2020 Annual Report

and Consolidated Financial Statements

Global presence, local excellence

Ekman

This Annual Report includes:

Annual Report and Consolidated Financial Statements for Ekman & Co AB

The Board of Directors and the CEO of Ekman & Co AB hereby submit the Annual Report and Consolidated Financial Statements for the financial year starting on January 1, 2020, and ending on December 31, 2020. The Annual Report is a translation of the original in Swedish.

Business Concept

Ekman is a global sales and marketing organization, strategically aligning buyers and sellers of forest products around the world.

We create additional value by offering deep expertise, strong financial solutions, competitive sourcing and highly committed people, providing outstanding service to our partners.

Words from the CEO

Excellent results in a challenging market

At the start of 2020, we were preparing for a slowdown in global wood pulp and paper trade. But at the end of the year, Ekman & Co announced one of its best results ever.

The coronavirus pandemic has changed the way we live and work in a very short space of time and has turned the pulp and paper market upside down. The big surprise at the start of the pandemic was the number of households buying large quantities of toilet paper. This demand increased as more and more people began working from home. Demand for packaging material also increased as a growing number of purchases were made online instead of in-store.

However, in offices, shops and industrial operations, both production and workplace activities dwindled. Consequently, the commercial sector generated significantly less recovered paper and other waste for recycling.

All in all, the market for paper and wood pulp was stronger than expected in 2020, whereas our recycling business was negatively impacted. Recycling operations have also been affected by new regulations for importing recovered paper to China. The country has also increased its requirement for purity of this material such that in practice it is no longer possible to import recovered paper to China.

Robust partnerships

We, our partners and our customers have had to deal with a changing market throughout the year with volatile prices and logistical challenges, but together we have solved any problems that have arisen. Our long-standing partnerships and relationships of mutual respect have stood firm and have strengthened in the turbulent times.

We have also been reminded again this year of the value of having subsidiaries and sales offices in a significant part of the world. When the world went into lockdown, Ekman was on the spot, close to the market, and with a unique understanding of local problems.

Equipped for the future

2021 is the start of a new strategic period for Ekman & Co. We are coming out of the previous five-year period with one of the best results ever. We have not only consolidated our central functions for financial monitoring, legal compliance and strategic governance of operations, we have also placed more responsibility for daily operations in the hands of the employees in our business areas.

One of our most important strategies over the next few years is to explore and create collaborations between Ekman's business areas. One example is the combined recycling and paper business where Recovered Materials supplies recovered paper to a customer which produces packaging material that is sold on to other Paper & Packaging customers.

From oldie to goldie

Forests, which form the basis of our operations, have gained a new focus in recent years as a raw material for products and solutions to replace oil and other raw materials that have a negative impact on nature and climate.

Ekman is actively involved in work to create a circular value chain for recycled cotton and other cellulose fibres. Dissolving pulp is produced from the recycled raw materials which Ekman distributes to customers that manufacture virgin viscose or lyocell fibre. The fibres are sold on to textile producers to make new clothes. The next step will be to close the circle with flows of textile waste that will become the raw material in the production of dissolving pulp.

Ekman's newly established product facilitator, Ekman Innovare, has developed this broad-based industry cooperation. Ekman Innovare has the task of stimulating developments of sustainable products and innovations for new business that will create value for both society and our operations.

We have navigated through a turbulent year in 2020 with great flexibility and responsiveness. Thanks to all our partners, customers and employees! Let's focus on the future now.

Jan Svensson, CEO
Ekman & Co

Directors' Report

Ownership structure

Ekman & Co AB is a wholly owned subsidiary of Ekman Invest Holding AB (corporate registration number 556712-1602) with its registered office in Gothenburg, which in turn is owned by the Ekman family both directly and via foundations, as well as by employees within the Ekman Group.

Nature and purpose of business

Ekman & Co AB is an international trading house with business that includes selling wood pulp, paper, packaging, recovered materials and products within the bioenergy sector. The business is conducted through subsidiaries and agents in all parts of the world.

Significant events during the financial year and thereafter

2020 was a year marked by huge uncertainty, largely as a result of the ongoing coronavirus pandemic that has caused disruption both in the global economy and in local and regional supply and demand patterns. Paper products were affected very differently, mainly depending on product segment, but also depending on geographical market as the repercussions of the pandemic and local policy decisions affected the markets to varying degrees and extent.

Demand rose sharply for products related to controlling the spread of infection, disposables in the healthcare sector and food packaging materials. On the other hand, demand plummeted in other segments such as office paper and products related to restaurant business. Overall, paper products were less affected by the pandemic than many other industries and in general, the need for forest products actually increased as a result of the pandemic.

The market price for paper pulp rose sharply in the latter part of the year. In addition to the increased demand in certain paper segments, prices were also affected by some temporary loss of production capacity.

Similar to the situation for paper pulp, the Group's paper product sales were also affected depending on segment and area of use. Demand in the Group's focus area, containerboard, was strong during the year and sales volume was up year-on-year.

Group five year summary

A summary of financial ratios spanning the past five years is presented below.

SEK million	**2020**	2019	2018	2017	2016
Revenue, incl. agency sales	18,424	19,576	22,050	20,331	17,031
Result after financial items	107.6	–10.0	85.2	82.8	52.5
Net profit for the year	69.1	–38.9	54.3	59.5	28.6
Total assets	2,137	2,771	3,267	2,426	2,208
Equity	483.1	426.8	480.5	446.2	398.7
Return on equity, %	15.2	–8.6	11.7	14.1	7.3
Equity ratio, %	22.6	15.4	14.7	18.4	18.1
Average number of employees	298	301	296	283	279

Definitions

"Net profit for the year" refers to the net profit attributable to the Parent Company's shareholder
"Equity" refers to the equity attributable to the Parent Company's shareholder
"Return on equity" is calculated as net income less the share due to non-controlling interests, divided by average total equity attributable to the Parent Company's shareholder
"Equity ratio" is calculated as total equity attributable to the Parent Company's shareholder divided by total assets

For recovered paper, which accounts for a significant share of the Group's volumes, the challenges relating to the coronavirus were huge during the year. Both the generation and collection of waste paper were negatively impacted by various societal lockdowns. This created huge volatility in prices and changing export conditions. However, the market recovered slightly during the latter part of the year.

The pellet market has also presented challenges over the past year. Prices were already low at the beginning of the year and have been squeezed further over the course of the year.

Overall, business has been strong in 2020 and the Group has benefited from its global diversification, many years of experience and strong business relationships allowing it to manage the impact of the huge uncertainty that prevailed in the markets particularly during the initial phase of the pandemic.

