



Q3
2022

Interim report January – September 2022

QUARTERLY RESULTS JULY – SEPTEMBER

- Net sales increased by 46% to SEK 1,037m (711). The Canadian operations acquired on 31 December 2021 contributed with SEK 86m to net sales.
- EBITDA increased to SEK 77m (15), corresponding to an EBITDA margin of 7.4% (2.1).
- Operating profit amounted to SEK 40m (-14), corresponding to an operating margin of 3.9% (-1.9).
- Net profit for the period was SEK 38m (-17) and earnings per share amounted to SEK 0.57 (-0.25).
- Cash flow from operating activities was SEK 257m (153).
- Return on operating capital 12 m was 27.3% (20.9).
- Net debt/EBITDA 12 m amounted to 1.6 (1.7).
- Sales volumes amounted to 61.9 ktonnes (62.0), of which 3.2 ktonnes were from acquired operations.

SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

- After the end of the quarter Nordic Paper sold its 37.6% minority shareholding in Åmotfors Energi. As a result of the transaction Nordic Paper will report a capital gain and a positive cash flow effect, both of around SEK 40m, in Q4 this year. In conjunction with the transaction Nordic Paper and Åmotfors Energi AB also entered into a new long-term supply contract for steam, hot water and a proportion of the electricity required for the production of kraft paper at Nordic Paper's plant in Åmotfors.

KEY FIGURES

| SEKm | 2022 Q3 | 2021 Q3 | Δ, % | 2022 Jan–Sep | 2021 Jan–Sep | Δ, % | R 12 m | 2021 Full year |
|---|------------|------------|------|-----------------|-----------------|------|--------|-------------------|
| Net sales | 1,037 | 711 | 46 | 3,234 | 2,273 | 42 | 4,043 | 3,083 |
| EBITDA | 77 | 15 | 414 | 561 | 234 | 140 | 686 | 358 |
| Adjusted EBITDA ¹ | 77 | 15 | 414 | 561 | 310 | 81 | 686 | 434 |
| EBITDA margin, % | 7.4 | 2.1 | | 17.4 | 10.3 | | 17.0 | 11.6 |
| Adjusted EBITDA margin, % ¹ | 7.4 | 2.1 | | 17.4 | 13.6 | | 17.0 | 14.1 |
| Operating profit | 40 | -14 | | 453 | 148 | 207 | 513 | 208 |
| Adjusted operating profit ^{1,2} | 40 | -14 | | 453 | 224 | 102 | 545 | 316 |
| Operating margin, % | 3.9 | -1.9 | | 14.0 | 6.5 | | 12.7 | 6.8 |
| Adjusted operating margin, % ^{1,2} | 3.9 | -1.9 | | 14.0 | 9.8 | | 13.5 | 10.3 |
| Net profit for the period | 38 | -17 | | 363 | 100 | 265 | 408 | 144 |
| Earnings per share, SEK ³ | 0.57 | -0.25 | | 5.43 | 1.49 | | 6.10 | 2.15 |
| Cash flow from operating activities | 257 | 153 | 69 | 428 | 333 | 28 | 503 | 408 |
| Return on operating capital, 12 m, % | 27.3 | 20.9 | | 27.3 | 20.9 | | 27.3 | 15.9 |
| Net debt/EBITDA, 12 m, multiple | 1.6 | 1.7 | | 1.6 | 1.7 | | 1.6 | 3.7 |
| Sales volume, ktonnes | 61.9 | 62.0 | 0 | 216.3 | 211.3 | 2 | 285.6 | 280.6 |

¹ For Jan–Sep 2021 and full year 2021 adjusted for the SEK 76m provision recognised in Q2 2021 for remediation of buildings and land in Säffle

² For full year 2021 and R 12 m adjusted for the impairment loss of SEK 32m recognised in Q4 2021 in respect of pulp production in Säffle

³ Before and after dilution

CEO COMMENTS



NORDIC PAPER STANDS STRONG IN TURBULENT TIMES

In the third quarter Nordic Paper delivered EBITDA of SEK 77m, which is more than four times higher than in the same period last year and the highest Nordic Paper has ever delivered in a quarter with maintenance shutdowns. A summary of the works carried out during the planned maintenance shutdowns in the quarter at all our five production plants shows that the work was performed well with a focus on safety for our employees and contractors. In an environment of high inflation we are also very pleased to have kept to the cost framework for these measures through comprehensive planning and cost control.

SUBSTANTIAL PRODUCT PRICE INCREASES AS THE MARKET REMAINS STRONG

In the third quarter the market remained very strong and we implemented product price increases across our entire product portfolio. Within Natural Greaseproof, we have been adding energy surcharges to our product prices for some time to offset energy-related cost increases. Overall we can state that since the third quarter last year we have made significant product price increases that have compensated for cost increases.

The strong market combined with very good production output meant that we delivered good sales volumes earlier in the year. In the third quarter our sales volumes were lower, partly due to planned maintenance stops and partly due to lower production volumes at our plants in Säffle and Bäckhammar.

Towards the end of the quarter demand tended to return to more balanced conditions after the very strong demand situation over the last quarters. This was clearest in the absorbent paper product area, which accounts for around 5% of the company's sales. Nordic Paper has a flexible production apparatus and can respond to weaker demand within one area by producing other products for which the market is stronger.

TURBULENCE ON ELECTRICITY MARKETS LEADS TO INCREASED COSTS

Nordic Paper partly generates its own electricity from a turbine in Bäckhammar, but we also purchase a large proportion of the electricity we need on the external electricity market. The turbulence on the energy markets meant that during the third quarter we saw our daily prices for electricity vary by over a thousand percent. We hedge prices for the share of our electricity consumption that is purchased from external sources. Our hedging strategy means that around 70% of electricity requirements in the near future are purchased under contracts in which prices are fully or partly fixed, after which the proportion gradually declines to zero over five years. Despite generating our own electricity and hedging prices, on a few days it was not viable to allow production to continue in Greåker and we therefore stopped production for three days to avoid producing at a loss. The combination of higher costs for energy and pulp, somewhat lower production volumes and the costs of maintenance shutdowns meant that the Natural Greaseproof segment's result for the quarter was negative. We are therefore working to implement further product price increases within this segment.

In conjunction with the sale of our minority shareholding in Åmotfors Energi AB, after the end of the third quarter we entered into a new long-term supply contract that includes steam and electricity for the production of paper in Åmotfors. The new supply contract provides us with stable conditions to continue developing our specialised kraft paper operations.

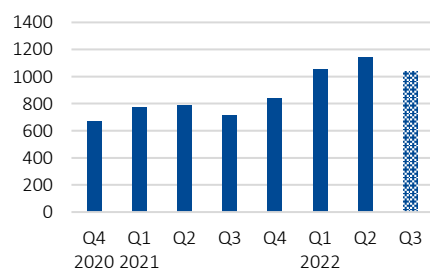
I would finally like to point out our debt level, which has fell further after this quarter. With a net debt/EBITDA 12 m ratio of 1.6 this is now lower than before the acquisition in Canada and we are meeting our financial target of keeping this ratio below 2.5. Nordic Paper is in a strong position for the future!

Anita Sjölander, CEO

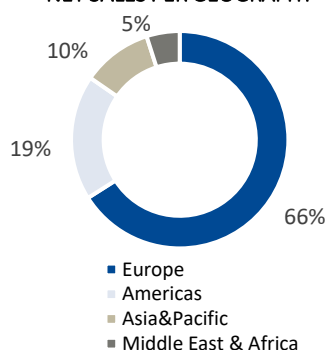
GROUP PERFORMANCE

JULY – SEPTEMBER

NET SALES, SEKm



NET SALES PER GEOGRAPHY



MARKET AND SALES

Demand for Nordic Paper products remained good during the third quarter of the year within both Kraft Paper and Natural Greaseproof segments. Towards the end of the quarter a certain return to more balanced market conditions was seen. This was clearest within the absorbent paper product area, which accounts for around 5% of the company's net sales. The company was able to increase its product prices from the record levels in local currency that were achieved in the second quarter.

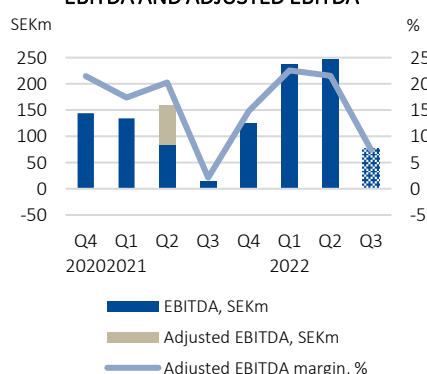
Net sales in the third quarter increased by 46% to SEK 1,037m (711). Higher selling prices had a positive effect of 31%, while the acquired operations in Canada contributed 12%. Currency effects impacted net sales positively by 8%. The sales volume and product mix impacted net sales negatively by 5% compared to the same period last year as a result of lower production volumes in Säfte and Bäckhammar during the quarter.

Net sales increased in all geographies. In absolute figures the increase in Europe was greater than the increase in all other geographies combined and Europe was also the geography in which net sales increased most in percentage terms.

