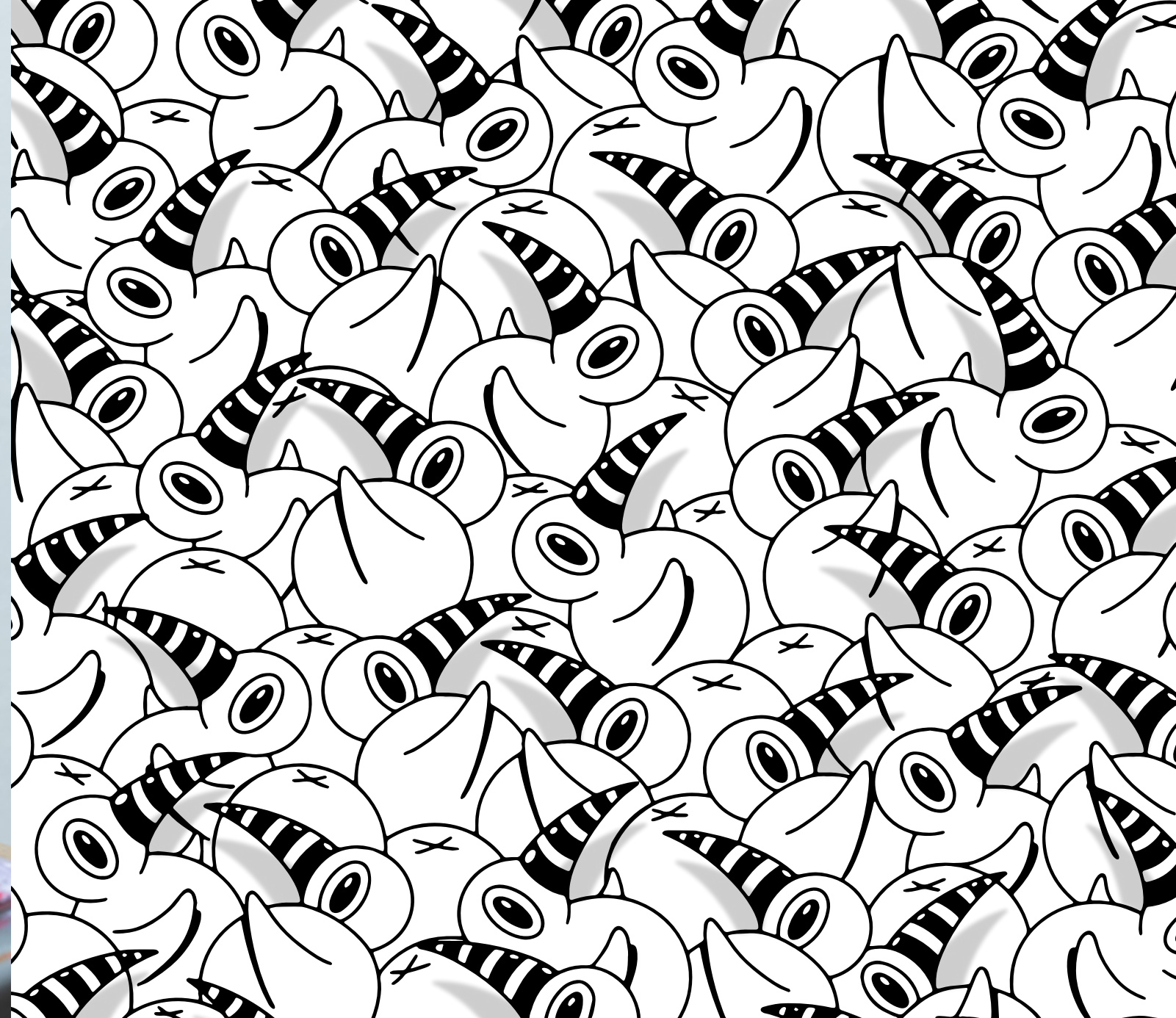




CellMark  
Financial Summary **2021**





**Feel free to color me in!**



Tim Timmey is a Swedish (street and fine) artist based in Höganäs. Tim is best known for his giant murals and large sculptures. Nowadays he holds a paint brush more than a spray can, and his canvases are shipped to customers from Helsingborg to Hong Kong. Looking at Tim's work you can see his inspiration is taken from nature and animals, often mixed with a little fantasy, and always presented in bright and vivid colors. His creations often take the form of totems, representing a family, clan, or tribe, sending a message about diversity, representation, and inclusion – a joining of cultures and individuals. Or you can choose to simply see a snail hanging out with a rhino. Either way, the artwork is produced out of joy, to spread some happiness and color.

# Together again

## The theme of this Financial Summary

The year of isolation is coming to an end. We hope that we finally will be able to see our families again, that we will be free to travel, see different cultures and new colors. We hope we will be allowed to shake hands, hug, and get lost in the crowd. We hope we will be connected, as a family, a clan, a company – or at the very least celebrate our return to togetherness and smile.



# Value Platform

## The bedrock of all our actions

### Our vision

is Surpassing Expectations.

### Our mission

is to deliver products, services, and solutions to the world market.

### Our Guiding Principles

are the bedrock of all our actions. Integrity is the foundation of our relationships, with each other, and with our business partners.



### Additionally:

- We **empower** each other to be creative and decisive. We are a company of global entrepreneurs, where we generate ideas and welcome change.
- We **care** about the future welfare, health, and well-being of our people, our business partners, and the communities where we are present.
- We **build** strong, agile teams of dedicated people with a results-oriented work ethic to align towards common goals. We develop long-lasting relationships while having fun.
- We **are supportive**, promote open dialogues, and treat each other with respect. We celebrate our accomplishments and learn from our experiences.
- We **develop** tools, training, and guardrails to facilitate **sustainable growth**.







# A year like no other

## A Word from our President

**2021** has passed, leaving a feeling of gratitude, humbleness, and hope. After almost two years of unprecedented worldwide pandemic, restrictions and social distancing, we could slowly begin to return to some kind of “new normal”. Extremely carefully we started traveling again, cautiously having in-person meetings, and welcoming our people back into the offices in most of our locations.

Finally – we can look forward to being together again.

But by no means, are we back to where we once were. These years of pandemic have given us many learnings and insights that we now bring with us into the future.

We are more flexible.  
We know hybrid work works.  
We know traveling is not always essential for all our business.  
We know we can operate also in times of chaos, and we have confirmed that we are the flexible and agile problem-solvers we always strive to be.

But foremost – we know we are capable of fulfilling our vision, Surpassing Expectations, even under extreme circumstances. My trust in our people is now stronger than ever and I am impressed, pleased, and proud of the way the CellMark

team performed through this challenging situation, working with our suppliers and customers to do our part to keep supply chains moving in a most challenging situation.

Our strategy for the year was to focus on growing our core business and concentrating on our six operating divisions. Needless to say, many companies have suffered due to the pandemic, experiencing challenges with achieving profitable growth. Luckily, this was not the case for CellMark. It was apparent that our business model worked well in this new and rapidly changing world, and with our agile position in the supply chain we were able to create even more value for our customers and suppliers. The need for our services is growing and CellMark is determined to continue meeting those demands.

Financially, the CellMark Group delivered a very satisfactory result for 2021. All six divisions contributed to this success, led by outstanding results from our Recycling, Basic Materials, and Pulp businesses.

During the year, we continued to invest in our people and their business-related knowledge and competencies. We continued to use our e-learning platform, CellMark Academy, which Gunilla Landelius, Vice President Global HR, will comment on in detail in the upcoming pages. We also used

an external IT education firm providing us with interactive training in cyber security awareness – a very important investment these days.

As the global company we are, taking our wider responsibilities is extremely important and something we strive for in all our operations. Environmental, Social, and Governance (ESG) matters were important for us during 2021 and will continue to be going forward. Living and working with ESG helps us to conduct our services and business activities with a high degree of ethics and an awareness of our impact on sustainability.

Closing this review, we are as always grateful to our customers, suppliers, and partners for their continued support that makes it possible for us to achieve our goals. And our people, the CellMark team. With tireless energy, integrity, trust, transparency, and accountability they have continued to deliver on our vision: to Surpass Expectations.

2022 – here we come!

**Christer Simrén**  
*President & CEO*





# Our Company

## Excellence in supply chain services

CellMark is a privately-owned independent marketing and supply chain services company providing products, services, and solutions to customers and suppliers all over the world. We facilitate trade and business development across multiple industries using our vast network of local offices and professional expertise.

Through a network of 70-plus offices in 30-plus countries, we provide a full suite of services: sourcing, sales & marketing, exclusive and non-exclusive representation, finance, logistics, regulatory compliance, and, in some areas, research & development and custom manufacturing. We also partner with clients to identify new business opportunities that add value to their processes and products, or sometimes serve purely as the external sales or sourcing division for our client.

The CellMark Group consists of approximately 900 professionals with in-depth product and market knowledge and extensive, long-term relationships in the industries we serve. The company is privately held and owned by its employees and an outside corner investor, Ernström & Co., who helps us achieve our strategic objectives. Our annual sales are more than USD 3.6 billion, with volumes more than 7 million tons annually.

### Background

Founded in 1984 in Gothenburg, Sweden, CellMark has its roots in the international trade and distribution of raw materials related to the global pulp and paper industry. Over the years, we have developed world-class marketing and supply chain service capabilities and expanded into new product areas. Today, we run six successful international divisions: Pulp, Paper, Packaging, Recycling, Chemicals, and Basic Materials. We have also grown operations for plastics and biomass for energy.

### Relationships

CellMark has established its position through long-term relationships and consistent performance. Our global network affords our various professionals with an in-depth understanding of even small changes in the market's culture and mechanics. It also facilitates superior, day-to-day interaction with clients. This structure helps us continuously guide and support customers. As we are constantly reminded, environments shift quickly and without warning. We need to be agile and flexible, without losing sight of the principles and fundamentals on which CellMark was built.

