
Glatfelter Denmark A/S

c/o Accura Advokatpartnerselskab, Alexandriagade 8, DK-2150 Nordhavn

Annual Report for 2022

CVR No. 13 86 86 11

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 27/7 2023

Peter Straub
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Glatfelter Denmark A/S for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Copenhagen, 27 July 2023

Executive Board

Peter Straub
Manager

Board of Directors

Jill Louise Urey
Chairman

Paul Gregory Wolfarm

Peter Straub

Independent Auditor's report

To the shareholders of Glatfelter Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Glatfelter Denmark A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark 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 Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, 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 opinion. 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 internal control relevant to the 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.

Independent Auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Financial Statements or, if such disclosures are inadequate, to modify our opinion. 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 27 July 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Tue Stensgård Sørensen

State Authorised Public Accountant

mne32200

Jakob Thisted Binder

State Authorised Public Accountant

mne42816

Company information

The Company	Glatfelter Denmark A/S c/o Accura Advokatpartnerselskab Alexandriagade 8 DK-2150 Nordhavn CVR No: 13 86 86 11 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
Board of Directors	Jill Louise Urey, chairman Paul Gregory Wolfarm Peter Straub
Executive Board	Peter Straub
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Income statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
Gross loss		-268	-441
Financial income	4	0	8,247
Financial expenses	5	-152,592	-143,224
Profit/loss before tax		-152,860	-135,418
Tax on profit/loss for the year	6	0	-23,551
Net profit/loss for the year		-152,860	-158,969

Distribution of profit

	2022 TDKK	2021 TDKK
Proposed distribution of profit		
Retained earnings	-152,860	-158,969
	-152,860	-158,969

Balance sheet 31 December

Assets

	Note	2022 TDKK	2021 TDKK
Investments in subsidiaries	7	77,289	223,250
Fixed asset investments		77,289	223,250
Fixed assets		77,289	223,250
Cash at bank and in hand		5	27
Current assets		5	27
Assets		77,294	223,277

Balance sheet 31 December

Liabilities and equity

	Note	2022 TDKK	2021 TDKK
Share capital		32,512	32,512
Retained earnings		-135,905	16,955
Equity		-103,393	49,467
Provision for deferred tax	8	23,551	23,551
Provisions		23,551	23,551
Payables to group enterprises		156,997	150,197
Long-term debt	9	156,997	150,197
Other payables		139	62
Short-term debt		139	62
Debt		157,136	150,259
Liabilities and equity		77,294	223,277
Going concern	1		
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Statement of changes in equity

	Share capital	Retained earnings	Total
	<u>TDKK</u>	<u>TDKK</u>	<u>TDKK</u>
Equity at 1 January	32,512	16,955	49,467
Net profit/loss for the year	0	-152,860	-152,860
Equity at 31 December	<u>32,512</u>	<u>-135,905</u>	<u>-103,393</u>

Notes to the Financial Statements

1. Going concern

As a result of the write down of the investment in subsidiaries, equity is negative by tDKK 103,393. The Company has received an unlimited letter of support from the company's capital owners Glatfelter Holding (Denmark) A/S.

2. Uncertainty relating to recognition and measurement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are addressed below.

Impairment test – Investments in subsidiaries

The value of the investments in subsidiaries require assessments, estimates and assumptions about future events. The estimates and assumptions made are based upon historical experience and other factors that management deems reasonable under the circumstances, but which are inherently uncertain and unpredictable. As a result of the risk and uncertainties to which the company is subject, actual outcomes may differ from the estimates made.

For the company, the measurement of the investments value could be significantly affected by significant changes in estimates and assumptions or due to new knowledge or subsequent events.

Glatfelter Industries (France) SAS has in 2022 realised a negative result of tEUR 7,711. Based on the negative result in the subsidiary, Management has assessed that impairment indicators exist and has prepared an updated impairment test.

