

# Q2

## 2021

## Interim report January – June 2021

### QUARTERLY RESULTS APRIL - JUNE

- Net sales increased by 3% to SEK 790m (767), excluding negative currency effects the increase was 10%
- During the quarter, the company decided to discontinue the pulp production at the Säffle plant during the year and as a result of the decision, a provision was made for one-off costs of SEK 76m related to remediation of buildings and land
- EBITDA amounted to SEK 84m (154). Excluding the SEK 76m provision for costs for remediation of buildings and land in Säffle, adjusted EBITDA amounted to SEK 160m (154)
- EBITDA-margin was 10.7% (20.1) and adjusted EBITDA-margin was 20.3% (20.1)
- Adjusted operating profit was SEK 131m (128), corresponding to an adjusted operating profit of 16.6% (16.7)
- Net result for the period was SEK 35m (93)
- Cash flow from operating activities was SEK 134m (193)
- Earnings per share was SEK 0.53 (1.39\*)
- Return on operating capital was 18.4% (33.7)
- Sales volumes increased by 7% to 74 ktonnes (69)

### KEY FIGURES

SEKm	2021 Q2	2020 Q2	Δ, %	2021 Jan-Jun	2020 Jan-Jun	Δ, %	R 12 m	2020 Full year
Net sales	790	767	3	1,562	1,593	-2	2,872	2,903
EBITDA	84	154	-45	219	328	-33	348	458
Adjusted EBITDA	160	154	4	295	328	-10	424	458
EBITDA-margin, %	10.7	20.1		14.0	20.6		12.1	15.8
Adjusted EBITDA-margin, %	20.3	20.1		18.9	20.6		14.8	15.8
Adjusted operating profit	131	128	2	237	276	-14	309	348
Adjusted operating profit margin, %	16.6	16.7		15.2	17.3		10.8	12.0
Profit for the period	35	93	-62	116	215	-46	159	258
Earnings per share, SEK	0.53	1.39*		1.74	3.22*		2.38	3.85
Cash flow from operating activities	134	193	-31	180	190	-5	293	352
Return on operating capital 12m, %	18.4	33.7		18.4	33.7		18.4	26.9
Net debt/EBITDA 12 m, ratio**	2.1	-0.0		2.1	-0.0		2.1	1.6
Sales volume, ktonnes	74	69	7	149	142	5	274	267

\*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 COMMENTS



### CONTINUED STRONG MARKET SITUATION

The market situation for our specialty paper products is strong and demand has during the second quarter of the year continued to be very good which is supported by the long term positive trend for sustainable renewable materials. During the quarter, the underlying trend has also strengthened by favorable effects as pandemic related restrictions have been eased up.

Production at our plants has continued to be stable and we see that our everyday work to eliminate bottlenecks in the production processes pays off. Responding to the market demand, we have also operated some of our paper machines during the public holidays of the second quarter when we normally

would have had planned production shut-downs. This has led to that our sales volumes are not far away from the record high levels of last quarter.

The lost time incident frequency rate in our operations decreased during the quarter but is still higher than our ambition which emphasises the importance for us to proceed with our intensified long term work on occupational health and safety.

### HIGHER COSTS FOR PULP AND ENERGY

During the quarter, the costs for pulp and energy have been higher than during the same period last year with the effect that this was another quarter with low profitability for the Natural Greaseproof segment. Adjusted EBITDA for the segment amounted to a bit less than half of the level for the same period last year. Pulp prices increased during the quarter to levels that, at the end of the period, were higher than the last pulp price peak level of 2018.

The price increases that were announced for our specialty paper products during the spring are now giving effect within Kraft Paper where the EBITDA margin increased to the highest quarterly level since 2019. Within Natural Greaseproof, the customer agreements terms are typically longer in time and the impact of announced and negotiated price increases are expected to give impact from the coming quarter. As a consequence of the cost development during the quarter, we have in addition to the already announced price increases, announced further price increases within Natural Greaseproof.

The ongoing gearing up of the global economy has led to bottlenecks that also impact us to some extent. The market for sea freight is for the moment strained with delays and cost increases as a consequence. The fact that we have the majority of our business in Europe makes the total impact relatively small for us and for our customers.

### OUR SPECIALTY PAPERS ARE NATURAL CHOICES

During the quarter, yet another multinational fast food chain announced measures to phase out their use of packaging materials containing per- and polyfluorinated chemicals, so called PFAS. At Nordic Paper, we do not add PFAS in our production. Instead, we create the grease barrier of our papers by mechanical treatment of the cellulose fiber. The natural greaseproof papers of Nordic Paper are more sustainable alternatives for customers in the food industry.

### EXPANSION OF PRODUCTION CAPACITY IN SÄFFLE

We made the decision during the quarter to discontinue the pulp production in Säffle and to expand the annual production capacity for greaseproof papers by about 10% at the plant. The decision includes an investment of SEK 70m aiming among other things to increase efficiency in the handling of external pulp. The measures will lead to a reduction of our climate impact as we can halve our usage of fossile fuels at the plant. As a consequence of the decision, the results of this quarter are impacted by a provision of SEK 76m for one-off costs related to future remediation of buildings and land. Negotiations with union representatives regarding the organisational changes have been conducted in a constructive way and the negotiations regarding the redundancy of about 20 positions are now finalised.

In parallell to the measures in Säffle, we continue our work with preparing the expansion programme for Bäckhammar with continued discussions with potential suppliers of a new wood room.

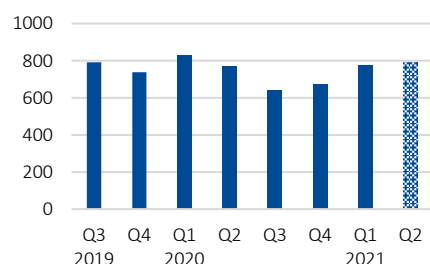
As we have not yet reached the "new normal", we keep on working in accordance with current pandemic related restrictions - an obvious focus for the upcoming maintenance shutdowns in our operations.

*Anita Sjölander, CEO*

## GROUP PERFORMANCE

### APRIL – JUNE

NET SALES, SEKm

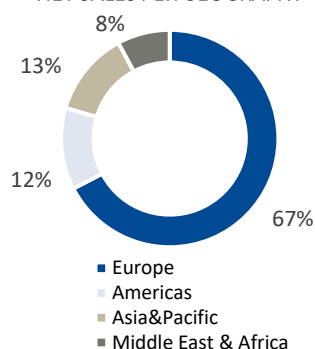


### MARKET AND SALES

During the second quarter there continued to be good demand for Nordic Paper products within both Kraft Paper and Natural Greaseproof. Prices were somewhat lower compared to the same quarter in 2020, but higher than the first quarter of 2021.

