

Q1

2021

Interim report January – March 2021

QUARTERLY RESULTS JANUARY - MARCH

- Net sales decreased by 7% to SEK 772m (827), excluding currency effects the decrease was 1%
- EBITDA was SEK 134m (174), corresponding to an EBITDA margin of 17.4% (21.1)
- Operating result was SEK 106m (148), corresponding to an operating margin of 13.8% (17.9)
- Net result for the period amounted to SEK 81m (122)
- Cash flow from operating activities was SEK 47m (-3)
- Earnings per share was SEK 1.21 (1.82*)
- Return on operating capital was 23.7% (36.4)
- Sales volumes increased by 3% to a record level of 75 ktonnes (73)

SIGNIFICANT EVENTS AFTER THE QUARTER

- Nordic Paper has decided to initiate consultations with trade unions regarding a discontinuation of pulp production at the Säffle plant and to replace it with purchased external pulp. A decision has also been made regarding investment in the plant of approximately SEK 70m primarily aimed at increasing efficiency in handling of external pulp.

KEY FIGURES

SEKm	2021 Q1	2020 Q1	Δ, %	R 12 m	2020 Full year
Net sales	772	827	-7	2,849	2,903
EBITDA	134	174	-23	418	458
EBITDA margin, %	17.4	21.1		14.7	15.8
Operating profit	106	148	-28	306	348
Operating margin, %	13.8	17.9		10.7	12.0
Profit for the period	81	122	-34	216	258
Earnings per share, SEK	1.21	1.82*		3.24	3.85
Cash flow from operating activities,	47	-3		402	352
Return on operating capital 12m, %	23.7	36.4		23.7	26.9
Net debt/EBITDA 12m, ratio**	1.7	-0.0		1.7	1.6
Sales volumes, ktonnes	75	73	3	268	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



RECORD HIGH SALES VOLUME BUT LOWER MARGIN

The first quarter of the year was characterized by good demand for Nordic Papers products in both our segments. The effects of the pandemic have generally been limited in our business so far. The shift in demand in Natural Greaseproof that we saw earlier during the pandemic remained also this quarter. This means that our product mix has changed with increased volumes towards the retail segment, especially in Europe, as volumes to professional business have decreased, especially in North America where professional users constitute a large customer group.

The good demand has meant that a certain price increase could be announced during the end of the quarter for future deliveries.

The production has progressed at a good pace and the quarter's sales volume was at a record high. Never has Nordic Paper delivered such a large volume in one quarter. This quarter's transport-related challenges for global trade in the form of a skewed container balance and the stop on the Suez Canal affected us only marginally. Despite the good delivery volumes, net sales decreased by 7% compared to the same quarter last year, mainly due to negative currency effects but also due to lower prices.

EBITDA for the quarter decreased by 23% compared to the same quarter last year. The lower sales prices, to some extent offset by high sales volumes, had a negative effect on earnings. During the cold days in January and February, prices in the Nordic electricity market rose to almost double levels compared with the end of 2020. This increased our electricity costs as about half of the purchased volume of electricity is directly dependent on the variable electricity price. The higher pulp prices had a negative effect on Natural Greaseproofs' results compared with the first quarter last year. The price of wood during the quarter was stable at a lower level compared with the same quarter last year.

CONSTANT DEVELOPMENT OF PRODUCTS AND WORKING METHODS

As a leading producer of specialty paper, we depend on our ability to constantly develop new products, new applications and new ways of working. During the quarter, we launched a new oven-safe kraft paper that can, for example, be used for packaging for ready-made food that is heated directly in an oven.

Nordic Paper must be a safe workplace. We therefore conduct a systematic and structured occupational health and safety work. Despite this, during the quarter we were hit by several incidents that led to sick leave. We see that our efforts are not enough, and we will now intensify our work.

DECISION TO INITIATE CONSULTATIONS TO DISCONTINUE PULP PRODUCTION IN SÄFFLE

After the end of the quarter, the company has decided to initiate consultations with trade unions regarding a restructuring of the production at the company's plant in Säffle. The intention is to discontinue the production of pulp in Säffle during the fourth quarter of 2021. This step is being taken to secure and expand the plant's position as a world-leading producer of greaseproof paper. A decision has also been made on investment in the facility of around SEK 70 million, primarily aimed at increasing the efficiency of the handling of external pulp. The investment will mainly be carried out in 2021.

Work on our expansion in Bäckhammar is proceeding according to plan, and during the quarter we worked on technical additions to the application for a new environmental permit and held quotation discussions with possible suppliers of a new wood room. A new wood room will mean increased efficiency in our raw material supply.