Our goal is to remain as we are — continuously changing. Fortunately, we do not work alone. Our partners' confidence in our professionalism has been the backbone of our development. We value our relationships highly, and continuously strive to earn and maintain the industry's confidence and respect.

We aim to be the industry's obvious choice for global trade services.





# Our services

We deliver products, services, and solutions to the world market



CellMark delivers a broad range of products, services, and solutions to the world market. We bring order to volatile markets and mitigate risk. Our long-term experiences enable us to develop services that help our industrial partners improve performance.

**Sales & marketing**

With a talented and committed sales team featuring unmatched knowledge, experience, and global presence, CellMark offers producers and end-users all manner of sales and marketing services, timely, accurate market information, risk management, order tracking, invoicing, and trade documentation. All of which contribute to our world-class supply chain service operations.

**Local warehousing, logistics & customer service**

Our logistics capabilities fulfill the needs of both our suppliers and customers. We integrate these services with our product divisions. As such, we combine our partners’ extensive knowledge with the consideration expertise of our logistics professionals.

As a large shipper of goods, CellMark has cultivated close relationships with major shipping lines, forwarding companies, terminals, haulers, and insurance companies. These partnerships complement our deep product knowledge, resulting in high-quality transportation at competitive costs.

Our logistics services include:

- Container shipments
- Bulk shipments
- Dangerous goods
- Contract negotiations
- Marine insurance
- Inspection of goods
- Vessel chartering
- Warehousing
- Due diligence
- Claims handling

**Financial services**

Our dedicated finance team creates innovative financial and risk management solutions from offices in Gothenburg, Geneva, Shanghai, Singapore, Novato (California), Miami (Florida), South Norwalk (Connecticut), and Shelton (Connecticut).

Deep financial insight, an extensive global network, and close relationships with banks and insurance institutions give CellMark the ideal platform from which to customize solutions for our customers and suppliers.

Always ready to embrace new ideas and concepts, we have helped importers and exporters around the world to stay competitive. This creative approach is a result of our commitment to deliver financial solutions that precisely match the needs of both buyer and seller. Indeed, we always strive to design our solutions around the buyer’s or seller’s trading cycle, thereby minimizing risks.

Our financial services include:

- Short- and medium-term trade finance
- Structured trade finance
- Pre-export financing
- Project finance
- Credit insurance facilities
- Credit management
- Cash management services

**Regulatory & compliance support**

In recent years, the regulatory environment for the chemical and allied industries in which we operate has changed dramatically. To keep up with these changes, CellMark Chemicals Division has built a global team of Regulatory Specialists. These professionals ensure that our organization and the products we provide comply with the full spectrum of regulatory bodies, including REACH, OSHA, FDA, USDA, DEA, EPA, and GHS/CLP.

Additionally, we update our customers on regulatory changes around the world exercise Responsible Care Distribution with imports, in accordance with the Customs Modernization Act and our NACD membership.

This valuable service helps customers and suppliers navigate the complexities of domestic and foreign markets. At the same time, we identify new business opportunities created by regulatory changes and reduce the possibility of noncompliance.

**Custom manufacturing & R&D**

At CellMark, surpassing our customers’ expectations is central to our way of thinking. We strive to offer, design, and develop custom-made solutions to everyday manufacturing challenges in specialty chemicals using our global lab capabilities and R&D platforms. Our sales teams are here to provide guidance and technical support in order to achieve optimal results.

Leveraging our inventory of more than 500 industrial, pharmaceutical, and personal care products, Custom Manufacturing represents more than 35 percent of the CellMark Chemicals’ sales and is its fastest-growing sector.

Our technical and sales professionals provide these services for global customers:

- Formulations
- Custom blending
- Granulations
- Milling
- Triturations
- Packaging and Re-packing
- Research and development
- Pilot trials
- Laboratory testing
- Inorganic reactions

Our sales professionals possess extensive technical knowledge and experience. Coupled together with our customer service team, we provide exceptional problem-solving capabilities.





# How we can add value

## Continuity and creative business solutions

Serving a multitude of industries, our daily challenges come in all shapes and sizes. That means we must truly be where our customers and suppliers are, as well as being one step ahead. And our people need to be as diverse as our wide variety of business partners.

One key factor for how we do business is our company culture. Centered around informed creativity, our culture is designed to empower each individual to be their own entrepreneur. We do this by shortening decision-making processes, reducing lead times, and making our clients quicker on their feet. But being swift only helps us today. In order to succeed tomorrow, we need a much larger perspective. That is why our main investments go toward continuity, longevity, and long-term business relationships based on integrity and respect.

### Access to markets and materials

Through our local presence on a global scale, we provide producers and customers with instant access to markets and materials worldwide. Our expertise saves our clients the cost and intricacy of setting up their own operations.

### Full suite of services

Regardless of complexity or simplicity, our diverse team offers a wide base of competencies and an even wider variety of supply chain services. It allows us to guide clients through the ups and downs of market cycles.

### Nimble and responsive

Being employee-owned has granted our company an entrepreneurial DNA. With an organizational structure that empowers our employees to make quick decisions, we can help our clients stay resilient in volatile markets.

### Risk elimination

Our financial strength and long track record make us a solid, reliable partner. Through risk management, we take the worry out of our clients' global supply chain operations and let them focus on their core business.

### Deep industry expertise

Decades in the industries we serve has given us a thorough understanding of our partners' challenges. Experience and knowledge that lets us guide them to informed commercial decisions and assist them with compliance.

### Continuity and commitment

We believe in success through partnership, investing in long-term business relationships based on integrity and respect. Teaming up with us gives our clients a partner that continuously strives to earn and maintain the industry's confidence and trust.



# Our people are our greatest asset

## A word from our HR Manager

CellMark is all about people, with unique competencies, relations, and mindsets. We have a strong and competitive network serving our business partners in more than 120 markets in over 30 countries. We do that together, based upon the CellMark Strategic Vision, which includes a common belief in our Guiding Principles and our vision that encourages us to always strive to Surpass Expectations.

2021 has been a year filled with new learning for all of us working in the CellMark family. The pandemic has pushed us to become more digital. Many have, for varying periods, conducted work tasks and run business from our home offices. We have continued to learn how to utilize remote tools and how to navigate in a new and modern digital landscape. All colleagues have shown a very high level of resilience and have supported the company and business operations in committed and professional ways.

In a fast-changing environment, we feel it is highly important that we are aware of and understand the strengths and the developmental needs of our organization. For that reason, CellMark regularly surveys the entire worldwide company concerning trust and engagement.

This year, within the framework of Great Place to Work® criteria, we once again received a remarkably high response rate. 89 percent of our associates shared their views. We also ended up with an amazing Trust-Index® score with 82 percent reporting they work in a high-trust environment. We are both immensely proud and humble with these scores and were certified as a Great Place to Work® in Sweden. Based on this result, we will pursue certifications in other countries during 2022.

We also learned that 86 percent of our people expressed they have a high engagement in their work. These results showed improvement in all the measured dimensions of credibility, respect, fairness, pride, and camaraderie. Even so, we realize there is room for improvement. We will continue to develop new tools to support our colleagues even further in their daily work. We strive to be an even greater place to work for all.

During 2021, we have continued to develop our competencies and our skills. Our e-learning platform, CellMark Academy, continues to be a crucial internal tool for us. Through CellMark Academy we launched several new courses and conducted a second cycle of

our mandatory training to ensure course completion by all employees biennially. We recognize that compliance, privacy law, information and security, code of conduct, and other areas are of major importance for us in our business.

Finally, we are happy and thankful for the complete implementation of a fully integrated worldwide HR system during 2021. This digital tool facilitates the production of important HR-related data and will also be a valuable support for us in our future sustainability work.

**Gunilla Landelius**  
*Vice President Global HR*





## Here we are

<b>Sydney</b> Australia
<b>Ghent</b> Belgium
<b>Sao Paulo</b> Brazil
<b>Mississauga</b> Canada
<b>New Westminster</b> Canada
<b>Ottawa</b> Canada
<b>Surrey</b> Canada
<b>Winnipeg</b> Canada
<b>Bogota</b> Colombia
<b>Paris</b> France
<b>Düsseldorf</b> Germany
<b>Athens</b> Greece
<b>Hong Kong Island</b> Hong Kong
<b>Mumbai</b> India
<b>Jakarta</b> Indonesia
<b>Dublin</b> Ireland
<b>Milan</b> Italy
<b>Tokyo</b> Japan
<b>Kingston</b> Jamaica
<b>Selangor</b> Malaysia
<b>Mexico City</b> México
<b>Tauranga</b> New Zealand
<b>Oslo</b> Norway
<b>Lahore</b> Pakistan
<b>Qingdao</b> People's Republic of China
<b>Shanghai</b> People's Republic of China
<b>Lima</b> Peru
<b>Katowice</b> Poland
<b>Krakow</b> Poland
<b>Seoul</b> Republic of Korea
<b>Kikinda</b> Serbia
<b>Cape Town</b> South Africa
<b>Barcelona</b> Spain
<b>Gothenburg</b> Sweden
<b>Stockholm</b> Sweden



## Here we are

<b>Geneva</b>	Switzerland
<b>Singapore</b>	Singapore
<b>Taipei</b>	Taiwan, Republic of China
<b>Hilversum</b>	The Netherlands
<b>Leiden</b>	The Netherlands
<b>Bangkok</b>	Thailand
<b>Antalya</b>	Türkiye
<b>Istanbul</b>	Türkiye
<b>Dubai</b>	United Arab Emirates
<b>Bradford</b>	United Kingdom
<b>Longfield</b>	United Kingdom
<b>Slough</b>	United Kingdom
<b>Austin</b>	USA
<b>Birmingham</b>	USA
<b>Chicago</b>	USA
<b>Cohasset</b>	USA
<b>Crestview Hills</b>	USA
<b>Cumming</b>	USA
<b>Doylestown</b>	USA
<b>Ladson</b>	USA
<b>Lake Oswego</b>	USA
<b>Little Falls</b>	USA
<b>Mahwah</b>	USA
<b>Miami</b>	USA
<b>Mount Laurel</b>	USA
<b>Naugatuck</b>	USA
<b>Novato</b>	USA
<b>Orangeburg</b>	USA
<b>Parkland</b>	USA
<b>Paterson</b>	USA
<b>Pawtucket</b>	USA
<b>Salt Lake City</b>	USA
<b>Seal Beach</b>	USA
<b>Shelton</b>	USA
<b>South Norwal</b>	USA
<b>Vancouver</b>	USA
<b>Ho Chi Minh City</b>	Vietnam





## Paper Annual Review

2021 was a year filled with new challenges and unprecedented change across the paper industry. Within our paper group, we maintained our focus on managing costs, improving product mix, and delivering improved results.