Net sales for the second quarter increased by 3% to SEK 790m (767). Sales volume and product mix contributed positively to net sales by 11% compared with the same period last year. Lower price levels gave a negative effect of 1% and the strengthening of SEK gave a negative currency effect of 6%.

NET SALES PER GEOGRAPHY

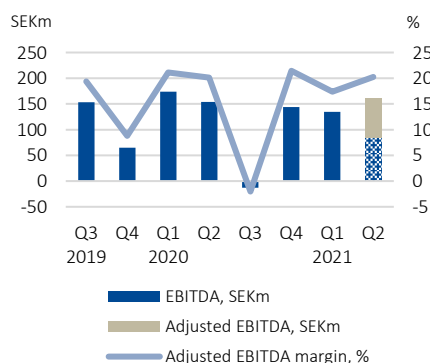


The net sales development compared to the same quarter last year was positive for Europe as well as for North America. Sales to North America consist to a large extent of Natural Greaseproof sales to professional customers. The business of this customer group was particularly impacted by pandemic related shutdowns and the opening of the American society has impacted demand positively. Net sales to Asia decreased while it was largely unchanged to other regions.

### CHANGE IN NET SALES

Q2 2020, SEKm	767
Sales volume and product mix	11%
Selling price	-1%
Currency	-6%
Q2 2021, SEKm	790

EBITDA AND ADJUSTED EBITDA



Q3 and Q4 2019 were affected by maintenance stops normally carried out in Q3 were moved to Q4. See information about seasonal effects on page 11.

### RESULTS

In connection to the decision to discontinue pulp production in Säffle \*, a SEK 76m provision was made this quarter covering remediation of buildings and land. The cash flow effect of this remediation work is expected to impact gradually over the coming 5-7 years. Excluding this provision, adjusted EBITDA amounted to SEK 160m (154\*\*) for the second quarter. Costs for wood and chemicals decreased compared to the same quarter last year but increased costs for pulp and energy gave a higher cost in total for raw materials with a negative impact on EBITDA as a consequence. The negative currency effect on EBITDA, compared to the second quarter last year, amounted to SEK 25m as positive currency effects from costs in foreign currency partly counteracted the negative currency impact in net sales. The adjusted EBITDA margin increased to 20.3% compared to 20.1% for the same period last year.

The adjusted operating profit increased to SEK 131m (128) and the adjusted operating margin amounted to 16.6% (16.7).

Net profit for the period amounted to SEK 35m (93).

\* See "Restructuring of the Säffle plant", page 11

\*\* The second quarter 2020 included costs related to the IPO process of SEK 9m.

**FINANCIAL NET AND TAX**

Net financial items for the second quarter were SEK -11m (-10) of which interest net was SEK -6m (-2) and otherwise explained by exchange rate differences on cash. Tax cost for the second quarter was SEK 9m (25), corresponding to a tax rate of 19.7% (21.2%).

**JANUARY – JUNE****MARKET AND SALES**

Net sales for the first half year 2021 amounted to SEK 1,562m (1,593). Positive effects from increased sales volume were counteracted by lower sales prices and negative currency effects compared to the same period last year.

**CHANGE IN NET SALES**

<b>Jan-Jun 2020, SEKm</b>	<b>1,593</b>
Sales volume and product mix	7%
Selling price	-2%
Currency	-6%
<b>Jan-Jun 2021, SEKm</b>	<b>1,562</b>

**RESULTS**

In connection to the decision to discontinue pulp production in Säffle \*, a SEK 76m provision was made covering remediation of buildings and land. The cash flow effect of this remediation work is expected to impact gradually over the coming 5-7 years. Excluding this provision, adjusted EBITDA amounted to SEK 295m (328). The adjusted EBITDA margin amounted to 18.9% (20.6).

The negative currency effect on EBITDA amounted to SEK 34m. Increased costs for pulp and energy impacted EBITDA negatively while increased sales volumes impacted positively compared to the same period last year.

The adjusted operating profit amounted to SEK 237m (276) corresponding to an adjusted operating margin of 15.2% (17.3).

Net profit for the period amounted to SEK 116m (215).

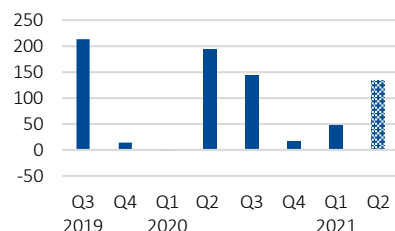
**FINANCIAL NET AND TAX**

Net financial items for the first half of the year were SEK -14m (-1) of which interest net was SEK -13m (-3). Tax cost for the first half of the year was SEK 31m (60), corresponding to a tax rate of 21.3% (21.7).

\* See "Restructuring of the Säffle plant", page 11

## CASH FLOW AND FINANCIAL POSITION

**CASH FLOW FROM OPERATING ACTIVITIES, SEKm**



### CASH FLOW AND WORKING CAPITAL

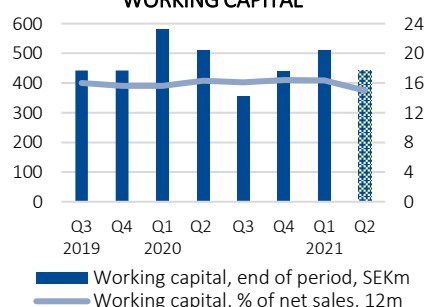
Cash flow from operating activities amounted to SEK 134m (193) for the second quarter.

Net working capital as of 30 June 2021 was SEK 441m (508) and 15.0% (15.7) as percentage of net sales for the last 12 month period.

### INVESTMENTS AND OPERATING CAPITAL

Investments in the quarter were SEK 26m (22). Operating capital as of 30 June 2021 was SEK 1,286m (1,319) of which SEK 637m (626) were tangible fixed assets and SEK 350m (345) were intangible assets. Return on operating capital for the last 12 month period was 18.4% (33.7). The provision for remediation related to buildings and land in Säffle of SEK 76m impacts return on operating capital with 6.1 percentage points.

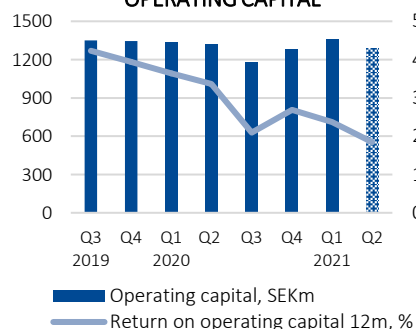
**WORKING CAPITAL**



### FINANCING

As of 30 June 2021 the group had a net debt of SEK 721m (-10). Dividends of SEK 134m (0) were paid during the quarter. Interest bearing debt amounted to SEK 1,201m (314). Of the interest bearing debt, SEK 22m are attributable to IFRS 16 leasing liabilities. Cash and cash equivalents were SEK 480m (324). In addition, the company has available unutilized credit facilities of SEK 800m (200), whereof an overdraft facility of SEK 200m. The equity ratio was 22.7% (57.6) and the net debt/EBITDA 12m ratio was 2.1 (-0.0).