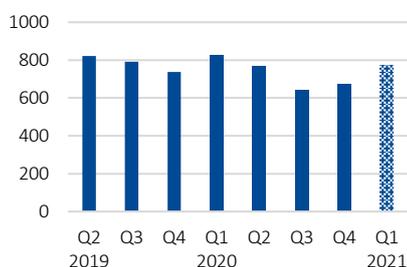
Me and my colleagues at Nordic Paper now long to be able to return to meet each other, visit the business and meet customers in the way we are used to. The extensive measures during the pandemic have been necessary and self-evident and we will continue for as long as we need to, but no matter how long it will take, we look forward to a future return to the new normal!

Anita Sjölander, CEO

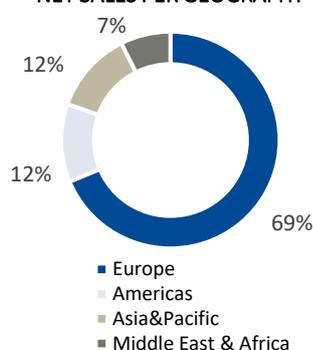
GROUP PERFORMANCE

JANUARY – MARCH

NET SALES, SEKm



NET SALES PER GEOGRAPHY



EBITDA



Q3 and Q4 2019 were affected by maintenance stops normally carried out in Q3 were moved to Q4. See information about seasonality on page 8.

MARKET AND SALES

The demand for Nordic Paper products strengthened during the first quarter compared to previous quarter. The pandemic continued to impact primarily the market for greaseproof papers with professional customers in countries with most extensive restrictions. The shift in demand from products in professional businesses to products towards retail remained. Prices were lower compared to the first quarter 2020, but stable compared to the fourth quarter 2020.

Net sales in the first quarter decreased by 7% to SEK 772m (827). Sales volume and product mix contributed positively to net sales by 4% compared to the same period last year. Lower prices had a negative effect of 4% and a stronger SEK, primarily against USD, resulted in a negative currency effect of 6%. Europe, as well as Middle East and Africa, had close to unchanged net sales compared to last year. USA and Asia showed a negative sales development.

CHANGE IN NET SALES

Q1 2020, SEKm	827
Sales volume and product mix	4%
Selling price	-4%
Currency	-6%
Q1 2021, SEKm	772

RESULTS

EBITDA for the first quarter decreased to SEK 134m (174*). Wood price decreased compared to the same quarter last year but higher costs for pulp and energy resulted in higher total costs for raw material with a negative effect on the results. The negative currency effect on EBITDA amounted to SEK 9m as positive currency effects from costs in foreign currency counteracted the negative currency effect on sales. The EBITDA marginal decreased to 17.4% compared to 21.1% for the same period last year.

Operating profit decreased to SEK 106m (148) and the operating margin amounted to 13.8% (17.9). Net profit for the period amounted to SEK 81m (122).

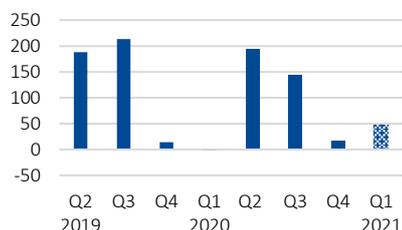
FINANCIAL NET AND TAX

Net financial items for the first quarter were SEK -3m (9) of which interest net was SEK -7m (-1) and otherwise explained by exchange rate differences on cash. Tax cost for the first quarter was SEK 23m (35), corresponding to a tax rate of 22.0% (22.3%).

* The first quarter 2020 included costs related to the IPO of SEK 4m.

CASH FLOW AND FINANCIAL POSITION

CASH FLOW FROM OPERATING ACTIVITIES, SEKm

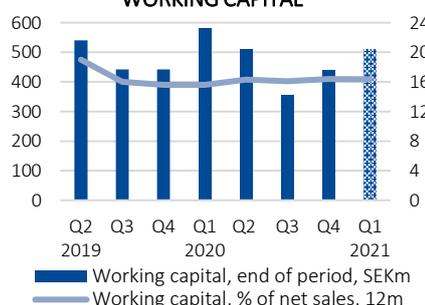


CASH FLOW AND WORKING CAPITAL

Cash flow from operating activities amounted to SEK 47m (-3) for the first quarter. The cash flow was positively impacted by a decrease in inventory after the normal stock increase during the end of the fourth quarter. Increased net sales resulted in an increase in accounts receivables.

Net working capital on 31 March 2021 was SEK 509m (580) and 16.3% (15.6) as percentage of net sales for the last 12 month period.

WORKING CAPITAL



INVESTMENTS AND OPERATING CAPITAL

Investments in the quarter were SEK 14m (12). Operating capital on 31 March 2021 was SEK 1,359m (1,398) of which SEK 645m (625) were tangible fixed assets and SEK 348m (345) were intangible assets. Return on operating capital for the last 12-month period was 23.7% (36.4).

