

Glatfelter Denmark A/S

*c/o Harbour House
Sundkrogsgade 21
DK-2100 København Ø*

Annual Report for 2021

CVR No 13 86 86 11

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30 June 2022.

Finn Schøning
Chairman

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Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Glatfelter Denmark A/S for the financial year 1 January – 31 December 2021.

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 2021 of the Company and of the results of the Company operations and cash flows for 2021.

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

Copenhagen 30 June 2022

Executive Board

Wolfgang Laures

Supervisory Board

Jill Louise Urey
(Chairman)

Ramesh Shettigar

Wolfgang Laures

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 2021, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 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 2021, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("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.

Independent Auditor's Report

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 judgment and maintain professional skepticism 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.
- 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.

Independent Auditor's Report

Hellerup, 30 June 2022

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

Company Information

The Company Glatfelter Denmark A/S
c/o Harbour House
Sundkrogsgade 21
DK-2100 København Ø

CVR No.: 13 86 86 11
Financial year: 1. January – 31 December
Municipality of reg. office: København

Supervisory Board Jill Louise Urey (Chairman)
Ramesh Shettigar
Wolfgang Laures

Executive Board Wolfgang Laures

Auditors PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Consolidated

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

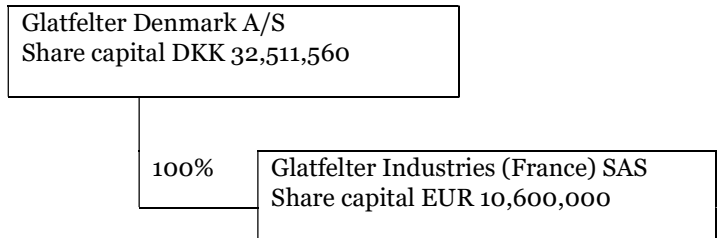
The Group Annual Report of Glatfelter Corporation may be obtained at the following address:

Glatfelter Corporation
4350 Congress Street,
Suite 600, Charlotte,
NC 28209, USA

Company information

Group Chart

Parent Company



Income Statement 1 January - 31 December

	Note	2021	2020
		DKK '000	DKK '000
Administrative expenses		-441	-441
Profit before financial income and expenses		-441	-441
Financial income	5	8.247	2.504
Financial expenses	6	-143.224	-42.429
Profit before tax		-135.418	-40.366
Tax on profit for the year	7	-23.551	0
Net profit for the year		-158.969	-40.366
 Profit allocation			
Proposed dividend distribution		0	0
Transfer to retained earnings		-158.969	-40.366
		-158.969	-40.366

Balance Sheet at 31 December

Assets

	Note	2021 DKK '000	2020 DKK '000
Investments in subsidiaries	8	223.250	529.803
Non-current assets		223.250	529.803
Receivables from group companies		0	65.089
Receivables		0	65.089
Cash at bank and in hand		27	31
Current assets		27	65.120
Assets		223.277	594.923

Equity and liabilities

Share capital	10	32.512	32.512
Retained earnings		16.955	175.924
Equity		49.467	208.436
Provisions for deferred tax	11	23.551	0
Non-current liabilities		23.551	0
Payables to group companies		150.197	386.425
Other payables		62	62
Current liabilities		150.259	386.487
Liabilities		173.810	386.487
Equity and liabilities		223.277	594.923
Main activities and significant developments	3		
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Other contingent liabilities	14		
Related parties	15		

Cash Flow Statement

	Note	2021 DKK '000	2020 DKK '000
Net profit for the year		-158.969	-40.366
Adjustments of non-cash items	12	158.528	39.925
Cash flows from operating activities before financial income and expenses		-441	-441
Financial income received		8.247	2.504
Financial expenses paid		-15.755	-14.913
Cash flows from operating activities		-7.949	-12.850
Sale of subsidiaries		179.084	0
Cash flows from investing activities		179.084	0
Increase in receivables from related parties		0	12.781
Decrease in payables due to related parties		-236.228	0
Decrease in receivables from related parties		65.089	0
Cash flows from financing activities		-171.139	12.781
Change in cash and cash equivalents		-4	-69
Cash and cash equivalents at 1 January		31	100
Cash and cash equivalents at 31 December		27	31
specified as follows:			
Cash at bank and in hand		27	31
		27	31

Statement of Changes in Equity 1 January - 31 December

	Share capital	Retained earnings	Total
	DKK '000	DKK '000	DKK '000
Equity			
Equity at 1 January 2021	32.512	175.924	208.436
Net profit for the year	0	-158.969	-158.969
Equity at 31 December 2021	32.512	16.955	49.467
Equity at 1 January 2020	32.512	216.290	248.802
Net profit for the year	0	-40.366	-40.366
Equity at 31 December 2020	32.512	175.924	208.436

Notes to the Annual Report

1 Accounting Policies

The Annual Report of Glatfelter Denmark A/S for 2021 is prepared in accordance with the Danish Financial Statements Act applying to enterprises of reporting class B.

The Annual Report for 2021 is presented in DKK '000.

Change of accounting policies

The Company has decided to change accounting framework from IFRS to the Danish Financial Statement Act. The change has not had any effect on the financial statements.

Beside of the above-mentioned the applied accounting policies are unchanged compared to the previous year.

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.

Foreign currencies

Transactions in foreign currencies are initially recognised 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.

Receivables, payables and other monetary items in foreign currencies are translated at the exchange rates at the balance sheet date. Differences between the exchange rates at the balance sheet date and the rates at the time of the establishment of the receivable or payable or recognition in the most recent Financial Statements are recognised in financial income and expenses in the income statement.

