

Bringing the world to your business

ANNUAL REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS

2021



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Annual Report and Consolidated Financial Statements for Ekman Invest Holding AB

The Board of Directors and the CEO of Ekman Invest Holding hereby submit the Annual Report and Consolidated Financial Statements for the financial year starting on January 1, 2021 and ending on December 31, 2021. The Annual Report is a translation of the original in Swedish.



Global sales and marketing of forest products

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

A strong result in a turbulent market

2021 was characterized by a very strong market for forest products and major challenges in the global freight market.

The pandemic continues to disrupt the global economy. Severe shortages of all types of freight and an imbalance between supply and demand have pushed up prices for forest products.

Keeping logistics chains running has been particularly challenging. The situation has demanded responsiveness and flexibility, but our close cooperation with customers and partners has enabled us to counter most of the effects.

The fact that our business relies on long-term relationships based on trust has become particularly evident during these turbulent times, which have changed the ground rules for people, countries and economies.

We also see the value of being present in large parts of the world. Our employees in subsidiaries and sales offices have a unique understanding of local challenges and opportunities and, together with our central functions, have done an excellent job in this second year of the pandemic.

Increased revenue and profit

The market for forest products remains very strong, with demand exceeding supply during the year. This has meant that the Group's sales volume decreased compared with the previous year. At the same time, market prices for pulp, paper and recovered paper increased and we closed the year with a historically very strong result.

Ekman's largest business area, pulp, continued to perform well despite logistical challenges and production disruptions in the pulp industry.

Packaging materials, another of our focus areas, showed particularly strong growth as a result of increasing e-commerce and the trend towards replacing plastic with fiber-based solutions.

Sustainable and compliant

We embrace the increased scrutiny on environmental, social and governance indicators from our shareholders. Together, we grow sustainable business, step by step.

The continuing shift from voluntary to mandatory requirements, and expanded enforcement of existing legal frameworks, also puts compliance at the core of our business.

It has been and always will be a top priority for our company to act with integrity in everyday work.

Industry game changers

Forest material is becoming an increasingly important raw material for sustainable products. During the current strategy period, we are focusing on initiatives with the potential to become game changers that strengthen our business.

One of our strategic initiatives is the Ekman Innovare product facilitator, which stimulates and develops innovations based on forest raw materials. We have had several successes here.

Ekman's product portfolio now includes a biomaterial that can purify air, soil and water of hydrocarbons, such as oil spills. The Swedish startup Biosorbe is launching its innovation together with Ekman, which markets and sells the product globally.

Forest fibers can also become sustainable textiles. Ekman has a strong position in trading in cellulose pulp for textile fiber, and during the year we also started to broaden our product portfolio in order to contribute to and drive the circular transition in the textile industry.

An open and safe world

We look forward to testing and developing our ideas in dialogue with our friends and business partners as soon as possible.

However, the uncertainty in the world market will unfortunately persist in the coming year. The effects of the war in Ukraine are now being added to those of the pandemic. Our thoughts are first and foremost with all those affected. We are monitoring developments closely and adapting operations based on the development of the conflict.

I join everyone who now wants an open and safe world, where we can create sustainable values for people, companies and communities through meetings and business.

*Jan Svensson, CEO
Ekman Group*

Directors' report

Ownership structure

Ekman Invest Holding AB (corporate registration number 556712-1602), with its registered office in Gothenburg, is the Parent Company of the Ekman Group, and is owned by the Ekman family both directly and via foundations, and by employees within the Group.

Nature and purpose of business

The Ekman Group, domiciled in Gothenburg, is an international trading house with business covering the sale of 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 and after the financial year

Like the previous year, 2021 was marked by great uncertainty, largely as a result of the ongoing coronavirus pandemic that has caused disruption to both the global economy and local and regional supply and demand patterns. The year was extremely challenging in terms of logistics, with disturbances in the global freight market resulting in a significant freight supply shortage and high freight prices.

In addition to these general market conditions, supply of pulp was also affected by production disruptions, and the combination of these factors caused pulp prices to rise sharply during the year. Prices declined during the summer, but recovered towards the end of the year. The market was also characterized by a larger than normal discrepancy between demand and price trends in different markets. This was largely due to differences in freight prices.

The market for paper products remained strong in 2021. This applied particularly to the market for the Group's focus area packaging materials, which grew strongly during the year due to the continued increase in e-commerce and the current trend of replacing plastic-based materials with fiber-based solutions. The combination of strong demand for packaging materials and high prices of input materials and freight resulted in a sharp increase in prices during the year.

As in the previous year, Covid-related challenges for recovered paper, which accounts for a significant proportion of the Group's volumes, were greater than for the

Group's other segments. Both the generation and collection of recovered paper continued to be adversely affected by lockdowns in society and prices soared during the year.

Export sales were also affected by continued regulation of imports of recovered paper in several countries, which has made global trade increasingly complicated. Problems in the global freight market and the high freight prices had a major impact on the business during the year.