**OPERATING CAPITAL**



### HEDGING OF EXCHANGE RATES

The Group hedges parts of future estimated net flows in foreign currencies. According to the finance policy, 50-75% are hedged for the coming 6 months period and 25-50% for the subsequent 7-12 month period. EBITDA for the second quarter includes an earnings effect from currency hedges of SEK 7m (-2). For the coming 12 months the hedges are as follows:

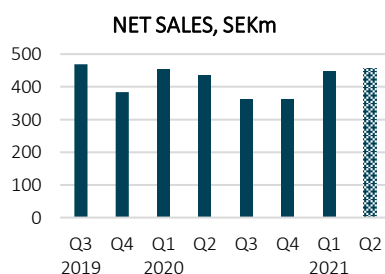
Currency	Average rate of derivatives	FX rate, 30 Jun	Total FX, m	Total, SEKm	Fair value net, SEKm	FX hedge as % of estimated net exposure, 1-6 months	FX hedge as % of estimated net exposure, 7-12 months
EUR	10.20	10.13	71	724	5	77%	30%
USD	8.49	8.51	13	108	0	55%	30%
GBP	11.54	11.77	7	83	-2	61%	39%
				<b>915</b>	<b>3</b>		

## SEGMENT KRAFT PAPER

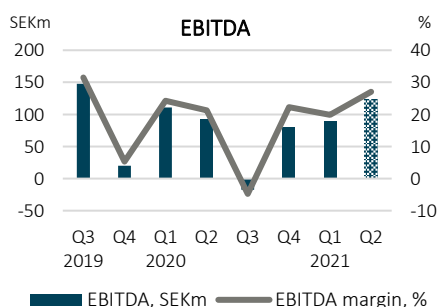
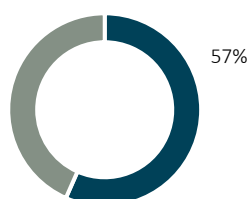
Segment Kraft Paper produces unbleached sack paper, MG paper and different kind of specialty paper of high quality for industrial usage. Examples of applications for the MG and sack paper are sacks and bags for food and construction materials, and masking and protection paper for different applications. 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	2021 Q2	2020 Q2	Δ, %	2021 Jan-Jun	2020 Jan-Jun	Δ, %	R 12 m	2020 Full year
Net sales	455	436	4	903	891	1	1,618	1,613
EBITDA	123	93	33	212	203	4	275	266
EBITDA margin, %	27.1	21.2		23.5	22.8		17.0	16.5
Operating profit	111	80	39	188	178	6	224	214
Operating margin, %	24.8	18.3		21.0	20.0		13.8	13.3
Sales volumes *, ktonnes	58	55	6	119	112	7	217	209

\* Include sales volumes internally within the Group



SHARE OF GROUP'S NET SALES Q2 2021



Q3 and Q4 2019 were affected by maintenance stops normally carried out in Q3 were moved to Q4. See information about seasonal effects on page 11.

## APRIL – JUNE

### MARKET AND SALES

During the second quarter, the demand for Nordic Paper kraft papers continued to be good. The product price increases that were announced at the end of the first quarter started to have impact during the second quarter and average product prices in local currencies are back at the same levels as they were in the same quarter last year.

Net sales during the second quarter increased by 4% to SEK 455m (436). Volume and product mix impacted net sales positively by 9% compared to the same quarter last year, a quarter which was impacted by a lower production volume. Currency development resulted in a negative effect of 5%. The largest share of the net sales increase compared to the same quarter last year has been to Europe while net sales development to Asia was negative. Net sales to the Middle East and Africa increased significantly and the increase to these regions was larger than the decrease in Asia.

### CHANGE IN NET SALES

Q2 2020, SEKm		436
Sales volume and product mix		9%
Selling price		0%
Currency		-5%
Q2 2021, SEKm		455

### RESULTS

EBITDA increased by 33% to SEK 123m (93) primarily driven by increased sales volume. Currency effects impacted EBITDA negatively. Increased cost for energy was counteracted by decreased cost for wood compared to the same quarter last year. EBITDA margin increased to 27.1% (21.2). Operating profit amounted to SEK 111m (80) and the operating margin to 24.8% (18.3).

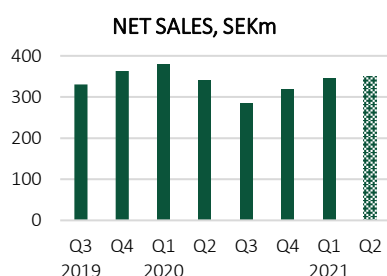
## JANUARY - JUNE

During the first six months 2021, net sales increased by 1% to SEK 903m (891) compared to the first six months last year. A strong sales volume development was to a large extent counteracted by negative effects from currency and price. Excluding currency effects, net sales increased by 7%. EBITDA increased by 4% to SEK 212m (203) and EBITDA margin increased to 23.5% (22.8). Operating profit amounted to SEK 188m (178) and operating profit margin was 21.0% (20.0).

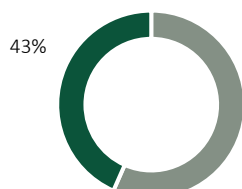
## SEGMENT NATURAL GREASEPROOF

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 belong to this segment.

SEKm	2021 Q2	2020 Q2	Δ, %	2021 Jan-Jun	2020 Jan-Jun	Δ, %	R 12 m	2020 Full year
Net sales	349	342	2	694	723	-4	1,298	1,327
Adjusted EBITDA	32	66	-51	71	142	-50	134	205
Adj. EBITDA-margin, %	9.3	19.2		10.3	19.6		10.4	15.4
Adj. operating profit	21	57	-63	49	123	-60	90	164
Adj. operating margin, %	5.9	16.5		7.0	17.1		6.9	12.4
Sales volume, ktonnes	19	17	12	38	36	7	69	67



**SHARE OF GROUP'S NET SALES  
Q2 2021**



## APRIL - JUNE

### MARKET AND SALES

During the second quarter, the demand for Nordic Paper greaseproof papers continued to be good. Restrictions related to the pandemic have eased in several important markets for the segment during the quarter and demand from professional businesses has strengthened. Part of the shift in product mix that the segment experienced during the pandemic from products in professional businesses to products addressed toward retail, will remain also the coming quarter due to the normally longer agreement terms.

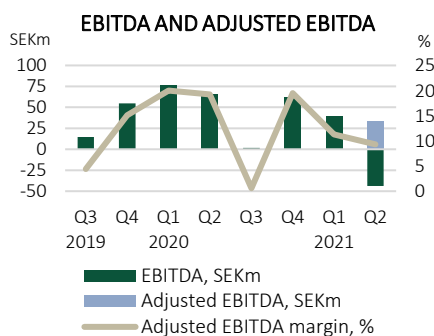
Net sales increased by 12% compared to the same quarter last year, partly explained by that some production this quarter has been running also during holidays, which was not the case during the same period last year.