FINANCING

On 31 March 2021 the group had a net debt of SEK 692m (-0). Interest bearing debt amounted to SEK 1,179m (278). Of the interest-bearing debt, SEK 25m are attributable to IFRS 16 leasing liabilities. The total cash position was SEK 486m (278). In addition, the company has available unutilised credit facilities of SEK 800m (200), whereof an overdraft facility of SEK 200m. The equity ratio was 26.9% (57.9) and the net debt/EBITDA 12 m ratio was 1.7 (-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 first quarter includes an earnings effect from currency hedges of SEK 12m (-6). For the coming 12 months the hedges are as follows:

Currency	Average rate of derivatives	FX rate, 31 Mar	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	10.27	10.26	55	560	1	68%	43%
USD	8.61	8.72	16	136	-2	65%	40%
GBP	11.51	12.02	7	81	-4	61%	36%
				776	-5		

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 Q1	2020 Q1	Δ, %	R 12 m	2020 Full year
Net sales	448	455	-2	1,606	1,613
EBITDA	89	111	-20	245	266
EBITDA margin, %	19.9	24.3		15.2	16.5
Operating profit	77	98	-21	193	214
Operating margin, %	17.2	21.6		12.0	13.3
Sales volumes *, ktonnes	60	57	7	213	209

* Include sales volumes internally within the Group

JANUARY - MARCH

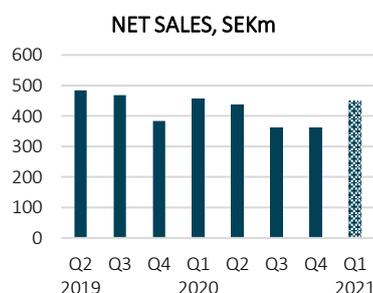
MARKET AND SALES

Demand for Nordic Paper kraft paper strengthened during the quarter. Prices were lower during the quarter compared to the same quarter last year.

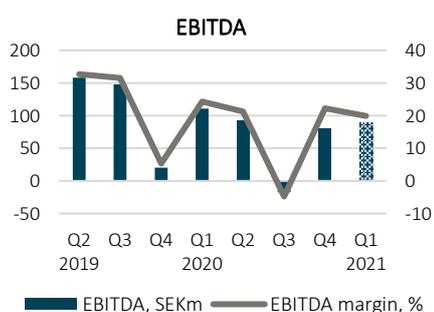
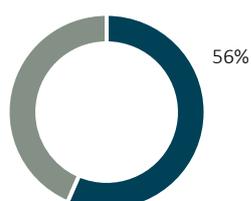
Net sales during the first quarter decreased by 2% to SEK 448m (455). Sales volume and product mix impacted net sales positively by 10%. Lower prices impacted net sales negatively by 6% and the currency development resulted in a negative effect on net sales of 6%. Europe and Asia showed a negative sales development while sales to North and South America increased strongly, albeit from low levels. Also sales to Middle East and Africa increased compared to the same quarter last year.

CHANGE IN NET SALES

Q1 2020, SEKm	455
Sales volume and product mix	10%
Selling price	-6%
Currency	-6%
Q1 2021, SEKm	448



SHARE OF GROUP'S NET SALES Q1 2021



RESULTS

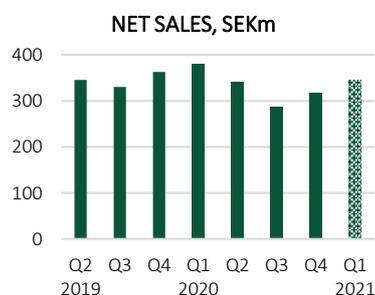
EBITDA decreased to SEK 89m (111) as negative effects from lower prices and deteriorated currency rates were not fully counteracted by positive effects of lower costs for wood compared to the same quarter last year. EBITDA margin decreased to 19.9% (24.3). Operating profit amounted to SEK 77m (98) and the operating margin was 17.2% (21.6).

Q3 and Q4 2019 were affected by maintenance stops normally carried out in Q3 were moved to Q4. See information about seasonality on page 8.