The supply shortage, which affected most of the Group's products during the year, caused a decline in the Group's sales volume compared with the previous year. However, the high prices meant that revenue increased and the Group reported its historically highest result in 2021. The Group has utilized its global diversification, extensive experience and strong business relationships to manage the effects of the market's difficulties during the year.

During the year, the Group acquired 100% of the shares in Franchi s.r.l., which is mainly engaged in pulp trading in Italy. An agreement was also entered into to sell the Group's wood pellet trading business. However, the sale is contingent on approval by the Danish Competition Authority, which had not yet been obtained when this annual report was issued.

In terms of significant events after the end of the fiscal year, the Russian invasion of Ukraine may have a more than insignificant impact on certain areas of the Group's business. The Group's direct exposure is primarily the purchase of goods from the countries that are directly involved in the conflict. Purchases from these countries in 2021 accounted for approximately 8% of the Group's total purchase value for goods.

The Group's operating revenue amounted to SEK 16,587 (SEK 14,927) million. The business volume also includes agency business corresponding to sales of SEK 4,282 (3,497) million, which is not included in the reported revenue. The total business volume was therefore SEK 20,869 (18,424) million. The Group's profit after financial items amounted to SEK 134.2 (105.0) million. The transaction volume for the year amounted to 3.8 (4.3) million tonnes. The number of employees in the Group during the year was 298, which is unchanged from the previous year.

Profit after financial items for the Parent Company Ekman Invest Holding AB was SEK 52.8 (4.0) million. There are no employees in the Parent Company.

Five-year summary

A summary of financial ratios for the last five years is presented below.

Group

SEK million	2021	2020	2019	2018	2017
Revenue, incl. agency sales	20,869	18,424	19,576	22,052	20,331
Result after financial items	134.2	105.0	-12.9	83.8	82.0
Net income	98.4	68.0	-41.1	53.7	59.5
Total assets	2,606	2,058	2,687	3,186	2,345
Equity	487.0	404.0	343.2	398.0	365.4
Return on equity, %	22.1	18.2	-11.1	14.1	17.4
Equity ratio, %	18.7	19.6	12.8	12.5	15.6
Average number of employees	298	298	301	296	283

Definitions

“Net income” refers to the net income for the year attributable to the Parent Company’s shareholders.

“Equity” refers to the equity attributable to the Parent Company’s shareholders.

“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 shareholders.

“Equity ratio” is calculated as total equity attributable to the Parent Company’s shareholders divided by total assets.

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

Russia’s invasion of Ukraine has created great uncertainty about developments in the world market for the coming year. Group management is monitoring the situation closely and adapting operations based on the development of the conflict. However, in general, the Group has considerable strength and flexibility in dealing with uncertainty and changing conditions.

Although the world has largely learned to live with the impact of the pandemic on society, the global economy is still characterized by great uncertainty about the effects of the pandemic’s development and it is not possible to fully predict what impact this may have on the Group’s business in the future.

The Group will maintain its focus on new innovations related to forest raw materials that are at various stages of development and which could broaden the product

portfolio in the future. The transition to sustainable solutions is accelerating, and the shift from fossil-based products to sustainable plastic-free products and the increasingly important circular economy are expected to bring increased demand for forest products in the future. The Group is well positioned to meet these changes.

Significant risks and uncertainties

Management has a constant focus on minimizing various risks to avoid jeopardizing 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 risk category is described below, together with measures taken by the Group 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 reduces its exposure to credit risks. The Group's credit policy defines the measures taken to minimize its exposure to credit risks. These measures include business intelligence analyses, a structured procedure for assessing the credit rating of counterparties and making credit decisions, use of individual credit limits, adaptation of credit terms, and collection procedures.

Credit risks are spread among a large number of different counterparties and also spread geographically among many different markets, which reduces concentration risk for 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. In some cases, interest rate derivatives may be used to hedge financing in respect of capital employed. Interest rate derivatives may be used for longer-term financing, 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 through business transactions in different currencies, assets and liabilities recognized in different currencies and 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 foreign currency assets and liabilities.

Forward contracts are normally used for this type of hedging. In addition, the Group actively employs various methods to minimize the net exposure in different currencies between recognized foreign currency assets and liabilities 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	104,328,066
Profit/loss for the year	54,129,030
SEK	158,457,096

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

distributed to the shareholders	20,817,072
carried forward	137,640,024
SEK	158,457,096

Subject to approval by the Annual General Meeting, Group contributions totaling SEK 2,174,263 have been paid to Ekman Invest Holding 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 nor the Group from meeting their obligations in the short or long term, or from making necessary investments. The proposed value transfer can therefore be justified in accordance with the provisions of Chapter 17, section 3, paragraphs 2 and 3 of the Swedish Companies Act (prudence rule).

Information about the Group's and the Parent Company's results for the year, financial position on the reporting date, and financing and capital utilization during the year can be found in the following financial statements. All figures are reported in thousands of SEK unless otherwise indicated.

