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# *Glatfelter Denmark A/S*

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

## Annual Report for 2023

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CVR No. 13 86 86 11

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 26/6 2024

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 Annual Report of Glatfelter Denmark A/S for the financial year 1 January - 31 December 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 26 June 2024

## 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 2023, 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, 26 June 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Jakob Thisted Binder

State Authorised Public Accountant

mne42816

## Company information

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

## Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
<b>Gross loss</b>		-354	-268
Financial expenses	4	-11,237	-152,592
<b>Profit/loss before tax</b>		<b>-11,591</b>	<b>-152,860</b>
Tax on profit/loss for the year	5	2,231	0
<b>Net profit/loss for the year</b>		<b>-9,360</b>	<b>-152,860</b>
 <b>Distribution of profit</b>			
		2023	2022
		TDKK	TDKK
<b>Proposed distribution of profit</b>			
Retained earnings		-9,360	-152,860
		<b>-9,360</b>	<b>-152,860</b>

## Balance sheet 31 December

### Assets

	Note	2023	2022
		TDKK	TDKK
Investments in subsidiaries	6	77,289	77,289
<b>Fixed asset investments</b>		<b>77,289</b>	<b>77,289</b>
<b>Fixed assets</b>		<b>77,289</b>	<b>77,289</b>
Corporation tax receivable from group enterprises		2,231	0
<b>Receivables</b>		<b>2,231</b>	<b>0</b>
Cash at bank and in hand		17	5
<b>Current assets</b>		<b>2,248</b>	<b>5</b>
<b>Assets</b>		<b>79,537</b>	<b>77,294</b>



## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		32,512	32,512
Retained earnings		-145,265	-135,905
<b>Equity</b>		<b>-112,753</b>	<b>-103,393</b>
Provision for deferred tax	7	23,551	23,551
<b>Provisions</b>		<b>23,551</b>	<b>23,551</b>
Payables to group enterprises		0	156,997
<b>Long-term debt</b>	8	<b>0</b>	<b>156,997</b>
Payables to group enterprises	8	168,567	0
Other payables		172	139
<b>Short-term debt</b>		<b>168,739</b>	<b>139</b>
<b>Debt</b>		<b>168,739</b>	<b>157,136</b>
<b>Liabilities and equity</b>		<b>79,537</b>	<b>77,294</b>
Going concern	1		
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## Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	32,512	-135,905	-103,393
Net profit/loss for the year	0	-9,360	-9,360
<b>Equity at 31 December</b>	<b>32,512</b>	<b>-145,265</b>	<b>-112,753</b>

# Notes to the Financial Statements

## 1. Going concern

At 31 December 2023 the equity was negative by tDKK 112,434. As described in note 10 the Company has in 2024 reestablished the equity by a debt conversion from the parent company. To further support the going concern assessment the Company has received an unlimited letter of support from the parent company.

## 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. In 2022 a full impairment test was made on the investment in Glatfelter Industries (France) SAS. The impairment resulted in an impairment of DKK 146 million. The impairment test was based on a number of assumptions where WACC and growth in NOPAT was considered significant. Management determined a WACC of 8,2% for the impairment test of Glatfelter Industries (France) SAS. From 2025 NOPAT was estimated at EUR 1,4 mio. The NOPAT in the forecast is significantly lower than expected in the impairment assessment in previous years but more in line with historical performance. Management informed us that the NOPAT expectations was 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 was 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.

In 2023 Management has made a reassessment of the impairment test made in 2022. In general the performance in Glatfelter Industries (France) SAS has been in accordance with the assumptions stated above and as such Management has assessed that no new impairment indicators or reversal of impairment indicators exist and as such no new impairment test has been performed in 2023.

## 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

	2023	2022
	TDKK	TDKK
<b>4. Financial expenses</b>		
Impairment losses on financial assets	0	145,961
Interest intercompany accounts	11,235	6,631
Other financial expenses	2	0
	<u>11,237</u>	<u>152,592</u>

	2023	2022
	TDKK	TDKK
<b>5. Income tax expense</b>		
Current tax for the year	-2,231	0
	<u>-2,231</u>	<u>0</u>

	2023	2022
	TDKK	TDKK
<b>6. Investments in subsidiaries</b>		
Cost at 1 January	243,194	243,194
Cost at 31 December	<u>243,194</u>	<u>243,194</u>
Value adjustments at 1 January	-165,905	-19,944
Revaluations for the year, net	0	-145,961
Value adjustments at 31 December	<u>-165,905</u>	<u>-165,905</u>
<b>Carrying amount at 31 December</b>	<u>77,289</u>	<u>77,289</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%	23,010	-41,993
				<u>23,010</u>	<u>-41,993</u>

## Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
<b>7. Provision for deferred tax</b>		
Deferred tax liabilities at 1 January	23,551	23,551
<b>Deferred tax liabilities at 31 December</b>	<b>23,551</b>	<b>23,551</b>

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.

	2023	2022
	TDKK	TDKK
<b>8. Long-term debt</b>		

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:

#### Payables to group enterprises

After 5 years	0	0
Between 1 and 5 years	0	156,997
Long-term part	0	156,997
Within 1 year	168,567	0
	<b>168,567</b>	<b>156,997</b>

## 9. Contingent assets, liabilities and other financial obligations

#### Other 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.

# Notes to the Financial Statements

## 10. 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

## 11. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

In 2024 the equity has been reestablished by a debt conversion from the parent company of tDKK 171 million.

# Notes to the Financial Statements

## 12. Accounting policies

The Annual Report of Glatfelter Denmark A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 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

### Revenue

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 liabilities

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