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

Notes to the Annual Report

1 Accounting Policies (continued)

Income Statement

Revenue and recognition of income

Revenue consists of dividend from subsidiaries.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Financial income and expenses

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

Tax on profit 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 the 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

Financial fixed assets

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost in the Financial Statements.

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.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Dividend

Dividend is recognised as a liability at the time of adoption at the Annual General Meeting. Dividend expected to be paid for the year is disclosed as a separate equity item.

Notes to the Annual Report

2 Significant accounting estimates

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 - investment in subsidiaries

An impairment test has been performed on the investment in the subsidiary Glatfelter Industries (France) SAS. In Management's view, the assumptions applied reflect the market conditions existing as of 31 December 2021. The use of different estimates or when determining the fair value of such assets may result in different values and could result in impairment charges in future periods. Impairment test relating to investment in subsidiary is described in note 9.

3 Main activities and significant developments

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.

The result of 2021 includes an impairment charge of DKK 20 mio. regarding the French subsidiary. Further, regarding the French subsidiary, the Company has accrued for retaxation liabilities of DKK 24 mio. in 2021.

As part of a Group reorganization, following the sale of the Jacob Holm Group to Glatfelter Corporation, the Company has sold all of its shares in the US subsidiary. The sale of shares resulted in a loss of DKK 108 mio.

4 Expenses classified by type

	2021	2020
	DKK '000	DKK '000
Administrative expenses	441	441
	441	441

Administrative expenses are classified as Other external expenses.

5 Financial income

Interest intercompany accounts	2.737	2.504
Exchange adjustments	5.510	0
	8.247	2.504

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

Notes to the Annual Report

	2021	2020
	DKK '000	DKK '000
6 Financial expenses		
Loss from the sale of subsidiary	107.525	0
Impairment charge subsidiary	19.944	21.365
Interest intercompany accounts	15.755	14.913
Exchange adjustments	0	6.151
	<u>143.224</u>	<u>42.429</u>

Interest relates to loans received and payables measured at amortised cost.

7 Tax on profit for the year		
Current tax on profit for the year	0	0
Change in deferred tax	23.551	0
	<u>23.551</u>	<u>0</u>

8 Investments in subsidiaries

	Share capital '000	Currency	Ownership %	Carrying amount DKK '000	Equity DKK '000	Result DKK '000
Glatfelter Industries (France) SAS, France	10.600	EUR	100%	223.250	149.289	12.928
				<u>223.250</u>	<u>149.289</u>	<u>12.928</u>

	2021	2020
	DKK '000	DKK '000
Cost at 1 January	882.611	882.611
Disposal for the year	-639.417	0
Cost at 31 December	<u>243.194</u>	<u>882.611</u>
Impairment at 1 January	352.808	331.443
Impairment for the year	19.944	21.365
Disposal for the year	-352.808	0
Impairment at 31 December	<u>19.944</u>	<u>352.808</u>
Carrying amount at 31 December	<u>223.250</u>	<u>529.803</u>

Notes to the Annual Report

9 Impairment test relating to investments in subsidiaries

The carrying amount of investments in subsidiaries is distributed as follows:

Glatfelter Industries (France) SAS, France	223.250	243.194
Glatfelter Industries Asheville Inc., USA	0	286.609
	<u>223.250</u>	<u>529.803</u>

At 31 December 2021, Management reviewed the carrying amount of Glatfelter Industries (France) SAS.

The recoverable amount is based on the value in use at 31 December 2021. The impairment test proved that there is a need for impairment of investment in the subsidiary Glatfelter Industries (France) SAS, France.

The value in use is based on the valuation established between independent parties as part of the change in ownership of the Jacob Holm Group.

The impairment test resulted in an impairment of DKK 20 mio.

10 Share capital

The Company's share capital is DKK 32,511,560 divided into shares of DKK 1 or any multiple thereof. At the end of 2020 the Company's share capital consisted of 1,151,890 A-shares of DKK 10 and 2,099,266 B-shares of DKK 10.

Each share of DKK 1 carries one vote.

11 Provisions for deferred tax

	2021 DKK '000	2020 DKK '000
Deferred tax at 1 January	0	0
Change in deferred tax, see note 7	<u>23.551</u>	<u>0</u>
Deferred tax at 31 December	<u>23.551</u>	<u>0</u>
Deferred tax relates to:		
Tax loss carry-forward	0	0
Retaxation relating to utilised losses in foreign subsidiary	<u>23.551</u>	<u>0</u>
Non-current part	<u>23.551</u>	<u>0</u>
Deferred tax, net	<u>23.551</u>	<u>0</u>
Unrecognized deferred tax asset	<u>7</u>	<u>2.289</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 Annual Report

	2021	2020
	DKK '000	DKK '000
12 Cash flow statement - adjustments of non-cash items		
Financial income	-8.247	-2.504
Financial expenses	143.224	42.429
Tax on profit for the year	23.551	0
	158.528	39.925

13 Guarantees

As security for a bond issued by the Parent Company, the Company is guaranteeing

	0	948.600
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As security for a bond issued by the Parent Company, the Company has pledged all shares in subsidiaries.

14 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.

15 Related parties

Consolidated annual report

The Company is included in the consolidation of the ultimate Parent Company:
 Glatfelter Corporation, 4350 Congress Street, Suite 600, Charlotte,
 NC 28209, USA