Net sales for the second quarter increased by 2% to SEK 349m (342) primarily driven by increased sales volume. Price impacted net sales negatively by 2% and currency impacted negatively by 8%. Net sales development continued to be positive for the largest market, Europe. Also North America, where a large part of the customers are within the professional business, accounted for a positive net sales development compared to the same quarter last year, a quarter which was impacted by decreased demand as a result of the pandemic. Other regions showed negative sales development compared to the same period last year.

### CHANGE IN NET SALES

<b>Q2 2020, SEKm</b>	<b>342</b>
Sales volume and product mix	13%
Selling price	-2%
Currency	-8%
<b>Q2 2021, SEKm</b>	<b>349</b>





## RESULTS

In connection to the decision to discontinue pulp production in Säffle \*, a SEK 76m provision was made this quarter covering remediation of buildings and land. The cash flow effect of this remediation work is expected to impact gradually over the coming 5-7 years. Excluding this provision, adjusted EBITDA amounted to SEK 32m (66) corresponding to an adjusted EBITDA margin of 9.3% (19.2). Increased costs mainly for pulp but also for energy explain the decrease in adjusted EBITDA. Negative effects from currency and price were counteracted by positive effects of increased sales volume.

In the good demand situation, the production at some of the paper machines of the segment has been producing also during the holidays of the second quarter where typically there would have been planned production shut-downs.

Adjusted operating profit decreased to SEK 21m (57) corresponding to an adjusted operating margin of 5.9% (16.5).

\* See "Restructuring of the Säffle plant", page 11

## JANUARY - JUNE

During the first six months of 2021, net sales decreased by 4% to SEK 694m (723) compared to the first six months of last year. A positive development in sales volume was counteracted by negative effects from currency and price. Excluding currency effects, the net sales increased by 3%.

Adjusted EBITDA decreased to SEK 71m (142) corresponding an adjusted EBITDA margin of 10.3% (19.6). Adjusted operating profit amounted to SEK 49m (123) and the adjusted operating margin was 7.0% (17.1).

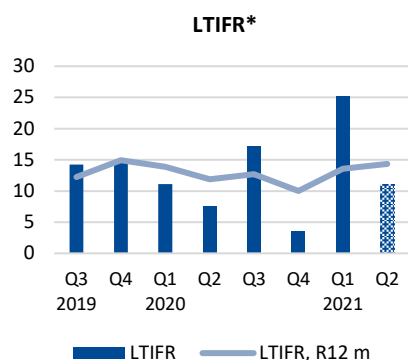
## SUSTAINABILITY

Nordic Paper strives to integrate sustainability as a natural part of the daily work. The company has chosen three focus areas for its sustainability work:

- Sustainable work environment
- Sustainable business behaviour
- Responsible production

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 contractors, hired staff and other visitors. The current Nordic Paper target for the number of LTI's, lost time incidents, is to be below 9 per million working hours.

During the second quarter, there were 3 incidents followed by sick leave which is a reduction from 7 incidents in the first quarter. The number of incidents corresponds to a LTIFR\* during the quarter of 11.1 and 14.3 for the last 12 month period. Both of these figures are above the target of the company. During the first quarter, a plan to intensify the preventive and structured work on occupational health and safety was established according to which the company is now working.

\* 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

A sustainable business behaviour also includes the supply chains of Nordic Paper. During the quarter, the work has been continued in the supply chain to implement the Nordic Paper code of conduct for suppliers. The target of the company is that at the end of the current year 90% of suppliers with written agreements and suppliers having an annual contract volume of greater than SEK 1m or with more than 24 orders per year have accepted the Nordic Paper code of conduct for suppliers in written or present a code of conduct of their own corresponding to Nordic Paper's. At the end of the second quarter, 63% of the total number of suppliers in this group had accepted the Nordic Paper code of conduct, which is an increase from 45% at the end of the first quarter.

### RESPONSIBLE PRODUCTION

During the quarter, the decision was made to discontinue the pulp production in Säffle and to invest SEK 70m among other to increase efficiency in the handling of external pulp. The measures will lead to an increase of the annual production capacity for greaseproof papers by 10% at the plant and to a reduction of the climate impact of the plant as the use of fossil fuels will be cut by more than half. Other important environmental effects include a significant decrease in emission to water as well as that emissions to air from the pulping process will cease completely.

## OTHER

### SEASONAL EFFECTS

Nordic Paper 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 from planned production shutdowns, SEKm						Carried out, quarter		
	Kraft Paper			Natural Greaseproof			2021	2020	2019
	Estimated 2021	Actual 2020	Actual 2019	Estimated 2021	Actual 2020	Actual 2019			
Bäckhammar	~80	88	57				3	3/4	4
Åmotfors	~10	10	5				3	3	3
Säffle				~28	25	25	3	3	3
Greåker				~8	10	4	3	3	3

The total originally planned effect on operating profit from planned production shutdowns in 2020 amounted to SEK 105m. The ramp-up of the production rate in connection to the annual maintenance stop in Bäckhammar 2020 was slower than planned. The total negative impact on EBITDA as well as the operating profit related to the ordinary maintenance stops and the slower ramp-up in 2020 therefore was SEK 133m, of which SEK 9m in the fourth quarter. The planned maintenance stop in Bäckhammar 2021 includes more expensive components than in recent years.

Sales in December are normally somewhat negatively affected as a consequence of low availability of transportation 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.

### RESTRUCTURING OF THE SÄFFLE PLANT

Nordic Paper decided during the second quarter to discontinue the production of pulp at the Säffle plant during the fourth quarter 2021 and to replace it with external purchased pulp. A decision was also made regarding an investment of SEK 70m aiming among other things to increase efficiency in the handling of external pulp. The measures lead to an increase of about 10% of the annual production capacity of greaseproof papers at the Säffle plant.

Nordic Paper estimates that the fixed costs, excluding depreciation, of the plant would be reduced by approximately SEK 30-40m on an annual basis at full utilisation of the production capacity. The staffing at the plant will be reduced by about 20 positions.

As a consequence of the decision, a provision of SEK 76m was made during the quarter to cover remediation of buildings and land. The cash flow effect of this remediation work is estimated to impact gradually during the coming 5-7 years.

At the closure of the existing pulp line, estimated to the fourth quarter of 2021, a write-down of approximately SEK 30m will be made.