Our retail insert paper segment experienced dramatic reductions in print advertising and circulation levels in 2021. This was driven by a variety of reasons including store closures, bankruptcies, and an accelerated migration toward digital and on-line media.

Our business was hardest hit in the North American market where we continued our efforts to diversify into more specialty paper segments. In 2022 we will continue to monitor and evaluate our paper division costs. We strive to ensure our business is properly aligned with our ever-evolving industry.

Our geographic footprint in North America, Latin America, Europe, and Asia positions our paper business to offer unique solutions to our partners around the world. Our Latin America and International Teams enjoyed successful operations throughout 2021. These segments saw tremendous progress in new product areas ranging from cup and plate stock to high-end food packaging.

There are multiple other prospect areas that are growth segments and will enable us to expand our business as we enter 2022. Our worldwide paper business continues to examine these new opportunities for growth outside of traditional printing & writing papers.

The printing and writing segments remain a core focus within our business. As an example, our merchant operation in Miami, Florida, USA enjoyed its best year ever by focusing on new printing and writing product offerings.

Our International Team, despite difficulties with supply and global logistics, continued to deliver solid results. They have several new and very exciting projects in various stages of commercial development. We have recently entered into some key long-term strategic alliances with both customers and suppliers. These alliances will help ensure a more stable platform for the future.

I would describe the most challenging aspects of our business in 2021 as global logistics. We are not alone in the current supply chain chaos. However, our CellMark logistics team has worked tirelessly to provide world-class service and expertise in these extraordinary times.

We would like to thank all our business partners for their continued loyalty and support. In addition, we are very grateful to our committed hard-working employees who are the lifeblood of our business. We were all excited to begin meeting in person once again by the end of 2021 and are looking forward to doing that on an even larger scale in 2022. Travel, relationship building, and in-person meetings are what we have missed most during the pandemic. We have learned many lessons over the past few years and have become even more flexible and adaptable. We live in a time of continuous change and the Paper Division is ready to adjust accordingly.

We look forward to seeing you all in 2022!

**Joe Hoffman**  
*Paper Division President*







# Pulp Annual Review

2021 was another year of enduring a global pandemic. Nonetheless, the world of commerce is incredibly resilient, and the Pulp Division found new and innovative ways to “come together” with our customers and suppliers. The division enjoyed one of our most prosperous years ever with record volume and robust earnings. Our ongoing strategy of diversifying and enlarging our business scope continues unabated. Our pulp, energy, and caustic business segments are thriving.

The global pulp business contracted slightly in 2021, registering a total demand for chemical pulp of 59.9 million tonnes. This was expected after enjoying two previous years of strong growth. Global paper & board demand rebounded sharply in 2021 with an additional 7 million tonnes of new customer consumption.

This was driven by improved performance in tissue, packaging, and specialty sectors. Even the printing & writing sector had renewed activity despite the legacy decline for communication papers worldwide. Indeed, the entire paper & board space is forecasted to grow at an average additional 1.1 million tonnes over the next several years. CellMark’s Pulp Division is well poised to take advantage of this increase in business activity.

Global pulp demand is forecast to grow at an average of 1.7 percent p.a. and global pulp capacity will expand significantly in 2022–2025 by 8 million tonnes. This will provide both challenges and opportunities for our suppliers and customers alike. New pulp mills are now of enormous scale, and capacity additions are disruptive until the market finds equilibrium. The CellMark Pulp Division will play a vital role in finding product placement solutions. 2021 saw the division’s North American business grow significantly with new supplier representations.

The year will be remembered for the significant supply chain bottlenecks for all the division’s segments. Port disruptions due to the pandemic, weather related complications, unplanned downtime, shortages of container, rail, and trucking modes all presented enormous challenges for our team. Nonetheless, the division was successful in keeping customer and supplier expectations fulfilled. Logistic troubles thus restricted the ability of producers in all markets to effectively export. This was seen most acutely in China where exports of paper and board were severely disrupted. All these fluctuations provided enormous trading opportunities for all the division’s segments.

The Pulp Division’s Energy group enjoyed a strong improvement in both pricing and demand. As world energy prices rebounded, the demand for biomass, wood pellets and agricultural biofuels increased. 2021 saw the finalization of several long-term contracts with major utilities in Asia for wood pellet supply.

CellMark retained its position as the largest independent trader of wood pellets in Asia as a result. In Europe we concluded an exclusive sourcing agreement with one of the world’s largest biomass customers to find alternative biomass fuels for their operations. Like the Pulp Division, logistics in the energy space were a huge obstacle and the team found creative solutions to keep our supply chain full.

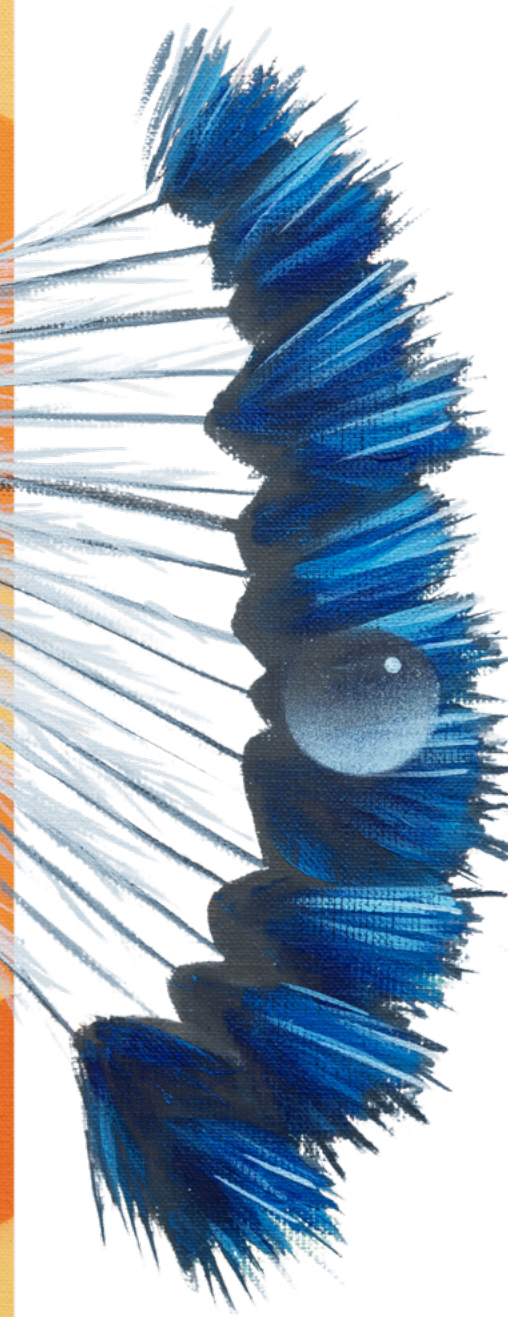
The COVID-19 pandemic demonstrated once again, the importance of CellMark’s role in global trade. We are happy that our suppliers and customers finally were able to travel and see each other on a limited basis in 2021. Our global offices continued to provide crucial, on-the-ground support, real-time market information, and problem solutions. The Pulp Division’s offices ensured continuity and ease of business for our global partners.

I would like to thank our network of suppliers and customers around the world for their continued faith and support in CellMark’s Pulp Division. In addition, my personal thanks to my incredible team of sales, customer support, and finance people for their efforts during these unusual times. CellMark’s asset base, truly, is its people.

**Doug Smith**  
*Pulp Division President*







# Packaging Annual Review

2021 was another year of transition as packaging use and industries continued a pattern that started in 2019 with a full cycle of pricing, production, and demand. We anticipated the year would start with very limited supply and continuing problems with logistics. The result was a weak first quarter. Expectations for improved supply by mid-year were slightly delayed by continued production problems at our main suppliers, steady demand from corrugated and bag sectors, and shipping delays. These issues resulted in end customers not being able to rebuild inventory levels to normal levels and became an early component of the now-famous supply chain problem.

Product pricing increased continuously during the year, driven by market opportunity, but more so by input cost pressures. Fiber, energy, labor, and transportation affected every supplier of paper and board. Even with these increasing costs, product demand remained relatively steady in all regions for most of the year. Our task during the first half of the year was to get ahead of the price wave and remove the risk of unexpected costs. This strategy was successful and during the third quarter we could maintain reasonable margin levels as product pricing continued to increase and some supply returned to our market.

Our total tonnage transacted during 2021 was slightly less than 2020, but sales grew by 24 percent. Our margin improved later in 2021 resulting in a total year increase of 29 percent in gross margin. With relatively steady operating costs, we delivered a result that exceeded our forecast with a 116 percent improvement from the prior year.

The sales network we established for the US market started to make contributions early in the year with imported specialty container-board. This sales team will be the base of growth as we add more product to this platform. Committed supply of high-quality board from the United States to the Middle East and Africa region started during the year, adding a product that we have been working to add for many years. Movement of product in and out of Asia was reduced compared to earlier years as new regional supply created an imbalance and freight costs were untenable for most of the year.