The Group's operating revenue amounted to SEK 14,927 million (SEK 16,097 million). In addition, agency commissions totaled SEK 3,497 million (SEK 3,479 million). Accordingly, the Group's total business volume was SEK 18,424 million (SEK 19,576 million). A large share of the revenue reduction from the previous year is driven by the low market prices.

The Group's profit after financial items totaled SEK 107.6 million, compared to SEK –10.0 million in the preceding year. During the year, the transaction volume amounted to 4.3 million tons of forest products (4.4 million tons).

The number of employees in the Group decreased during the year from 301 in 2019 to 298 in 2020. The corresponding numbers for the Parent Company are 52 employees in 2020, in comparison to 51 in 2019.

The Parent Company, Ekman & Co AB, posted a profit after financial items of SEK 101.2 million in 2020, in comparison to SEK 6.3 million in 2019.

Sustainability disclosures

The sustainability disclosures required to understand the Company's development, financial position or results of operations are published on the Company's website: www.ekmangroup.com.

Future outlook

The global economy is still characterized by huge uncertainty as a result of the ongoing pandemic and it is not possible to determine fully what influence this may have on the Group's business operations going forward. Quick political decisions can have major consequences for the global economy and can also influence the Company's business operations. In general, however, the Group has considerable strength and flexibility enabling it to manage the uncertainty and changing market conditions.

The pandemic may also affect the structure of demand in the long term as purchasing patterns have changed and new products have gained a foothold, while others have ceased to be used almost completely as a result of the altered conditions. The transition to sustainable solutions has also accelerated. The shift from fossil-based products to sustainable plastic-free products and the increasingly important circular economy are expected to entail increased demand for forest products. The Group is in a good position to meet these changes head on and has a strong focus on the many new innovations relating to forest raw materials that are at various stages of development and that will be able to broaden the Group's product portfolio in the future.

Significant risks and uncertainties

Management has a constant focus on minimizing various risks so as not to jeopardize the Group's balance sheet and income statement. The most significant risks can be divided into the following categories:

- Price risk
- Credit risk
- Interest rate risk
- Currency risk

Each different risk category is described below along with measures the Group takes to limit its exposure to these risks.

Price risk

The Group's main price risk is related to changes in the world market prices for pulp, containerboard, recovered paper and wood pellets. These risks are normally managed by structuring business transactions in such a way that the effects of price changes are minimized.

Credit risk

Credit risk is defined as the risk of counterparties being unable to meet their contractual obligations to the Group.

Credit risks are mainly related to outstanding accounts receivable and outstanding advance payments to suppliers.

The Group has maintained a global credit insurance policy for many years, which substantially limits its exposure to customer credit risks.

The Group's credit policy defines the measures taken to minimize its exposure to credit risks, which include business intelligence analyses, a structured procedure for assessing the credit rating of counterparties and for making credit decisions, the use of individual credit limits, the adaptation of credit terms and conditions and collection procedures.

Credit risks are divided between several different counterparties and are also divided geographically between many different markets, which reduces the concentration risk of the Group's receivables.

Interest rate risk

The Group's interest rate risk is mainly related to outstanding accounts receivable and external borrowing. The Group's policy is to match the terms of external borrowings with the average credit periods granted to customers to the greatest extent possible. Interest rate derivatives are rarely cost-effective in hedging working capital financing. Interest rate derivatives may be used for financing with long terms, such as financing for acquisitions, if the interest rate risk is considered substantial.

Currency risk

The Group's business is global and exposed to currency risks via business transactions in different currencies, via assets and liabilities recognized in different currencies and via the translation of the income statements and balance sheets of foreign subsidiaries to the Group's presentation currency.

The Group's target is to eliminate currency risks to the greatest degree possible and several processes have been implemented to ensure that this target is met on an ongoing basis. In accordance with the Group's risk management policy, currency derivatives are used to hedge transaction exposure in currencies and to hedge against imbalances in assets and liabilities in foreign currencies. Forward contracts are usually used for these hedging purposes. In addition, the Group actively employs various methods to minimize the net exposure in different currencies between recognized assets and liabilities in foreign currencies for each Group company.

The Group also hedges exposure to currency risk in net investments in foreign subsidiaries using derivative instruments. The amount of the hedge is estimated quarterly, taking into account changes in net investment in different currencies.

The Group employs hedge accounting in cases where currency derivatives are used to hedge currency risks.

Proposed distribution of earnings

The following earnings are at the disposal of the Annual General Meeting:

Retained earnings	305,965,948
Profit/loss for the year	92,111,400
	SEK 398,077,348

The Board of Directors proposes that the following amount is to be

distributed to the shareholders	53,878,048
carried forward	344,199,300
	SEK 398,077,348

Subject to the Board's approval, Group contributions have been paid to Ekman & Co AB's parent company totaling SEK 1,145,996. Group contributions totaling SEK 813,525 were paid to Ekman & Co AB's subsidiaries and other Group companies.

It is the Board's view that the proposed dividend and the proposed Group contributions will not prevent the Company or the Group from meeting their obligations in the short or long term, or from making the necessary investments. Therefore, the proposed value transfer can be justified in accordance with the provisions of Article 17, Section 3, Paragraphs 2 and 3 of the Swedish Companies Act (prudence rule).

In regards to the result for the year of the Group and the Parent Company, their financial position on the reporting date as well as financing and capital utilization during the year, please refer to the following financial statements. All figures are reported in thousands of SEK unless otherwise indicated.

Income Statements

Thousands of SEK	Note	Group Jan. 1, 2020 – Dec. 31, 2020	Group Jan. 1, 2019 – Dec. 31, 2019	Parent Company Jan. 1, 2020 – Dec. 31, 2020	Parent Company Jan. 1, 2019 – Dec. 31, 2019
Revenue					
Net sales	4, 5	14,848,412	16,002,761	4,981,088	4,929,251
Other operating income		78,631	93,895	55,842	28,229
		14,927,043	**16,096,656**	**5,036,931**	**4,957,481**
Operating expenses					
Goods for resale	5	–13,620,131	–14,827,687	–4,386,800	–4,363,217
Other external expenses	6, 7	–757,256	–866,862	–535,556	–481,786
Personnel costs	8	–403,344	–342,056	–85,842	–64,367
Depreciation/amortization of non-current assets	12	–9,874	–16,327	–1,479	–1,487
Other operating expenses				–264	–1,687
Operating profit/loss		**136,438**	**43,724**	**26,989**	**44,937**
Profit/loss from financial items					
Profit/loss from holdings in Group companies	9			73,507	
Profit/loss from holdings in affiliated companies			–2,037		–2,037
Gain/loss from holdings in ownership interests in other companies	14	–166	3,298	–166	3,298
Interest income and similar items	10	4,668	3,430	1,117	2,847
Exchange rate effects on derivative instruments	3			11,602	–19,338
Interest income from Group companies		1,094	999	11,879	14,212
Interest expenses and similar items	10	–34,480	–59,377	–18,680	–31,887
Interest expenses to Group companies				–5,003	–5,726
Profit/loss after financial items		**107,554**	**–9,963**	**101,244**	**6,307**
Appropriations					
Group contributions received				100	328
Group contributions paid		–1,474	–696	–1,960	–695
Profit/loss before tax		**106,080**	**–10,659**	**99,384**	**5,939**
Tax on profit for the year	11	–26,651	–25,086	–7,273	–989
Profit/loss for the year		**79,429**	**–35,745**	**92,111**	**4,950**
Share of net profit attributable to					
– The Parent Company's shareholder		69,097	–38,852		
– Non-controlling interests		10,332	3,107		