CHANGE IN NET SALES

| Q3 2021, SEKm | | 711 |
|------------------------------|-----|-------|
| Sales volume and product mix | -5% | |
| Selling price | 31% | |
| Currency | 8% | |
| Acquired operations | 12% | |
| Q3 2022, SEKm | | 1,037 |

EBITDA AND ADJUSTED EBITDA



The maintenance shutdown in Bäckhammar during Q3 2020 also impacted results in Q4 2020.

RESULTS

EBITDA more than quadrupled to SEK 77m (15) for the third quarter compared to the same period last year. The EBITDA margin was 7.4% (2.1).

The impact on EBITDA of higher product prices was considerably greater than the negative effects of higher costs primarily for energy, pulp and wood. Earnings in the quarter were positively impacted by the acquired operations in Canada. Currency effects had a positive impact on EBITDA of SEK 21m compared to the same quarter last year.

Operating profit amounted to SEK 40m (-14), corresponding to an operating margin of 3.9% (-1.9). Net profit for the period was SEK 38m (-17).

NET FINANCIAL ITEMS AND TAX

Net financial items for the third quarter were SEK 11m (-4), made up of net interest of SEK -10m (-6) and positive exchange rate differences on cash and cash equivalents. Tax expense for the third quarter was SEK 13m (-2).

JANUARY – SEPTEMBER

MARKET AND SALES

Net sales for the first nine months of the year increased by 42% to SEK 3,234m (2,273). Higher product prices were the largest contributor to the increase. The acquired business in Canada contributed net sales of SEK 239m during the first nine months of the year.

CHANGE IN NET SALES

| Jan–Sep 2021, SEKm | 2,273 |
|------------------------------|-------|
| Sales volume and product mix | -2% |
| Selling price | 26% |
| Currency | 7% |
| Acquired operations | 11% |
| Jan–Sep 2022, SEKm | 3,234 |

RESULTS

EBITDA amounted to SEK 561m (310¹) for the first nine months of the year, corresponding to an EBITDA margin of 17.4% (13.6¹). The positive impact on EBITDA of higher product prices was considerably greater than the negative effects of increased costs for input materials, particularly pulp and energy, compared to the same period last year.

Operating profit amounted to SEK 453m (224¹), corresponding to an operating margin of 14.0% (9.8¹).

Net profit for the period was SEK 363m (100).

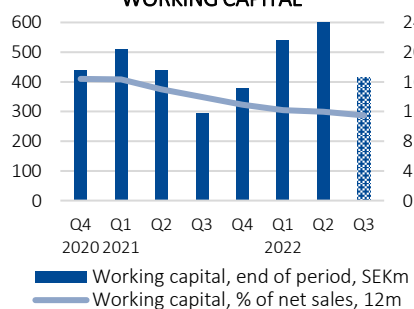
NET FINANCIAL ITEMS AND TAX

Net financial items for the first nine months of the year were SEK 7m (-18), of which net interest was SEK -26m (-19). Tax expense for the period was SEK 96m (30).

¹The comparative figures for the first nine months of last year have been adjusted for a provision of SEK 76m relating to remediation of buildings and land in connection with the decision to discontinue pulp production in Säffle.

CASH FLOW AND FINANCIAL POSITION

WORKING CAPITAL

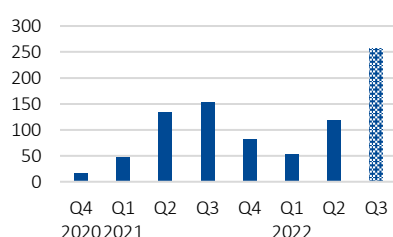


WORKING CAPITAL AND CASH FLOW

Working capital as of 30 September 2022 was SEK 414m (305) and 11.5% (13.7) as a percentage of net sales for the last 12-month period.

Cash flow from operating activities amounted to SEK 257m (153) for the third quarter of the year. The increase in cash flow compared to the same period last year is explained partly by increased results and partly by that the decrease in working capital was larger during this quarter.

CASH FLOW FROM OPERATING ACTIVITIES, SEKm



INVESTMENTS AND OPERATING CAPITAL

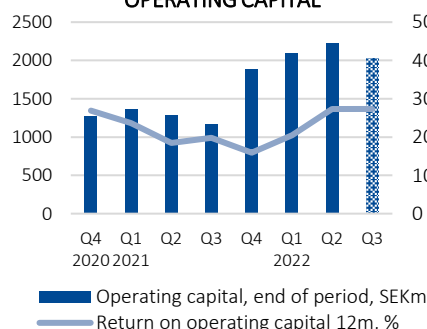
Investments during the quarter amounted to SEK 43m (54). Operating capital as of 30 September 2022 was SEK 2,037m (1,182), of which SEK 770m (669) consisted of property, plant and equipment. Intangible assets amounted to SEK 1,037m (350), with the increase due to goodwill and other intangible assets from the acquisition of the Canadian operations on 31 December 2021. The return on operating capital for the past 12-month period was 27.3% (20.9).

FINANCING

As of 30 September 2022 the Group's net debt amounted to SEK 1,110m (630). Interest-bearing debt was SEK 1,515m (1,220), of which SEK 35m (24) is attributable to IFRS 16 lease liabilities. Cash and cash equivalents were SEK 405m (590). In addition, the company has access to undrawn credit facilities of SEK 600m (800), including an overdraft facility of SEK 200m.

The equity/assets ratio was 23.4% (21.1) and the net debt/EBITDA 12 m ratio was 1.6 (1.7).

OPERATING CAPITAL



HEDGING OF EXCHANGE RATES

The Group hedges future net flows in foreign currencies. Typically, 50–75% of the net flows are hedged for the coming six-month period and 25–50% for the subsequent 7–12 months.

EBITDA for the third quarter includes an earnings effect from realised currency hedges of SEK -12m (-1). For the coming 12-month period the hedges are as follows:

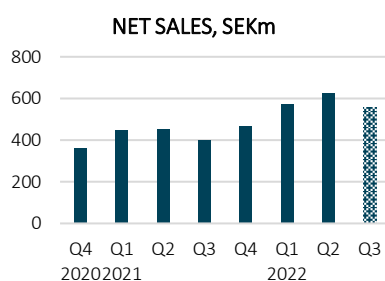
| Currency | Average rate for FX hedges | FX rate, 30 Sep | Total FX, m | Total, SEKm | Fair value, net, SEKm | FX hedge as % of estimated net exposure, 1–6 months | FX hedge as % of estimated net exposure, 7–12 months |
|----------|----------------------------|-----------------|-------------|--------------|-----------------------|---|--|
| EUR | 10.52 | 10.92 | 89 | 932 | -31 | 65% | 33% |
| USD | 9.20 | 11.12 | 5 | 46 | -9 | 50% | 33% |
| GBP | 12.15 | 12.41 | 11 | 136 | -1 | 63% | 35% |
| | | | | 1,114 | -41 | | |

KRAFT PAPER SEGMENT

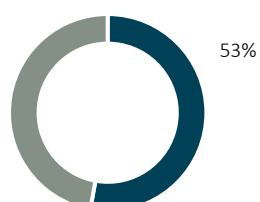
The Kraft Paper segment produces unbleached sack paper, MG paper and various kinds of high-quality speciality paper for industrial use. Examples of applications for MG and sack paper are sacks and bags for food and construction materials, and masking and protection paper for various applications. The speciality papers are used in the manufacture of products such as laminates, in stainless steel production and in electrical transformers. The paper mills in Bäckhammar and Åmotfors belong to this segment. The segment also sells a certain amount of pulp.

| SEKm | 2022 | 2021 | Δ, % | 2022 | 2021 | Δ, % | R 12 m | 2021 |
|-------------------------------------|------|------|------|---------|---------|------|--------|-----------|
| | Q3 | Q3 | | Jan-Sep | Jan-Sep | | | Full year |
| Net sales | 557 | 401 | 39 | 1,757 | 1,304 | 35 | 2,225 | 1,772 |
| EBITDA | 109 | 44 | 146 | 557 | 257 | 117 | 692 | 392 |
| EBITDA margin, % | 19.5 | 11.0 | - | 31.7 | 19.7 | - | 31.1 | 22.2 |
| Operating profit | 94 | 32 | 195 | 515 | 220 | 134 | 635 | 340 |
| Operating margin, % | 16.9 | 8.0 | - | 29.3 | 17.0 | - | 28.5 | 19.3 |
| Sales volume ¹ , ktonnes | 46.1 | 48.0 | -4 | 162.9 | 166.8 | -2 | 217.0 | 220.9 |

¹Includes intra-group deliveries



SHARE OF GROUP NET SALES Q3 2022



JULY – SEPTEMBER

MARKET AND SALES

Demand for Nordic Paper's kraft papers remained strong during the third quarter of the year – partly due to the EU ban on imports of Russian unbleached kraft paper, which last year accounted for around 10% of Europe's supply.

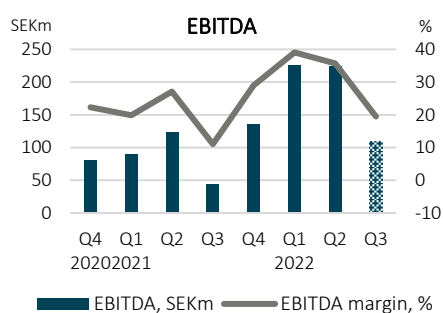
As in recent quarters, product price increases were implemented in the third quarter. As a result of these increases, prices in local currency were 34% higher than in the same quarter last year.