## RISKS AND RISK MANAGEMENT

Nordic Paper is exposed to strategic, operational, financial, 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 continuously reviewed by the management and reported to the Board. These risks include, inter alia, the following:

- 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 where lockdown is implemented or has been implemented and has experienced a shift in the demand, i.e. from the professional food service sector to the consumer driven retail sector. Continued measures taken to combat the pandemic's spread, may though 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.
- If long term relationships with agents and customers face difficulties or if such relationships deteriorate it could have an impact on Nordic Paper's business and operating results.
- 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 Paper's Annual report 2020 available on [www.nordic-paper.com](http://www.nordic-paper.com).

## TRANSACTIONS WITH RELATED PARTIES

During the quarter Nordic Paper acquired services to an amount of SEK 0m (2) from Sutriv Holding. Nordic Paper purchased energy to the amount of SEK 13m (5) and sold services and consumables to Åmotfors Energi AB to an amount of SEK 3m (1). The transactions were conducted on market conditions.

## LONG TERM INCENTIVE PROGRAMME FOR SENIOR EXECUTIVES

At the Nordic Paper annual general meeting on 20 May 2021, it was resolved to introduce a long-term incentive programme in the form of warrants for senior executives, which encompass the CEO and the other members of the management team. The programme includes issue of not more than 300,000 warrants where each warrant entitles the holder to subscribe for one new share in Nordic Paper. The resolved incentive programme is a three-year programme and implies that senior executives is offered warrants at market price in accordance with Black-Scholes valuation model. The exercise price equal to 120 percent of the volume-weighted average price of the company's share during the period of ten trading days falling immediately before the offer for subscription of the warrants ("VWAP") however not lower than SEK 43 and in any case not less than the quota value of the share.

If the volume-weighted average price of the company's share during the period of ten trading days falling immediately before each exercise period (as described below) exceeds 170 percent of VWAP, the exercise price shall be increased with an amount corresponding to the exceeding amount. Thereby, the participant's maximum outcome in the programme is capped.

Each warrant shall entitle the holder to subscribe for one new share in Nordic Paper during either (i) the two-week period following publication of the third interim report of 2024 or (ii) the two-week period following the fourth interim report of 2024, entailing a vesting period of at least three years.

## SHAREHOLDERS

Nordic Paper had 3,529 shareholders as of 30 June 2021.

Shareholders 30 June 2021	Votes and capital, (%)
Sutriv Holding AB	48.2%
Swedbank Robur Fonder	9.4%
AMF - Försäkring och Fonder	9.4%
Handelsbanken fonder	5.0%
Ålandsbanken	4.4%
UBS Switzerland AG	3.8%
Varma Mutual Pension Insurance	1.7%
Nordea Investment Funds	1.5%
Ålandsbanken i ägares ställe	1.5%
BNY Mellon SA	1.3%
Other	14.0%
Total	100.0%

The undersigned hereby confirm that this mid-year report provides a true and fair view of the parent company's and group's operations, position and performance, and describes material risks and uncertainties faced by the parent company and group companies.

20 July 2021

Nordic Paper Holding AB (publ)

*Per Bjurbom*

*Chairman of the Board*

*Ying Che*

*Board member*

*Karin Eliasson*

*Board member*

*Stefan Lundin*

*Board member*

*Arne Wallin*

*Board member*

*Helene Willberg*

*Board member*

*Per Gustafsson*

*Employee member*

*Tommy Hedlund*

*Employee member*

*Anita Sjölander*

*CEO*

*The report has not been reviewed by the company's auditors.*

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

*This is information that Nordic Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out in the press release for this report, at 7.30am CEST on 20 July 2021.*

## Group

## CONDENSED INCOME STATEMENT

SEKm	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2020 Full year
Net sales*	790	767	1,562	1,593	2,903
Other operating income	8	3	33	8	39
Change in inventories	9	3	-25	-5	-17
Raw materials, energy and consumables	-347	-308	-686	-647	-1,210
Other external costs	-236	-175	-385	-350	-757
Personnel costs	-138	-127	-275	-253	-479
Depreciation and amortisation	-29	-26	-57	-52	-110
Other operating costs	-1	-14	-5	-18	-21
<b>Operating profit</b>	<b>55</b>	<b>128</b>	<b>161</b>	<b>276</b>	<b>348</b>
Financial income	0	0	0	10	5
Financial costs	-11	-10	-14	-11	-25
	-11	-10	-14	-1	-20
<b>Profit before tax</b>	<b>44</b>	<b>118</b>	<b>148</b>	<b>275</b>	<b>328</b>
Tax	-9	-25	-31	-60	-70
<b>Profit for the period</b>	<b>35</b>	<b>93</b>	<b>116</b>	<b>215</b>	<b>258</b>
Profit attributable to:					
Owners of the parent company	35	93	116	215	258
Non-controlling interests	-	-	-	-	-
<b>Net profit for the period</b>	<b>35</b>	<b>93</b>	<b>116</b>	<b>215</b>	<b>258</b>
Earnings per share, SEK	0.53	1.39**	1.74	3.22**	3.85

\*\* Net sales consist in entirety of sales of goods.

\*\* 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	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2020 Full year
<b>Profit for the period</b>	<b>35</b>	<b>93</b>	<b>116</b>	<b>215</b>	<b>258</b>
<i>Items that will be reclassified to profit or loss</i>					
Change in fair value of cash flow hedges	9	56	-26	6	16
Exchange differences on translation of foreign operations	-4	0	8	-13	-15
Tax attributable to items that have been or may be reclassified to profit or loss	-2	-12	5	0	-3
<b>Other comprehensive income for the period</b>	<b>4</b>	<b>44</b>	<b>-13</b>	<b>-8</b>	<b>-2</b>
<b>Comprehensive income for the period</b>	<b>39</b>	<b>137</b>	<b>103</b>	<b>207</b>	<b>256</b>
<b>Comprehensive income attributable to:</b>					
Parent company's shareholders	39	137	103	207	256

## CONDENSED BALANCE SHEET

SEKm	2021 30 Jun	2020 30 Jun	2020 31 Dec
Goodwill	343	343	343
Other intangible assets	7	1	1
Buildings and land	50	61	55
Machinery and plant	485	495	484
Equipment, tools, fixtures and fittings	5	5	4
Right of use assets	23	15	18
Construction in progress	74	50	83
Deferred tax assets	6	8	9
<b>Total non-current assets</b>	<b>993</b>	<b>979</b>	<b>997</b>
Inventories	450	472	445
Accounts receivables	467	469	365
Income tax receivables	23	-	-
Other operating receivables	74	63	68
Derivatives	6	17	34
Prepaid expenses and accrued revenue	11	10	24
Cash and cash equivalents	480	324	415
<b>Total current assets</b>	<b>1,511</b>	<b>1,357</b>	<b>1,351</b>
<b>Total assets</b>	<b>2,504</b>	<b>2,335</b>	<b>2,349</b>
Share capital	19	19	19
Reserves	-27	-21	-15
Retained earnings including profit of the year	572	1,347	590
<b>Total equity</b>	<b>564</b>	<b>1,345</b>	<b>594</b>
Liabilities to credit institutions	950	-	950
Lease liabilities	12	9	9
Deferred tax liabilities	148	168	158
Other liabilities and provisions	96	26	18
<b>Total non-current liabilities</b>	<b>1,204</b>	<b>203</b>	<b>1,135</b>
Factoring credit-line	229	149	165
Liabilities to parent	-	150	-
Accounts payables	245	236	218
Liabilities to associated companies	4	-	3
Income tax liability	-	15	5
Lease liabilities	10	6	10
Derivatives	4	0	0
Other liabilities	13	13	12
Accrued expenses and deferred income	230	217	207
<b>Total current liabilities</b>	<b>736</b>	<b>787</b>	<b>620</b>
<b>Total equity and liabilities</b>	<b>2,504</b>	<b>2,335</b>	<b>2,349</b>