Balance Sheets

Thousands of SEK	Note	Group Dec. 31, 2020	Group Dec. 31, 2019	Parent Company Dec. 31, 2020	Parent Company Dec. 31, 2019
Assets					
Non-current assets					
Intangible assets	12				
Goodwill		6,045	7,952		
Other intangible assets		114	101	45	99
		6,159	**8,053**	**45**	**99**
Tangible assets	12				
Buildings and land		10,738	10,783		
Machinery and equipment		25,928	21,650	4,507	4,191
		36,666	**32,433**	**4,507**	**4,191**
Financial assets					
Holdings in Group companies	13			131,286	129,671
Holdings in ownership interests in other companies	14	22,192	22,359	22,192	22,359
Other investments		1,127	955	60	60
Deferred tax assets	15	14,088	14,973	1,623	790
Other non-current receivables		24,278	29,070	3,543	8,813
		61,685	**67,357**	**158,704**	**161,693**
Total non-current assets		**104,510**	**107,843**	**163,256**	**165,983**
Current assets					
Inventories					
Finished goods and goods for resale		349,548	498,093	130,955	226,462
Advance payments to suppliers		179,737	235,915	32,461	1,158
		529,285	**734,008**	**163,416**	**227,620**
Current receivables					
Accounts receivable		1,188,190	1,648,915	398,136	582,821
Receivables from Group companies		92,399	87,284	408,604	557,049
Tax receivable		11,634	15,782	519	2,337
Other receivables		59,656	47,398	9,329	11,323
Prepaid expenses and accrued income	16	94,455	77,909	61,997	54,976
		1,446,334	**1,877,288**	**878,586**	**1,208,506**
Cash and bank balances		57,015	52,330	8,852	1,847
Total current assets		**2,032,634**	**2,663,626**	**1,050,854**	**1,437,973**
Total assets		**2,137,144**	**2,771,469**	**1,214,110**	**1,603,956**

Balance Sheets

Thousands of SEK	Note	Group Dec. 31, 2020	Group Dec. 31, 2019	Parent Company Dec. 31, 2020	Parent Company Dec. 31, 2019
Equity, provisions and liabilities					
Equity					
Share capital (60,000 shares)	17	60,000	60,000	60,000	60,000
Statutory reserve				12,000	12,000
Other equity including profit/loss for the year		423,107	367,558		
Group equity attributable to Parent Company's shareholder		**483,107**	**427,558**		
Parent Company restricted equity				**72,000**	**72,000**
Non-controlling interests		22,266	16,415		
Profit carried forward				305,966	306,171
Net profit for the year				92,111	4,950
Parent Company unrestricted equity				**398,077**	**311,121**
Total equity		**505,373**	**443,973**	**470,077**	**383,121**
Provisions					
Provisions for pensions		16,863	15,869	3,527	3,204
Provision for deferred tax		6,323	6,162	954	
		23,186	**22,031**	**4,481**	**3,204**
Liabilities					
Non-current liabilities					
Liabilities to credit institutions	18	11,437	5,707		
Liabilities to Group companies		429		708	597
		11,866	**5,707**	**708**	**597**
Current liabilities					
Liabilities to credit institutions	19	450,241	1,007,122	134,239	596,962
Advance payments from customers		33,826	79,115	17,611	16,770
Accounts payable		797,224	848,357	261,466	205,399
Liabilities to Group companies			139	168,029	322,676
Tax liabilities		16,921	3,806	4,989	
Other current liabilities		17,978	25,511	4,460	3,289
Accrued expenses and prepaid income	20	280,529	335,708	148,048	71,937
		1,596,719	**2,299,758**	**738,844**	**1,217,033**
Total liabilities and provisions		**1,631,771**	**2,327,496**	**739,552**	**1,217,630**
Total equity, provisions and liabilities		**2,137,144**	**2,771,469**	**1,214,110**	**1,603,955**

Consolidated Statement of Changes in Equity

Group	Share capital	Other equity incl. profit/loss for the year	Total equity attributable to Parent Company's shareholder	Non-controlling interests	Total equity
Opening balance, Jan. 1, 2019	**60,000**	**420,072**	**480,072**	**12,715**	**492,787**
Profit/loss for the year		–38,852	–38,852	3,107	–35,745
Translation differences		3,686	3,686	593	4,279
Total changes in value		–35,166	–35,166	3,700	–31,466
Transactions with owners					
– Payout to non-controlling interests					
– Dividends to shareholders		–17,348	–17,348		–17,348
Total transactions with owners		–17,348	–17,348		–17,348
Closing balance, Dec. 31, 2019	**60,000**	**367,558**	**427,558**	**16,415**	**443,973**
Opening balance, Jan. 1, 2020	**60,000**	**367,558**	**427, 558**	**16,415**	**443,973**
Profit/loss for the year		69,097	69,097	10,332	79,429
Translation differences		–8,393	–8,393	–2,048	–10,441
Total changes in value		60,704	60,704	8,284	68,988
Transactions with owners					
– Payout to non-controlling interests				–2,433	–2,433
– Dividends to shareholders		–5,155	–5,155		–5,155
Total transactions with owners		–5,155	–5,155	–2,433	–7,588
Closing balance, Dec. 31, 2020	**60,000**	**423,107**	**483,107**	**22,266**	**505,373**