Towards the end of the quarter the company noted that demand was tending to more balanced market conditions from very strong levels. This tendency was clearest in the product area of absorbent paper, which accounts for just over 10% of the segment's net sales. This tendency in demand for absorbent paper is considered to be partly due to supply chain disruption – as a result of the war in Ukraine – for raw materials other than paper that Nordic Paper's customers need for their production.

Net sales in the third quarter increased by 39% compared to the same quarter last year to SEK 557m (401), but decreased somewhat from the second quarter due to lower sales volumes. The largest increase in sales compared to the same period last year was in Europe, the most important market for the segment, and was driven by the price increases implemented. Net sales to other geographies increased with the exception of sales to the Middle East and Africa, where a lower volume meant that net sales decreased somewhat.

CHANGE IN NET SALES

| | |
|------------------------------|------------|
| Q3 2021, SEKm | 401 |
| Sales volume and product mix | -2% |
| Selling price | 34% |
| Currency | 7% |
| Q3 2022, SEKm | 557 |



The maintenance shutdown in Bäckhammar during Q3 2020 also impacted results in Q4 2020.

RESULTS

EBITDA increased by 146% to SEK 109m (44), driven by larger product price increases than the increase in costs. During the quarter planned maintenance shutdowns took place at the segment's plants. The shutdowns impact the segment's results through direct costs, which amounted to SEK 75m (70), through lower contribution margins since production volumes are lower and through somewhat lower sales volumes. Besides the planned maintenance shutdowns, there was some lower production volume at the plant in Bäckhammar.

The EBITDA margin increased to 19.5% (11.0). Operating profit was SEK 94m (32) and the operating margin was 16.9% (8.0).

JANUARY – SEPTEMBER

Net sales for the first nine months of the year increased by 35% to SEK 1,757m (1,304) compared to the same period last year. Increased product prices were the main reason for this, but currency effects also impacted net sales positively compared to the same period last year. Excluding currency effects, net sales increased by 29%.

EBITDA increased by 117% to SEK 557m (257) and the EBITDA margin increased to 31.7% (19.7). Operating profit amounted to SEK 515m (220) and the operating margin was 29.3% (17.0).

NATURAL GREASEPROOF SEGMENT

The Natural Greaseproof segment 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, as does the mill in Québec that was acquired as of 31 December 2021.

| SEKm | 2022 | 2021 | Δ, % | 2022 | 2021 | Δ, % | R 12 m | 2021 |
|---|------|-------|------|---------|---------|------|--------|-----------|
| | Q3 | Q3 | | Jan-Sep | Jan-Sep | | | Full year |
| Net sales | 497 | 314 | 58 | 1,530 | 1,008 | 52 | 1,899 | 1,377 |
| Adjusted EBITDA ¹ | -23 | -28 | 16 | 49 | 43 | 14 | 48 | 42 |
| Adjusted EBITDA margin, % ¹ | -4.7 | -8.9 | | 3.2 | 4.3 | | 2.5 | 3.0 |
| Adjusted operating profit ^{1,2} | -42 | -40 | 7 | -6 | 9 | -163 | -19 | -4 |
| Adjusted operating margin, % ^{1,2} | -8.5 | -12.6 | | -0.4 | 0.9 | | -1.0 | -0.3 |
| Sales volume, ktonnes | 18.7 | 16.4 | 14 | 63.0 | 54.6 | 16 | 81.7 | 73.3 |

¹ For Jan-Sep 2021 and full year 2021 adjusted for the SEK 76m provision made in Q2 2021 for remediation of buildings and land in Säffle

² For full year 2021 and R 12 m adjusted for the impairment loss of SEK 32m recognised in Q4 2021 in respect of pulp production in Säffle

JULY – SEPTEMBER

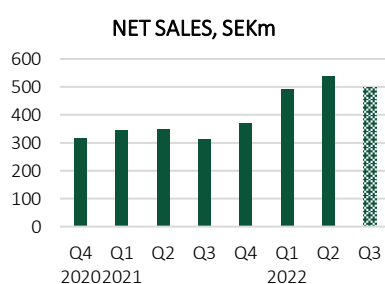
MARKET AND SALES

Demand for Nordic Paper's greaseproof papers remained good during the quarter, although it was noted that it tended to return to more balanced market conditions at the end of the quarter. Further price increases have been able to be implemented. In view of the increasing energy costs in Europe, Nordic Paper has introduced separate energy surcharges on top of its product prices.

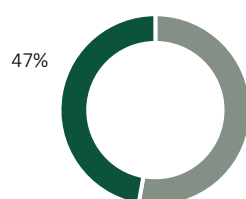
Net sales in the third quarter increased by 58% compared to the same quarter last year to SEK 497m (314), but decreased somewhat from the second quarter due to lower sales volumes. The acquired business in Canada contributed net sales of SEK 86m in the quarter.

Product prices in local currency were 27% higher than in the same quarter last year and currency impacted net sales positively by 10%, mainly due to the segment's sales in USD.

The development of net sales was positive for all geographies due to the price increases implemented for the products. Sales volume and product mix, excluding effects of the Canadian acquisition, impacted net sales negatively by 6% compared to the same quarter last year.

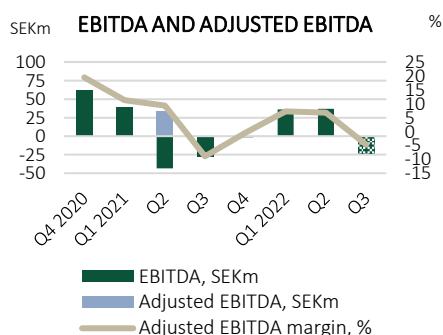


SHARE OF GROUP NET SALES Q3 2022



CHANGE IN NET SALES

| | |
|------------------------------|------------|
| Q3 2021, SEKm | 314 |
| Sales volume and product mix | -6% |
| Selling price | 27% |
| Currency | 10% |
| Acquired operations | 27% |
| Q3 2022, SEKm | 497 |



RESULTS

EBITDA for the third quarter amounted to SEK -23m (-28), corresponding to an EBITDA margin of -4.7% (-8.9). The historically high prices for pulp and energy had a strong negative impact on EBITDA compared to the same period last year, but product price increases more than compensated for the cost increases.

During the quarter planned maintenance shutdowns took place at all the plants in the segment. The shutdowns impact the segment's results through direct costs, which amounted to SEK 21m (27), through lower contribution margins since production volumes are lower and through somewhat lower sales volumes. Besides the planned maintenance shutdowns, there was some lower production volume at the plant in Säffle. Lower production volumes resulted in somewhat lower sales volumes in comparable operations (excluding Nordic Paper Québec), with a negative impact on EBITDA as a result compared with the same period last year. The plant in Greåker also shut down for three days due to a period of very high electricity prices.

Operating profit amounted to SEK -42m (-40), corresponding to an operating margin of -8.5% (-12.6).

JANUARY – SEPTEMBER

Net sales for the first nine months of the year increased by 52% to SEK 1,530m (1,008) compared to the same period last year. The acquired business in Canada contributed net sales of SEK 239m during the first nine months of the year. Implemented price increases contributed positively to the increase in net sales, as did positive currency effects. Excluding currency effects, net sales increased by 43%.

EBITDA increased to SEK 49m (43¹), corresponding to an EBITDA margin of 3.2% (4.3¹). Operating profit amounted to SEK -6m (9¹) and the operating margin was -0.4% (0.9¹).

¹Comparative figures for the first nine months of 2021 have been adjusted for the provision of SEK 76m in Q2 2021 for remediation of buildings and land in connection with the decision to discontinue pulp production in Säffle.

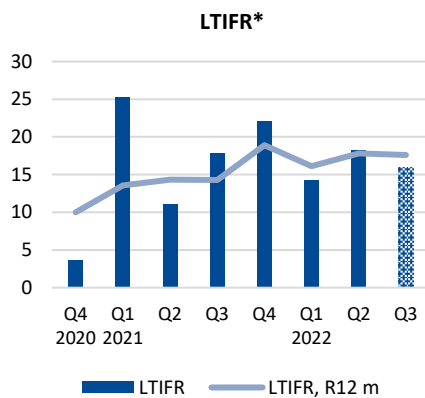
SUSTAINABILITY

Nordic Paper strives to integrate sustainability as a natural part of its 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 three focus areas is included in the interim reports.

SUSTAINABLE WORK ENVIRONMENT



The overall goal is to ensure that a healthy and safe workplace is provided for the company’s employees as well as for contractors, temporary personnel and visitors. The target is to reduce the Lost Time Injury Frequency Rate (LTIFR) to below 9 per million hours worked. During the third quarter there were four incidents resulting in sick leave compared to five in the second quarter. The number of incidents corresponds to an LTIFR of 16.0 for the quarter and 17.6 for the last 12-month period. Both these figures are above the company’s target. Since the company’s LTIFR rose in the previous year, a plan was established for intensifying preventive and systematic work environment efforts. The company is now working according to this plan, which means – among other things – that resources have been allocated to drive systematic efforts within the company.