## CONDENSED STATEMENT OF CHANGES IN EQUITY

SEKm	2021 30 Jun	2020 30 Jun	2020 31 Dec
<b>Opening balance</b>	<b>594</b>	<b>1,288</b>	<b>1,288</b>
Comprehensive income for the period	116	215	258
Other comprehensive income for the period	-13	-8	-2
<i>Transactions with owners of the parent</i>			
Dividend	-134	-150	-950
<b>Closing balance</b>	<b>564</b>	<b>1,345</b>	<b>594</b>
<b>Equity attributable to:</b>			
Owners of the parent company	564	1,345	594



## CONDENSED CASH FLOW

SEKm	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2020 Full year
<b>Operating activities</b>					
Operating profit	55	128	161	276	348
Interest income	0	0	0	0	0
Interest cost	-6	-2	-13	-3	-9
Adjustments for non-cash items	105	14	145	50	87
Paid income tax	-20	-16	-69	-80	-110
<b>Cash flow from operating activities before changes in working capital</b>	<b>134</b>	<b>125</b>	<b>225</b>	<b>244</b>	<b>316</b>
<b>Cash flow from changes in working capital</b>					
Changes in inventories	-30	-1	-1	-13	15
Change in operating receivables	-21	69	-95	-60	26
Change in operating liabilities	51	0	51	19	-5
<b>Cash flow from operating activities</b>	<b>134</b>	<b>193</b>	<b>180</b>	<b>190</b>	<b>352</b>
<b>Investing activities</b>					
Acquisitions of non-current tangible assets	-26	-22	-40	-34	-102
<b>Cash flow from investing activities</b>	<b>-26</b>	<b>-22</b>	<b>-40</b>	<b>-34</b>	<b>-102</b>
<b>Financing activities</b>					
Net change in factoring credit line	26	-74	64	-35	-19
Group contribution paid out	-	-41	-	-41	-41
Payment related to amortisation of lease liabilities	-3	-3	-7	-5	-10
New loan	-	-	-	-	950
Dividend paid out	-134	-	-134	-	-950
<b>Cash flow from financing activities</b>	<b>-111</b>	<b>-118</b>	<b>-77</b>	<b>-81</b>	<b>-70</b>
<b>Cash flow for the period</b>	<b>-3</b>	<b>53</b>	<b>63</b>	<b>75</b>	<b>179</b>
Opening cash and cash equivalents	486	279	415	247	247
Currency translation in cash and cash equivalents	-3	-8	1	2	-11
<b>Closing cash and cash equivalents</b>	<b>480</b>	<b>324</b>	<b>480</b>	<b>324</b>	<b>415</b>
<b>Adjustments for non-cash items</b>					
Depreciations	29	26	57	52	110
Currency translation effects	5	45	1	7	12
Derivatives, changes in fair value	0	-54	10	-7	-24
Provision for remediation of buildings and land in Säffle	76	-	76	-	-
Others	-5	-3	0	-2	-11
<b>Total</b>	<b>105</b>	<b>14</b>	<b>145</b>	<b>50</b>	<b>87</b>

# Accounting policies and other information

## NOTE 1 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 2 in the Annual report 2020.

All amounts are stated in SEK million (SEK m) unless otherwise stated. Rounding differences of SEK +/- 1m may occur in the sums of amounts. If an underlying amount adds up to SEK 0 million after rounding, the amount will be stated as 0. Amounts in parentheses refer to the corresponding period last year.

Information according to IAS 34.16A is in addition to in the financial reports and its related notes also presented in other parts of the interim report.

## NOTE 2 QUARTERLY DATA PER SEGMENT

## NET SALES

SEKm	2019		2020				2021	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Segment Kraft Paper	469	383	455	436	361	361	448	455
Segment Natural Greaseproof	330	363	381	342	286	318	345	349
Eliminations	-8	-9	-9	-12	-8	-9	-20	-14
<b>Total Group</b>	<b>791</b>	<b>738</b>	<b>827</b>	<b>767</b>	<b>639</b>	<b>670</b>	<b>772</b>	<b>790</b>

## EBITDA

SEKm	2019		2020				2021	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Segment Kraft Paper	148	20	111	93	-17	80	89	123
Segment Natural Greaseproof	15	55	76	66	2	62	39	-44
Parent company and not distributed items	-11	0	-59	43	-10	20	-27	3
Eliminations etc	2	-10	46	-48	13	-19	34	2
<b>EBITDA total Group</b>	<b>153</b>	<b>65</b>	<b>174</b>	<b>154</b>	<b>-13</b>	<b>144</b>	<b>134</b>	<b>84</b>
Depreciation and amortisation	-24	-25	-26	-26	-27	-31	-28	-29
<b>Operating profit</b>	<b>129</b>	<b>40</b>	<b>148</b>	<b>128</b>	<b>-40</b>	<b>113</b>	<b>106</b>	<b>55</b>
Financial income	5	0	10	0	2	0	5	-4
Financial costs	-4	-11	-1	-10	-2	-19	-7	-7
<b>Profit before tax</b>	<b>130</b>	<b>29</b>	<b>157</b>	<b>118</b>	<b>-41</b>	<b>94</b>	<b>104</b>	<b>44</b>

## EBITDA MARGIN

%	2019		2020				2021	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Segment Kraft Paper	31.5	5.3	24.3	21.2	-4.8	22.3	19.9	27.1
Segment Natural Greaseproof	4.4	15.1	20.0	19.2	0.6	19.5	11.3	-12.5
<b>Group</b>	<b>19.4</b>	<b>8.8</b>	<b>21.1</b>	<b>20.1</b>	<b>-2.0</b>	<b>21.4</b>	<b>17.4</b>	<b>10.7</b>