The impairment test is based on a number of assumptions where WACC and growth in NOPAT is considered significant. Management has determined a WACC of 8,2% for the impairment test of Glatfelter Industries (France) SAS. From 2025 NOPAT is estimated at EUR 1,4 mio. The NOPAT in the forecast is significantly lower than expected in the impairment assessment last year but more in line with historical performance. Management has informed us that the NOPAT expectations is affected by market specific factors such as the higher global logistic costs, energy prices and indirect costs driven by the energy prices. In general the industry has seen a significant decline in earnings over the past year, resulting in significant impairment also identified at Group level in Glatfelter Corporation.

Glatfelter Industries (France) SAS has started a restructuring process in 2023, and has significantly reduced the number of employees in order to support the optimized portfolio. The budget is based upon an improvement in these factors and the stabilized cost structures and a stronger portfolio with additional volumes supporting the profitability with additional cost depression.

The impairment test has led to a write down of Glatfelter Industries (France) SAS that amounts to DKK 146 mio. The carrying amount of the company's investments in subsidiaries amounts to DKK 77 mio. per 31 December 2022.

3. Key activities

The Company's objects are to own shares in other undertakings and to undertake any other activity which the Board of Directors deems incidental to the attainment of these objects.

Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
4. Financial income		
Interests, intercompany	0	2,737
Exchange adjustments	0	5,510
	<u>0</u>	<u>8,247</u>

Interest and exchange adjustments relate to loans granted and receivables measured at amortised cost.

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
5. Financial expenses		
Impairment losses on financial assets	145,961	0
Loss from sale of subsidiary	0	107,525
Interest intercompany accounts	0	15,755
Other financial expenses	6,631	19,944
	<u>152,592</u>	<u>143,224</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
6. Income tax expense		
Adjustment of deferred tax concerning previous years	0	23,551
	<u>0</u>	<u>23,551</u>

Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
7. Investments in subsidiaries		
Cost at 1 January	243,194	882,611
Disposals for the year	0	-639,417
Cost at 31 December	<u>243,194</u>	<u>243,194</u>
Value adjustments at 1 January	-19,944	-352,808
Disposals for the year	0	352,808
Revaluations for the year, net	-145,961	-19,944
Value adjustments at 31 December	<u>-165,905</u>	<u>-19,944</u>
Carrying amount at 31 December	<u>77,289</u>	<u>223,250</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership	Equity	Net profit/loss for the year
Glatfelter Industries (France) SAS	France	EUR 10,600	100%	23,731	-57,364
				<u>23,731</u>	<u>-57,364</u>
				2022	2021
				TDKK	TDKK

8. Provision for deferred tax

Deferred tax liabilities at 1 January	23,551	0
Change in deferred tax	0	23,551
Deferred tax liabilities at 31 December	<u>23,551</u>	<u>23,551</u>

Management has assessed that there is some uncertainty as to the timing of utilizing the tax loss carry-forward.

Based on a stand-alone consideration around the rataxation liability related to the utilised losses in foreign subsidiary in the past, it has been decided to accrue for the liability although there is some uncertainty as to the timing of the actual retaxation.

Notes to the Financial Statements

9. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
Payables to group enterprises		
After 5 years	0	0
Between 1 and 5 years	156,997	150,197
Long-term part	<u>156,997</u>	<u>150,197</u>
Within 1 year	0	0
	<u>156,997</u>	<u>150,197</u>

10. Contingent assets, liabilities and other financial obligations

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Glatfelter Holding (Denmark) A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

11. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the Group Annual Report of the ultimate Parent Company Glatfelter Corporation.

<u>Name</u>	<u>Place of registered office</u>
Glatfelter Corporation	4350 Congress Street, Suite 600, Charlotte, NC 28209, USA

The Group Annual Report of Glatfelter Corporation may be obtained at

the following address:
Glatfelter Corporation
4350 Congress Street,
Suite 600, Charlotte,
NC 28209, USA

Notes to the Financial Statements

12. Accounting policies

The Annual Report of Glatfelter Denmark A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements of Glatfelter Corporation, the Company has not prepared consolidated financial statements.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Net sales

Revenue consists of dividend from subsidiaries.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Balance sheet

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Impairment tests are performed on subsidiaries if events or changes in circumstances indicate that their carrying amount may not be recoverable. Where cost exceeds the recoverable amount, the carrying amount is written down to the recoverable amount.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.