The new sales and supply activity that gained traction in the second half of the year were programs that had started years prior. The support we have for our traditional market regions in Asia, Latin America and EMEA are now being supplemented with sales in North America and Central Europe. Our staff has continued to operate in the difficult and changing conditions of work-from-home environments, but have done well to support our partners, work as a global team, and continue to build structures for our continued growth and diversification.

**Paul Busnardo**  
*Packaging Division President*





# Recycling Annual Review

2021 was the second year of the global pandemic and its effects on the recycling world will be long lasting. E-commerce is no longer the future. It is the present, and it is here to stay. Containerboard production was up 5.6 percent compared to 2020 (the ninth increase in the last ten years). In tandem, so was the demand for Old Corrugated Containers and Mixed Paper.

As people continued to work from home, less mixed office paper was generated and collected. This created a shortage of the grade, which in turn forced mills to look to alternative fiber grades that were more readily available. Also, since more people were at home, the amount of recyclables being generated at residences, which traditionally are lower quality because of single stream collection, increased.

Companies continue to ramp up their Environmental, Social, and Governance (ESG) commitments and are increasingly sourcing more raw materials to produce recyclable products, resulting in lower emissions such as recycled plastic and aluminum. Overall, recyclables were in great demand and short supply for most of the year. As a direct result, prices continued to rise sharply throughout the year, and the market dynamics with respect to pricing were extremely positive. However, on the other hand, we faced unprecedented challenges regarding logistics and overall global supply chain disruptions.

As I look back on the year, it is apparent that our success was a direct result of our people. The challenges we encountered

were unprecedented with disrupted supply, material shortages, logistical shortages, strong demand, and general uncertainty. Our teams shined in the midst of all the chaos and turmoil and it's a true testament to the culture we have created. I am very proud of the hard work and dedication exhibited by our group. We were able to maintain our annual tonnage turnovers, and delivered an extraordinary financial result, which is our group's highest to date.

**Jimmy Derrico**  
*Recycling Division President*







# Chemicals Annual Review

Our Specialty Chemicals Division had one of its stronger operational years on record in 2021. Sales increased by 17 percent year-over-year and earnings before tax increased by 71 percent. Admittedly, the stronger results were not across each market or region, but in general terms we experienced increases in all three of the major sectors that we participate, namely, Health & Personal Care (HPC), Industrial & Specialty Chemicals (ISC), and Catalyst & Gas Processing (CGP). Sub-sectors of HPC, Cosmetics, Pharmaceuticals, and Nutritional Ingredients, experienced the greatest year-over-year increases as consumers continue to focus on their personal well-being and boosting immunity.

The stronger than usual operating results did not come without challenges. These challenges made it increasingly difficult to find balance in all areas of commercial trade throughout the year. The prolonged global health crisis had a profound effect on labor markets that ultimately resulted in raw material shortages and disrupted supply chains. The combination of these two factors, among others, made it next to impossible to complete orders and meet consumer demand in a timely fashion. The challenges spanned across all industries and worsened as the year progressed by adding considerable lead time and cost. Ultimately, the pain was felt by the final consumer who bore the brunt of these delays and inflationary pressures in every thing from computer chips to polyurethane foam for furniture and car seats, to toilet paper, just to name a few.

Notwithstanding the above, our Specialty Chemicals Division reached a major milestone in 2021 with other notable accomplishments throughout the year. We completed ten full years under CellMark ownership. We are proud of our contributions to the CellMark Group over the past ten years by adding considerable value to CellMark Shares while also adding stability and continuity to the Group's results in each of those years.

Another notable accomplishment was the expansion of our Nutritional Ingredients distribution business in the United States and Europe. Expansion within the United States and Europe was part of our strategic plan when we acquired AnMar International in 2014.

Part of that strategic plan was to bolster and improve our manufacturing and R&D capabilities to support our Nutritional Ingredients business. In 2021, we made significant strides as we continued to invest in production equipment and technologies to become more efficient and better support the needs of our growing customer base. Other accomplishments included the advancement of our personal care and cosmetic business line across the United States, Europe, and Asia. Our regional teams are all working together to accomplish common objectives with a clear vision of exceeding customer and supplier expectations. Furthermore, our efforts to become even better stewards of our environment and the communities we serve was noticed as we also improved our EcoVadis sustainability ratings in 2021.

All in all, 2021 was another successful year for our Specialty Chemicals Division. We did an exceptional job at proving ourselves as a world class distributor and manufacturer of chemical products. The journey has been an exciting one thus far and we look forward to what the future holds for our business and our employees.

Speaking for the entire Chemicals team, I would like to conclude by saying that none of our achievements could have been possible without the commitment and effort of our outstanding employees that are dedicated, hardworking, and motivated. We are also grateful to all our business partners and service providers that supported our division throughout the year. Finally, we would also like to thank the CellMark Board of Directors and the Management Team for their unwavering support to help our Specialty Chemicals Division show this level of improvement and success during 2021.

**Hugo Galletta**  
*Chemicals Division President*







## Basic Materials Annual Review

The year 2021 confirmed we are quickly adapting to new norms from the past year's abnormality. During the year, we met challenges from unpredictable price fluctuations, sudden increases in energy prices, and freight issues. We also experienced a heavy internal workload from the merger of two divisions, CellMark Basic Chemicals and CellMark Metals, that we completed in 2020. Despite these challenges, I am proud to say that our Basic Materials team, with support of the corporate team, achieved overall great results for both volume and sales in 2021.

The theme of this Financial Summary 2021 is "Together Again." Being in the grip of COVID-19 for almost two years has caused a lot of changes in our personal, social, and business lives. But in 2021, the severity of the pandemic began to lessen, and we could finally come together again. CellMark Basic Materials acts as an intermediary for our customers and suppliers and being together is extremely important to understand our business partners' needs and assists in conducting our operations. We have been a part of people's lives for a long time with our business. We sincerely want to continue to be together again with our business partners, with added values, guard rails, vast experience, and knowledge on markets, products, financing, and logistics.

In 2021 we were also able to meet our families and loved ones again – hug them, shake hands, and be close to them. Pre-COVID norms that are important for us on a personal level are returning, for which we are grateful.

CellMark Basic Materials' success continued in 2021. Yes, we faced challenges and will continue to. Sunny days and rainy days come and go. However, our well-motivated and experienced team, along with great support from the Board of Directors, Group Management, and our corporate colleagues, led us to a significant volume increase of 50 percent year-over-year.

Heading towards a new year, with business in over 45 countries on five continents, we will continue our goal to serve the global market. Our team of 80 fully dedicated professionals is working with complete focus to satisfy our business partners, our company shareholders, and all stakeholders.

We have a strong tradition of following our key growth drivers, which are:

- Review and improve our existing business.
- Expand our business in new geographies.
- Expand and diversify our product portfolio.

On behalf of the entire division team, I would like to thank all our colleagues and business partners around the globe for working with us.

We – together – make more sense!

**Ersin Alkan**  
*Basic Materials Division President*







Title: Säg en regnbåge!  
 Date: 2019  
 Location: Sågen-Möjligheternas hus, Klippan, Skåne County





# Sustainability Reporting 2021

The following pages are extracts from CellMark’s stand-alone Sustainability Report 2021 and cover our sustainability performance during the year. The statutory Sustainability Report can be found on our website, [cellmark.com](https://www.cellmark.com).

**Reporting framework**

CellMark uses the Global Reporting Initiative’s (GRI) G4 Sustainability Reporting Guidelines to guide our selection of information and improve report quality.

**Intellectual property**

Included within this report there may appear various websites, registered trademarks, logos, research reports, and other forms of intellectual property. Without exception, these are acknowledged as the legal property of their respective owners, whether they appear marked or unmarked.

**Tons**

We standardize our reporting of metric tons as equivalent to 1,000 kg.





## Message from our CEO

The COVID-19 pandemic continued to be a struggle for the global community, businesses, and people everywhere during 2021. Like the previous year, our first priority was to secure the health and safety of our employees and business partners, while focusing on maintaining our business to the greatest extent possible.

The challenges we met during 2021 have once again highlighted how important it is that we all act together in the effort to solve our global issues related to public health, environment, economy, and society. These issues cannot be resolved by one individual, company, or global player alone – it takes a team. CellMark is proud to be a part of this global team effort. We are aware of our place in the ecosystem of global trade, and we recognize our responsibilities. That is why we continually build our organization around principles of good corporate citizenship, and constantly strive for improvement.

This Sustainability Report is a summary of our sustainability performance during 2021. We continue to work with certified suppliers focused on sustainable forestry. Through our membership in the National Association of Chemical Distributors (NACD), we commit to product stewardship and responsible distribution in every phase of chemical storage, handling, transportation, and disposal. In our recycling business, we divert tons of waste from landfills each year to value-added re-use. Through our consistent and diligent efforts in these areas, we continue to act in support of the United Nations' Sustainable Development Goals, working to improve our sustainability performance throughout our business operations.

Through our partnership with the non-profit organization PaperSeed Foundation from 2011 to 2021, we have helped 1,223,087 children get a better education. In September, CellMark employees also helped raise additional funds by participating in our virtual activity event, Run to Raise. All proceeds were given directly to the PaperSeed Foundation and its project to provide a library for children in Kenya. We also supported different non-profit organizations globally with funds of \$16,200 USD through the CellMark Cares employee donation program. This effort allows all employees to designate a USD \$200 donation to a non-profit organization of their choosing once each calendar year.

Closing the books on 2021, we are pleased with the progress of our sustainability efforts during the year. Pleased – but certainly not satisfied. We will continue to improve our sustainability policies and practices year after year, constantly being on the lookout for new ways to make a positive impact in the communities where we operate.

**Christer Simrén**  
*President & CEO*





## Sustainability Strategy and Governance

Environmental, Social and Governance (ESG) is increasingly important for a global company like CellMark. The governance of sustainability is a shared responsibility between the Board of Directors, Management Team, and Vice President of ESG, along with a cross-functional sustainability task force.