	Restricted equity		**Unrestricted equity**		
Parent Company	Share capital	Statutor reserve	Profit/loss carried forward	Profit/loss for the year	Total equity
Opening balance, Jan. 1, 2019	**60,000**	**12,000**	**299,402**	**24,117**	**395,519**
Transfer of past year's profit/loss			24,117	–24,117	
Net profit for the year				4,950	4,950
Total changes in value			24,117	–19,167	4,950
Transactions with owner					
– Dividends			–17,348		–17,348
Total transactions with owner			–17,348		–17,348
Closing balance, Dec. 31, 2019	**60,000**	**12,000**	**306,171**	**4,950**	**383,121**
Opening balance, Jan. 1, 2020	**60,000**	**12,000**	**306,171**	**4,950**	**383,121**
Transfer of past year's profit/loss			4,950	–4,950	
Net profit for the year				92 111	92,111
Total changes in value			4,950	87,161	92,111
Transactions with owner					
– Dividends			–5,155		–5,155
Total transactions with owner			–5,155		–5,155
Closing balance, Dec. 31, 2020	**60,000**	**12,000**	**305,966**	**92,111**	**470,077**

Cash Flow Statements

Thousands of SEK	Note	Group Jan. 1, 2020 – Dec. 31, 2020	Group Jan. 1, 2019 – Dec. 31, 2019	Parent Company Jan. 1, 2020 – Dec. 31, 2020	Parent Company Jan. 1, 2019 – Dec. 31, 2019
Operating activities					
Operating profit/loss		136,438	43,724	26,989	44,937
Adjustment for items not included in cash flow					
– Depreciation/amortization and disposals		9,874	16,328	1,515	1,497
– Change in provisions		994	5,053		
– Other items	21	77,546	29,340	33,770	29,201
Interest received		5,765	4,429	16,412	15,961
Interest paid		–34,774	–59,299	–24,967	–38,128
Income tax paid		–19,478	–22,493	–345	–392
Cash flow from operating activities before changes in working capital		**176,365**	**17,082**	**53,374**	**53,076**
Cash flow from changes in working capital					
Decrease(+)/increase(–) in inventories		204,723	216,590	95,507	–73,431
Decrease(+)/increase(–) in accounts receivable		460,725	202,509	184,685	112,622
Decrease(+)/increase(–) in current receivables		–27,097	71,746	110,255	–82,932
Decrease(–)/increase(+) in accounts payable		–51,133	–266,725	56,067	–224,012
Decrease(–)/increase(+) in current liabilities		–194,911	–1,463	–111,789	112,049
Cash flow from operating activities		**568,672**	**239,739**	**388,099**	**–102,628**
Investing activities					
Investment in subsidiaries				–1,615	
Change in currency hedge of equity in subsidiaries	3			15,954	–19,338
Investments in intangible assets		–73	–1,741		
Investments in tangible assets		–15,759	–10,081	–1,777	–2,403
Cash flow from investing activities		**–15,832**	**–11,822**	**12,562**	**–21,741**
Financing activities					
Change in utilization of credit facilities		–551,151	–199,286	–462,723	146,849
Change in non-current receivables		5,049		5,269	–3,668
Dividends received				73,507	
Payout to non-controlling interests		–2,433	–4,280		
Dividends paid		–5,155	–17,348	–5,154	–17,348
Change in provisions				–4,666	
Change in other non-current liabilities				111	–346
Cash flow from financing activities		**–553,690**	**–220,914**	**–393,656**	**125,487**
Cash flow for the year		**–850**	**7,003**	**7,005**	**1,118**
Cash and cash equivalents at the beginning of the year		52,330	47,576	1,847	729
Exchange rate differences in cash and cash equivalents		5,535	–2,249		
Cash and cash equivalents at the end of the year		**57,015**	**52,330**	**8,852**	**1,847**

Notes

Common to Parent Company and Group

Note 1 **Accounting and measurement policies**

Ekman & Co AB's annual report and consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the general advice of the Swedish Accounting Standards Board (Bokföringsnämnden) in its standard BFNAR 2012:1 Annual Reports and Consolidated Accounts ("K3").

Consolidated financial statements

The consolidated financial statements have been prepared in accordance with the purchase method and include the Parent Company, Ekman & Co AB, and companies in which the Parent Company directly or indirectly has a voting majority or otherwise exercises a controlling interest. The revenue and expenses of a subsidiary are incorporated into the consolidated financial statements as from the time of the acquisition until such a time as the Parent Company no longer exercises a controlling influence over the subsidiary. The assets and liabilities of foreign subsidiaries are translated to SEK for the consolidated financial statements using the exchange rate on the balance sheet date. Revenue and expense items are translated using the average exchange rate for the period. Any translation differences that arise are recognized directly in equity.

Holdings in affiliated companies

An affiliated company is a company in which the Group exercises a substantial influence, but not a controlling influence. This normally includes companies in which the Group holds 20–50% of the votes. The Group generally recognizes holdings in affiliated companies using the equity method. Affiliated companies with negligible significance or which in another way meet the requirements of the Swedish Annual Accounts Act (Chapter 7) for exemption from the equity method are recognized at cost less any impairment and only distributions of profits received are recognized as revenue in such cases.

Revenue

Revenue relates primarily to the sale of goods and agency commissions. Revenue is recognized when the risks and rewards, in all significant respects, are transferred to the buyer, primarily based on the terms of delivery. Costs of materials are accrued to match the related sales revenue.

Leases

Leases are classified as either finance leases or operating leases in both the consolidated financial statements and the Parents Company's financial statements depending on the economic substance of the lease. A finance lease is a lease under which the economic risks and rewards of ownership of an asset are substantially transferred from the lessor to the lessee. Other leases are classified as operating leases.

Receivables and liabilities

Receivables are recognized as the amounts expected to be received. Liabilities are reported at their nominal amount. Receivables and liabilities with a maturity period of more than one year are classified as non-current.

Translation of items in foreign currency

Monetary items in foreign currency are translated on each balance sheet date using the exchange rate on the balance sheet date. Non-monetary items measured at historical cost in a foreign currency are not translated. Exchange rate differences are recognized in the period they arise, except in the case of hedging transactions that meet the requirements of hedge accounting.

Employee benefits

Employee benefits in the form of wages, salaries, bonuses, paid vacations, paid sickness absences etc. and pensions are recognized as earned. Pensions and other post-employment benefits are classified as defined contribution or defined benefit pension plans.

The Group mainly has defined contribution pension plans. There are no other long-term employee benefits.

Income taxes

Reported income taxes include tax that is to be paid or recovered in relation to the current year, adjustments relating to previous years' taxes and changes in deferred tax. All tax liabilities and assets are measured at their nominal amounts in accordance with the tax regulations and rates in effect on the balance sheet date.

Tax effects relating to items reported in the income statement are also reported in the income statement. The tax effects of items recognized directly in equity

Note 1 cont.

are reported in equity. Deferred tax assets related to losses carried forward or other future tax deductions are recognized to the extent it is probable that the deduction can be off set against a surplus in future taxation. Tax estimates in the Group do not take into account the additional foreign taxation that could be charged against consolidated earnings if transferred to the Parent Company.