Consolidated Income Statement

SEK thousands	Note	Jan. 1, 2021 – Dec. 31, 2021	Jan. 1, 2020 – Dec. 31, 2020
Revenue			
Net sales	4	16,501,061	14,848,412
Other operating income		86,394	78,631
		16,587,455	14,927,043
Operating expenses			
Goods for resale		–15,273,728	–13,620,131
Other external expenses	6, 7	–733,557	–757,764
Personnel costs	8	–410,090	–403,344
Depreciation/amortization of non-current assets	12	–11,167	–9,874
Profit/loss from holdings in affiliated companies	14	–1,142	–923
Profit/loss from holdings in ownership interests in other companies	15	6,710	–166
Operating profit/loss		164,481	134,841
Profit/loss from financial items			
Interest income and similar items	10	7,592	4,668
Interest expenses and similar items	10	–37,884	–34,497
Profit/loss after financial items		134,189	105,012
Tax on profit for the year	11	–30,096	–26,651
Profit/loss for the year		104,093	78,361
Share of net profit attributable to			
– Parent Company's shareholders		98,368	68,029
– Non-controlling interests		5,725	10,332

Consolidated Balance Sheets

SEK thousands	Note	Dec. 31, 2021	Dec. 31, 2020
Assets			
Non-current assets			
Intangible assets	12		
Goodwill		8,535	6,045
Other intangible assets		63	114
		8,598	6,159
Tangible assets			
Buildings and land	12	11,973	10,737
Machinery and equipment		27,924	25,928
		39,897	36,665
Financial assets			
Holdings in affiliated companies	14	4,811	5,445
Holdings in ownership interests in other companies	15	28,902	22,192
Other securities held as non-current assets		955	6,128
Deferred tax assets	16	14,702	14,088
Other financial assets	17	42,915	24,278
		92,285	72,131
Total non-current assets		140,780	114,955
Current assets			
Inventories			
Finished goods and goods for resale		347,076	349,548
Advance payments to suppliers		240,905	179,737
		587,981	529,285
Current receivables			
Accounts receivable		1,566,300	1,188,190
Tax receivable		9,413	11,725
Other receivables		59,889	59,859
Prepaid expenses and accrued income	18	156,190	96,980
		1,791,792	1,356,754
Cash and bank balances		85,104	57,124
Total current assets		2,464,877	1,943,163
Total assets		2,605,657	2,058,118

Consolidated Balance Sheets

SEK thousands	Note	Dec. 31, 2021	Dec. 31, 2020
Equity, provisions and liabilities			
Equity			
Share capital	19	43,369	43,369
Other paid-in capital		60,500	60,500
Other equity including profit/loss for the year		383,148	300,132
Equity attributable to Parent Company's shareholders		487,017	404,001
Non-controlling interests		19,098	22,266
Total equity		506,115	426,267
Provisions			
Provisions for pensions		20,044	16,863
Provision for deferred tax		7,292	6,323
Total provisions		27,336	23,186
Liabilities			
Liabilities to credit institutions	20	9,489	11,437
Non-current liabilities		179	429
Other interest-bearing liabilities		9,668	11,866
Current liabilities			
Liabilities to credit institutions	21	424,972	450,323
Advance payments from customers		69,805	33,826
Accounts payable		1,066,761	797,224
Tax liabilities		16,503	16,921
Other current liabilities		17,969	17,982
Accrued expenses and deferred income	22	466,528	280,523
		2,062,538	1,596,799
Total liabilities and provisions		2,099,542	1,631,851
Total equity, provisions and liabilities		2,605,657	2,058,118

Consolidated Statement of Changes in Equity

SEK thousands	Share capital	Other paid-in capital	Other equity incl. profit/loss for the year	Total equity attributable to Parent Company's shareholders	Non-controlling interests	Total equity
Opening balance, Jan. 1, 2020	43,369	60,500	239,768	343,637	16,784	360,421
Profit/loss for the year			68,029	68,029	10,332	78,361
Translation differences			-8,034	-8,034	-2,048	-10,082
Total changes in value	—	—	59,995	59,995	8,284	68,279
Transactions with owners						
– Payout to non-controlling interests					-2,433	-2,433
– Dividends to shareholders						
Total transactions with owners	—	—	—	—	-2,433	-2,433
Closing balance, Dec. 31, 2020	43,369	60,500	299,763	403,632	22,635	426,267
Opening balance, Jan. 1, 2021	43,369	60,500	299,763	403,632	22,635	426,267
Profit/loss for the year			98,368	98,368	5,725	104,093
Translation differences			-1,105	-1,105	347	-758
Total changes in value	—	—	97,263	97,263	6,072	103,335
Transactions with owners						
– Payout to non-controlling interests					-9,609	-9,609
– Dividends to shareholders			-13,878	-13,878	—	-13,878
Total transactions with owners	—	—	-13,878	-13,878	—	-23,487
Closing balance, Dec. 31, 2021	43,369	60,500	383,148	487,017	19,098	506,115