*Lost Time Injury Frequency Rate – incidents with sick leave per 1 million hours worked. Calculated as the number of incidents involving sick leave divided by actual hours worked by the company’s own employees.

RESPONSIBLE PRODUCTION

In the third quarter emissions of fossil greenhouse gases from the company’s operations amounted to around 6,000 tonnes of fossil carbon dioxide, an increase of 3% on the previous quarter. The increase is to be seen in the light of the third quarter’s maintenance shutdowns at the company’s plants. A large portion of the company’s scope 1 impact arises in abnormal operating conditions that can occur when resuming operations after a lengthy shutdown, for example. As a result, scope 1 fossil emissions are normally somewhat higher in the third quarter than the average for the year. Excluding emissions from the Canadian plant, the company’s scope 1 emissions decreased by 31% in the first nine months of the year compared to the same period last year. The decrease is mainly due to the restructuring at the plant in Säffle during last year which succeeded in reducing the need for fossil fuel.

SUSTAINABLE BUSINESS BEHAVIOUR

Sanctions against Russia and Russian interests remain in place in view of Russia’s continued aggression towards Ukraine, and Nordic Paper is monitoring developments continuously. The company works in accordance with the procedures updated last quarter for screening business against current and relevant sanction lists, which involves screening customer databases against sanction lists on a daily basis. No businesses under sanction were identified among Nordic Paper’s business partners during the quarter.

OTHER

SEASONAL EFFECTS

Nordic Paper is to a certain extent impacted by seasonal variation during the financial year, primarily due to planned production shutdowns. The company's plants in Åmotfors and Greåker both have summer holiday shutdowns lasting three to four weeks which fall in the third quarter. Much of the annual maintenance work at the plants is also carried out during these shutdowns. The production plant in Säffle also operated this way until 2021, but for 2022 the Säffle plant has changed to continuing production during the summer weeks and having a shorter maintenance shutdown lasting less than two weeks in the third quarter. The production plants in Bäckhammar operate all year round and therefore have an annual maintenance shutdown which generally falls in the third quarter. The Bäckhammar maintenance shutdown is typically less than two weeks. The acquired business in Québec also operates all year round, with an annual maintenance shutdown in the third quarter of about a week.

During shutdowns, whether for maintenance or for summer holidays, production comes to a standstill and operating profit is negatively impacted by lower contribution margins and by somewhat lower sales volumes. At the plants which shut down production for the summer holidays the third quarter is also impacted by lower personnel costs.

| | Direct costs of maintenance during planned maintenance shutdowns, SEKm | | | | | | Implemented in quarter | | |
|------------|--|----------------|----------------|---------------------|----------------|----------------|------------------------|------|------|
| | Kraft Paper | | | Natural Greaseproof | | | 2022 | 2021 | 2020 |
| | Actual 2022 | Actual 2021 | Actual 2020 | Actual 2022 | Actual 2021 | Actual 2020 | | | |
| Bäckhammar | 68 | 64 | 60 | | | | 3 | 3 | 3/4 |
| Åmotfors | 7 | 6 | 8 | | | | 3 | 3 | 3 |
| Säffle | | | | 12 | 23 | 23 | 3 | 3 | 3 |
| Greåker | | | | 8 | 4 | 4 | 3 | 3 | 3 |
| Québec | | | | 1 | - | - | 3 | - | - |

Net sales in December are often somewhat negatively affected as a consequence of low availability of transportation in connection with the Christmas and New Year holidays. This can result in increased inventory levels at year-end and net sales being postponed to the first quarter of the following year. Nordic Paper works actively to develop its way of working to minimise these effects through planning and preparatory work together with suppliers of transportation services, with the result that this seasonal variation did not arise in the fourth quarter 2021.

RISKS AND RISK MANAGEMENT

Russia's war against Ukraine is continuing. Prior to the invasion Nordic Paper's commercial relations with both Russia and Ukraine were limited, and consequently the war's direct impact on the company has so far not been financially significant. Indirectly Nordic Paper is impacted by, for example, the ban that the EU has imposed on imports of Russian unbleached kraft paper, which strengthens demand for Nordic Paper's products, and by increased competition for wood in the Baltic region as Russian exports of pulpwood to Finland have been stopped. Nordic Paper could be impacted by further indirect effects of the geopolitical situation following Russia's invasion of Ukraine, by the sanctions imposed on Russian interests and by the effects of the sanctions on the global economy.

To date Covid-19 has had no impact on Nordic Paper's production capacity and no material effect on Nordic Paper's financial position. However, continued measures to combat the spread of the pandemic could have a negative impact on Nordic Paper's financial position and earnings.

In the third quarter prices on the spot market for electricity increased substantially, which had a negative impact on the company's results. Nordic Paper partly generates its own electricity from a turbine in Bäckhammar, and the share of electricity consumption purchased externally is largely procured under fixed-price contracts. The company's hedging strategy means that around 70% of electricity requirements in the near future are purchased under contracts in which prices are fully or partly fixed, after which the proportion gradually declines to zero over five years.

Nordic Paper is also exposed to other strategic, operational, financial, legal and regulatory risks that could significantly affect the company. Risk management is a normal part of business operations and is regularly reviewed by Group management and reported to the Board. These material risks include the following:

- Nordic Paper operates in markets that compete on both the pricing and product quality, and the company could fail to compete effectively.
- Macroeconomic factors and trends in various markets, such as for food and industrial goods, could lead to variations in the demand for and pricing of Nordic Paper's products.
- The cost of other input goods and services used by Nordic Paper in production varies over time and could adversely affect Nordic Paper's operations. Besides energy, the company's main variable cost items are wood, pulp and chemicals.
- If customers or agents were to run into difficulties or if relationships with customers or agents were to deteriorate, this could have an impact on Nordic Paper's business and operating results.
- Damage to production equipment and other disruptions in production could lead to temporary stoppages at one or more of Nordic Paper's production plants.
- Nordic Paper is dependent on IT systems for its ongoing operations and disruptions or errors in critical systems could disrupt production and important business processes.
- Failure to effectively implement strategic plans, erroneous investment decisions, failure to establish commitment to adopted strategies, and risks relating to acquisitions and the integration of acquired operations could adversely affect Nordic Paper's business.
- Nordic Paper is exposed to currency risks through transactions in currencies other than SEK and through the 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 regulations on 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 2021, which is available at www.nordic-paper.com

TRANSACTIONS WITH RELATED PARTIES

During the quarter Nordic Paper purchased energy to a value of SEK 36m (15), and sold services and consumables to its associated company Åmotfors Energi AB in the amount of SEK 5m (3). The transactions took place on market terms.

SHAREHOLDERS

Nordic Paper had 4,444 shareholders as of 30 September 2022.

| Shareholders at 30 September 2022 | Votes and capital (%) |
|-----------------------------------|-----------------------|
| Sutriv Holding AB | 48.2% |
| Swedbank Robur Fonder | 9.4% |
| AMF Försäkring & Fonder | 8.7% |
| Handelsbanken Fonder | 4.5% |
| CBNY – Norges Bank | 2.6% |
| UBS Switzerland AG | 2.6% |
| BNY Mellon SA | 1.8% |
| Ålandsbanken | 1.6% |
| Ålandsbanken ABP (Finland) | 1.4% |
| Nordea Norwegian Stars Fund | 1.2% |
| Other | 18.2% |
| Total | 100.0% |

28 October 2022

Nordic Paper Holding AB (publ)

Anita Sjölander

CEO

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

This is information that Nordic Paper Holding AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. 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 28 October 2022.

AUDITOR'S REPORT

Nordic Paper Holding AB, publ., corp. ID no. 556914-1913

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Nordic Paper Holding AB (publ) as of 30 September 2022 and the nine-month period then ended. The board of directors and CEO are responsible for the preparation and fair presentation of this 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.

FOCUS AND SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and 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, and consequently does 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 has not been prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act in the case of the group and in accordance with the Swedish Annual Accounts Act in the case of the parent company.