Tangible and intangible non-current assets

All tangible and intangible non-current assets are acquired externally and are recognized at cost less accumulated depreciation/amortization and any impairment. The amortization period for goodwill can vary from 5 to 10 years depending on the estimated useful life. The amortization period is considered to be 10 years for strategic acquisitions. Depreciation of tangible assets is expensed in such a way that the cost of the asset, less its estimated residual value if applicable, is depreciated on a straight-line basis over its estimated useful life. Estimates of the useful lives of different non-current assets:

Goodwill	5–10 years
Other intangible assets	5 years
Capitalized expenses for computer software	5 years
Buildings	20–50 years
Computer equipment	5 years
Other equipment	5–7 years

The estimated useful lives and depreciation/amortization methods are reviewed in the event of indications that the expected consumption has changed significantly in comparison to the estimate as at the previous balance sheet date. The effect of such a change is recognized prospectively.

Financial instruments

A financial asset or liability is recognized in the balance sheet when the Group becomes a party pursuant to the contract terms and conditions of the instrument. A financial asset is derecognized from the balance sheet when the contractual rights to receive the cash flows from the asset lapse or are settled, or when the Group loses control over it. A financial liability, or a component of a financial liability, is derecognized from the balance sheet when the contractual obligation is met or otherwise lapses.

Current assets and liabilities are measured at cost upon initial recognition. Non-current receivables and liabilities are measured at amortized cost upon initial recognition. Borrowing costs are accrued as part of the interest expenses for the borrowing.

After initial recognition, current assets are measured according to the lowest value principle, i.e. at the lower of cost and net realizable value on the balance sheet date. Current liabilities are measured at their nominal amount. Non-current receivables and liabilities are measured at amortized cost after initial recognition.

The Group uses hedge accounting to reduce fluctuations in its profit or loss resulting from currency risks. Currency forwards are mainly used for hedging receivables or liabilities in foreign currencies, but other derivative instruments may also be used. The hedged item is measured at the forward rate. In cases where there are substantial differences between the forward rate and the spot rate, the receivable or liability is measured at the spot rate and the forward premium is accrued over the term of the forward contract.

Future cash flows in foreign currencies are only hedged to the extent that they are related to binding contracts and are thereby highly likely to occur.

The Group uses currency forwards and, in some cases, borrowings, in foreign currencies to hedge net investments in foreign currency. The hedging instrument and the hedged item are recognized in the consolidated financial statements at the exchange rate on the balance sheet date. The effective component of the re-measurements is recognized directly in equity.

Financial assets are tested at every balance sheet date for indications that one or more assets have decreased in value. For financial assets measured at amortized cost, the impairment is calculated as the difference between the carrying amount of the asset and the present value of management's best estimate of future cash flows. The asset is discounted at an interest rate equivalent to the original effective interest rate of the asset. The interest rate on the balance sheet date is used for assets at a variable interest rate.

For financial assets not measured at amortized cost, the impairment is calculated as the difference between the carrying amount of the asset and the higher of fair value less costs of disposal and the present value of management's best estimate of the future cash flows which the asset is expected to generate.

Inventories

Inventories are measured at the lower of cost and net realizable value at the balance sheet date. Cost is calculated using the first-in first-out (FIFO) method.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and available balances with banks and other credit institutions, as well as other short-term liquid investments that are easily convertible to cash, are subject to an insignificant risk of fluctuations in value and have a term shorter than three months.

Provisions

A provision is recognized in the balance sheet when the company has a formal or informal obligation as the result of an event that has occurred and it is probable that an outflow of resources is required to settle the obligation and a reliable estimate of the amount can be made. Obligations not recognized as liabilities or provisions are recognized as contingent liabilities.

Cash flow statement

The cash flow statement has been prepared using the indirect method.

Accounting and measurement policies specifically related to the Parent Company

This section covers the accounting policies of the Parent Company which deviate from the accounting policies of the Group or which are not applicable to the Group.

Holdings in subsidiaries are recognized at cost. Dividends from subsidiaries are recognized as revenue when the Parent Company's right to receive the dividend is established and can be calculated reliably.

Group contributions paid and received are recognized as appropriations in the income statement.

Note 2 Significant estimates and judgements

Significant sources of uncertainty in estimates and significant judgements in relation to the application of the Group's accounting policies

One main focus of the Group is to minimize risks and uncertainties that may impact the Group's financial results and financial position. However, there is always a certain degree of uncertainty involving risks of losses in respect of accounts receivable, other risk provisions and the measurement of inventories. Management's estimates of the amounts required for provisions for such risks of losses and estimates of any inventory valuation provisions form the basis for the amounts at which these items are recognized in the Group's balance sheet.

Estimates of future use and cash flows are used for establishing impairment losses on non-current assets. In addition, the measurement of deferred taxes related to tax loss carryforwards are based on estimates of the possibilities of offsetting these tax loss carryforwards against future profit.

Note 3 Derivatives and financial instruments

Currency risk

The Group's business is global and exposed to currency risks via business transactions in different currencies, via assets and liabilities recognized in different currencies and via the translation of the income statements and balance sheets of foreign subsidiaries to the Group's presentation currency.

The Group's policy is to minimize transaction and balance sheet risks related to currencies by ensuring that there, to a large extent, is a balance between the inflows and outflows in each currency and between receivables and liabilities in each currency. Net exposure is hedged primarily using currency forwards and currency swaps, but currency options may also be used under the Group's financial policy.

The Group's holdings in foreign businesses expose its net assets to currency risks. The currency exposure of net investments in foreign currencies is managed in some cases via borrowings, but primarily by taking out forward contracts in the same currency as the net investments. These instruments are identified as a hedge of net investments within the Group.

Hedge accounting is used in cases where currency derivatives are used to hedge risks related to contractual obligations for transactions and to hedge balance sheet risks related to currencies (defined as a fair value hedge below in the "Hedge accounting" section).

Note 3 cont.

Hedge accounting

Fair value of derivatives identified as hedging instruments with maturities after the balance sheet date.