Consolidated Cash Flow Statements

SEK thousands	Note	Jan. 1, 2021 – Dec. 31, 2021	Jan. 1, 2020 – Dec. 31, 2020
Operating activities			
Operating profit/loss		158,913	135,930
Adjustments for items not included in cash flow			
– Depreciation and amortization		11,167	9,874
– Change in provisions		3,181	994
– Other items	23	–2,676	77,803
Interest received		7,592	4,668
Interest paid		–23,116	–34,791
Income tax paid		–25,891	–11,181
Cash flow from operating activities before changes in working capital		129,170	183,297
Cash flow from changes in working capital			
Decrease(+)/increase(–) in inventories		–58,696	204,723
Decrease(+)/increase(–) in accounts receivable		–378,110	460,725
Decrease(+)/increase(–) in current receivables		–57,021	–29,362
Decrease(–)/increase(+) in accounts payable		269,537	–51,133
Decrease(–)/increase(+) in current liabilities		218,023	–194,773
Cash flow from operating activities		122,903	573,477
Investing activities			
Acquisitions of affiliated companies		—	–3,267
Change in holdings in ownership interests in other companies		—	–1,915
Change in other securities held as non-current assets		–827	–5,000
Investments in intangible assets		–4,359	–73
Investments in tangible assets		–10,809	–15,759
Cash flow from investing activities		–15,995	–26,014
Financing activities			
Change in utilization of credit facilities		–27,299	–551,069
Changes in other financial assets		–22,890	4,792
Change in non-current receivables		–250	429
Payout to non-controlling interests		–9,609	–2,433
Dividends paid		–13,878	—
Cash flow from financing activities		–73,926	–548,281
Cash flow for the year		32,982	–818
Cash and cash equivalents at beginning of year		57,124	52,403
Exchange rate differences in cash and cash equivalents		–5,002	5,539
Cash and cash equivalents at end of year		85,104	57,124

Parent Company Income Statement

SEK thousands	Note	Jan. 1, 2021 – Dec. 31, 2021	Jan. 1, 2020 – Dec. 31, 2020
Operating expenses			
Other external expenses	6, 7	–410	–138
Operating profit/loss		–410	–138
Profit/loss from financial items			
Holdings in Group companies	9	53,878	5,155
Interest expenses and similar items	10	–6	–2
Interest expenses to Group companies		–681	–1,006
Profit/loss after financial items		52,781	4,009
Appropriations			
Group contributions received		3,523	1,146
Group contributions paid		–2,174	
Profit/loss before tax		54,129	5,155
Tax on profit for the year	11	—	—
Profit/loss for the year		54,129	5,155

Parent Company Balance Sheet

Assets

SEK thousands	Note	Dec. 31, 2021	Dec. 31, 2020
Non-current assets			
Financial assets			
Holdings in Group companies	13	243,375	243,375
		243,375	243,375
Total non-current assets		243,375	243,375
Current assets			
Cash and bank balances		468	2
Total current assets		468	2
Total assets		243,843	243,377

Equity, Provisions and Liabilities

SEK thousands	Note	Dec. 31, 2021	Dec. 31, 2020
Equity			
Restricted equity			
Share capital	19	43,369	43,369
		43,369	43,369
Unrestricted equity			
Share premium reserve		60,500	60,500
Retained earnings		43,828	52,551
Profit/loss for the year		54,129	5,155
		158,457	118,206
Total equity		201,826	161,575
Liabilities			
Current liabilities			
Liabilities to Group companies		42,017	81,801
		42,017	81,801
Total liabilities		42,017	81,801
Total Equity, Provisions and Liabilities		243,843	243,377

Parent Company

Statement of Changes in Equity

SEK thousands	Restricted equity	Unrestricted equity			Total equity
	Share capital	Share premium reserve	Profit or loss carried forward	Profit/loss for the year	
Opening balance, Jan. 1, 2020	43,369	60,500	35,936	16,615	156,420
Transfer of previous year's profit/loss			16,615	-16,615	—
Profit/loss for the year				5,155	5,155
Total changes in value	—	—	16,615	-11,460	5,155
Transactions with owners					
Dividends					—
Total transactions with owners	—	—	—	—	—
Closing balance, Dec. 31, 2020	43,369	60,500	52,551	5,155	161,575
Opening balance, Jan. 1, 2021	43,369	60,500	52,551	5,155	161,575
Transfer of previous year's profit/loss			5,155	-5,155	—
Profit/loss for the year				54,129	54,129
Total changes in value	—	—	5,155	48,974	54,129
Transactions with owners					
Dividends			-13,878		-13,878
Total transactions with owners	—	—	-13,878	—	-13,878
Closing balance, Dec. 31, 2021	43,369	60,500	43,828	54,129	201,826

