depreciations	27	22	79	73	99
Currency translation effects	-9	4	-3	-8	20
Derivatives, changes in fair value	7	-13	1	16	-13
Others	-4	16	-3	-14	15
Total	22	30	75	67	121

ACCOUNTING POLICIES

The interim report is prepared in accordance to IAS 34 Interim Financial Reporting as well as applicable parts of the Annual Accounts Act. The interim report for the parent company is prepared in accordance to the Annual Accounts Act (1995:1554) and Swedish Financial Reporting Board RFR 2 Accounting rules for legal entities. The accounting principles applied when preparing the interim report are the same for all periods and corresponds to the accounting principles and conditions presented in Note 1 in the Annual report 2019.

QUARTERLY DATA PER SEGMENT

NET SALES

SEKm	2018	2019	2020					
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Segment Kraft Paper	386	518	484	469	383	455	436	361
Segment Natural Greaseproof	350	374	345	330	363	381	342	286
Eliminations	-10	-11	-8	-8	-9	-9	-12	-8
Total Group	725	881	821	791	738	827	767	639

EBITDA

SEKm	2018	2019	2020					
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Segment Kraft Paper	74	178	158	148	20	111	93	-17
Segment Natural Greaseproof	45	51	51	15	55	76	66	2
Parent company and not distributed items	-15	-14	-17	-11	0	-59	43	-10
Eliminations etc	-	2	2	2	-10	46	-48	13
EBITDA total Group	104	217	193	153	65	174	154	-13
Depreciation and amortisation	-23	-24	-25	-24	-25	-26	-26	-27
Operating result	81	193	169	129	40	148	128	-40
Financial income	12	3	0	5	-8	10	0	2
Financial costs	-6	-3	-2	-4	-3	-1	-10	-2
Profit before tax	87	193	167	130	29	157	118	-41

EBITDA MARGIN

%	2018	2019	2020					
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Segment Kraft Paper	19.1	34.3	32.7	31.5	5.3	24.3	21.2	-4.8
Segment Natural Greaseproof	12.9	13.5	14.7	4.4	15.1	20.0	19.2	0.6
Group	14.3	24.6	23.6	19.4	8.8	21.1	20.1	-2.0

OPERATING RESULT

SEKm	2018	2019	2020					
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Segment Kraft Paper	61	166	146	135	8	98	80	-31
Segment Natural Greaseproof	36	42	42	6	45	67	57	-7
Parent company and not distributed items	-15	-14	-17	-11	0	-59	43	-10
Eliminations etc	-2	-2	-2	-2	-14	42	-52	8
Total Group	81	193	169	129	40	148	128	-40

OPERATING MARGIN

%	2018	2019	2020					
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Segment Kraft Paper	15.9	32	30.1	28.9	2.1	21.6	18.3	-8.6
Segment Natural Greaseproof	10.4	11.3	12.2	1.9	12.5	17.5	16.5	-2.4
Group	11.2	21.9	20.6	16.3	5.4	17.9	16.7	-6.3

SALES VOLUMES

ktonnes	2018	2019	2020					
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Segment Kraft Paper	42	55	52	54	44	54	52	46
Segment Natural Greaseproof	17	18	16	16	17	19	17	15
Total Group	59	73	68	69	61	73	69	61

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

SEKm	2020		2019		2019	
	30 Sep		30 Sep		31 Dec	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets valued at cost						
Accounts receivables	379	379	503	503	402	402
Other receivables	78	78	54	54	74	74
Cash at bank and on hand	458	458	329	329	247	247
Total	915	915	886	886	723	723
Financial liabilities valued at cost						
Factoring credit line	177	177	222	222	184	184
Lease liabilities	17	17	14	14	13	13
Liabilities to associated companies	1	1	0	0	3	3
Liabilities to parent company	150	150	76	76	41	41
Accounts payable	294	294	308	308	262	262
Used credit line	-	-	-	-	-	-
Other liabilities	215	215	203	203	197	197
Total	854	854	823	823	700	700
Derivatives used for hedging						
Current assets						
Cash flow hedges	12	12	1	1	17	17
Current liabilities						
Cash flow hedges	3	3	28	28	7	7

CALCULATION OF FAIR VALUE

Nordic Paper Group has derivatives that is valued at fair value according to level 2 in the fair-value hierarchy. Other financial instruments have short duration and fair value is assessed to be equivalent to disclosed value. For further information, please see note 22 in the Annual report 2019.