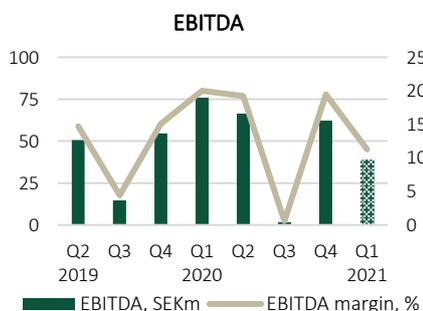
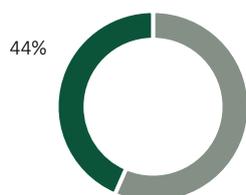
SEGMENT NATURAL GREASEPROOF

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	2020	Δ, %	R 12 m	2020
	Q1	Q1			Full year
Net sales	345	381	-10	1,291	1,327
EBITDA	39	76	-49	168	205
EBITDA margin, %	11.3	20.0		13.0	15.4
Operating profit	28	67	-58	126	164
Operating margin, %	8.1	17.5		9.7	12.4
Sales volumes, ktonnes	19	19	2	68	67



SHARE OF GROUP'S NET SALES Q1 2021



JANUARY – MARCH

MARKET AND SALES

The demand for Nordic Paper greaseproof papers strengthened during the quarter. Pandemic related shutdowns in important markets for Natural Greaseproof have continued, resulting in that the product mix shift from products in professional businesses to products addressed toward retail remains. Sales volumes increased by 2% compared to the same quarter last year.

Net sales during the first quarter decreased by 10% to SEK 345m (381). Price impacted the net sales negatively by 3% and currency by 7%. The net sales development was positive for the largest market, Europe, where demand from retail business has increased, while other geographies showed negative sales development.

CHANGE IN NET SALES

Q1 2020, SEKm	381
Sales volume and product mix	0%
Selling price	-3%
Currency	-7%
Q1 2021, SEKm	345

RESULTS

EBITDA decreased to SEK 39m (76). During the cold days of January and February, the prices on the Nordic electricity markets rose sharply which had a negative effect on EBITDA. Also higher pulp prices impacted Natural Greaseproof results negatively compared to the same quarter last year. The EBITDA marginal decreased to 11.3% (20.0). The operating profit decreased to SEK 28m (67) and the operating margin amounted to 8.1% (17.5).

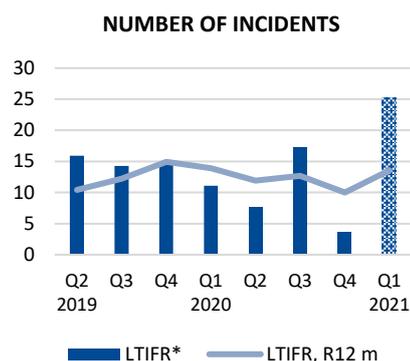
SUSTAINABILITY

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 entrepreneurs, extra staff hired and visitors. The target for the number of LTI's (Lost time Incidents) was for 2021 reduced to 9 incidents per million working hours from the previous target of 10. During the first quarter, 7 incidents with lost time were registered. For the last 12-month period, this results in a LTIFR* of 13.6. A plan for intensifying the preventive and structured work on occupational health and safety has been made.

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

SUSTAINABLE BUSINESS BEHAVIOUR

Nordic Paper has zero tolerance concerning corruption and bribes. During the quarter, the scrutinization and updating of the company's routines to secure that no sales take place to countries and customers covered by sanctions. All customers, existing as well as new ones, are continuously screened against updated sanctions lists.

RESPONSIBLE PRODUCTION

During the quarter, the work has continued with submitting additional technical information regarding the application for a new production permit for the Bäckhammar plant. A new permit is expected to give the company ability to increase the annual pulp and paper production by up to 50,000 and 20,000 tonnes respectively. The application comprises among others the building of a new pipeline for clean and treated process water, which will give beneficial environmental effects.

OTHER

EVENTS AFTER THE QUARTER

After the end of the quarter, Nordic Paper has decided to initiate consultations with trade unions regarding a restructuring of the production at the Säffle plant. The intention is to discontinue the production of pulp at the plant during the fourth quarter 2021 and replace it with purchased external pulp. The Säffle pulp line is one of the smallest in size in Europe and the decision has been made to secure and expand the position of the plant as a world leading producer of greaseproof papers.

A decision has also been made regarding investment in the plant of approximately SEK 70m primarily aiming at increasing the efficiency in handling of external pulp. The investment will be carried out mainly during 2021.

A discontinuation of the pulp production line would enable an increase of the annual production capacity of paper at the plant by about 10% and 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 utilization of the production capacity. Nordic Paper estimates that the staffing would be reduced by about 20 positions. At a future decision to discontinue pulp production, reservations for one-off costs of approximately SEK 80m related to remediation of buildings and land would be made, as well as a write-down of material assets of approximately SEK 30m at the closure of the pulp line.

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.

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.

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 (6) and sold services and consumables to Åmotfors Energi AB to an amount of SEK 5m (3). The transactions were conducted on market conditions.

SHAREHOLDERS

On 31 March 2021, Nordic Paper had 3,332 shareholders.