Stockholm, 28 October 2022

Öhrlings PricewaterhouseCoopers AB

Martin Johansson

Authorised Public Accountant

Group

CONDENSED INCOME STATEMENT

| SEKm | 2022 Q3 | 2021 Q3 | 2022 Jan-Sep | 2021 Jan-Sep | 2021 Full year |
|--|------------|------------|-----------------|-----------------|-------------------|
| Net sales ¹ | 1,037 | 711 | 3,234 | 2,273 | 3,083 |
| Other operating income | 4 | 1 | 15 | 34 | 45 |
| Raw materials, energy and consumables | -505 | -318 | -1,505 | -1,005 | -1,431 |
| Change in inventories of work-in-progress and finished goods | -22 | -32 | 10 | -57 | -11 |
| Other external costs | -287 | -239 | -710 | -624 | -801 |
| Personnel costs | -134 | -107 | -433 | -382 | -519 |
| Other operating expenses | -15 | 0 | -50 | -6 | -7 |
| EBITDA | 77 | 15 | 561 | 234 | 358 |
| Depreciation and amortisation | -37 | -29 | -108 | -86 | -150 |
| Operating profit | 40 | -14 | 453 | 148 | 208 |
| Financial income | 24 | 2 | 43 | 3 | 1 |
| Financial expense | -13 | -7 | -36 | -21 | -28 |
| | 11 | -4 | 7 | -18 | -27 |
| Profit before tax | 51 | -18 | 460 | 129 | 182 |
| Tax | -13 | 2 | -96 | -30 | -37 |
| Net profit for the period | 38 | -17 | 363 | 100 | 144 |
| Profit attributable to: | | | | | |
| Parent company shareholders | 38 | -17 | 363 | 100 | 144 |
| Non-controlling interests | - | - | - | - | - |
| Net profit for the period | 38 | -17 | 363 | 100 | 144 |
| Earnings per share, SEK ² | 0.57 | -0.25 | 5.43 | 1.49 | 2.15 |

¹Net sales consist entirely of sales of goods

² Before and after dilution

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

| SEKm | 2022 Q3 | 2021 Q3 | 2022 Jan-Sep | 2021 Jan-Sep | 2021 Full year |
|---|------------|------------|-----------------|-----------------|-------------------|
| Net profit for the period | 38 | -17 | 363 | 100 | 144 |
| <i>Items that will be reclassified to profit or loss</i> | | | | | |
| Changes in the fair value of cash flow hedges | 2 | -4 | -24 | -30 | -37 |
| Exchange differences on translation of foreign operations | 11 | 3 | 45 | 9 | 12 |
| Tax attributable to items that will be reclassified to profit or loss | -1 | 1 | 5 | 6 | 8 |
| Other comprehensive income for the period | 13 | -1 | 25 | -15 | -18 |
| Comprehensive income for the period | 51 | -17 | 389 | 85 | 126 |
| Comprehensive income for the period attributable to: | | | | | |
| Parent company shareholders | 51 | -17 | 389 | 85 | 126 |

CONDENSED BALANCE SHEET

| SEKm | 2022 30 Sep | 2021 30 Sep | 2021 31 Dec |
|---|----------------|----------------|----------------|
| Trademark | 36 | - | 31 |
| Customer relations | 232 | - | 219 |
| Goodwill | 762 | 343 | 726 |
| Other intangible assets | 7 | 6 | 6 |
| Buildings and land | 42 | 47 | 55 |
| Machinery and plant | 458 | 468 | 466 |
| Equipment, tools and installations | 7 | 5 | 4 |
| Construction in progress | 226 | 125 | 176 |
| Right-of-use assets | 36 | 25 | 23 |
| Deferred tax assets | 25 | 6 | 18 |
| Total non-current assets | 1,832 | 1,024 | 1,724 |
| Inventories | 543 | 417 | 472 |
| Accounts receivable | 664 | 452 | 546 |
| Income tax receivables | 6 | 8 | 7 |
| Other operating receivables | 115 | 77 | 114 |
| Derivatives | 3 | 3 | 1 |
| Prepaid expenses and accrued revenue | 20 | 21 | 28 |
| Cash and cash equivalents | 405 | 590 | 360 |
| Total current assets | 1,755 | 1,568 | 1,528 |
| Total assets | 3,587 | 2,592 | 3,252 |
| Share capital | 19 | 19 | 19 |
| Reserves | -5 | -30 | -33 |
| Retained earnings including profit for the year | 826 | 555 | 598 |
| Total equity | 840 | 545 | 584 |
| Liabilities to credit institutions | 1,150 | 950 | 1,350 |
| Lease liabilities | 24 | 15 | 14 |
| Provisions for pension | 37 | - | 31 |
| Deferred tax liabilities | 209 | 147 | 206 |
| Derivatives | 45 | - | - |
| Other liabilities and provisions | 100 | 96 | 97 |
| Total non-current liabilities | 1,565 | 1,208 | 1,698 |
| Factoring credit line | 292 | 246 | 273 |
| Accounts payables | 447 | 336 | 382 |
| Liabilities to associated companies | 16 | 6 | 14 |
| Income tax liability | 36 | - | - |
| Lease liabilities | 11 | 9 | 10 |
| Derivatives | 44 | 5 | 15 |
| Other liabilities | 13 | 11 | 14 |
| Accrued expenses and deferred income | 322 | 227 | 263 |
| Total current liabilities | 1,182 | 839 | 970 |
| Total equity and liabilities | 3,587 | 2,592 | 3,252 |

CONDENSED STATEMENT OF CHANGES IN EQUITY

| SEKm | 2022 30 Sep | 2021 30 Sep | 2021 31 Dec |
|--|----------------|----------------|----------------|
| Equity, opening balance | 584 | 594 | 594 |
| Net profit for the period | 363 | 100 | 144 |
| Issue of warrants | 1 | - | - |
| Other comprehensive income for the period | 25 | -15 | -18 |
| Transactions with owners of the parent: | | | |
| Dividend | -134 | -134 | -134 |
| Equity, closing balance | 840 | 545 | 584 |
| Equity attributable to: | | | |
| Parent company shareholders | 840 | 545 | 584 |

CONDENSED CASH FLOW STATEMENT

| SEKm | 2022 Q3 | 2021 Q3 | 2022 Jan–Sep | 2021 Jan–Sep | 2021 Full year |
|--|------------|------------|-----------------|-----------------|-------------------|
| Operating activities | | | | | |
| Operating profit | 40 | -14 | 453 | 148 | 208 |
| Interest received | 0 | 0 | 1 | 0 | 0 |
| Interest paid | -10 | -6 | -27 | -19 | -26 |
| Adjustments, cash flow | 38 | 34 | 182 | 178 | 256 |
| Paid income tax | 6 | 15 | -72 | -54 | -14 |
| Cash flow from operating activities before changes in working capital | 75 | 28 | 537 | 253 | 425 |
| Cash flow from changes in working capital | | | | | |
| Change in inventories | 6 | 34 | -66 | 33 | -19 |
| Change in accounts receivable | 78 | 15 | -113 | -87 | -181 |
| Change in current receivables | -11 | -13 | 7 | -6 | -49 |
| Change in accounts payable | 97 | 90 | 61 | 115 | 173 |
| Change in current liabilities | 12 | -2 | 2 | 24 | 60 |
| Cash flow from operating activities | 257 | 153 | 428 | 333 | 408 |
| Investing activities | | | | | |
| Acquisition of tangible assets | -43 | -54 | -112 | -94 | -180 |
| Acquisition of subsidiaries | - | - | 21 | - | -644 |
| Cash flow from investing activities | -43 | -54 | -91 | -94 | -824 |
| Financing activities | | | | | |
| Change in non-current liabilities to credit institutions | - | 0 | -200 | - | 400 |
| Repayment of lease liabilities | -3 | -3 | -9 | -10 | -13 |
| Net change in factoring credit line | -2 | 16 | 20 | 81 | 108 |
| Dividend paid | - | - | -134 | -134 | -134 |
| Cash flow from financing activities | -6 | 13 | -323 | -64 | 361 |
| Cash flow for the period | 209 | 112 | 14 | 176 | -55 |
| Cash and cash equivalents at beginning of period | 170 | 480 | 360 | 415 | 415 |
| Exchange rate difference in cash and cash equivalents | 26 | -2 | 30 | -1 | 0 |
| Cash and cash equivalents at end of period | 405 | 590 | 405 | 590 | 360 |
| Adjustments for non-cash items | | | | | |
| Depreciation and amortisation | 37 | 29 | 108 | 86 | 150 |
| Changes in exchange rates | -29 | 0 | -23 | 1 | -5 |
| Change in fair value of derivatives | 7 | 3 | 53 | 13 | 21 |
| Provisions for remediation of buildings and land in Säffle | - | - | - | 76 | 76 |
| Other | 24 | 2 | 43 | 2 | 14 |
| Total | 38 | 34 | 182 | 178 | 256 |

Accounting policies and other information

NOTE 1 ACCOUNTING POLICIES

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and with applicable parts of the Swedish Annual Accounts Act. The parent company has prepared its interim report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The accounting policies applied when preparing the interim report are the same for all periods and accord with the accounting policies presented in Note 2 in the Annual Report 2021.

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

Information according to IAS 34.16A is also presented in other parts of the interim report, as well as in the financial statements and related notes.

In accordance with a proposal from the Board of Directors, the Annual General Meeting on 19 May 2022 approved the issue of a maximum of 600,000 warrants as part of a long-term incentive programme for senior executives. The incentive programme is reported in accordance with IFRS 2 and IAS 19.