	Group		Parent Company	
	Dec. 31, 2020	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019
Currency forwards				
Fair value hedge	824	173	35	–353
Hedge of net investment in foreign subsidiaries	2,145	590	2,145	590
Currency swaps				
Fair value hedge	3,272	3,777	3,272	3,777
Hedge of net investment in foreign subsidiaries	8,705	5,290	8,705	5,290
Total	**14,946**	**9,830**	**14,157**	**9,304**

Note 4 Distribution of net sales

	Group		Parent Company	
By geographic market	**2020**	2019	**2020**	2019
Asia	70%	69%	61%	63%
Europe	16%	13%	30%	23%
Americas	10%	11%	1%	0%
Other	4%	7%	8%	14%
Total	**100%**	**100%**	**100%**	**100%**

	Group		Parent Company	
By segment	**2020**	2019	**2020**	2019
Pulp	68%	67%	80%	75%
Paper & Packaging	19%	18%	14%	17%
Recovered Materials	11%	14%	5%	7%
Bioenergy	2%	1%	0%	1%
Total	**100%**	**100%**	**100%**	**100%**

Note 5 Intra-group sales and purchases

The table below shows the percentage of the sales and purchases attributable to Group companies.

	Parent Company	
	2020	2019
Purchases	3.2%	1.8%
Sales	0.3%	1.2%

Note 6 Disclosure on auditors' fees

	Group		Parent Company	
	2020	2019	**2020**	2019
Deloitte				
Audit engagements	1,786	1,908	669	688
Tax advice	211	333	137	210
Other services	207	400	207	101
Other auditors				
Audit engagements	1,444	1,602		
Tax advice	657	674		
Other services	150	179		

The "Audit engagements" line item refers to the auditor's fee for the statutory audit, which involves auditing the Annual Report and Consolidated Financial Statements, accounting records, the management of the Board of Directors and the CEO, as well as fees for audit advice provided in relation to the audit engagement.

Note 7 Leases

The Group is a lessee mainly for buildings and premises under operating leases. The Group has no material finance leases. Expensed lease payments for the year for operating leases totaled 36,994 (55,606) for the Group and 9,043 (7,455) for the Parent Company. Future minimum lease payments for operating leases that cannot be terminated fall due as follows:

	Group		Parent Company	
Due date	**2020**	2019	**2020**	2019
Within one year	24,934	25,505	7,172	6,235
Later than one year but within five years	30,611	28,882	6,172	10,790
Later than five years				
Total	**55,545**	**54,387**	**13,344**	**17,025**

Note 8 Number of employees, wages, salaries, benefits and social security expenses

Average number of employees	2020 Number of employees	2020 Whereof men	2019 Number of employees	2019 Whereof men
Parent Company				
Sweden	52	24	51	25
Total in Parent Company	**52**	**24**	**51**	**25**
Subsidiaries				
Sweden				
Australia	3	1	3	1
Belarus	2	1	2	1
Brazil	3	1	3	1
Denmark	11	9	11	8
United Arab Emirates	8	8	5	5
Italy	9	2	8	1
Japan	7	5	7	5
Canada	2	1	2	1
China	65	33	70	37
South Korea	5	2	5	2
Poland	2	1	3	1
Representative office in Russia	3		3	
Switzerland	15	9	18	11
Spain	2	1	1	
UK	15	11	14	9
South Africa	9	5	7	4
Turkey	4	1	4	1
Germany	1	1	1	1
USA	80	31	83	34
Total in subsidiaries	**246**	**123**	**250**	**123**
Total in Group	**298**	**147**	**301**	**148**

Distribution of senior executives at the balance sheet date	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Women				
Board members			1	1
Number with executive positions, including CEO	1	2	1	2
Men				
Board members			6	6
Number with executive positions, including CEO	6	6	3	2
Total	**7**	**8**	**11**	**11**

Wages, salaries, other benefits etc.

	2020		2019	
Personnel	Wages, salaries, other benefits	Social security expenses (of which pension costs)	Wages, salaries, other benefits	Social security expenses (of which pension costs)
Parent Company	55,135	28,203	37,943	23,517
		(11,560)		(11,923)
Subsidiaries	260,605	36,783	217,558	35,837
		(12,113)		(11,726)
	315,740	**65,595**	**255,501**	**59,354**
		(23,673)		**(23,649)**

Pension costs for the Board of Directors and CEO amounted to 0 (0) for the Parent Company and 792 (927) for the Group.

Distribution of wages, salaries and other benefits by board members and CEO, and other employees

	2020		2019	
Personnel	Board and CEO (of which bonuses, etc.)	Other employees	Board and CEO (of which bonuses, etc.)	Other employees
Parent Company	900	54,235	900	37,243
Subsidiaries	48,796	211,809	35,631	181,927
	(16,260)			
Total Group	**49,696**	**266,044**	**36,531**	**219,170**
	(16,260)			

The Group's CEO and Deputy CEO are entitled to 12 months' dismissal pay and a pension agreement based on the highest amount deductible for tax purposes. Other senior executives in the Group are entitled to 6–12 months' dismissal pay. There are no severance pay agreements in addition to this, regardless of which party initiates the termination.

Note 9 Profit/loss from holdings in Group companies

Parent Company	**2020**	2019
Dividends	72,774	
Profit/loss from liquidation of subsidiaries	732	
	73,507	

Note 10 Financial items

In addition to interest, "Interest income and similar items" and "Interest expenses and similar items" also include other income and expenses related to liquidity management and financing the Group's operations. These items also include certain foreign exchange effects.

Note 11 Taxes

Tax on profit for the year	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Current tax	–29,276	–16,957	–7,151	–314
Deferred tax	2,625	–8,129	–122	–675
Total	**–26,651**	**–25,086**	**–7,273**	**–989**

Some Group companies have unutilized tax loss carryforwards. These have been recognized in the form of deferred tax to the extent that it has been estimated that the losses can be offset against future taxable profit in the foreseeable future. Tax effects relating to hedging equity in foreign subsidiaries are recognized directly in the Group's equity, in the same way as the hedging effects.

Breakdown of tax expenses for the year	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Accounting profit/loss before tax	106,080	–10,659	99,384	5,939
Tax calculated using Swedish tax rate, 21.4%	–22,701	2,281	–21,268	–1,271
Tax effect of permanently non-deductible expenses	–3,567	–28,370	–689	–678
Tax effect of permanently non-taxable income	715	146	15,731	706
Impact of differences in tax rates in different countries	–656	1,434		
Total	**–26,209**	**–24,509**	**–6,226**	**–1,244**
Adjustments to current/deferred tax of previous years	–442	–577	–1,047	255
Reported tax expenses for the year	**–26,651**	**–25,086**	**–7,273**	**–989**

The "Tax effect of permanently non-taxable income" item also includes the effect of tax loss carryforwards for which no deferred tax asset has been recognized in the balance sheet due to an estimate that it is not sufficiently likely that they can be offset against future taxable profit. In the Parent Company, this item also includes taxable income not yet entered into the accounts.