Shareholders 31 Mar 2021	Votes and capital, %
Sutriv Holding AB	48.2%
Swedbank Robur Fonder	9.4%
AMF - Försäkring och Fonder	9.4%
Handelsbanken fonder	4.6%
Ålandsbanken	4.0%
UBS Switzerland AG	3.8%
Varma Mutual Pension Insurance	1.8%
Carnegie Fonder	1.6%
Ålandsbanken i ägares ställe	1.4%
Länsförsäkringar fondförvaltning AB	1.4%
Other	14.6%
Total	100.0%

ANNUAL GENERAL MEETING

The annual general meeting 2021 will be held on 20 May 2021. Due to the extraordinary situation resulting from the covid-19 pandemic, Nordic Paper's annual general meeting will be carried out through mandatory advance voting (postal voting) pursuant to temporary legislation. No meeting with the possibility to attend in person or to be represented by a proxy will take place. Hence, the annual general meeting will be held without physical presence.

DIVIDEND

To the Annual General Meeting on 20 May 2021, the Board of Directors proposes a dividend of SEK 2.00 per share for the fiscal year of 2020, to be paid in one instalment. The proposal entails a total share dividend of SEK 134m, corresponding to 51.9% of the net profit for the year. The proposed record day is 24 May, which means that the final day for trading in Nordic Paper's shares including the right to a dividend is 20 May.

28 April 2021

Nordic Paper Holding AB

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 information is inside information that Nordic 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 April 2021.

Group

CONDENSED INCOME STATEMENT

SEKm	2021 Q1	2020 Q1	2020 Full year
Net sales*	772	827	2,903
Other operating income	25	8	39
Change in inventories	-34	-8	-17
Raw materials, energy and consumables	-340	-340	-1,210
Other external costs	-149	-178	-757
Personnel costs	-137	-126	-479
Depreciation and amortisation	-28	-26	-110
Other operating costs	-4	-11	-21
Operating profit	106	148	348
Financial income	5	10	5
Financial costs	-7	-1	-25
	-3	9	-20
Profit before tax	104	157	328
Tax	-23	-35	-70
Profit for the period	81	122	258
Profit attributable to:			
Owners of the parent company	81	122	258
Non-controlling interests	-	-	-
Net profit for the period	81	122	258
Earnings per share, SEK	1.21	1.82**	3.85

* Net sales consist in entirety of sales of goods.

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

CONDENSED COMPREHENSIVE INCOME

SEKm	2021 Q1	2020 Q1	2020 Full year
Profit for the period	81	122	258
<i>Items that will be reclassified to profit or loss</i>			
Change in fair value of cash flow hedges	-35	-50	16
Exchange differences on translation of foreign operations	11	-13	-15
Tax attributable to items that have been or may be reclassified to profit or loss	7	12	-3
Other comprehensive income for the period	-16	-51	-2
Comprehensive income for the period	64	71	256
Comprehensive income attributable to:			
Parent company's shareholders	64	71	256

CONDENSED BALANCE SHEET

SEKm	2021 31 Mar	2020 31 Mar	2020 31 Dec
Goodwill	343	343	343
Other intangible assets	5	2	1
Buildings and land	53	64	55
Machinery and plant	488	479	484
Equipment, tools, fixtures and fittings	5	5	4
Right of use assets	26	11	18
Construction in progress	73	66	83
Deferred tax assets	7	13	9
Total non-current assets	999	983	997
Inventories	422	472	445
Accounts receivables	442	532	365
Income tax receivables	11	-	-
Other operating receivables	74	68	68
Derivatives	7	0	34
Prepaid expenses and accrued revenue	16	13	24
Cash and cash equivalents	486	278	415
Total current assets	1,459	1,363	1,351
Total assets	2,458	2,346	2,349
Share capital	19	19	19
Reserves	-31	-51	-15
Retained earnings including profit of the year	671	1 391	590
Total equity	659	1 359	594
Liabilities to credit institutions	950	-	950
Lease liabilities	14	6	9
Deferred tax liabilities	149	165	158
Other liabilities and provisions	19	23	18
Total non-current liabilities	1,130	194	1,135
Factoring credit-line	203	223	165
Liabilities to parent	-	41	-
Accounts payables	220	259	218
Liabilities to associated companies	4	-	3
Income tax liability	-	15	5
Lease liabilities	11	6	10
Derivatives	11	39	0
Other liabilities	12	11	12
Accrued expenses and deferred income	206	199	207
Total current liabilities	669	793	620
Total equity and liabilities	2,458	2,346	2,349

CONDENSED STATEMENT OF CHANGES IN EQUITY

SEKm	2021 31 Mar	2020 31 Mar	2020 31 Dec
Opening balance	594	1,288	1,288
Comprehensive income for the period	81	122	258
Other comprehensive income for the period	-16	-51	-2
<i>Transactions with owners of the parent</i>			
Dividend	-	-	-950
Closing balance	659	1,359	594
Equity attributable to:			
Owners of the parent company	659	1,359	594