## OPERATING PROFIT

SEKm	2019		2020				2021	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Segment Kraft Paper	135	8	98	80	-31	67	77	111
Segment Natural Greaseproof	6	45	67	57	-7	47	28	-55
Parent company and not distributed items	-11	0	-59	43	-10	20	-27	3
Eliminations etc	-2	-14	42	-52	8	-22	28	-3
<b>Total Group</b>	<b>129</b>	<b>40</b>	<b>148</b>	<b>128</b>	<b>-40</b>	<b>113</b>	<b>106</b>	<b>55</b>

## OPERATING MARGIN

%	2019		2020				2021	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Segment Kraft Paper	28.9	2.1	21.6	18.3	-8.6	18.5	17.2	24.8
Segment Natural Greaseproof	1.9	12.5	17.5	16.5	-2.4	14.9	8.1	-15.8
<b>Group</b>	<b>16.3</b>	<b>5.4</b>	<b>17.9</b>	<b>16.7</b>	<b>-6.3</b>	<b>16.8</b>	<b>13.8</b>	<b>7.0</b>

## SALES VOLUMES

ktonnes	2019		2020				2021	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Segment Kraft Paper	55	46	57	55	48	50	60	58
Segment Natural Greaseproof	16	17	19	17	15	16	19	19
Eliminations	-2	-2	-2	-3	-2	-2	-4	-3
<b>Total Group</b>	<b>69</b>	<b>61</b>	<b>73</b>	<b>69</b>	<b>61</b>	<b>64</b>	<b>75</b>	<b>74</b>

## NOTE 3 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

SEKm	2021		2020		2020	
	30 Jun		30 Jun		31 Dec	
Financial assets: accrued acquisition value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Accounts receivables	467	467	469	469	365	365
Other receivables	74	74	63	63	68	68
Cash at bank and on hand	480	480	324	324	415	415
<b>Total</b>	<b>1,021</b>	<b>1,021</b>	<b>857</b>	<b>857</b>	<b>848</b>	<b>848</b>
Financial liabilities: accrued acquisition value						
Factoring credit line	229	229	149	149	165	165
Lease liabilities	22	22	15	15	18	18
Liabilities to associated companies	4	4	-	-	3	3
Liabilities to owner company	-	-	150	150	-	-
Account payables	245	245	236	236	218	218
Non-current liabilities to credit institutions	950	950	-	-	950	950
Other liabilities	243	243	230	230	219	219
<b>Total</b>	<b>1,693</b>	<b>1,693</b>	<b>780</b>	<b>780</b>	<b>1,573</b>	<b>1,573</b>
Derivatives used for hedging						
Current assets						
Cash flow hedges	6	6	17	17	34	34
Current liabilities						
Cash flow hedges	4	4	0	0	0	0

### CALCULATION OF FAIR VALUE

Nordic Paper Group has derivatives that are 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 21 in the Annual report 2020.

## NOTE 4 OTHER PROVISIONS

Other provisions of SEK 96m relate to assessed remediation costs for buildings and land. The provision break-down includes SEK 76m costs for tearing down buildings and restoring of land related to the pulp mill in Säffle while the remaining are costs associated with remediation of a landfill site and for oil-contaminated soil that was found in 2019. For the costs related to the pulp mill and the oil contamination the cost has been assessed by a third party. The cash flow effect related to the pulp mill is estimated to occur gradually during the coming 5-7 years.

## Key figures

SEKm	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2020 Full year
Net sales growth, %	3	-7	-2	-6	-10
EBITDA margin, %	10.7	20.1	14.0	20.6	15.8
Adjusted EBITDA-margin, %	20.3	20.1	18.9	20.6	15.8
Operating margin, %	7.0	16.7	10.3	17.3	12.0
Adjusted operating margin, %	16.6	16.7	15.2	15.2	12.0
Cash flow from operating activities	134	193	180	190	352
Cash conversion, %	88.7	87.4			77.9
Return on operating capital, 12m, %	18.4	33.7			26.9
Return on equity, 12m, %	19.4	26.6			22.3
Working capital	441	508			439
Operating capital	1,286	1,319			1,278
Interest-bearing debts	1,201	314			1,134
Net debt /equity, %*	127.9	-0.7			120.9
Net debt/EBITDA 12m, ratio*	2.1	-0.0			1.6
Equity ratio, %	22.7	57.6			25.3
Working capital % of net sales, 12m	15.0	15.7			16.4
Investments	26	22	40	34	102
Sales volumes, ktonnes	74	69	149	142	267
Number of employees at end of period	631	628			632
Number of shares, end of period	66,908,800	66,908,800**			66,908,800
Earnings per share, SEK	0.53	1.39**	1.74	3.22**	3.85

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

\*\* 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 SEKm	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2020 Full year
Operating result	55	128	161	276	348
Depreciation, amortisation and impairment	29	26	57	52	110
<b>EBITDA, SEKm</b>	<b>84</b>	<b>154</b>	<b>219</b>	<b>328</b>	<b>458</b>
Significant items affecting comparability	76	-	76	-	-
<b>Adjusted EBITDA, SEKm</b>	<b>160</b>	<b>154</b>	<b>295</b>	<b>328</b>	<b>458</b>
EBITDA MARGIN SEKm	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2020 Full year
EBITDA	84	154	219	328	458
Net sales	790	767	1,562	1,593	2,903
<b>EBITDA margin, %</b>	<b>10.7</b>	<b>20.1</b>	<b>14.0</b>	<b>20.6</b>	<b>15.8</b>
Significant items affecting comparability	76	-	76	-	-
<b>Adjusted EBITDA margin, %</b>	<b>20.3</b>	<b>20.1</b>	<b>18.9</b>	<b>20.6</b>	<b>15.8</b>
OPERATING MARGIN SEKm	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2020 Full year
Operating profit	55	128	161	276	348
Net sales	790	767	1,562	1,593	2,903
<b>Operating margin, %</b>	<b>7.0</b>	<b>16.7</b>	<b>10.3</b>	<b>17.3</b>	<b>12.0</b>
Significant items affecting comparability	76	-	76	-	-
<b>Adjusted operating margin, %</b>	<b>16.6</b>	<b>16.7</b>	<b>15.2</b>	<b>17.3</b>	<b>12.0</b>
CASH CONVERSION SEKm	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2020 Full year
EBITDA 12m	348	547			458
Change in working capital, 12 m	70	32			1
Investments, 12 m	-109	-101			-102
<b>Total</b>	<b>309</b>	<b>477</b>			<b>357</b>
EBITDA, 12 m	348	547			458
<b>Cash conversion %, 12 m</b>	<b>88.7</b>	<b>87.4</b>			<b>77.9</b>
WORKING CAPITAL SEKm	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2020 Full year
Inventories	450	472			445
Accounts receivables	467	469			365
Other operating receivables excl derivatives	108	73			92
Accounts payables	-245	-236			-218
Other operating liabilities excl derivatives	-339	-271			-244
<b>Net working capital</b>	<b>441</b>	<b>508</b>			<b>439</b>
Net working capital, 12 m	430	490			476
Net sales, 12 m	2,872	3,122			2,903
<b>Working capital, % of net sales, 12 m</b>	<b>15.0</b>	<b>15.7</b>			<b>16.4</b>