CURRENCY EFFECTS, FINANCIAL INCOME AND COSTS

SEKm	2020 Q3	2019 Q3	2020 Jan-Sep	2019 Jan-Sep	2019 Full year
Other operating income					
Compensation for CO2 tax	0	1	1	5	6
Translation effect, net from revaluation of derivatives	10	-	1	-	-
Sale of surplus energy, bi-products etc	3	3	8	11	15
Others	1	0	2	0	0
Total	13	5	13	17	21
Other operating costs					
Fair value, losses from cash flow hedges	-	-9	3	-37	-49
Translation effect net from revaluation of operating receivables and liabilities	-2	7	-10	17	15
Result from disposal of fixed assets	-	0	-	0	-
Total	-2	-2	-7	-20	-34
Financial income					
Interest income	-	0	0	0	0
Foreign realised exchange rate profits	2	-	5	0	0
Foreign unrealised exchange rate profits	-	5	0	8	2
Total	2	5	5	8	3
Financial costs					
Interest costs	-1	-4	-4	-9	-11
Foreign unrealised exchange rate losses	-1	0	-2	-	-2
Total	-2	-4	-6	-9	-14

KEY FIGURES

SEKm	2020 Q3	2019 Q3	2020 Jan-Sep	2019 Jan-Sep	2019 Full year
Net sales growth, %	-19	10	-10	8	6
EBITDA margin, %	-2.0	19.4	14.1	22.6	19.5
Operating margin, %	-6.3	16.3	10.5	19.7	16.4
Cash flow from operating activities	144	213	334	442	451
Cash conversion, %	96.6	132.5			87.6
Return on operating capital 12m, %	20.9	35.3			39.4
Return on equity 12m, %	15.9	40.9			35.8
Working capital	355	442			442
Operating capital	1,179	1,289			1,271
Interest-bearing debts	344	324			238
Net debt /equity, %*	-8.8	-0.4			-0.7
Net debt / EBITDA 12m, ratio*	-0.3	0.0			0.0
Equity ratio, %	55.5	54.0			-57.6
Working capital % of net sales, 12m	16.1	16.0			15.6
Investments	-37	-33	-71	-69	100
Sales volumes, ktonnes	61	69	203	211	272
Average number of employees, FTE	632	618	632	618	619
Basic number of shares, end of period**	66,908,800	66,908,800	66,908,800	66,908,800	66,908,800
Basic earnings per share, SEK**	-0.49	1.52	2.73	5.71	6.19

*Positive figure if net debt, negative figure if net cash.

**The number of shares and the amounts for all periods are recalculated for the 1,400:1 split of the company's ordinary shares, which was decided by the extraordinary general meeting on 1 October 2020.

ALTERNATIVE PERFORMANCE MEASURES

References are made in the financial reports to a number of financial performance measures which are not defined according to IFRS. These key figures provide complementary information and are used to help investors as well as group management analyse the company's operations. Since not all companies calculate financial performance measures in the same manner, these are not always comparable with measures used by other companies.

EBITDA	2020	2019	2020	2019	2019
SEKm	Q3	Q3	Jan-Sep	Jan-Sep	Full year
Operating result	-40	129	235	491	530
Depreciation, amortisation and impairment	27	24	79	73	99
EBITDA, SEKm	-13	154	314	564	629

EBITDA MARGIN					
SEKm	Q3	Q3	Jan-Sep	Jan-Sep	Full year
EBITDA	-13	154	314	564	629
Net sales	639	791	2,233	2493	3,231
EBITDA margin, %	-2.0	19.5	14.1	22.6	19.5

OPERATING MARGIN					
SEKm	Q3	Q3	Jan-Sep	Jan-Sep	Full year
Operating result	-40	129	235	491	530
Net sales	639	791	2,233	2493	3,231
Operating margin, %	-6.3	16.3	14.8	19.7	16.4

CASH CONVERSION					
SEKm	Q3	Q3			Full year
EBITDA 12m	377	668			629
Change in working capital, 12 m	88	309			22
Investments, 12 m	-101	-92			-100
Cash conversion	364	885			551
EBITDA, 12m	377	668			629
Cash conversion %, 12m	96.6	132.5			87.6

WORKING CAPITAL					
SEKm	Q3	Q3			Full year
Inventories	409	460			470
Accounts receivables	375	503			402
Other operating receivables excl derivatives	99	63			103
Accounts payables	-290	-308			-262
Other operating liabilities excl derivatives	-239	-276			-270
Net working capital	355	442			442
Net working capital, 12m	477	514			506
Net sales, 12m	2,971	3,219			3,231
Working capital, % of net sales, 12m	16.1	16.0			15.6