CONDENSED CASH FLOW

SEKm	2021 Q1	2020 Q1	2020 Full year
Operating activities			
Operating profit	106	148	348
Interest income	0	-	0
Interest cost	-7	-1	-9
Adjustments for non-cash items	40	36	87
Paid income tax	-48	-64	-110
Cash flow from operating activities before changes in working capital	91	119	316
Cash flow from changes in working capital			
Changes in inventories	30	-12	15
Change in operating receivables	-74	-129	26
Change in operating liabilities	1	19	-5
Cash flow from operating activities	47	-3	352
Investing activities			
Acquisitions of non-current tangible assets	-14	-12	-102
Cash flow from investing activities	-14	-12	-102
Financing activities			
Net change in factoring credit line	38	37	-19
Group contribution paid out	-	-	-41
Payment related to amortisation of lease liabilities	-4	-	-10
New loan	-	-	950
Dividend paid out	-	-	-950
Cash flow from financing activities	34	37	-70
Cash flow for the period	66	22	179
Opening cash and cash equivalents	415	247	247
Currency translation in cash and cash equivalents	4	9	-11
Closing cash and cash equivalents	486	278	415
Adjustments for non-cash items			
Depreciations	28	26	110
Currency translation effects	3	-35	12
Derivatives, changes in fair value	10	47	-24
Others	-1	-2	-11
Total	40	36	87

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
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Segment Kraft Paper	484	469	383	455	436	361	361	448
Segment Natural Greaseproof	345	330	363	381	342	286	318	345
Eliminations	-8	-8	-9	-9	-12	-8	-9	-20
Total Group	821	791	738	827	767	639	670	772

EBITDA

SEKm	2019			2020				2021
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Segment Kraft Paper	158	148	20	111	93	-17	80	89
Segment Natural Greaseproof	51	15	55	76	66	2	62	39
Parent company and not distributed items	-17	-11	0	-59	43	-10	20	-27
Eliminations etc	2	2	-10	46	-48	13	-19	34
EBITDA total Group	193	153	65	174	154	-13	144	134
Depreciation and amortisation	-25	-24	-25	-26	-26	-27	-31	-28
Operating profit	169	129	40	148	128	-40	113	106
Financial income	0	5	0	10	0	2	0	5
Financial costs	-2	-4	-11	-1	-10	-2	-19	-7
Profit before tax	167	130	29	157	118	-41	94	104

EBITDA MARGIN

%	2019			2020				2021
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Segment Kraft Paper	32.7	31.5	5.3	24.3	21.2	-4.8	22.3	19.9
Segment Natural Greaseproof	14.7	4.4	15.1	20.0	19.2	0.6	19.5	11.3
Group	23.6	19.4	8.8	21.1	20.1	-2.0	21.4	17.4

OPERATING PROFIT

SEKm	2019			2020				2021
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Segment Kraft Paper	146	135	8	98	80	-31	67	77
Segment Natural Greaseproof	42	6	45	67	57	-7	47	28
Parent company and not distributed items	-17	-11	0	-59	43	-10	20	-27
Eliminations etc	-2	-2	-14	42	-52	8	-22	28
Total Group	169	129	40	148	128	-40	113	106

OPERATING MARGIN

%	2019			2020				2021
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Segment Kraft Paper	30.1	28.9	2.1	21.6	18.3	-8.6	18.5	17.2
Segment Natural Greaseproof	12.2	1.9	12.5	17.5	16.5	-2.4	14.9	8.1
Group	20.6	16.3	5.4	17.9	16.7	-6.3	16.8	13.8

SALES VOLUMES

ktonnes	2019			2020				2021
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Segment Kraft Paper	53	55	46	57	55	48	50	60
Segment Natural Greaseproof	16	16	17	19	17	15	16	19
Eliminations	-2	-2	-2	-2	-3	-2	-2	-4
Total Group	68	69	61	73	69	61	64	75

NOTE 3 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

SEKm	2021		2020		2020	
	31 Mar		31 Mar		31 Dec	
Financial assets: accrued acquisition value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Accounts receivables	442	442	532	532	365	365
Other receivables	74	74	68	68	68	68
Cash at bank and on hand	486	486	278	278	415	415
Total	1,003	1,003	878	878	848	848
Financial liabilities: accrued acquisition value						
Factoring credit line	203	203	223	223	165	165
Lease liabilities	25	25	12	12	18	18
Liabilities to associated companies	4	4	-	-	3	3
Liabilities to owner company	-	-	41	41	-	-
Account payables	220	220	259	259	218	218
Non-current liabilities to credit institutions	950	950	-	-	950	950
Other liabilities	218	218	210	210	219	219
Total	1,620	1,620	745	745	1,573	1,573
Derivatives used for hedging						
Current assets						
Cash flow hedges	7	7	0	0	34	34
Current liabilities						
Cash flow hedges	11	11	39	39	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 CURRENCY EFFECTS, FINANCIAL INCOME AND COSTS