NOTE 2 QUARTERLY DATA BY SEGMENT

NET SALES

| | 2020 | | 2021 | | | 2022 | | |
|-----------------------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|
| SEKm | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Kraft Paper segment | 361 | 448 | 455 | 401 | 469 | 575 | 624 | 557 |
| Natural Greaseproof segment | 318 | 345 | 349 | 314 | 369 | 494 | 539 | 497 |
| Eliminations | -9 | -20 | -14 | -4 | -28 | -17 | -19 | -17 |
| Total Group | 670 | 772 | 790 | 711 | 810 | 1,052 | 1,144 | 1,037 |

EBITDA

| | 2020 | | 2021 | | | 2022 | | |
|--|------------|------------|-----------|------------|------------|------------|------------|-----------|
| SEKm | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Kraft Paper segment | 80 | 89 | 123 | 44 | 136 | 225 | 223 | 109 |
| Natural Greaseproof segment | 62 | 39 | -44 | -28 | -2 | 36 | 37 | -23 |
| Parent company and undistributed items | 20 | -27 | 3 | -4 | -23 | -29 | -40 | -11 |
| Eliminations etc. | -19 | 34 | 2 | 2 | 13 | 6 | 27 | 3 |
| EBITDA Group | 144 | 134 | 84 | 15 | 124 | 237 | 247 | 77 |
| Depreciation and amortisation | -31 | -28 | -29 | -29 | -64 | -35 | -36 | -37 |
| Operating profit | 113 | 106 | 55 | -14 | 61 | 202 | 211 | 40 |
| Financial income | 0 | 5 | -4 | 2 | -1 | 11 | 8 | 24 |
| Financial expense | -19 | -7 | -7 | -7 | -7 | -11 | -13 | -13 |
| Profit before tax | 94 | 104 | 44 | -18 | 52 | 203 | 206 | 51 |

EBITDA MARGIN

| | 2020 | | 2021 | | | 2022 | | |
|-----------------------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|------------|
| % | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Kraft Paper segment | 22.3 | 19.9 | 27.1 | 11.0 | 29.0 | 39.1 | 35.8 | 19.5 |
| Natural Greaseproof segment | 19.5 | 11.3 | -12.5 | -8.9 | -0.4 | 7.3 | 6.8 | -4.7 |
| Group | 21.4 | 17.4 | 10.7 | 2.1 | 15.4 | 22.6 | 21.6 | 7.4 |

OPERATING PROFIT

| | 2020 | | 2021 | | | 2022 | | |
|--|------------|------------|-----------|------------|-----------|------------|------------|-----------|
| SEKm | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Kraft Paper segment | 67 | 77 | 111 | 32 | 120 | 212 | 209 | 94 |
| Natural Greaseproof segment | 47 | 28 | -55 | -40 | -45 | 18 | 18 | -42 |
| Parent company and undistributed items | 20 | -27 | 3 | -4 | -23 | -29 | -40 | -11 |
| Eliminations etc. | -22 | 28 | -3 | -3 | 9 | 2 | 23 | -1 |
| Total Group | 113 | 106 | 55 | -14 | 61 | 202 | 211 | 40 |

OPERATING MARGIN

| | 2020 | | 2021 | | | 2022 | | |
|-----------------------------|-------------|-------------|------------|-------------|------------|-------------|-------------|------------|
| % | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Kraft Paper segment | 18.5 | 17.2 | 24.8 | 8.0 | 25.6 | 36.8 | 33.5 | 16.9 |
| Natural Greaseproof segment | 14.9 | 8.1 | -15.8 | -12.6 | -12.2 | 3.7 | 3.4 | -8.5 |
| Group | 16.8 | 13.8 | 7.0 | -1.9 | 7.5 | 19.2 | 18.4 | 3.9 |

SALES VOLUMES

| | 2020 | | 2021 | | | 2022 | | |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Ktonnes | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Kraft Paper segment | 49.5 | 60.4 | 58.4 | 48.0 | 54.1 | 58.3 | 58.5 | 46.1 |
| Natural Greaseproof segment | 16.5 | 19.3 | 18.9 | 16.4 | 18.7 | 21.9 | 22.4 | 18.7 |
| Eliminations | -2.1 | -4.4 | -3.3 | -2.4 | -3.6 | -3.3 | -3.4 | -2.9 |
| Total Group | 64.0 | 75.2 | 74.1 | 62.0 | 69.3 | 76.9 | 77.6 | 61.9 |

NOTE 3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

| SEKm | 2022 30 Sep | | 2021 30 Sep | | 2021 31 Dec | |
|---|-----------------|--------------|-----------------|--------------|-----------------|--------------|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets measured at amortised cost | | | | | | |
| Accounts receivable | 664 | 652 | 452 | 452 | 546 | 546 |
| Other receivables | 115 | 115 | 77 | 77 | 114 | 114 |
| Cash and cash equivalents | 405 | 405 | 590 | 590 | 360 | 360 |
| Total | 1,183 | 1,183 | 1,119 | 1,119 | 1,021 | 1,021 |
| Financial liabilities measured at amortised cost | | | | | | |
| Factoring liabilities | 292 | 292 | 246 | 246 | 273 | 273 |
| Lease liabilities | 35 | 35 | 24 | 24 | 24 | 24 |
| Liabilities to associated companies | 16 | 16 | 6 | 6 | 14 | 14 |
| Accounts payable | 447 | 447 | 336 | 336 | 382 | 382 |
| Non-current liabilities to credit institutions | 1,150 | 1,150 | 950 | 950 | 1,350 | 1,350 |
| Other liabilities | 335 | 335 | 238 | 238 | 279 | 279 |
| Total | 2,276 | 2,276 | 1,800 | 1,800 | 2,320 | 2,320 |
| Derivatives used for hedging | | | | | | |
| Current assets | | | | | | |
| Cash flow hedges | 3 | 3 | 3 | 3 | 1 | 1 |
| Current liabilities | | | | | | |
| Cash flow hedges | 44 | 44 | 5 | 5 | 15 | 15 |
| Other derivatives | | | | | | |
| Non-current liabilities | | | | | | |
| Cash flow hedges | 45 | 45 | - | - | - | - |

CALCULATION OF FAIR VALUE

The Group has derivatives that are measured at fair value according to level 2 of the fair value hierarchy. Other financial instruments have short maturities and for these, fair value is equivalent to the carrying amount. For further information please see note 23 in the Annual Report 2021.

NOTE 4 RESTRUCTURING OF THE SÄFFLE PLANT

In the second quarter of 2021 Nordic Paper decided to discontinue paper pulp production at the company's mill in Säffle in the fourth quarter of 2021 and replace it with pulp purchased externally. A decision was also made to invest SEK 70m to streamline the handling of external pulp. These measures have increased annual paper production capacity at the Säffle plant by around 10%.

In connection with the decision, a provision of SEK 76m was made to cover the future remediation of buildings and land at the site. The effect on cash flow of this remediation work is expected to be felt gradually over the next five to seven years.

In connection with the pulp line closure in the fourth quarter of 2021 an impairment loss of SEK 32m was recognised for property, plant and equipment.

NOTE 5 OTHER PROVISIONS

Other provisions of SEK 100m relate to assessed future remediation costs for buildings and land. The provision breakdown includes SEK 76m for future demolition of buildings and remediation of land related to the discontinuation of pulp production in Säffle, while the remaining amount is associated with remediation of a landfill site. The costs associated with ending of pulp production have been estimated by a third party.

NOTE 6 ACQUISITION OF GLASSINE CANADA INC.

The Canadian speciality paper company Glassine Canada Inc. was acquired on 31 December 2021. The acquired company's balance sheet was included in the consolidated balance sheet as of 31 December 2021, while net sales and profits have been included in the income statement since 1 January 2022.

For the full year January – December 2021 the acquired company had net sales and results as shown below (unaudited):

| Glassine Canada Inc. SEKm | 2021 Full year |
|------------------------------|-------------------|
| Net sales | 265 |
| EBITDA | 60 |
| EBITDA margin, % | 22.5 |
| Operating profit | 56 |
| Operating margin, % | 21.0 |

The purchase price on a cash- and debt-free basis was SEK 623m and the compensation transferred was SEK 649m. The effects of the acquisition are shown below, applying the CAD exchange rate as at the acquisition date of 31 December 2021.

| Effects of the acquisition of Glassine Canada Inc., SEKm | Final disclosed values after establishment of final purchase price during Q2 2022 | | |
|---|--|---------------------------|-------------|
| | Book value | Fair value, adjustment | Fair value |
| Disclosed values on identified net assets | | | |
| Trademark | - | 31 | 31 |
| Customer relations | 0 | 218 | 218 |
| Buildings and land | 10 | - | 10 |
| Machinery and plant | 19 | - | 19 |
| Deferred tax assets | 0 | 8 | 8 |
| Total non-recurrent assets | 30 | 258 | 287 |
| Inventories | 24 | - | 24 |
| Accounts receivable | 30 | - | 30 |
| Income tax receivables | 5 | - | 5 |
| Cash and cash equivalents | 58 | - | 58 |
| Total current assets | 116 | 0 | 116 |
| Total assets | 146 | 258 | 404 |
| Provisions for pension | - | -31 | -31 |
| Deferred tax liabilities | -4 | -70 | -70 |
| Total non-current liabilities | -4 | -97 | -102 |
| Accounts payable and other current liabilities | -16 | - | -16 |
| Total current liabilities | -16 | 0 | -16 |
| Net identified assets and liabilities | 126 | 160 | 286 |
| Goodwill | | 363 | 363 |
| Compensation transferred | | | 649 |

Depreciation will be applied to intangible assets in respect of customer relationships. These will be depreciated on a straight-line basis over an estimated useful life of 10 years.