OPERATING CAPITAL	2020	2019	2019
SEKm	Q3	Q3	Full year
Net working capital	355	442	442
Intangible assets	344	345	345
Tangible assets	639	641	647
Deferred tax receivables/liabilities	-158	-139	-163
Operating capital	1,179	1,289	1,271
Operating profit, 12m	272	477	530
Operating capital, 12m	1,301	1,351	1,346
Return on operating capital, % 12m	20.9	35.3	39.4

NET DEBT	2020	2019	2019
SEKm	Q3	Q3	Full year
Lease liabilities, long term	8	8	7
Provisions for pensions	-	13	2
- Minus, not interest bearing provisions	-	-1	-2
Liabilities to credit institutions	-	-	-
Factoring credit line	177	222	184
Liabilities to group company	150	76	41
Lease liabilities, short term	8	7	6
Interest-bearing debt	344	324	238
Cash and cash equivalents	458	329	247
Net debt/net cash (+/-)	-114	-6	-9
EBITDA, 12m	377	668	629
Net debt/EBITDA 12m, ratio	-0.3	0.0	0.0

NET DEBT/EQUITY	2020	2019	2019
SEKm	Q3	Q3	Full year
Net debt/net cash (+/-)	-114	-6	-9
Equity	1,301	1,267	1,288
Net debt/Equity, %	-8.8	-0.4	-0.7

EQUITY RATIO	2020	2019	2019
SEKm	Q3	Q3	Full year
Equity	1,301	1,267	1,288
Total assets	2,344	2,347	2,236
Net debt/Equity, %	55.5	54.0	57.6

RETURN ON EQUITY	2020	2019	2019
SEKm	Q3	Q3	2019
Equity	1,301	1,267	1,288
Equity, 12m	1,338	1,051	1,155
Profit after tax, 12m	212	430	414
Return on equity 12m, %	15.9	40.9	35.8

DEFINITIONS

Non-IFRS measures	Description	Reason for use
Sales volume	Sales of paper and pulp from segment or the group, disclosed in ktonnes	Shows if a business is expanding or contracting.
EBITDA	EBITDA (earnings before financial income and costs, taxes, depreciation and amortisation) is the operating profit plus depreciation, impairment and amortisation.	A measurement that eliminates the effects of non-cash expenses and shows how much cash the business can generate.
EBITDA margin	EBITDA as a percentage of net sales.	Shows how much cash the business can generate in relation to revenue.
Operating profit	Result before financial income, costs and tax.	Shows the result in the company's operational business.
Operating margin	Operating profit as a percentage of net sales.	Shows operating profit in relation to net sales and is a measurement of the profitability in the company's operational business
Cash flow from operating activities	Cash flow before acquisitions of intangible and tangible assets, amortisation of loans, new loans, group contribution and dividend to the owners.	Indicates the amount of cash company brings in from its ongoing, regular business activities.
Cash conversion*	The sum of EBITDA less change in net working capital minus investments, divided by EBITDA, disclosed as a percentage.	Cash conversion shows how efficient a company are in generating cash flow in relation to EBITDA.
Investments	Cash flow effects från acquisition of tangible and intangible assets.	Shows the acquisition of tangible and intangible assets, acquired to maintain and develop the business.
Net working capital	Total of inventories, trade receivables, trade payables, other operating assets and liabilities, excluding derivatives	Shows the net of current assets and current liabilities utilised in operations.
Change in net working capital	Net working capital for the reported period less the net working capital for the earlier period.	Shows the development of the net working capital
Net working capital as a percentage of net sales*	Net working capital divided with net sales	Indicates a company's effectiveness in using its working capital.
Operating capital	Net working capital added with intangible and tangible assets and deferred tax receivables and liabilities.	Shows the capital utilised to run the operations.
Return on operating capital*	Operating profit as a percentage of operating capital	Shows how efficiently the company generates profits from the capital utilised in the operations.
Return on equity*	Net profit for the period as a percentage of average equity.	Shows the return that is generated on the shareholders' capital that is invested in the company.
Interest-bearing debts	Interest-bearing liabilities, short term and long term plus interest-bearing provisions	Shows the total amount of the financing of the company.
Net debt	Interest-bearing liabilities, minus cash and cash equivalents	A measurement of the company's financial position. Shows how much cash would remain if all debts were paid off.
Net debt/EBITDA ratio*	Net debt in relation to EBITDA.	A measure of financial risk and is an indication of repayment capacity.
Debt/Equity ratio	Net debt divided by equity, disclosed as a percentage	Shows the relation between externally financed capital and equity.
Equity ratio	Equity divided with total assets, disclosed as a percentage.	Shows the part of the assets that is financed by equity