In 2021, we executed an internal reorganization allowing us to improve the visibility and performance of ESG issues across the company. We also continued to engage even more deeply with our partners around new ESG initiatives. We believe stakeholder engagement is crucial to our sustainability success. We welcome the increased requirements of transparency and reporting that are coming from our partners, and we have a comprehensive internal strategy ensuring we continue to be compliant.

We continue to work in support of the United Nations' Sustainable Development Goals across our business through our core operations, sustainability metrics, and corporate social responsibility programs. We continue to assess our corporate social responsibility performance with EcoVadis in 21 sustainability criteria across four themes: Environment, Ethics, Labor & Human Rights, and Sustainable Procurement. We are proud that we were recognized with a silver rating from EcoVadis again in 2021.

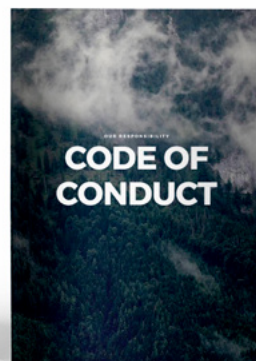
We routinely participate in supply chain and sustainability assessments and eagerly engage our stakeholders for their expertise, recommendations, knowledge, concerns, and priorities. We remain committed to constantly looking towards higher standards of excellence and responsibility in our policy, practice, and procedures.



## Responsible Business

CellMark takes the threat of bribery, corruption, and fraud seriously. Compliance is at the heart of our governance structure, and the CellMark Audit Committee supports the Board in all compliance matters, particularly concerning risk management, internal controls, financial reporting, and external audits.

Our Anti-Bribery/Anti-Corruption/Anti-Fraud Policy is an important document in our daily operations. On CellMark Academy, our internal e-learning platform, we offer a digital course to educate our employees about the policy. By year-end 2021, 97 percent of all employees had completed the course. The Management Team supports the goal of 100 percent completion as soon as possible, and we continuously work to achieve this goal. CellMark Academy also provides employees current information on compliance training, including sanctions checks and counterpart transparency.



In 2021, we are proud to report that there were no confirmed incidents of corruption or legal action for anti-competitive behavior, anti-trust, or monopoly practices.

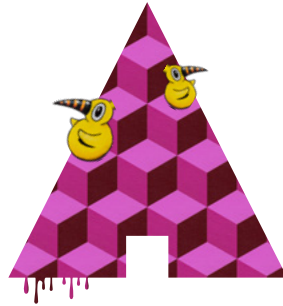
Our whistleblower function is still working well. In 2021, only three reports were received, and none were business related, had a financial impact or were related to discrimination, corruption, or information security.

In order to explain the purpose, importance, and content of our Code of Conduct, we continue to share our Code of Conduct animated video and document with our business partners and recurrently increase efforts to ensure adherence to our policies across our business.

CellMark is committed to the protection of human rights. We support the United Nations' Sustainable Development Goals, which include Goal 8: decent work and economic growth. We also have a Modern Slavery Act Statement in place that can be found on our website.



# People



## CELLMARK ACADEMY

CellMark is a global company with an engaged and capable workforce. We have created an ecosystem of businesses, from local to global, thanks to our experienced people with individual drive and commitment to surpass expectations. During 2021, CellMark's Strategic Vision Statement continued to drive the refinement of our processes in support of our Guiding Principles, further harmonizing the work between divisions, countries, and cultures.

CellMark Academy, our e-learning platform, continues to hold an important place in supporting our employees' professional development. We encourage all employees to undertake at least one hour per month of competence development and training and we adhere to the 70-20-10 method of professional development: 70 percent from on-the-job experience, tasks and problem solving; 20 percent from feedback, coaching (formal and informal) and networks; 10 percent from formal classroom courses like e-learning and seminars. For new employees, CellMark Academy has a comprehensive onboarding program where one can learn more about CellMark, its history, culture, and business areas.

Our privacy-law-compliant recruiting platform helps to attract the best talent to our company in a safe, secure, and unified way. The Development & Goal Conversations framework continues to be our tool for performance assessment and feedback. Here we discuss future goals, development plans, and the wellbeing of our employees. We have internal guidelines in place focusing on learning & development, equity & inclusion, recruitment and other important areas.

We have mandatory training for all employees, and everyone must complete these digital training courses every two years: Code of Conduct, Know Your Counterparts, Anti-Bribery/Anti-Corruption /Anti-Fraud Policy, Information Security Policy, GDPR, and Privacy Rights. In 2021, we completed our second round of these courses with a comprehensive follow-up routine to ensure all employees completed the courses as soon as possible.

### Mandatory Training Courses Completion 2021

Code of Conduct	90 %
Know Your Counterparts	89 %
Anti-Bribery/Anti-Corruption/ Anti-fraud Policy	91 %
Information Security Policy	91 %
GDPR	91 %
Privacy Rights	89 %

We have a balanced workforce with 47 percent women and 53 percent men. However, at the management level, our goal is to increase gender equality in decision-making roles across the organization. During 2021, women made up 34 percent of managers and men 66 percent. We continuously work towards gender equality at all levels and measure our progress yearly.

In November 2021, we conducted our fourth Great Place to Work® employee opinion survey with a response rate as high as 89 percent and great result improvements. We reached a Trust Index® of 82 percent and earned a Great Place to Work Certification® in Sweden. The Great Place to Work® survey is an important tool for us to fully understand our strengths, motivation, engagement, and the reported well-being of our associates. We constantly strive to improve the results even more by considering at different improvements toward becoming an even greater place to work for all. Compared to the first survey in 2016, we have made large improvements in all categories.

### Trust Index® +17 %



Credibility  
+17 %



Respect  
+14 %



Pride  
+14 %



Fairness  
+14 %



Camaraderie  
+10 %

Great Place to Work® employee opinion survey  
Result development since 2016







## Health and Safety

Many of our health and safety efforts during 2021 have been related to the COVID-19 pandemic. We have continued to take precautions in all our offices to prevent the spread of the virus and keep our staff safe and healthy. Our people's well-being is always a top priority.

Moreover, 100 percent of all our employees in the United States are trained on discrimination. We also have policies on discrimination and harassment included in our employee handbook. At our headquarters, we regularly practice how to safely evacuate from the workplace in case of an emergency. Our employees receive training in CPR.

Where applicable, we train our employees on the proper use and benefits of personal protective equipment, and we educate locally on internal and external health and safety audits. We comply with local labor law and our standard work week is five days per week, ensuring employees receive at least 24 hours of rest during a seven-day period, though we recognize and take account of the inevitable pressures and workload inevitably associated with providing exceptional levels of service in a global, competitive business.

Our target for work-related accidents and injuries is 0 percent, which means we were very close to our goal in 2021, reporting

a result of only 0,7 percent work-related accidents per total number of employees for the year. In actual numbers, this means five cases. Our target for work-related fatalities is 0 – a goal that was entirely fulfilled during 2021. For all accidents, injuries, and fatalities we have strict routines that must be followed. For each injury or accident, a separate report and mitigation plan is to be set and in case of any fatality, a specific report shall be filed, and potential risk mitigation actions shall be taken based on the conclusions made.

## Personal Data

CellMark builds strong, agile teams of dedicated people with a results-oriented work ethic to align towards common goals. We care about privacy and strive to protect personal data in the best possible way, for our people and our partners. CellMark has the ambition to comply with all applicable laws and regulations for the protection of personal data.

With the COVID-19 pandemic still very active during 2021, we continued to have many offices closed and people working remotely from home. We launched new training courses in GDPR and other privacy laws on our e-learning platform,

CellMark Academy. These courses were mandatory for all employees to complete. As our training courses are available digitally, all employees were able to complete this training without disruption while working remotely.

During the year, we did not have any substantiated complaints regarding data protection issues and were not subject to any investigations, allegations, or legal actions. We have a dedicated email address ([dataprotection@cellmark.com](mailto:dataprotection@cellmark.com)) which is monitored daily and is available on our website for anyone, including third parties. Employees are informed that they need to

forward any form of data protection request to this email address.

CellMark is committed to the data protection principles of lawfulness, fairness, transparency, purpose limitation, data minimization, accuracy, storage limitation, integrity, and confidentiality. We are aware of the data requirements resulting from the European Court of Justice's decision in the "Schrems II" case. We are compliant with these changes, and our database is frequently updated and contains a full register of all relevant data processes. We stay current on new privacy laws and adapt our routines accordingly.

## IT and Digitalization

In 2021, we have consciously taken several IT actions with the purpose of making our daily business more sustainable for our people with a global view. In 2020, when business operations were threatened globally from the impacts of the COVID-19 pandemic, we rapidly had to make sure that we had tools and equipment in place that enabled us to transfer to remote work. In 2021, we have continued this transition even further. We recognized that a flexible way of working benefited both the

environment and the health of our people. Working remotely has lessened the need for travel and commuting and has given our employees a better work-life balance.

During the year, we used an external IT education firm to provide interactive micro-training in cyber security awareness. It is highly important to educate our employees on how to protect our company from fraud, infringements, and cyber-attacks.

We also executed several successful server migrations to the Cloud. This action generated not only better connectivity and fewer equipment purchases for our company, but also decreased the use of electricity when our need for significant cooling of server rooms ceased. This was a long-term action toward future sustainability.



# Environment

As a large global company, we have an extensive responsibility for the impact our business has on the environment. We have responsibilities in what we consume in terms of products and services, but also on the commodity we trade. CellMark shall comply with all applicable environmental regulations, work to support the United Nations’ Sustainable Development Goals, and ensure that all our employees are aware of our company’s environmental commitment.

## Recycling

Recycling is one of our core business areas, and we strive to keep waste in the recycling stream and out of the landfill. We operate seven recycling plants in North America, of which two are joint ventures representing over 300,000 tons of recyclables per year. In 2021, our contract commenced with Charleston County, South Carolina to operate their new state-of-the-art Materials Recovery Facility which processes over 40,000 tons per year.