Note 12 Intangible and tangible non-current assets

Goodwill	Group Dec. 31, 2020	Group Dec. 31, 2019
Opening cost	182,977	176,575
Additional consideration, acquisitions		1,741
Disposals		–905
Translation differences	–13,734	5,566
Closing cost	**169,243**	**182,977**
Opening accumulated amortization	–175,024	–162,773
Amortization for the year	–1,385	–4,297
Write-down		–4,800
Disposals		905
Translation differences	13,212	–4,925
Reclassifications		866
Closing accumulated amortization	–163,197	–175,024
Closing carrying amount	**6,045**	**7,952**

Other intangible assets	Group Dec. 31, 2020	Group Dec. 31, 2019	Parent Company Dec. 31, 2020	Parent Company Dec. 31, 2019
Opening cost	22,262	22,241	20,954	20,954
Disposals	73			
Translation differences	–55	21		
Closing cost	**22,280**	**22,262**	**20,954**	**20,954**
Opening accumulated amortization	–22,161	–21,815	–20,855	–20,631
Amortization for the year	–59	–328	–54	–224
Translation differences	54	–18		
Closing accumulated amortization	–22,166	–22,161	–20,909	–20,855
Closing carrying amount	**114**	**101**	**45**	**99**

"Other intangible assets" consist primarily of capitalized expenses for computer software.

Buildings and land	Group Dec. 31, 2020	Group Dec. 31, 2019
Opening cost	18,751	17,958
Investments	1,102	394
Disposals	–55	
Translation differences	–1,308	440
Reclassifications		–41
Closing cost	**18,490**	**18,751**
Opening accumulated depreciation	–7,968	–7,094
Depreciation for the year	–636	–537
Translation differences	851	–243
Reclassifications		–94
Closing accumulated depreciation	–7,753	–7,968
Closing carrying amount	**10,737**	**10,783**

Equipment	Group Dec. 31, 2020	Group Dec. 31, 2019	Parent Company Dec. 31, 2020	Parent Company Dec. 31, 2019
Opening cost	84,099	73,035	9,092	7,078
Investments	14,656	9,687	1,777	2,403
Disposals	–4,743	–776	–342	–389
Translation differences	–8,111	2,200		
Reclassifications	–49	–47		
Closing cost	**85,852**	**84,099**	**10,527**	**9,092**
Opening accumulated depreciation	–62,449	–54,788	–4,901	–4,017
Depreciation for the year	–7,794	–6,366	–1,425	–1,264
Disposals	4,290	908	306	380
Translation differences	6,054	–1,669		
Reclassifications	–25	–534		
Closing accumulated depreciation	–59,924	–62,449	–6,020	–4,901
Closing carrying amount	**25,928**	**21,650**	**4,507**	**4,191**

Note 13 Holdings in Group companies

Parent Company holdings	Corporate reg. no.	Registered office	Share of equity %	Number of shares	Carrying amount Dec. 31, 2020	Carrying amount Dec. 31, 2019
Ekman Investment AB	556022-1268	Gothenburg	100	400,000	32,834	32,834
AB Jan Liebig Ltd	556195-1525	Gothenburg	100	500	600	600
Scandinavian Overseas Paper Co AB	556231-4004	Gothenburg	100	5,000	500	500
Percy von Schultz & Co AB	556050-1727	Gothenburg	100	4,000	317	317
Leje & Thurne AB	556021-8538	Gothenburg				250
Delthirna Shipping AB	556025-7510	Gothenburg				110
Jan Liebig International AB	556214-8857	Gothenburg	100	500	100	100
Ekman Recycling Europe AB	556039-7142	Gothenburg	100	500	75	75
Ekman Pulp AB	556013-5047	Gothenburg				
Consolidated Shipping AB	556819-0663	Gothenburg				50
Ekman Holding Inc.		US	100	1,000	62,689	62,689
Ekman Iberica S.A.		ES	100	10,000	2,862	2,862
Ekman Pulp & Paper Co Ltd		JP	51	2,394	954	954
Ekman do Brasil Com. Ltda.		BR	100	665,500	2,744	2,744
Ekman Benelux SA		BE	100	619	513	513
Ekman Pty Ltd		AU	100	5,999	88	88
Ekman Italia S.r.l.		IT	98	1,862	1,469	1,469
Ekman Recycling Ltd		UK	100	100,000	18,313	16,288
Ekman Polska Sp.z.o.o.		PL	100	2,000	453	453
Ekman & Co GmbH		DE	100	5,000	3,610	3,610
Ekman Africa (Pty) Ltd		ZA	100	100		
Ekman Holding UK Ltd		UK	100	100	1	1
Ekman Holding Canada Inc.		CA	100	1,000	6	6
Ekman & Co (Korea) Ltd		KO	100	40,000	2,620	2,620
Ekman Middle East (SAIF)		UAE	100	1,500	291	291
Delthirna Latvia SIA		LV	100	2,000		
Ekman Pulp & Paper Ltd		HK	100	99,999	133	133
Kwok Fung Holding Ltd		HK	100[1)]	165	1	1
Ekman Denmark A.p.s.		DK	100	80,000	96	96
Ekman DIS Ticaret Ltd Sirketi		TR	90	4,500	17	17
Ekman South Africa (Pty) Ltd.		ZA	100	100		
Total					**131,286**	**129,671**

[1)] Non-controlling interests hold preferred shares that entitle them to a share of profits, but do not have a share in other capital.

Subsidiary holdings	Registered office	Share of equity %	Number of shares
Ekman AG	CH	100	999
Ekman & Co China Ltd	CN	100	10,000
Ekman & Co Inc	US	100	1,000
K-C International LLC	US	100	
Ekman UK Ltd	UK	100	446,000
Ekman Asia Pte Ltd	SN	100	2,400,000
Secondary Pulp & Paper Inc	CA	100	1,020
Ekman Italia S.r.l.	IT	2	38
Coastal Pulp & Paper LLC	US	100	
Coastal Pulp & Paper Ltd	HK	100	10,000
Kwok Fung (Sino HK) Enterprise Ltd	HK	100	3,500,000
Ekman DIS Ticaret Ltd Sirketi	TR	10	500
Yuan Feng Paper (Shen Zhen) Co., Limited	CN	100	
Ding Feng Paper (Shen Zhen) Co., Limited	CN	100	
Scandinavian Overseas Paper Bel Co Ltd	BY	100	25,000
Ekman Middle East General Trading Co	UAE	100	1,500

	Parent Company	
Carrying amount of holdings in Group companies	**2020**	2019
Opening carrying amount	129,671	129,671
Additional purchase price Reliance Fibres Ltd	2,025	
Liquidation of subsidiaries	–410	
Closing carrying amount	**131,286**	**129,671**