Parent Company Cash Flow Statement

SEK thousands	Note	Jan. 1, 2021 – Dec. 31, 2021	Jan. 1, 2020 – Dec. 31, 2020
Operating activities			
Operating profit/loss		–410	–138
Interest paid		–688	–1,008
Cash flow from operating activities before changes in working capital		–1,098	–1,146
Cash flow from changes in working capital			
Decrease(–)/increase(+) in current liabilities		15,442	1,146
Cash flow from operating activities		15,442	1,146
Financing activities			
Dividends paid		–13,878	—
Cash flow from financing activities		–13,878	—
Cash flow for the year		466	—
Cash and cash equivalents at the beginning of the year		2	2
Cash and cash equivalents at the end of the year		468	2

Notes

Parent Company and Group

Note 1 Accounting and measurement policies

Ekman Invest Holding AB's annual report and consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's General Recommendation 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 Invest Holding AB and companies in which the Parent Company directly or indirectly has a voting majority or otherwise exercises controlling influence. The revenue and expenses of a subsidiary are incorporated into the consolidated financial statements from the time of the acquisition until such a time as the Parent Company no longer exercises 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 significant 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 significance of the lease. A finance lease is a lease according to 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 at the amounts expected to be received. Liabilities are recognized 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 differences are recognized in the period they arise, except in the case of hedging transactions that qualify for 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 tax

Recognized income taxes include tax payable or recoverable in respect of the current year, adjustments relating to prior 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 recognized in the income statement are also reported in the income statement. The

Note 1 cont.

tax effects of items recognized directly in equity are also recognized in equity. Deferred tax assets related to losses carried forward or other future tax deductions are recognized to the extent that it is probable that the deduction can be offset 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 varies from 5 to 10 years depending on the estimated useful life. The amortization period for strategic acquisitions is considered to be 10 years. 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. The estimated useful lives of different non-current assets are as follows:

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 to the contractual 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 on initial recognition. Non-current receivables and liabilities are measured at amortized cost on 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 lower 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 foreign currency receivables or liabilities, 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 on the line “Translation differences”.

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, 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, and other short-term liquid investments that are readily convertible to cash, that are subject to an insignificant risk of fluctuations in value and that have an original maturity of three months or less.

Note 1 cont.

Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as the result of a past event and it is probable that an outflow of resources will be 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 judgments in relation to the application of the Group's accounting policies

One of the main focuses of the Group is to minimize risks and uncertainties that may affect 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, advances to suppliers, assessment of other risk provisions and measurement of

inventories. Management's assessment of the provision needs for such risks of loss and estimates of any inventory value provisions form the basis for the amounts at which these items are recognized in the consolidated balance sheet.

Estimates of future use and cash flows are used to determine impairment losses on non-current assets. In addition, the measurement of deferred tax assets related to tax loss carryforwards is based on estimates of the ability to utilize these tax loss carryforwards against future profits.

Note 3 Derivatives and financial instruments

Currency risk

The Group's business is global and exposed to currency risks through business transactions in different currencies, assets and liabilities recognized in different currencies and 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 to the greatest possible extent by ensuring that there is generally 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 values of derivatives identified as hedging instruments with maturities after the balance sheet date are shown below.

	Group	
	Dec. 31, 2021	Dec. 31, 2020
Currency forwards		
Fair value hedge	-324	824
Hedge of net investment in foreign subsidiaries	21	2,145
Currency swaps		
Fair value hedge	-206	3,272
Hedge of net investment in foreign subsidiaries	-1,462	8,705
Total	-1,971	14,946

Note 4 Distribution of net sales

By geographic market	Group	
	2021	2020
Asia	70%	70%
Europe	16%	16%
Americas	10%	10%
Other	4%	4%
Total	100%	100%

By segment	Group	
	2021	2020
Pulp	64%	68%
Paper & Packaging	19%	19%
Recovered Materials	15%	11%
Bioenergy	2%	2%
Total	100%	100%

Note 5 Intra-group sales and purchases

The Parent Company did not have any purchases from or sales to another Group company.

Note 6 Disclosure on auditors' fees

	Group		Parent Company	
	2021	2020	2021	2020
Deloitte				
Audit engagements	2,033	1,921	100	100
Tax advice	145	211	—	—
Other services	83	207	—	—
Other auditors				
Audit engagements	1,438	1,444	—	—
Tax advice	564	657	—	—
Other services	120	150	—	—

The “Audit engagements” item refers to the auditor’s fee for the statutory audit, which involves auditing the Annual Report and Consolidated Financial Statements, accounting records and administration of the Board of Directors and the CEO, and includes any fees for advisory services related 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 32,502 (36,994) for the Group and 0 (0) for the Parent Company. Future minimum lease payments for non-cancelable operating leases fall due as follows:

Due date	Group	
	2021	2020
Within one year	22,562	24,934
Later than one year but within five years	26,352	30,611
Total	48,914	55,545