## Carbon Emissions

CellMark is a supply chain services company working with different customers and suppliers all over the world. We partner with numerous of major shipping lines, forwarding companies, terminals, and haulers. Our business sectors are diverse covering pulp, paper, packaging, recycling, chemicals, and basic materials. That being said, it is difficult to track our carbon emissions, and unfortunately, we do not currently have one software solution for the entire company across geographies. We are currently exploring the possibility to move our divisions into using one application system, and to train our employees on how to input data to track our carbon emissions.

Most of our employees work in an office building or at home and most of our facilities are rented. Our use of fuel, gas, and electricity is low. The gas we use is to heat or cool a building, and the electricity that we use is to run our office buildings, including powering lights and computers, printers, and photo-copy machines. When we establish new sites or when we relocate sites, we strive for selecting office spaces with good energy ratings.

In December 2021, we implemented a policy stating that henceforth all new CellMark company and leased cars in Sweden will be electric cars only. We find this an important action to support the reduction of emissions, and we will strategically work to implement this policy in other CellMark offices where our employees are eligible to lease company cars. We also encourage our employees to always replace travel with online meetings where relevant. When we are in a position of selecting between air, truck, sea, or train to transport the commodity we trade, we hold ambition to use the most environmentally friendly alternative available.



# Certifications

## ISO 9001

CellMark has a Quality Management System certified by Scandinavian Business Certification (SBcert). It is in accordance with the ISO 9001 standard.

## FSC®

The Forest Stewardship Council® is an independent, nongovernmental, non-profit organization established to promote the responsible management of the world’s forests. For further information, please see [www.fsc.org](http://www.fsc.org).

## PEFC®

The Programme for the Endorsement of Forest Certification (PEFC) promotes sustainable forest management – environmentally, socially beneficial and economically viable management of forests for present and future generations through independent third-party forest certification. For further information, please see [www.pefc.org](http://www.pefc.org).

## NACD

The National Association of Chemical Distributors (NACD) is an international association of chemical distributors and supply chain partners who process, formulate, blend, re-package, warehouse, transport and market chemical products. Members are committed to product stewardship and responsible distribution in every phase of chemical storage, handling, transportation and disposal. For more information, please see [www.nacd.com](http://www.nacd.com).

## ENPLUS®

In order to offer the same wood pellet quality all over Europe, new European standards for solid biomass fuels were introduced in 2011. They included a standard for wood pellets, which ENplus® helped to implement all over Europe. The ENplus® quality seal accounts for the whole wood pellet supply chain – from production to delivery to the final customer, therefore ensuring high quality as well as transparency. For more information, please see [www.enplus-pellets.eu](http://www.enplus-pellets.eu).

## OK KOSHER (K)

OK Kosher is the world’s leading orthodox kosher certification agency, recognized as the global benchmark for kosher standards and integrity. The OK Kosher mark is one of the world’s best-known trademarks; it immediately and universally increases company marketability, accountability, and kosher acceptability. For more information, please see [www.ok.org](http://www.ok.org).

## QS

QS quality scheme for food covers all stages of the food chain. Strict rules apply to all participating companies in Germany and abroad, for example regarding traceability and hygiene. Auditors and independent certification bodies check regularly whether all requirements are met. For further information, please see [www.q-s.de/en](http://www.q-s.de/en).

## SBP

The Sustainable Biomass Program (SBP) is a certification system designed for woody biomass, mostly in the form of wood pellets and woodchips, used in industrial, large-scale energy production. SBP has developed a certification system to provide assurance that woody biomass is sourced from legal and sustainable sources. For further information, please see [www.sbp-cert.org](http://www.sbp-cert.org).

## Great Place to Work®

Great Place to Work® is an independent consulting firm with the mission to help organizations become a great place to work for all. CellMark earned a certification from Great Place to Work® valid for the period of October 2021 to September 2022. For further information, please see [www.greatplacetowork.se](http://www.greatplacetowork.se).





## Community

CellMark Cares is the corporate social responsibility program at CellMark. During 2021, social efforts have included:

- Employee volunteering and community support.
- CellMark Cares donations to charities of employee's choosing.
- Support of the PaperSeed Foundation.

CellMark supports our employees in supporting the communities where they live and work. All employees that have worked for CellMark for more than one year are eligible to designate a USD \$200 donation to a qualifying non-profit organization annually. Since the program was initiated in 2019, employees have supported 182 non-profit organizations in Belgium, Bulgaria, Canada, France, Germany, Greece, Ireland, Japan, Mexico, Poland, Spain, Sweden, Turkey, United Kingdom, United States of America, and Vietnam.

Further, CellMark has underwritten the operations and administration of the PaperSeed Foundation since 2011. This underwriting effort allows 100 percent of all donations to directly improve the lives of children and youth. During the past ten years, CellMark is proud to have helped improve the lives of over 1.2 million children and young people in deprived communities around the world.

During the year, PaperSeed Foundation's grants made a considerable difference for many children affected by the pandemic. PaperSeed partnered with ZanaAfrica on the Tuboreshe Nia school programs in Kilifi, Kenya, delivering sexuality education and sanitary pads to 3,600 youths across ten local schools. The need for reproductive and mental health education and trauma support was significantly greater than expected at the start of the pandemic. The Nia program fostered a more dignified existence for many girls during menstruation and increased knowledge on how to protect against sexually transmitted diseases.

Due to the COVID-19 pandemic, school closures were prevalent and online lessons became the new mode in many parts of the world. This caused problems in many communities where the technology standard is low. During 2021, PaperSeed participated in projects providing new computer equipment to schools in Morocco and Guatemala, strengthening distance learning and digital access for girls and helping them respond to the changing educational climate.

Moreover, PaperSeed partnered with the local non-profit organization Filling in the Blanks, providing gift certificates to low-income and food-insecure families in Connecticut to purchase meals from local restaurants. In the United States, school-age children from low-income families receive most of their nutrition from school-provided breakfast and lunch services. The COVID-19 crisis pushed this issue to its breaking point, as families were doubly hit by the loss of school-provided meals.

## COVID-19 pandemic actions

When the pandemic hit in 2020, we acted quickly by implementing remote work in most of our locations, moving to home offices. As the vaccine became more available in 2021, the pandemic situation was slightly more stable in many parts of the world. Where feasible, we transferred many of our employees back into office settings. This transfer required a comprehensive plan of precautions to avoid the virus in the workplace. We had safety protocols, strict routines, and plenty of hand sanitizer in all our offices. Where applicable, we provided additional equipment and protection based on local requirements, e.g., masks and temperature scanners. We also had standards in place to monitor the number of employees working in these offices. On our e-learning

platform, CellMark Academy, we offered a training course on remote work to assist all associates on being productive under these circumstances.

We continued to move meetings online and, like other global companies, business travel was almost entirely suspended. Post-pandemic, we are strategically studying how to continue this new way of effectively working. We learned that traveling is not essential for all our business, so reducing travel is another way for us to contribute to the reduction of our overall carbon footprint.

CellMark was pleased to be in the unique position to take an active role in the rapid development of the first COVID-19 vaccine. To transport genetic material to target

cells, vaccine developers enveloped spike proteins in lipids to form nanoparticles. Lipids are the unsung component of the vaccines as they allow even disbursement throughout the human body. CellMark was a supplier of a key ingredient used to develop these lipids and was able to cooperate with our pharmaceutical partners from the beginning.

Another COVID-19 effort is the direct donation of USD \$50,000 to the non-profit organization Global India Fund. This dedicated group works to ensure that COVID-19 vaccines are equitably distributed among marginalized and vulnerable individuals in hard-to-reach communities in India.



# Sustainable Development Goals

CellMark works in support of the United Nations' Sustainable Development Goals.

### Quality education

During 2021, CellMark was a proud partner of the PaperSeed Foundation, underwriting all operations and administrative expenses of the foundation enabling 100 percent of donations to go directly to helping kids. Through our partnership from 2011 to 2021, we have helped more than 1.2 million children get a better education.

### Affordable and clean energy

CellMark Energy is a global leader in the production, trade and proliferation of biomass-based alternative fuels and waste-to-energy commodities. Further, in our lignosulphonate commodity trading, CellMark supports reduced energy usage in the production of ceramics and clay bricks, coal briquettes and recycled paper.

### Sustainable cities and communities

Recycling is one of our core business areas. We strive to keep waste in the recycling stream and out of the landfill. We operate seven recycling plants in North America, of which two are joint ventures representing over 300,000 tons of recyclables per year. In 2021, our contract commenced with Charleston County, South Carolina to operate their new state-of-the-art Materials Recovery Facility which processes over 40,000 tons per year.

In addition, we continued our partnership with a nonprofit in Seattle whose mission is to rehabilitate people struggling with addiction, by providing them work therapy in which to learn general job skills and responsibilities, enabling them to become productive members of the community. CellMark has helped them turnaround their operations by providing them debt financing, hands-on management, training, and support.

Our commitment to creating sustainable cities can be seen in the over 2 million tons of recycled products that were sourced and traded globally in 2021.

### Life on land

CellMark maintains a broad range of third-party certifications, including those from the Forest Stewardship Council (FSC®) and the Programme for the Endorsement of Forest Chain of Custody Standards (PEFC®). These certifications demonstrate our commitment to sustainable, intelligently managed forestry, which makes trees a renewable resource and keeps the world's woodlands healthy and productive.







# Highlights

**1984**  
Cellulose Marketing International AB is founded in Gothenburg with 21 employees. Five overseas sales offices are established. In 1997, the company name is changed to CellMark.

**1987**  
CellMark is now 100 percent employee owned. We acquire Pacific Forest Resources Inc (PacFor), adding packaging paper and board and recovered paper to our existing base in market pulp and whitepaper.

**1990**  
We reach the 1-million-ton mark and sell our products in 36 markets. In 1991, we add chemicals to our product portfolio.