Note 14 Holdings in ownership interests in other companies

		Carrying amount	
Parent Company and Group holdings	Registered office	**Dec. 31, 2020**	Dec. 31, 2019
White Rock Insurance Company PCC Limited	UK	22,192	22,359

White Rock Insurance Company PCC Limited is an insurance company structured using various separate insurance cells. Ekman & Co AB's holdings in the insurance company are redeemable preferred shares in one of these specific cells (Cell Protector). The purpose of the cell is mainly to offer credit insurance solutions as well as other insurance solutions to a certain extent for the Ekman Group's operations. The holding is recognized on an ongoing basis at fair value with changes in value recognized in the income statement as "Gain/loss from holdings in ownership interests in other companies". The Group does not have any equity share or controlling interest in White Rock Insurance Company PCC Limited. However, the preferred shares give the Group a right to the capital of Cell Protector. Ekman & Co AB has a capital adequacy obligation for these insurance operations (see Note 22 below).

Note 15 Deferred tax assets

Deferred tax assets	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Deferred tax on tax loss carryforwards	7,381	8,329		
Other items	6,707	6,644	1,623	790
Total	**14,088**	**14,973**	**1,623**	**790**

The "Other items" line item refers to temporary differences between the accounting and tax values of assets and liabilities.

Note 16 Prepaid expenses and accrued income

	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Accrued transactions (trade)	68,231	65,052	41,873	49,751
Other prepaid expenses	25,897	12,857	20,124	5,225
Accrued income	327			
Total	**94,455**	**77,909**	**61,997**	**54,976**

All expense and revenue items related to incomplete transactions at the balance sheet date are recognized as accrued or prepaid expenses under the "Accrued transactions (trade)" line item.

Note 17 Share capital disclosures

The share capital comprises 60,000 A shares.

Note 18 Non-current liabilities to credit institutions

Liabilities to credit institutions fall due for payment within five years of the balance sheet date.

Note 19 Current liabilities to credit institutions

The Group's utilized facilities are reported in the "Liabilities to credit institutions" line item. The bank overdraft facilities granted for the Group amount to 1,164,047 (1,172,133) and to 435,658 (469,513) for the Parent Company. There are various types of loan terms, or covenants, and other related agreements, for the Group's financing. These covenants have been met as at year-end.

Note 20 Accrued expenses and prepaid income

	Group		Parent Company	
	Dec. 31, 2020	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019
Accrued transactions (trade)	120,400	275,947	63,149	34,066
Accrued social security expenses	10,858	5,865	6,088	2,409
Vacation liabilities	8,121	6,696	4,875	3,798
Other personnel-related liabilities	67,233	9,610	16,413	
Other items	73,917	37,590	57,523	31,664
Total	**280,529**	**335,708**	**148,048**	**71,937**

All expense and revenue items related to incomplete transactions at the balance sheet date are recognized as accrued or prepaid expenses under the "Accrued transactions (trade)" line item. "Other items" include a provision set aside for a claim raised against Ekman & Co AB concerning the recovery of amounts related to a supplier in a bankruptcy process. The court proceedings have been initiated, but the outcome is uncertain. The amount set aside is equivalent to the estimated outcome.

Note 21 Other items in cash flow

Other non-cash items in cash flow are attributable to unrealized exchange rate effects, remuneration to employees that has been earned but not paid out and changes in provisions.

Note 22 Pledged assets and contingent liabilities

	Group		Parent Company	
	Dec. 31, 2020	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019
Pledged assets				
Import documents	724	1,334	724	1,334
Total	**724**	**1,334**	**724**	**1,334**
Contingent liabilities				
Guarantee in favour of Group companies			573,030	551,404
Capital adequacy obligation	65,509	74,537	65,509	74,537
Other contingent liabilities	3,166		3,166	3,291
Total	**68,675**	**74,537**	**641,705**	**629,232**

The "Contingent liabilities for Group companies" item mostly comprises the Parent Company's guarantees for the external borrowing of its subsidiaries. The "Capital adequacy obligation" item comprises a capital adequacy guarantee granted by Ekman & Co AB in relation to the Company's holdings of ownership interests in other companies described in Note 14 above. The amount represents the maximum contingent liability in the form of capital adequacy.

Note 23 Ownership structure

Ekman & Co AB is a wholly owned subsidiary of Ekman Invest Holding AB (corporate registration number 556712-1602) with its registered office in Gothenburg, which in turn is owned by the Ekman family both directly and via foundations, as well as by employees within the Group.

Note 24 Events after the balance sheet date

There have been no events after the balance sheet date that are considered to significantly influence the Group's earnings or position or to require specific disclosure. The development of the pandemic and its potential impact on business operations is, however, difficult to assess.

Note 25 Proposed distribution of earnings

The following earnings are at the disposal of the Annual General Meeting:

Retained earnings	305,965,948
Profit/loss for the year	92,111,400
	SEK 398,077,348

The Board of Directors proposes that the following amount is to be

distributed to the shareholders	53,878,048
carried forward	344,199,300
	SEK 398,077,348

Subject to the Board's approval, Group contributions have been paid to Ekman & Co AB's parent company totaling SEK 1,145,996. Group contributions totaling SEK 813,525 were paid to Ekman & Co AB's subsidiaries and other Group companies.

It is the Board's view that the proposed dividend and the proposed Group contributions will not prevent the Company or the Group from meeting their obligations in the short or long term, or from making the necessary investments. Therefore, the proposed value transfer can be justified in accordance with the provisions of Article 17, Section 3, Paragraphs 2 and 3 of the Swedish Companies Act (prudence rule).

In regards to the profit for the year of the Group and the Parent Company, their financial position on the reporting date as well as financing and capital utilization during the year, please refer to the financial statements above. All figures are reported in thousands of SEK unless otherwise indicated.

Signatures of the Board

Gothenburg, March 23, 2021

Matts Ekman Chairman	Jan Svensson CEO
Caroline Ekman Board member	Oscar Ekman Board member
Francis Graves Board member	Michael Olsson Board member

Lars Dimming
Employee Representative

Our auditor's report was submitted on March 24, 2021
Deloitte AB

Hans Warén
Authorized Public Accountant

Auditor's Report

To the general meeting of the shareholders of Ekman & Co AB, corporate identity number 556020-4595

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Ekman & Co AB for the financial year 2020-01-01–2020-12-31.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Ekman & Co AB for the financial year 2020-01-01–2020-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Göteborg 24th March 2021

Deloitte AB
Signature on Swedish original

Hans Warén
Authorized public accountant

Solberg

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