SEKm	2021	2020	2020
	Q1	Q1	Full year
Other operating income			
Compensation for CO2 tax	2	1	7
Translation effect, net from revaluation of derivatives	12	-	19
Sale of surplus energy, by-products etc	3	3	10
Translation effects net from revaluation of operating receivables and liabilities	8	3	-
Others	0	0	3
Total	25	8	39
Other operating costs			
Fair value, losses from cash flow hedges	-4	-11	0
Translation effect net from revaluation of operating receivables and liabilities	-	-	-21
Total	-4	-11	-21
Financial income			
Interest income	0	0	-
Foreign realised exchange rate profits	-	10	5
Foreign unrealised exchange rate profits	5	-	-
Total	5	10	5
Financial costs			
Interest costs	-7	-1	-9
Foreign realised exchange rate losses	0	-	-
Foreign unrealised exchange rate losses	-	-	-16
Total	-7	-1	-25

NOTE 5 INCOME TAX AND DEFERRED TAX

SEKm	2021 Q1	2020 Q1	2020 Full year
Income tax receivable	11	-	-
Income tax liability	-	15	5
<i>Deferred tax assets regarding:</i>			
- Lease	0	3	4
- Financial debt	1	-	-
- Pension and other	5	10	5
	7	13	9
<i>Deferred tax liabilities regarding:</i>			
- Intangible assets and Buildings and land	4	8	8
- Untaxed reserves	137	150	137
- Financial assets	-	-	6
- Temporary differences regarding foreign subsidiary	8	8	7
	149	166	158

Key figures

	2021	2020	2020
SEKm	Q1	Q1	Full year
Net sales growth, %	-7	-6	-10
EBITDA margin, %	17.4	21.1	15.8
Operating margin, %	13.8	17.9	12.0
Cash flow from operating activities	47	-3	352
Cash conversion, %	92.5	85.5	77.9
Return on operating capital, 12m, %	23.7	36.4	26.9
Return on equity, 12m, %	21.4	31.1	22.3
Working capital	509	580	439
Operating capital	1,359	1,398	1,278
Interest-bearing debts	1,179	278	1,134
Net debt /equity, %*	105.1	-0.0	120.9
Net debt/EBITDA 12m, ratio*	1.7	-0.0	1.6
Equity ratio, %	26.9	57.9	25.3
Working capital % of net sales, 12m	16.3	15.6	16.4
Investments	14	12	102
Sales volumes, ktonnes	75	73	267
Number of employees at end of period	636	635	632
Number of shares, end of period	66,908,800	66,908,800	66,908,800
Earnings per share, SEK	1.21	1.82**	3.85

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

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

ALTERNATIVE PERFORMANCE MEASURES

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

EBITDA	2021	2020	2020
SEKm	Q1	Q1	Full year
Operating result	106	148	348
Depreciation, amortisation and impairment	28	26	110
EBITDA, SEKm	134	174	458
EBITDA MARGIN			
SEKm	Q1	Q1	Full year
EBITDA	134	174	458
Net sales	772	827	2,903
EBITDA margin, %	17.4	21.1	15.8
OPERATING MARGIN			
SEKm	Q1	Q1	Full year
Operating profit	106	148	348
Net sales	772	827	2,903
Operating margin, %	13.8	17.9	12.0
CASH CONVERSION			
SEKm	Q1	Q1	Full year
EBITDA 12m	418	586	458
Change in working capital, 12 m	73	18	1
Investments, 12 m	-104	-103	-102
Total	387	501	357
EBITDA, 12m	418	586	458
Cash conversion %, 12m	92.5	85.5	77.9
WORKING CAPITAL			
SEKm	Q1	Q1	Full year
Inventories	422	472	445
Accounts receivables	442	532	365
Other operating receivables excl derivatives	101	81	92
Accounts payables	-220	-259	-218
Other operating liabilities excl derivatives	-237	-246	-244
Net working capital	509	580	439
Net working capital, 12m	466	497	476
Net sales, 12m	2,849	3,177	2,903
Working capital, % of net sales, 12m	16.3	15.6	16.4