**1996**  
The 2-million-ton mark is realized. We become ISO-9001 certified and acquire our first recycling plant.

**1999**  
During the 1990s, CellMark acquires American Paper Sales and Perkins Goodwin in the US and Unifibra in Europe. Singapore Pulp Private Ltd (SPPL) is established in Singapore.

**2000**  
Group sales exceed one billion US dollars. We acquire Gothia Paper AB and Larsson Paper AB.

**2001**  
Over 3 million tons of pulp and paper are sold to over 100 markets. Most subsidiaries are consolidated under the CellMark brand name.

**2004**  
CellMark celebrates its 20th anniversary and reaches a sales volume of more than 4 million tons.

**2006**  
CellMark now has 37 offices around the world. We become FSC® and PEFC® certified.

**2009**  
CellMark celebrates its 25th anniversary and maintains the 5-million-ton record reached in 2007. We acquire Fibres International and CellMark Recycling now operates 10 recycling facilities in North America.

**2010**  
CellMark acquires Sicutec AB, a supplier of second-hand machinery and equipment to the pulp and paper industry.

**2011**  
A significant acquisition is completed. With Alcan International Network onboard, CellMark operates two new divisions: CellMark Chemicals and CellMark Metals. Further, the company acquires NorCell in the USA and Axe Papier in France.

**2012**  
Several new business lines are established: Basic Chemicals and Waste-to-Energy. CellMark is established as a leading supplier of Biomass to energy in France.

**2014**  
CellMark celebrates its 30th anniversary. Together with Norske Skog we form NorCell Asia. The addition of Sonaco Trading AB, a Stockholm-based metals trading company and AnMar International Ltd, a nutraceutical ingredient company, broadens our network as well as our product portfolio and service capabilities.

**2017**  
We acquire Semper Exeter in North America, a distributor and converter of paper, paperboard, plastics, and films. A new long-term investor, Ernström & Co, becomes a shareholder in CellMark adding new skills and direction to the company.

**2018**  
Volumes reach 7 million tons and CellMark begins reporting on its sustainability practices.

**2019**  
CellMark celebrates its 35th anniversary and publishes its first stand-alone Sustainability Report. The Energy and Caustic group have their best year ever.

**2020**  
We introduce a new division: CellMark Basic Materials, a result of a merger between our two existing divisions, CellMark Metals and CellMark Basic Chemicals. We complete the acquisition of Rocky Mountain Recycling Services LLC, a major supplier and valued strategic partner to our Recycling Division for the last 20 years.

**2021**  
CellMark achieves its best financial year ever. We become Great Place to Work-Certified™ in Sweden which confirms that we are an employee-validated great workplace.

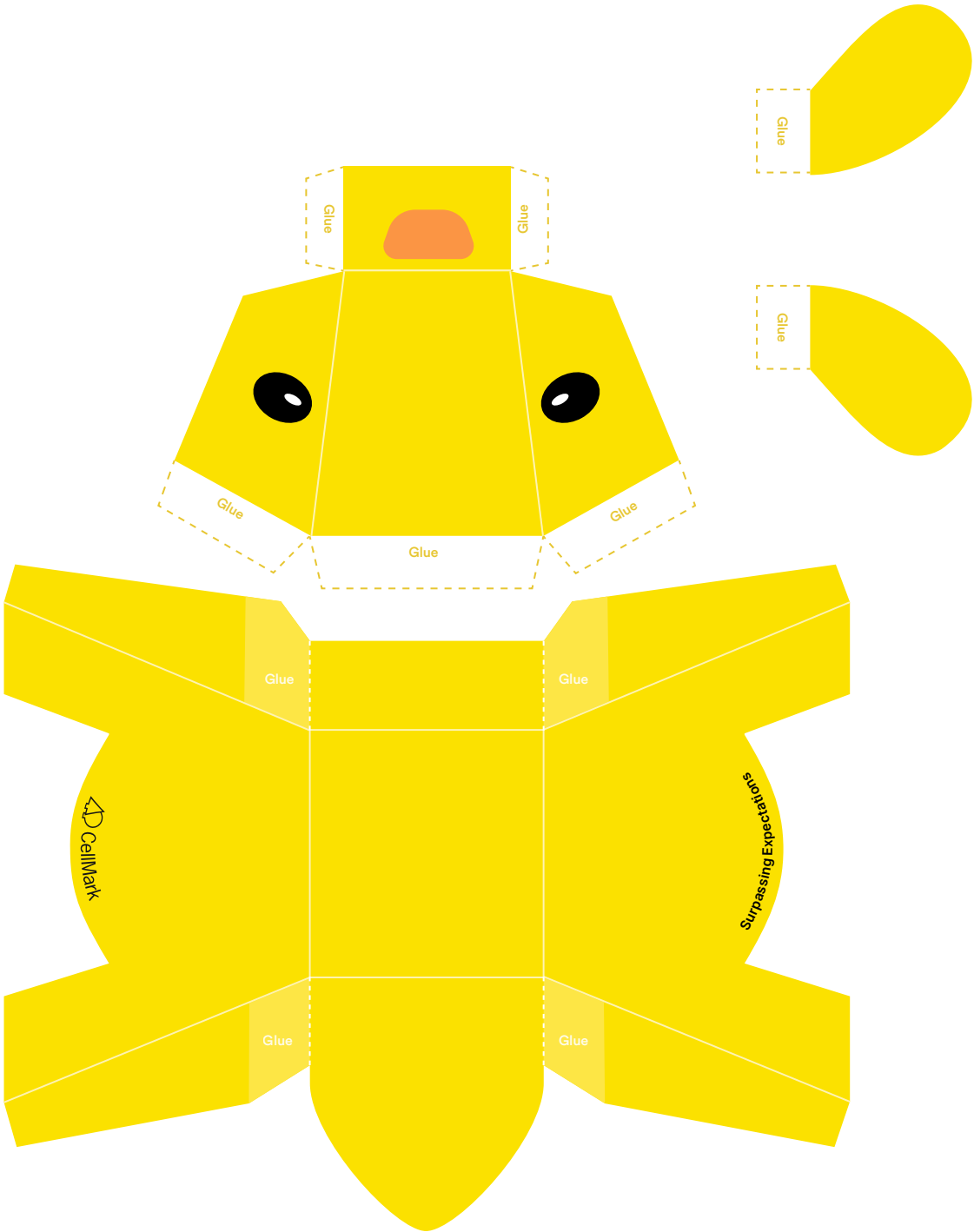


# Tim Timmey × CellMark origami collection

On the following pages of this Financial Summary you will find four unique origami creatures for you to cut out, fold, glue, and enjoy. The perfect companions for your desk.