NOTE 7 LONG-TERM INCENTIVE PROGRAMME

In accordance with a proposal from the Board of Directors, the Annual General Meeting on 19 May 2022 approved the issue of a maximum of 600,000 warrants as part of a long-term incentive programme for senior executives of the Nordic Paper Group. The rationale for the incentive programme is to create opportunities to motivate and retain senior executives within the Nordic Paper Group.

The warrants are offered at market price. Each warrant entitles the holder to subscribe for one new share in the company. The exercise price is 120% of the volume-weighted average price of the company's share during the period of 10 trading days falling immediately prior to the offer to subscribe for the warrants, but no less than the quota value of the share. The final price of the warrants was SEK 1.55. The value of the warrants has been calculated according to the Black-Scholes model.

The company is partly subsidising the participants' acquisitions of warrants. The subsidy is paid out at the end of the programme. The subsidy to the participants is equal to 50% of the participants' investment net after tax. The total cost of the subsidy, based on a warrant value of SEK 1.55 and an estimated marginal tax rate of 55%, amounts to SEK 1.3m including social security contributions. With some exceptions, in order to be eligible for the subsidy the participant must be employed by the company at the time of payment of the bonus, must remain employed until the warrants can be exercised and must not have transferred their warrants prior to this.

Based on the number of shares in Nordic Paper as at the date of the annual general meeting, the maximum dilution effect of the warrant programme will be approximately 0.89%. The company has no previous incentive programmes outstanding.

Key figures

| SEKm | 2022 | 2021 | 2022 | 2021 | 2021 |
|---|------------|------------|---------|---------|------------|
| | Q3 | Q3 | Jan-Sep | Jan-Sep | Full year |
| Net sales growth, % | 46 | 11 | 42 | 2 | 6 |
| EBITDA margin, % | 7.4 | 2.1 | 17.4 | 10.3 | 11.6 |
| Adjusted EBITDA margin, % ¹ | 7.4 | 2.1 | 17.4 | 13.6 | 14.1 |
| Operating margin, % | 3.9 | -1.9 | 14.0 | 6.5 | 6.8 |
| Adjusted operating margin, % ^{1,2} | 3.9 | -1.9 | 14.0 | 9.8 | 10.3 |
| Cash flow from operating activities | 257 | 153 | 428 | 333 | 408 |
| Cash conversion, % | 54.8 | 79.4 | | | 67.5 |
| Return on operating capital, 12 m, % | 27.3 | 20.9 | | | 15.9 |
| Return on equity, 12 m, % | 57.1 | 27.5 | | | 24.6 |
| Working capital | 414 | 305 | | | 378 |
| Operating capital | 2,037 | 1,182 | | | 1,891 |
| Interest-bearing liabilities | 1,515 | 1,220 | | | 1,678 |
| Net debt/equity ratio, % | 132.1 | 115.7 | | | 225.3 |
| Net debt/EBITDA, 12 m, multiple | 1.6 | 1.7 | | | 3.7 |
| Equity/assets ratio, % | 23.4 | 21.1 | | | 18.0 |
| Working capital, % of net sales, 12 m | 11.5 | 13.7 | | | 13.1 |
| Investments | 43 | 54 | 112 | 94 | 180 |
| Sales volume, ktonnes | 61.9 | 62.0 | 216.3 | 211.3 | 280.6 |
| Number of employees at end of period | 684 | 632 | | | 688 |
| Number of shares, end of period | 66,908,800 | 66,908,800 | | | 66,908,800 |
| Earnings per share, SEK ³ | 0.57 | -0.25 | 5.43 | 1.49 | 2.15 |

¹ For Jan-Sep 2021 and full year 2021 adjusted for the SEK 76m provision recognised in Q2 2021 for remediation of buildings and land in Säffle

² For full year 2021 adjusted for the impairment loss of SEK 32m recognised in Q4 2021 in respect of pulp production in Säffle

³ Before and after dilution

ALTERNATIVE PERFORMANCE MEASURES

Reference is made in the financial report to a number of financial performance measures that are not defined according to IFRS or the Swedish Annual Accounts Act. These performance measures provide supplementary information and are used to help investors as well as group management to analyse the company's operations. Since not all companies calculate financial performance measures in the same way, these are not always comparable with measures used by other companies.

| EBITDA | 2022 | 2021 | 2022 | 2021 | 2021 |
|---|-------------|-------------|----------------|----------------|------------------|
| SEKm | Q3 | Q3 | Jan-Sep | Jan-Sep | Full year |
| Operating profit | 40 | -14 | 453 | 148 | 208 |
| Depreciation/amortisation | 37 | 29 | 108 | 86 | 150 |
| EBITDA, SEKm | 77 | 15 | 561 | 234 | 358 |
| Significant items affecting comparability | - | - | - | 76 | 76 |
| Adjusted EBITDA, SEKm | 77 | 15 | 561 | 310 | 434 |
| EBITDA MARGIN | 2022 | 2021 | 2022 | 2021 | 2021 |
| SEKm | Q3 | Q3 | Jan-Sep | Jan-Sep | Full year |
| EBITDA | 77 | 15 | 561 | 234 | 358 |
| Net sales | 1,037 | 711 | 3,234 | 2,273 | 3,083 |
| EBITDA margin, % | 7.4 | 2.1 | 17.4 | 10.3 | 11.6 |
| Significant items affecting comparability | - | - | - | 76 | 76 |
| Adjusted EBITDA margin, % | 7.4 | 2.1 | 17.4 | 13.6 | 14.1 |
| OPERATING MARGIN | 2022 | 2021 | 2022 | 2021 | 2021 |
| SEKm | Q3 | Q3 | Jan-Sep | Jan-Sep | Full year |
| Operating profit | 40 | -14 | 453 | 148 | 208 |
| Net sales | 1,037 | 711 | 3,234 | 2,273 | 3,083 |
| Operating margin, % | 3.9 | -1.9 | 14.0 | 6.5 | 6.8 |
| Significant items affecting comparability | - | - | - | 76 | 108 |
| Adjusted operating margin, % | 3.9 | -1.9 | 14.0 | 9.8 | 10.3 |
| CASH CONVERSION | 2022 | 2021 | 2022 | 2021 | 2021 |
| SEKm | Q3 | Q3 | Jan-Sep | Jan-Sep | Full year |
| EBITDA, 12 m | 686 | 377 | | | 358 |
| Change in working capital | -111 | 48 | | | 64 |
| Investments, 12 m* | -199 | -126 | | | -180 |
| Total | 376 | 299 | | | 242 |
| EBITDA, 12 m | 686 | 377 | | | 358 |
| Cash conversion %, 12 m | 54.8 | 79.4 | | | 67.5 |
| WORKING CAPITAL | 2022 | 2021 | 2022 | 2021 | 2021 |
| SEKm | Q3 | Q3 | Jan-Sep | Jan-Sep | Full year |
| Inventories | 543 | 417 | | | 472 |
| Accounts receivable | 664 | 452 | | | 546 |
| Other operating receivables excl. derivatives | 141 | 106 | | | 149 |
| Accounts payable | -447 | -336 | | | -382 |
| Other operating liabilities excl. derivatives | -487 | -334 | | | -406 |
| Working capital | 414 | 305 | | | 378 |
| Working capital, 12 m | 465 | 404 | | | 402 |
| Net sales, 12 m | 4,043 | 2,944 | | | 3,083 |
| Working capital, % of net sales, 12 m | 11.5 | 13.7 | | | 13.1 |

*The acquisition of Glassine Canada Inc. is not included

| OPERATING CAPITAL | 2022 | 2021 | 2021 |
|--|--------------|--------------|------------------|
| SEKm | Q3 | Q3 | Full year |
| Working capital | 414 | 305 | 378 |
| Intangible assets | 1,037 | 350 | 981 |
| Property, plant and equipment | 770 | 669 | 719 |
| Deferred tax assets/liabilities | -184 | -141 | -187 |
| Operating capital | 2,037 | 1,182 | 1,891 |
| Operating profit, 12 m | 513 | 260 | 208 |
| Operating capital, 12 m | 1,879 | 1,247 | 1,308 |
| Return on operating capital, %, 12 m | 27.3 | 20.9 | 15.9 |
| NET DEBT | 2022 | 2021 | 2021 |
| SEKm | Q3 | Q3 | Full year |
| Non-current liabilities to credit institutions | 1,150 | 950 | 1,350 |
| Lease liabilities, non-current | 24 | 15 | 14 |
| Provisions for employee benefits | 37 | - | 31 |
| Factoring credit line | 292 | 246 | 273 |
| Lease liabilities, current | 11 | 9 | 10 |
| Interest-bearing liabilities | 1,515 | 1,220 | 1,678 |
| Cash and cash equivalents | 405 | 590 | 360 |
| Net debt/net cash (+/-) | 1,110 | 630 | 1,317 |
| EBITDA, 12 m | 686 | 377 | 358 |
| Net debt/EBITDA, 12 m, multiple | 1.6 | 1.7 | 3.7 |
| NET DEBT/EQUITY RATIO | 2022 | 2021 | 2021 |
| SEKm | Q3 | Q3 | Full year |
| Net debt/net cash (+/-) | 1,110 | 630 | 1,317 |
| Equity | 840 | 545 | 584 |
| Net debt/equity ratio, % | 132.1 | 115.7 | 225.3 |
| EQUITY/ASSETS RATIO | 2022 | 2021 | 2021 |
| SEKm | Q3 | Q3 | Full year |
| Equity | 840 | 545 | 584 |
| Total assets | 3,587 | 2,592 | 3,252 |
| Equity/assets ratio, % | 23.4 | 21.1 | 18.0 |
| RETURN ON EQUITY | 2022 | 2021 | 2021 |
| SEKm | Q3 | Q3 | Full year |
| Net profit for the period, 12 m | 408 | 175 | 144 |
| Equity | 840 | 545 | 584 |
| Equity, 12 m | 715 | 636 | 587 |
| Return on equity, 12 m, % | 57.1 | 27.5 | 24.6 |

