
Glatfelter Holding (Denmark) *A/S*

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

Annual Report for 2022

CVR No. 28 15 69 60

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 Holding (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

Board of Directors

Jill Louise Urey
Chairman

Paul Gregory Wolfarm

Peter Straub

Independent Auditor's report

To the shareholder of Glatfelter Holding (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 Holding (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 Holding (Denmark) A/S c/o Accura Advokatpartnerselskab Alexandriagade 8 DK-2150 Nordhavn CVR No: 28 15 69 60 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	2021
		TDKK	TDKK
Revenue		-1	2,365
Other operating income		0	38
Other external expenses		-351	-1,434
Gross profit/loss		-352	969
Staff expenses	3	0	-1,471
Profit/loss before financial income and expenses		-352	-502
Financial income	4	10,408	431,534
Financial expenses	5	-365,873	-48,317
Profit/loss before tax		-355,817	382,715
Tax on profit/loss for the year	6	-4,641	-3,795
Net profit/loss for the year		-360,458	378,920

Distribution of profit

	2022	2021
	TDKK	TDKK
Proposed distribution of profit		
Extraordinary dividend paid	0	60,000
Retained earnings	-360,458	318,920
	-360,458	378,920

Balance sheet 31 December

Assets

	Note	2022	2021
		TDKK	TDKK
Investments in subsidiaries	7	118,691	378,656
Receivables from group enterprises		129,715	230,683
Fixed asset investments		248,406	609,339
Fixed assets		248,406	609,339
Receivables from group enterprises		0	2,255
Other receivables		36	421
Receivables		36	2,676
Cash at bank and in hand		2,147	2,210
Current assets		2,183	4,886
Assets		250,589	614,225

Balance sheet 31 December

Liabilities and equity

	Note	2022 TDKK	2021 TDKK
Share capital		1,000	1,000
Retained earnings		164,623	525,081
Equity		165,623	526,081
Payables to group enterprises		84,793	84,225
Long-term debt	8	84,793	84,225
Corporation tax		0	3,759
Other payables		173	160
Short-term debt		173	3,919
Debt		84,966	88,144
Liabilities and equity		250,589	614,225
Uncertainty relating to recognition and measurement	1		
Key activities	2		
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Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	1,000	525,081	526,081
Net profit/loss for the year	0	-360,458	-360,458
Equity at 31 December	1,000	164,623	165,623

Notes to the Financial Statements

1. 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 Glatfelter Holding (Denmark) A/S, 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.

For Glatfelter Holding (Denmark) A/S has carried out an impairment test regarding the entities where indicators of impairment exist, in order to assess whether the investments in subsidiaries will be able to generate sufficient positive net cash flows in the future to support the value of the assets. The most important parameters in the impairment test relate to the expected growth and the WACC used. Due to a change in the business model for Sontara AG as of the end of May 2023, the company is not expected to have any future revenue but will exist as a holding company. The impairment test is therefor only based upon the equity position until May 2023. The impairment test has led to a write down of Sontara AG that amounts to DKK 67 million. And a write down of Glatfelter Holding (Denmark) A/S of DKK 193 million. Due to a negative equity value as of December 31 2022.

The book value of the company's investments in subsidiaries amounts to DKK 119 million per 31 December 2022.

2. 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

	2022	2021
	TDKK	TDKK
3. Staff Expenses		
Wages and salaries	0	1,471
	<u>0</u>	<u>1,471</u>
Including remuneration to the Executive Board and Board of Directors:		
Executive board	0	29
Board of directors	0	329
	<u>0</u>	<u>358</u>
Average number of employees	<u>0</u>	<u>2</u>

	2022	2021
	TDKK	TDKK
4. Financial income		
Interest received from group enterprises	8,864	45,772
Exchange adjustments	1,544	28,463
Gain on the sale of subsidiaries	0	240,035
Dividend income	0	117,264
	<u>10,408</u>	<u>431,534</u>

	2022	2021
	TDKK	TDKK
5. Financial expenses		
Interest paid to group enterprises	2,578	4,336
Commission on guarantees	0	3,316
Interest	0	31,423
Amortized financing costs	0	3,143
Loss from write-off of subsidiaries	259,965	6,097
Write off receivables from subsidiaries	103,330	0
Other financial expenses	0	2
	<u>365,873</u>	<u>48,317</u>

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

Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
6. Income tax expense		
Current tax for the year	0	3,795
Adjustment of tax concerning previous years	4,641	0
	<u>4,641</u>	<u>3,795</u>

Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
7. Investments in subsidiaries		
Cost at 1 January	385,076	417,134
Additions for the year	0	600,714
Disposals for the year	0	-632,772
Cost at 31 December	<u>385,076</u>	<u>385,076</u>
Value adjustments at 1 January	-6,420	-323
Revaluations for the year, net	<u>-259,965</u>	<u>-6,097</u>
Value adjustments at 31 December	<u>-266,385</u>	<u>-6,420</u>
Carrying amount at 31 December	<u>118,691</u>	<u>378,656</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership	Equity	Net profit/loss for the year
Glatfelter Denmark A/S	Denmark	DKK 32,512	100%	-103,393	-152,860
Glatfelter Sontara Switzerland AG	Switzerland	CHF 100	100%	104,697	-72,471
Glatfelter Sontara Asturias S.A.U	Spain	EUR 1,000	100%	41,979	3,564
Glatfelter Mexico SA de C.V.	Mexico	MXN 1,501	99%	6,108	437
Glatfelter Sontara Japan GK	Japan	JPY 10,000	100%	10,207	2,515
Glatfelter Sontara Argentina S.R.L.	Argentina	ARS 8,393	99,88%	4,609	926
Glatfelter Sontara Nonwovens Co., Ltd	Shanghai	CNY 1,000	100%	7,212	2,427
Glatfelter Sontara Korea Co. Ltd.	Korea	KRW 100,000	100%	93,507	19,892
				<u>164,926</u>	<u>-195,570</u>

Notes to the Financial Statements

8. 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	<u>84,793</u>	<u>84,225</u>
Long-term part	<u>84,793</u>	<u>84,225</u>
Within 1 year	<u>0</u>	<u>0</u>
	<u>84,793</u>	<u>84,225</u>

9. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the consolidation of the ultimate Parent Company:

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

Notes to the Financial Statements

10. Accounting policies

The Annual Report of Glatfelter Holding (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.

With reference to section 112 of the Danish Financial Statements Act and to the consolidated 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.

Segment information on revenue

Information on business segments is based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

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

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Notes to the Financial Statements

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

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/loss for the year

Tax for the year consists of current tax for the year and changes in 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.

The Company is jointly taxed with . The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

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.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Financial debts

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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