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

Average number of employees	2021		2020	
	Number of employees	Whereof men	Number of employees	Whereof men
Subsidiaries in Sweden				
Gothenburg	50	25	52	24
Representative office in Russia	3	—	3	—
Total in subsidiaries in Sweden	53	25	55	24
Foreign subsidiaries				
Australia	3	1	3	1
Belarus	2	1	2	1
Brazil	3	2	3	1
Denmark	10	7	11	9
United Arab Emirates	11	10	8	8
Italy	12	2	9	2
Japan	8	6	7	5
Canada	—	—	2	1
China	65	29	65	33
South Korea	5	2	5	2
Poland	2	1	2	1
Switzerland	15	10	15	9
Spain	3	1	2	1
UK	15	10	15	11
South Africa	9	4	9	5
Turkey	4	1	4	1
Germany	1	1	1	1
USA	77	31	80	31
Total in subsidiaries	245	119	243	123
Total in Group	298	144	298	147

Distribution of senior executives at the balance sheet date	Group		Parent Company	
	2021	2020	2021	2020
Women				
Board members	—	—	1	1
Number with executive positions, including CEO	2	1	1	1
Men				
Board members	—	—	6	6
Number with executive positions, including CEO	8	6	4	3
Total	10	7	12	11

Note 8 cont.

Wages, salaries, other benefits etc.

Personnel	2021		2020	
	Wages, salaries, other benefits	Social security expenses (of which pension costs)	Wages, salaries, other benefits	Social security expenses (of which pension costs)
Parent Company	—	—	—	—
Subsidiaries	319,989	67,490	315,740	65,595
		(24,445)		(23,673)
	319,989	67,490	315,740	65,595
		(24,445)		(23,673)

Pension costs for the Board of Directors and CEO amounted to 0 (0) for the Parent Company and 1,192 (792) for the Group.

Distribution of salaries and other benefits by Board members and CEOs in Group companies, and other employees

Personnel	2021		2020	
	Board and CEO in Group companies (of which bonuses, etc)	Other employees	Board and CEO in Group companies (of which bonuses, etc)	Other employees
Parent Company	—	—	—	—
Subsidiaries	65,247	254,742	49,696	266,044
	(28,847)		(16,620)	
Total Group	65,247	254,742	49,696	266,044
	(28,847)		(16,620)	

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	2021	2020
Dividends	53,878	5,155
	53,878	5,155

Note 10 Financial items

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

Note 11 Taxes

Tax on profit for the year	Group		Parent Company	
	2021	2020	2021	2020
Current tax	-27,366	-29,276	—	—
Deferred tax	-2,730	2,625	—	—
Total	-30,096	-26,651	—	—

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		Parent Company	
	2021	2020	2021	2020
Recognized profit/loss before tax	134,189	105,012	54,129	5,155
Tax calculated using Swedish tax rate 20.6% (21.4%)	-27,643	-22,473	-11,151	-1,103
Tax effect of permanently non-deductible expenses	-8,155	-3,795	—	—
Tax effect of permanently non-taxable income	2,975	715	11,098	1,103
Impact of differences in tax rates in different countries	2,608	-656	—	—
Total	-30,215	-26,209	-52	—
Adjustments to current/deferred tax of previous years	119	-442	52	—
Reported tax expenses for the year	-30,096	-26,651	—	—

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 as it is not considered sufficiently likely that they can be offset against future taxable profit.

Note 12 Intangible and tangible non-current assets

Goodwill	Group	
	Dec. 31, 2021	Dec. 31, 2020
Opening cost	169,243	182,977
Acquisitions	4,359	—
Disposals	-63,164	—
Translation differences	10,994	-13,734
Closing cost	121,432	169,243
Opening accumulated amortization	-163,198	-175,025
Amortization for the year	-1,517	-1,385
Disposals	62,298	—
Translation differences	-10,480	13,212
Closing accumulated amortization	-112,897	-163,198
Closing carrying amount	8,535	6,045

Note 12 cont.

Other intangible assets	Group	
	Dec. 31, 2021	Dec. 31, 2020
Opening cost	22,280	22,262
Investments	—	73
Disposals	175	—
Translation differences	27	-55
Closing cost	22,482	22,280
Opening accumulated amortization	-22,166	-22,161
Amortization for the year	-57	-59
Disposals	-172	—
Translation differences	-24	54
Closing accumulated amortization	-22,419	-22,166
Closing carrying amount	63	114

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

Buildings and land	Group	
	Dec. 31, 2021	Dec. 31, 2020
Opening cost	18,490	18,751
Investments	1,950	1,102
Disposals	101	-55
Translation differences	919	-1,308
Reclassifications	43	—
Closing cost	21,503	18,490
Opening accumulated depreciation	-7,753	-7,968
Depreciation for the year	-978	-636
Disposals	-47	—
Translation differences	-651	851
Reclassifications	-101	—
Closing accumulated depreciation	-9,530	-7,753
Closing carrying amount	11,973	10,737