Definitions

| Non-IFRS performance measures | Description | Reasons for use |
|---|--|---|
| Sales volume | Sales of paper and pulp by the segment and the Group respectively, expressed in ktonnes. | Shows if the business is expanding or contracting. |
| EBITDA | EBITDA (earnings before interest, taxes, depreciation and amortisation) consists of operating profit plus depreciation, amortisation and impairment losses. | A measure that eliminates costs that do not affect cash flow and indicates the ability of a business to generate cash flow. |
| Significant items affecting comparability | Significant items affecting comparability may include effects of substantial restructuring of production plants, impairment losses, revaluation, specific effects of disputes or strategic decisions of a non-recurring nature. Significant items affecting comparability are not part of the underlying operating activities. | Provides a better understanding of the development of operating activities over time. |
| Adjusted EBITDA | EBITDA adjusted for significant items affecting comparability. | Increases comparability of EBITDA between different periods and provides a better understanding of the development of operating activities over time. |
| EBITDA margin | EBITDA as a percentage of net sales. | Shows how much cash the business can generate in relation to revenue. |
| Adjusted EBITDA margin | Adjusted EBITDA as a percentage of net sales. | Increases comparability of the EBITDA margin between different periods. |
| Operating profit | Profit before financial income, financial expense and tax. | Shows the result of the company's operating activities. |
| Adjusted operating profit | Operating profit adjusted for significant items affecting comparability. | Increases comparability of operating profit between different periods and provides a better understanding of the development of operating activities over time. |
| Operating margin | Operating profit as a percentage of net sales. | Shows operating profit in relation to net sales and is a measure of the profitability of the company's operating activities. |
| Adjusted operating margin | Adjusted operating profit as a percentage of net sales. | Increases comparability of the operating margin between different periods. |
| Cash flow from operating activities | Cash flow before acquisitions of intangible non-current assets and property, plant and equipment and financial non-current assets, and before loan repayments, Group contributions and dividends to shareholders. | Indicates how much liquidity an entity generates through its operating activities. |
| Cash conversion* | Total EBITDA minus change in working capital minus investments, divided by EBITDA, expressed as a percentage. | Cash conversion shows how effective an entity is at generating cash flow in relation to EBITDA. |
| Investments | The effect of acquisitions of property, plant and equipment and intangible non-current assets on cash flow. | Shows the amount of property, plant and equipment and intangible assets acquired to maintain and develop operations. |
| Working capital | Total inventories, accounts receivable, other operating assets and operating liabilities, excluding derivatives, and other provisions (non-interest-bearing). | Shows the net of current assets and current liabilities used in operating activities. |
| Change in working capital | Working capital for the current period minus working capital for the previous period. | Shows development of the company's working capital. |
| Working capital as a percentage of net sales* | Working capital divided by net sales. | Indicates how effectively the company is using working capital. |
| Operating capital | Working capital plus intangible non-current assets and property, plant and equipment, deferred tax assets and tax liabilities. | Shows the total capital used in operating activities. |
| Return on operating capital* | Operating profit as a percentage of operating capital. | Shows the company's performance in generating profit from the capital used in operating activities. |
| Return on equity* | Profit for the period as a percentage of equity. | Shows the return generated on equity invested in the business. |
| Interest-bearing liabilities | Interest-bearing liabilities, current and non-current, plus interest-bearing provisions. | Shows the extent of the company's financing in the form of interest-bearing liabilities. |
| Net debt | Interest-bearing liabilities less cash and cash equivalents. | A measure of the company's financial position. Shows how much liquidity would remain if all liabilities were to be settled. |
| Net debt/EBITDA ratio* | Net debt in relation to EBITDA, expressed as a multiple. | A measure of financial risk and an indication of repayment capacity. |
| Net debt/equity ratio | Net debt divided by equity, expressed as a percentage. | Shows the relationship between externally financed capital and equity. |
| Equity/assets ratio | Equity divided by total assets, expressed as a percentage. | Shows what proportion of the assets are financed through equity. |

*Calculated on the basis of the last 12-month period, as an average of 12 months. The 12-month figure enables comparisons that reflect both current and seasonal variations, which improves the ability to make comparisons over time.

Parent company

CONDENSED INCOME STATEMENT

| SEKm | 2022 Q3 | 2021 Q3 | 2022 Jan–Sep | 2021 Jan–Sep | 2021 Full year |
|---|------------|------------|-----------------|-----------------|-------------------|
| Net sales | 17 | 14 | 46 | 36 | 49 |
| Other operating income | 0 | -1 | 0 | 18 | 18 |
| Other external costs | -17 | -13 | -47 | -38 | -57 |
| Personnel costs | 2 | -4 | -10 | -11 | -15 |
| Other operating expenses | -13 | 0 | -70 | -34 | -46 |
| Operating profit | -11 | -4 | -80 | -28 | -51 |
| Profit from participations in Group companies | 19 | - | 19 | 106 | 106 |
| Financial income and similar items | 14 | 1 | 35 | 0 | 0 |
| Financial expense and similar items | -11 | 0 | -32 | -4 | -12 |
| Profit after financial items | 10 | -2 | -59 | 73 | 42 |
| Appropriations | - | - | - | 0 | 221 |
| Profit before tax | 10 | -2 | -59 | 74 | 263 |
| Tax | -1 | -2 | 14 | -3 | -41 |
| Net profit for the period | 9 | -4 | -45 | 71 | 222 |

CONDENSED BALANCE SHEET

| SEKm | 2022 30 Sep | 2021 30 Sep | 2021 31 Dec |
|--|----------------|----------------|----------------|
| Shares in Group companies | 1,165 | 896 | 1,165 |
| Receivables from Group companies | 389 | - | 401 |
| Deferred tax assets | 9 | - | 3 |
| Total non-current assets | 1,562 | 896 | 1,568 |
| Receivables from Group companies | 3 | 3 | 242 |
| Current tax assets | 52 | 37 | 1 |
| Prepaid expenses and accrued income | 0 | 3 | 11 |
| Cash and bank balances | 362 | 766 | 479 |
| Total current assets | 417 | 809 | 733 |
| Total assets | 1,979 | 1,705 | 2,302 |
| Share capital | 19 | 19 | 19 |
| Retained earnings | 361 | 272 | 272 |
| Net profit for the period | -45 | 71 | 222 |
| Total equity | 335 | 362 | 513 |
| Untaxed reserves | 398 | 387 | 398 |
| Non-current liabilities to credit institutions | 1,150 | 950 | 1,350 |
| Derivatives | 45 | - | - |
| Total non-current liabilities | 1,195 | 950 | 1,350 |
| Liabilities to Group companies | 1 | 0 | 2 |
| Accounts payable | 1 | 0 | 13 |
| Derivatives | 44 | - | 15 |
| Other liabilities | 2 | - | 0 |
| Accrued expenses and deferred income | 3 | 6 | 10 |
| Total current liabilities | 50 | 7 | 40 |
| Total equity and liabilities | 1,979 | 1,705 | 2,302 |

CONFERENCE CALL

On the publication of the interim report a telephone conference will be held on Friday 28 October at 11.00 CEST, CEO Anita Sjölander and CFO Niclas Eriksson will present and comment on the report. The presentation will be in English. The press and analyst conference will be streamed and the webcast can be accessed at www.nordic-paper.com. It is also possible to participate in the conference by telephone.

- Link to watch webcast: <https://fronto.vancastvideo.com/event/15BBc984/3068?lang=2544>
- Link to register to participate by telephone:
<https://services.choruscall.de/DiamondPassRegistration/register?confirmationNumber=4247612&linkSecurityString=941fe61fc>

FINANCIAL CALENDAR

Year-End Report 2022 – 27 January 2023

Annual Report 2022 – 25 April 2023

Interim Report Q1 2023 – 28 April 2023

Interim Report Q2 2023 – 20 July 2023

Interim Report Q3 2023 – 31 October 2023

Annual General Meeting

The Annual General Meeting will be held in Karlstad on 24 May 2023.

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NORDIC PAPER IN BRIEF

Nordic Paper is a leading speciality paper producer based in Scandinavia. We have been manufacturing top-quality kraft papers and natural greaseproof papers since the 19th century. Our products are based on renewable raw material from local forests. From our five paper mills, four in Scandinavia and one in Canada, we supply customers in about 80 countries. In 2021 Nordic Paper had revenue of approximately SEK 3,100m and around 690 employees. The company is listed on Nasdaq Stockholm. www.nordic-paper.com