*Calculated based on the last 12 months value, calculated as an average of 12 months. The 12M value has not been adjusted for the effect of the transition to IFRS 16 as of January 1, 2019. The 12 months value provides comparison that reflect both current and seasonal variations, which improves the ability to make comparisons over time.

Parent company

INCOME STATEMENT

SEKm	2020 Q3	2019 Q3	2020 Jan-Sep	2019 Jan-Sep	2019 Full year
Net sales	11	9	33	22	33
Other operating income	2	-	1	-	-
Other external costs	-21	-8	-54	-25	-35
Personnel costs	-2	-1	-6	-3	-4
Other operating costs	-	-11	0	-38	-36
Operating result	-10	-11	-26	-42	-42
Profit/Loss from participations in associated companies	-	50	-	50	50
Financial income and similar items	7	0	19	1	5
Financial costs and similar items	0	-11	-2	-9	-2
Pofit after net financial items	-3	28	-9	1	11
Appropriations	-	-	-	-	350
Result before tax	-3	28	-9	1	361
Tax	-1	5	1	10	-67
Result for the period and summarised comprehensive income	-4	33	-8	11	294

BALANCE SHEET

	2020	2019	2019
SEKm	30 Sep	30 Sep	31 Dec
Shares in group companies	896	896	896
Deferred tax	-	5	1
Total non-current assets	896	901	897
Receivables from group companies	-	-	469
Income tax receivables	40	29	-
Derivatives	12	1	17
Other receivables	2	3	2
Prepaid expenses and accrued revenue	0	0	0
Cash and cash equivalents	579	321	227
Total current assets	634	353	715
Total assets	1,530	1,254	1,612
Share capital	19	19	19
Retained earnings	915	755	772
Result for the period	-8	11	293
Total equity	926	785	1,085
Untaxed reserves	441	364	441
Provisions for pensions	-	-	-
Total provisions	-	-	-
Accounts payables	1	-	2
Liabilities to group companies	150	76	41
Income tax liability	-	-	35
Derivatives	3	28	7
Other liabilities	0	0	1
Accrued expenses and prepaid revenue	9	2	1
Total current liabilities	163	105	87
Total equity and liabilities	1,530	1,254	1,612

CONFERENCE CALL

On the publication of the interim report, a telephone conference will be held Wednesday 28 October at 09:30 CET. Anita Sjölander, CEO together with Niclas Eriksson, CFO will present and comment on the report. The presentation will be held in English. The press and analyst conference will be audiocasted and may be followed via: www.nordic-paper.com. You may also participate in the conference by telephone on:

Sweden	0856618430
United States	19177200181
United Kingdom	08448228902
International Dial-In Number	+44 (0) 2071 928501

Pin code: 3226839#

FINANCIAL CALENDAR

Full year report 2020 – 28 January 2021

Annual report 2020 – 23 April 2021

Interim report Q1 2021 – 28 April 2021

Interim report Q2 2021 – 20 July 2021

Interim report Q3 2021 – 28 October 2021

Annual general meeting

The annual general meeting 2021 will be held in Karlstad 20 May, 2021.

For further information, please contact:

Niclas Eriksson, CFO

Tel: +46 705 654 257

E-mail: niclas.eriksson@nordic-paper.com

Anita Sjölander, CEO

Tel: +46 703 097 484

E-mail: anita.sjolander@nordic-paper.com

Ingrid Östhols, IR

Tel: +46 721 810 867

E-mail: ingrid.osthols@nordic-paper.com

The English report is only for translation purposes. The Swedish report is the valid report.

NORDIC PAPER IN BRIEF

Nordic Paper is a Scandinavian specialty paper producer, manufacturing top-quality paper since the 19th century. We are a leading supplier of kraft and natural greaseproof paper. Our products are based on renewable raw material from local forests. From our four Scandinavian mills we supply customers in more than 70 countries. Nordic Paper had in 2019 net sales of SEK 3,200m, about 620 employees and is listed on Nasdaq Stockholm. www.nordic-paper.com