Equipment	Group	
	Dec. 31, 2021	Dec. 31, 2020
Opening cost	85,852	84,099
Investments	8,859	14,656
Disposals	-766	-4,743
Translation differences	5,576	-8,111
Reclassifications	236	-49
Closing cost	99,757	85,852
Opening accumulated depreciation	-59,924	-62,449
Depreciation for the year	-8,615	-7,794
Disposals	746	4,290
Translation differences	-4,239	6,054
Reclassifications	199	-25
Closing accumulated depreciation	-71,833	-59,924
Closing scheduled residual value	27,924	25,928

Note 13 Holdings in Group companies

Parent Company holdings (corporate reg. no.)	Registered office	Share of equity %	Number of shares	Carrying amount	
				Dec. 31, 2021	Dec. 31, 2020
Ekman & Co AB (556020-4595)	Gothenburg	100	60,000	237,970	237,970
Oakman Ventures AB (559156-6384)	Gothenburg	100	25,000	5,405	5,405
Subsidiary holdings					
Ekman Investment AB (556022-1268)	Gothenburg	100	400,000		
AB Jan Liebig Ltd (556195-1525)	Gothenburg	100	500		
Scandinavian Overseas Paper Co AB (556231-4004)	Gothenburg	100	5,000		
Percy von Schultz & Co AB (556050-1727)	Gothenburg	100	4,000		
Jan Liebig International AB (556214-8857)	Gothenburg	100	500		
Consolidated Shipping AB (556819-0663)	Gothenburg	100	500		
The Viscose Club AB (559162-3839)	Gothenburg	100	1,000		
Ekman Holding Inc.	US	100	1,000		
Ekman Iberica S.A.	ES	100	10,000		
Ekman Pulp & Paper Co Ltd	JP	51	2,394		
Ekman do Brasil Com. Ltda.	BR	100	665,500		
Ekman Benelux SA	BE	100	619		
Ekman Pty Ltd	AU	100	5,999		
Ekman Italia S.R.L.	IT	100	1,938		
Ekman Recycling Ltd	UK	100	100,000		
Ekman Polska Sp.z.o.o.	PL	100	2,000		
Ekman & Co GmbH	DE	100	5,000		
Ekman Africa (Pty) Ltd	ZA	100	100		
Ekman Holding UK Ltd	UK	100	100		
Ekman Holding Canada Inc.	CA	100	1,000		
Ekman & Co (Korea) Ltd	KO	100	40,000		
Ekman Middle East (SAIF)	UAE	100	1,500		
Ekman Pulp & Paper Ltd	HK	100	99,999		
Kwok Fung Holding Ltd	HK	100 ¹⁾	165		
Ekman Denmark A.p.s.	DK	100	80,000		
Ekman DIS ticaret Ltd Sirketi	TR	100	5,500		
Ekman AG	CH	100	999		
Ekman & Co China Ltd	CN	100	10,000		
Ekman & Co Inc	US	100	1,000		
Franchi s.r.l.	IT	100	1		
International Cellulose Sales Inc	US	100	—		
International Cellulose Sales Inc	US	100	—		
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		
Coastal Pulp & Paper LLC	US	100	—		
Coastal Pulp & Paper Ltd	HK	100	10,000		
Kwok Fung (Sino HK) Enterprise	HK	100	3,500,000		
Yuan Feng Paper (Shen Zhen)	CN	100	—		
Ding Feng Paper (Shen Zhen)	CN	100	—		
Ekman South Africa (Pty) Ltd.	ZA	100	100		
Scandinavian Overseas Paper Bel Co Ltd	BY	100	25,000		
Oakman Ventures US LLC	US	100	1,000		
Ekman Middle East General Trading Ltd	UAE	100	1,500		

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

Note 14 Holdings in affiliated companies

Subsidiary holdings	Registered office	Share of equity %	Number of shares	Carrying amount	
				Dec. 31, 2021	Dec. 31, 2020
Trade Tree Online	US	44.15	3,091,394	4,811	5,445

Dividends received were SEK 0 (0) thousand.

The Group's share of the profit/loss for the year is reported as "Profit/loss from holdings in affiliated companies". Changes in value on translation of the Group's share of the affiliated company's equity amount to 508 and are recognised as currency effects in the consolidated income statement.

Note 15 Holdings in ownership interests in other companies

Group holdings	Registered office	Carrying amount	
		Dec. 31, 2021	Dec. 31, 2020
White Rock Insurance Company UK PCC Limited	UK	28,902	22,192

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 main purpose of the cell is 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 "Profit/loss from holdings in ownership interests in other companies". Exposure to changes in value on translation of the Group's share of the cell's equity has been hedged with currency derivatives to a significant extent. The Group does not have any equity share, control or significant influence 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 concerning these insurance operations (see Note 24 below).

Note 16 Deferred tax assets

Deferred tax assets	Group	
	Dec. 31, 2021	Dec. 31, 2020
Deferred tax on tax loss carryforwards	7,439	7,381
Other items	7,263	6,707
Total	14,702	14,088

The "Other items" line item refers to temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases.