<b>OPERATING CAPITAL</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>SEKm</b>	<b>Q2</b>	<b>Q2</b>	<b>Full year</b>
Net working capital	441	508	439
Intangible assets	350	345	344
Tangible assets	637	626	644
Deferred tax receivables/liabilities	-142	-161	-149
<b>Operating capital</b>	<b>1,286</b>	<b>1,319</b>	<b>1,278</b>
Operating profit, 12m	233	445	348
Operating capital, 12m	1,263	1,321	1,295
<b>Return on operating capital, % 12m</b>	<b>18.4</b>	<b>33.7</b>	<b>26.9</b>
<b>NET DEBT</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>SEKm</b>	<b>Q2</b>	<b>Q2</b>	<b>Full year</b>
Liabilities to credit institute	950	-	950
Lease liabilities, long term	12	9	9
Factoring credit line	229	149	165
Liabilities to owner company	-	150	-
Lease liabilities, short term	10	6	10
<b>Interest-bearing debt</b>	<b>1,201</b>	<b>314</b>	<b>1,134</b>
Cash and cash equivalents	480	324	415
<b>Net debt/net cash (+/-)</b>	<b>721</b>	<b>-10</b>	<b>718</b>
EBITDA, 12m	348	547	458
<b>Net debt/EBITDA 12m, ratio</b>	<b>2.1</b>	<b>-0.0</b>	<b>1.6</b>
<b>NET DEBT/EQUITY</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>SEKm</b>	<b>Q2</b>	<b>Q2</b>	<b>Full year</b>
Net debt/net cash (+/-)	721	-10	718
Equity	564	1,345	594
<b>Net debt/Equity ratio</b>	<b>127.9</b>	<b>-0.7</b>	<b>120.9</b>
<b>EQUITY RATIO</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>SEKm</b>	<b>Q2</b>	<b>Q2</b>	<b>Full year</b>
Equity	564	1,345	594
Total assets	2,504	2,335	2,349
<b>Net debt/Equity, %</b>	<b>22.7</b>	<b>57.6</b>	<b>25.3</b>
<b>RETURN ON EQUITY</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>SEKm</b>	<b>Q2</b>	<b>Q2</b>	<b>Full year</b>
Equity	564	1,345	594
Equity, 12m	819	1,310	1,156
Profit after tax, 12m	159	349	258
<b>Return on equity 12m, %</b>	<b>19.4</b>	<b>26.6</b>	<b>22.3</b>

# 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.
Significant items affecting comparability	Significant items affecting comparability can include effects of larger restructuring of production plants, write-downs, revaluations, specific effects of litigations or of strategic decisions of a non-recurring nature. Significant items affecting comparability are not a part of the underlying operative activity.	Increases understanding for the development over time of the operative activities.
Adjusted EBITDA	EBITDA adjusted for significant items affecting comparability.	Increases comparability of EBITDA between different periods in time and increases understanding of the operative development 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 of EBITDA margin between different periods in time.
Operating profit	Result before financial income, cost and tax.	Shows the result in the company's operational business.
Adjusted operating profit	Operating profit adjusted for significant items affecting comparability.	Increases comparability of operating profit between different periods in time and increases understanding of the operative development over time.
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
Adjusted operating margin	Operating margin adjusted for significant items affecting comparability.	Increases comparability of operating margin between different periods in time.
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 from 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, and other liabilities and provisions (not interest-bearing).	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.
Net 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

## CONDENSED INCOME STATEMENT

SEKm	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2020 Full year
Net sales	14	11	23	22	34
Other operating income	7	54	19	-	36
Other external costs	-15	-20	-25	-33	-69
Personnel costs	-3	-2	-7	-4	-8
Other operating costs	0	0	-34	-1	-
<b>Operating profit</b>	<b>3</b>	<b>43</b>	<b>-25</b>	<b>-16</b>	<b>-6</b>
Profit/Loss from participations in associated companies	106	-	106	-	66
Financial income and similar items	0	22	0	11	34
Financial costs and similar items	-2	-1	-6	-1	-6
<b>Profit after net financial items</b>	<b>107</b>	<b>64</b>	<b>76</b>	<b>-6</b>	<b>89</b>
Appropriations	-	-	-	-	252
<b>Profit before tax</b>	<b>107</b>	<b>64</b>	<b>76</b>	<b>-6</b>	<b>342</b>
Tax	0	-2	-1	2	-52
<b>Profit for the period and summarised comprehensive income</b>	<b>107</b>	<b>62</b>	<b>75</b>	<b>-4</b>	<b>289</b>

## CONDENSED BALANCE SHEET

SEKm	2021 30 Jun	2020 30 Jun	2020 31 Dec
Shares in group companies	896	896	896
Deferred tax	0	-	0
<b>Total non-current assets</b>	<b>896</b>	<b>896</b>	<b>896</b>
Receivables from group companies	5	-	199
Income tax receivables	46	23	4
Derivatives	-	17	33
Other receivables	-	1	2
Prepaid expenses and accrued revenue	0	-	15
Cash and cash equivalents	763	593	621
<b>Total current assets</b>	<b>814</b>	<b>634</b>	<b>874</b>
<b>Total assets</b>	<b>1,710</b>	<b>1,530</b>	<b>1,770</b>
Share capital	19	19	19
Retained earnings	272	916	116
Result for the period	75	-4	289
<b>Total equity</b>	<b>365</b>	<b>931</b>	<b>424</b>
<b>Untaxed reserves</b>	<b>387</b>	<b>441</b>	<b>387</b>
Liabilities to credit institutions	950	-	950
<b>Total non-current liabilities</b>	<b>950</b>	<b>-</b>	<b>950</b>
Accounts payables	1	2	7
Liabilities to group companies	-	150	-
Derivatives	-	0	-
Other liabilities	2	0	-
Accrued expenses and prepaid revenue	6	6	1
<b>Total current liabilities</b>	<b>9</b>	<b>158</b>	<b>9</b>
<b>Total equity and liabilities</b>	<b>1,710</b>	<b>1,530</b>	<b>1,770</b>

## CONFERENCE CALL

On the publication of the interim report, a telephone conference will be held Tuesday 20 July at 10:00 CEST. 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](http://www.nordic-paper.com). You may also participate in the conference by telephone on:

Sweden	08-506 921 80
United States	16315107495
United Kingdom	08445718892
International dial-in number	+44 (0) 2071 928000

PIN code 3893949#

## FINANCIAL CALENDAR

Interim report Q3 2021 – 28 October 2021

Year-end report 2021 – 28 January 2022

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## NORDIC PAPER IN BRIEF

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