OPERATING CAPITAL	2021	2020	2020
SEKm	Q1	Q1	Full year
Net working capital	509	580	439
Intangible assets	348	345	344
Tangible assets	645	625	644
Deferred tax receivables/liabilities	-142	-152	-149
Operating capital	1,359	1,398	1,278
Operating profit, 12m	306	486	348
Operating capital, 12m	1,291	1,334	1,295
Return on operating capital, % 12m	23.7	36.4	26.9
NET DEBT			
SEKm	Q1	Q1	Full year
Liabilities to credit institute	950	-	950
Lease liabilities, long term	14	6	9
Factoring credit line	203	223	165
Liabilities to owner company	-	41	-
Lease liabilities, short term	11	6	10
Interest-bearing debt	1,179	278	1,134
Cash and cash equivalents	486	278	415
Net debt/net cash (+/-)	692	-0	718
EBITDA, 12m	418	586	458
Net debt/EBITDA 12m, ratio	1.7	-0.0	1.6
NET DEBT/EQUITY			
SEKm	Q1	Q1	Full year
Net debt/net cash (+/-)	692	-0	718
Equity	659	1,359	594
Net debt/Equity ratio	105.1	-0.0	120.9
EQUITY RATIO			
SEKm	Q1	Q1	Full year
Equity	659	1,359	594
Total assets	2,447	2,346	2,349
Net debt/Equity, %	26.9	57.9	25.3
RETURN ON EQUITY			
SEKm	Q1	Q1	Full year
Equity	659	1,359	594
Equity, 12m	1,010	1,241	1,156
Profit after tax, 12m	216	386	258
Return on equity 12m, %	21.4	31.1	22.3

Definitions

Non-IFRS measures	Description	Reason for use
Sales volume	Sales of paper and pulp from segment or the group, disclosed in ktonnes	Shows if a business is expanding or contracting.
EBITDA	EBITDA (earnings before financial income and costs, taxes, depreciation and amortisation) is the operating profit plus depreciation, impairment and amortisation.	A measurement that eliminates the effects of non-cash expenses and shows how much cash the business can generate.
EBITDA margin	EBITDA as a percentage of net sales.	Shows how much cash the business can generate in relation to revenue.
Operating profit	Result before financial income, cost and tax.	Shows the result in the company's operational business.
Operating margin	Operating profit as a percentage of net sales.	Shows operating profit in relation to net sales and is a measurement of the profitability in the company's operational business
Cash flow from operating activities	Cash flow before acquisitions of intangible and tangible assets, amortisation of loans, new loans, group contribution and dividend to the owners.	Indicates the amount of cash company brings in from its ongoing, regular business activities.
Cash conversion*	The sum of EBITDA less change in net working capital minus investments, divided by EBITDA, disclosed as a percentage.	Cash conversion shows how efficient a company are in generating cash flow in relation to EBITDA.
Investments	Cash flow effects 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	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 Q1	2020 Q1	2020 Full year
Net sales	9	11	34
Other operating income	12	-	36
Other external costs	-10	-13	-69
Personnel costs	-4	-2	-8
Other operating costs	-34	-55	-
Operating profit	-27	-59	-6
Profit/Loss from participations in associated companies	-	-	66
Financial income and similar items	0	3	34
Financial costs and similar items	-4	-14	-6
Profit after net financial items	-31	-70	89
Appropriations	0	-	252
Profit before tax	-31	-70	342
Tax	-1	4	-52
Profit for the period and summarised comprehensive income	-32	-66	289

CONDENSED BALANCE SHEET

SEKm	2021 31 Mar	2020 31 Mar	2020 31 Dec
Shares in group companies	896	896	896
Deferred tax	0	0	0
Total non-current assets	896	896	896
Receivables from group companies	200	427	199
Income tax receivables	27	7	4
Derivatives	-	0	33
Other receivables	-	-	2
Prepaid expenses and accrued revenue	-5	1	15
Cash and cash equivalents	616	176	621
Total current assets	838	611	874
Total assets	1,734	1,507	1,770
Share capital	19	19	19
Retained earnings	405	1,065	116
Result for the period	-32	-66	289
Total equity	392	1,018	424
Untaxed reserves	386	441	387
Liabilities to credit institutions	950	-	950
Total non-current liabilities	950	-	950
Accounts payables	0	1	7
Derivatives	-	39	-
Other liabilities	0	0	-
Accrued expenses and prepaid revenue	4	7	1
Total current liabilities	5	48	9
Total equity and liabilities	1,734	1,507	1,770

CONFERENCE CALL

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

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

Pin code 1979970#

FINANCIAL CALENDAR

Annual General Meeting – 20 May 2021
Interim report Q2 2021 – 20 July 2021
Interim report Q3 2021 – 28 October 2021
Year-end report 2021 – 28 January 2022

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NORDIC PAPER IN BRIEF

Nordic Paper is a Scandinavian specialty paper producer, manufacturing top-quality paper since the 19th century. We are a leading supplier of kraft and natural greaseproof paper. Our products are based on renewable raw material from local forests. From our four Scandinavian mills we supply customers in more than 70 countries. Nordic Paper had in 2020 net sales of SEK 2,900m, about 630 employees and is listed on Nasdaq Stockholm. www.nordic-paper.com