Note 17 Other financial assets

	Group	
	Dec. 31, 2021	Dec. 31, 2020
Interest rate derivatives	11,282	—
Pension-related assets	17,165	14,598
Other items	14,468	9,680
Total	42,915	24,278

The “Interest rate derivatives” item refers to interest options acquired during the year, which reduce the Group’s exposure to interest rate increases in the period February 2021 to February 2028. The cost of the options is amortized on a straight-line basis over the term. “Other items” refers to different types of deposits, investments and loan receivables.

Note 18 Prepaid expenses and accrued income

	Group	
	Dec. 31, 2021	Dec. 31, 2020
Accrued transactions (trade)	130,708	68,231
Other prepaid expenses	24,958	28,422
Accrued income	524	327
Total	156,190	96,980

All expense and income 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 19 Share capital disclosures

The share capital comprises 3,469,512 shares.

Note 20 Non-current liabilities to credit institutions

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

Note 21 Current liabilities to credit institutions

The Group’s utilized facilities are reported in the “Liabilities to credit institutions” line item. Granted bank overdraft facilities amount to 961,833 (1,164,047) for the Group, including confirmed credit of 461,311 (435,658), and 0 (0) 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 22 **Accrued expenses and deferred income**

	Group	
	Dec. 31, 2021	Dec. 31, 2020
Accrued transactions (trade)	275,501	120,400
Accrued social security expenses	16,451	10,858
Vacation liabilities	8,126	8,121
Other personnel-related liabilities	88,845	67,233
Other items	77,605	73,911
Total	466,528	280,523

All expense and income 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” includes a provision for a claim raised against the subsidiary Ekman & Co AB concerning the recovery of amounts related to a supplier in a bankruptcy process. Court proceedings have been initiated, but the outcome is uncertain. The amount set aside is equivalent to the estimated outcome.

Note 23 **Other items in cash flow**

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

Note 24 **Pledged assets and contingent liabilities**

	Group	
	Dec. 31, 2021	Dec. 31, 2020
Pledged assets		
Import documents and other guarantees	880	724
Total Contingent liabilities	880	724
	Group	
	Dec. 31, 2021	Dec. 31, 2020
Capital adequacy obligation	72,350	65,509
Other contingent liabilities	—	3,166
Total	72,350	68,675

The “Capital adequacy obligation” item refers to 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 15 above. The amount represents the maximum contingent liability in the form of capital adequacy. The Company can only be held liable to contribute more capital if the loss level shows a material decline to the extent that statutory solvency requirements for the insurance operations cannot be met.

Note 25 **Ownership structure**

Ekman Invest Holding AB (corporate registration number 556712-1602), with its registered office in Gothenburg, is the Parent Company of the Ekman Group, and is owned by the Ekman family both directly and via foundations, and by employees within the Group.

Note 26 Events after the balance sheet date

Russia's invasion of Ukraine has created great uncertainty about developments in the world market in the coming year. The Group's direct exposure is primarily the purchase of goods from the countries that are directly involved in the conflict. In 2021, purchases from these countries accounted for about 8% of the Group's total purchase value for goods. Group management is monitoring the situation closely and adapting operations based on the development of the conflict. However, in general, the Group has considerable strength and flexibility in dealing with uncertainty and changing conditions.

There have been no other events after the balance sheet date that are expected to significantly affect the Group's earnings or financial position or to require specific disclosure. However, the development of the pandemic and its potential impact on business operations is still difficult to assess.

Note 27 Proposed distribution of earnings

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

Retained earnings	104,328,066
Profit/loss for the year	54,129,030
SEK	158,457,096

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

distributed to the shareholders	20,817,072
carried forward	137,640,024
SEK	158,457,096

Subject to approval by the Annual General Meeting, Group contributions totaling SEK 2,174,263 have been paid to Ekman Invest Holding 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 necessary investments. The proposed value transfer can therefore be justified in accordance with the provisions of Chapter 17, section 3, paragraphs 2 and 3 of the Swedish Companies Act (prudence rule).

Information about the Group's and the Parent Company's results for the year, financial position on the reporting date, and financing and capital utilization during the year can be found in the financial statements above. All figures are reported in thousands of SEK unless otherwise indicated.

Signatures of the Board

Gothenburg, March 16, 2022

Matts Ekman
Chairman

Jan Svensson
CEO

Caroline Ekman
Board member

Oscar Ekman
Board member

Francis Graves
Board member

Michael Olsson
Board member

Gustaf Langenskiöld Folke
Board member

Lars Dimming
Employee Representative

Our auditor's report was submitted on March 16, 2022
Deloitte AB

Hans Warén
Authorized Public Accountant

Signatures on Swedish original

Auditor's Report

To the general meeting of the shareholders of Ekman Invest Holding AB,
corporate identity number 556712-1602

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Ekman Invest Holding AB for the financial year 2021-01-01 - 2021-12-31.

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 2021 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 Invest Holding AB for the financial year 2021-01-01 - 2021-12-31 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.

Gothenburg 16 March 2022

Deloitte AB

Signature on Swedish original

Hans Warén

Authorized public accountant



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