## Hamster



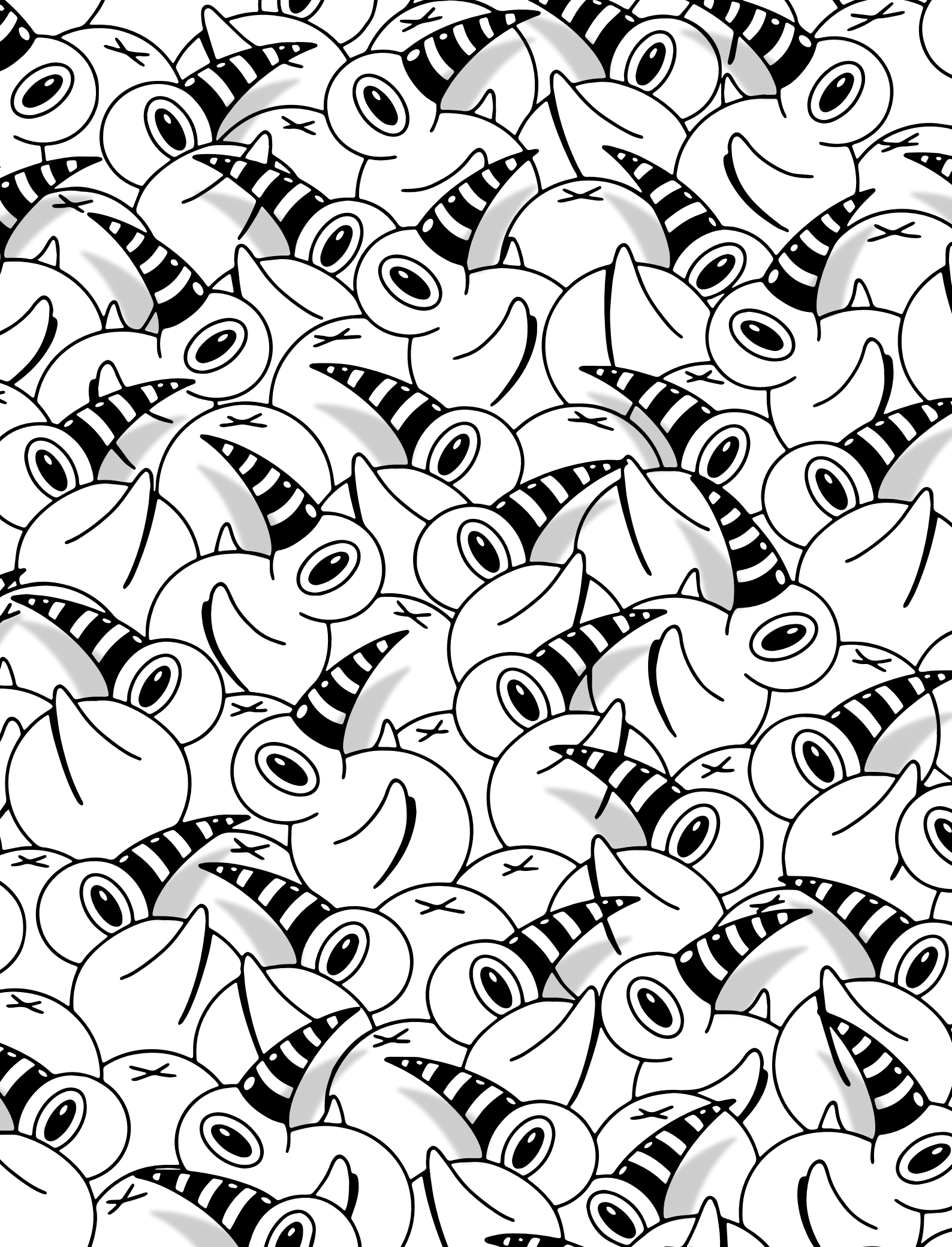
Cut ✂

Fold

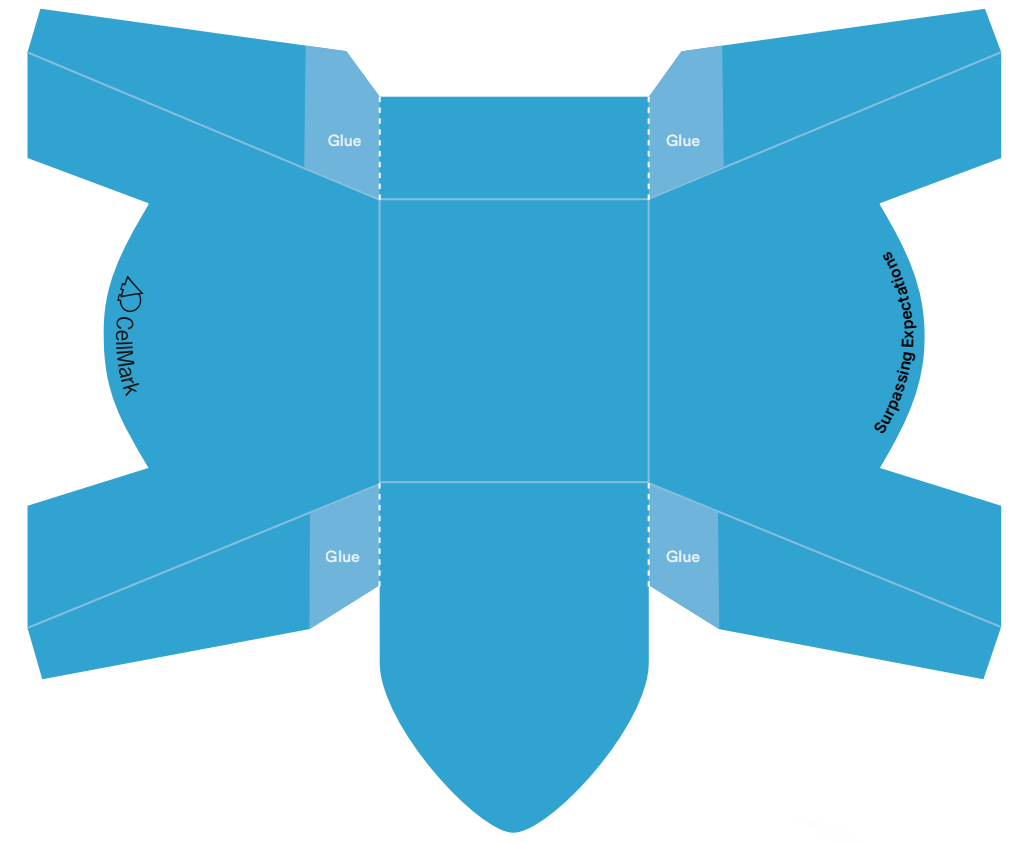
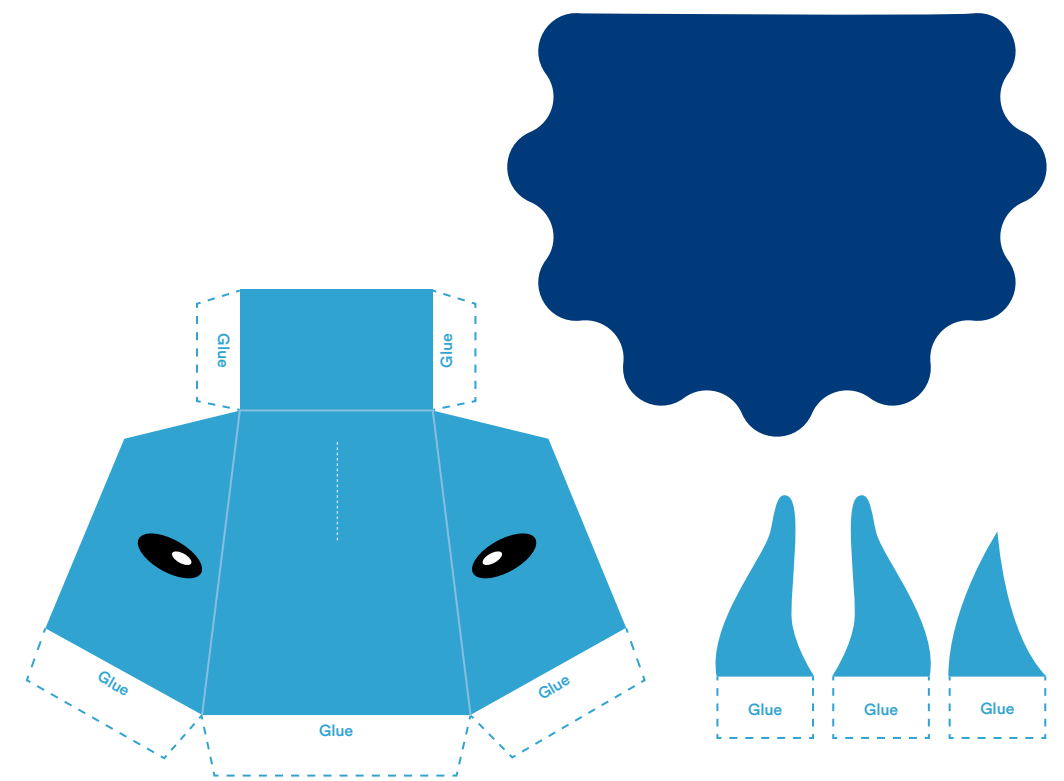


The collective noun for a group of hamsters is “**horde**”.





# Triceratops



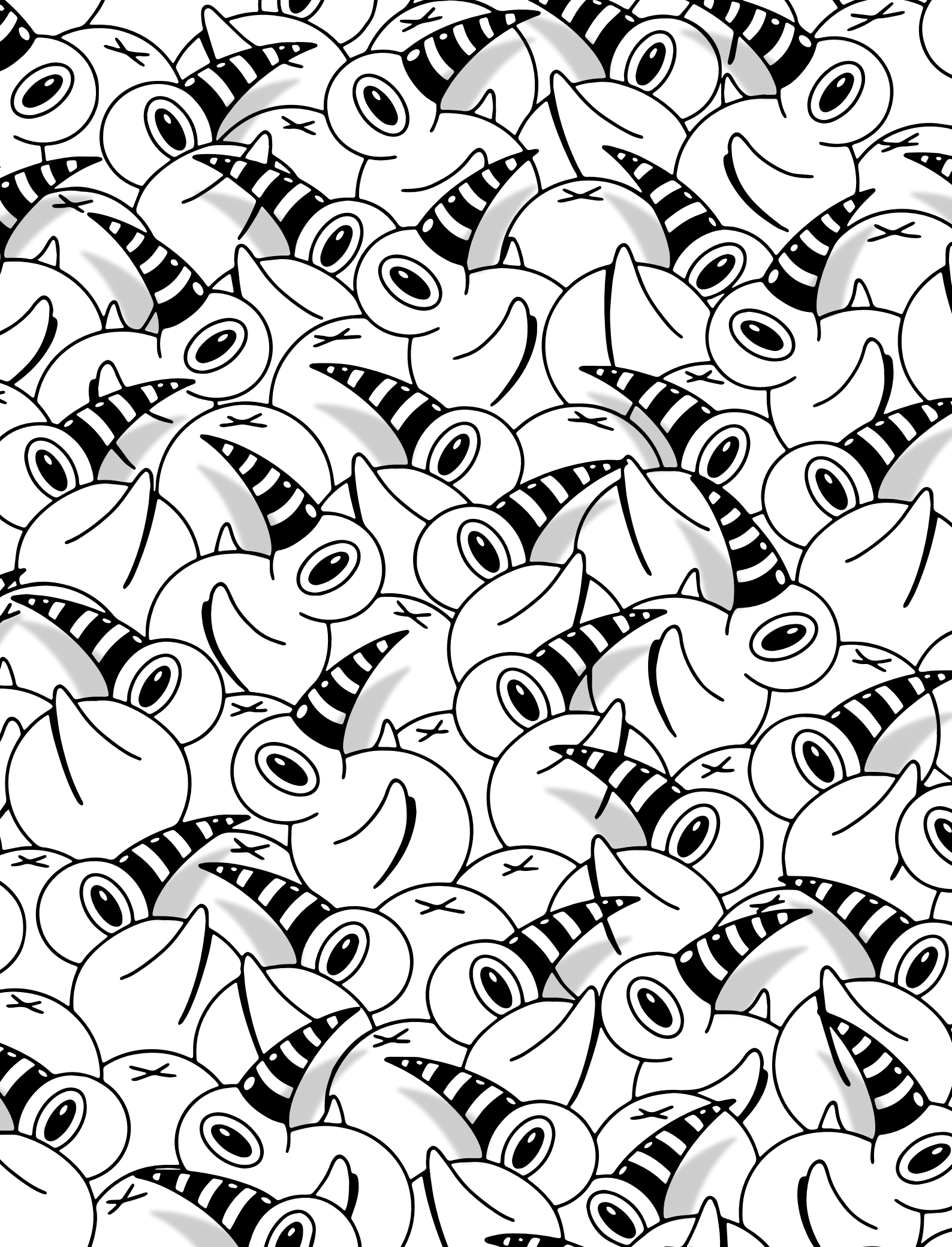
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Fold




The collective noun for a group of Triceratops is "herd".

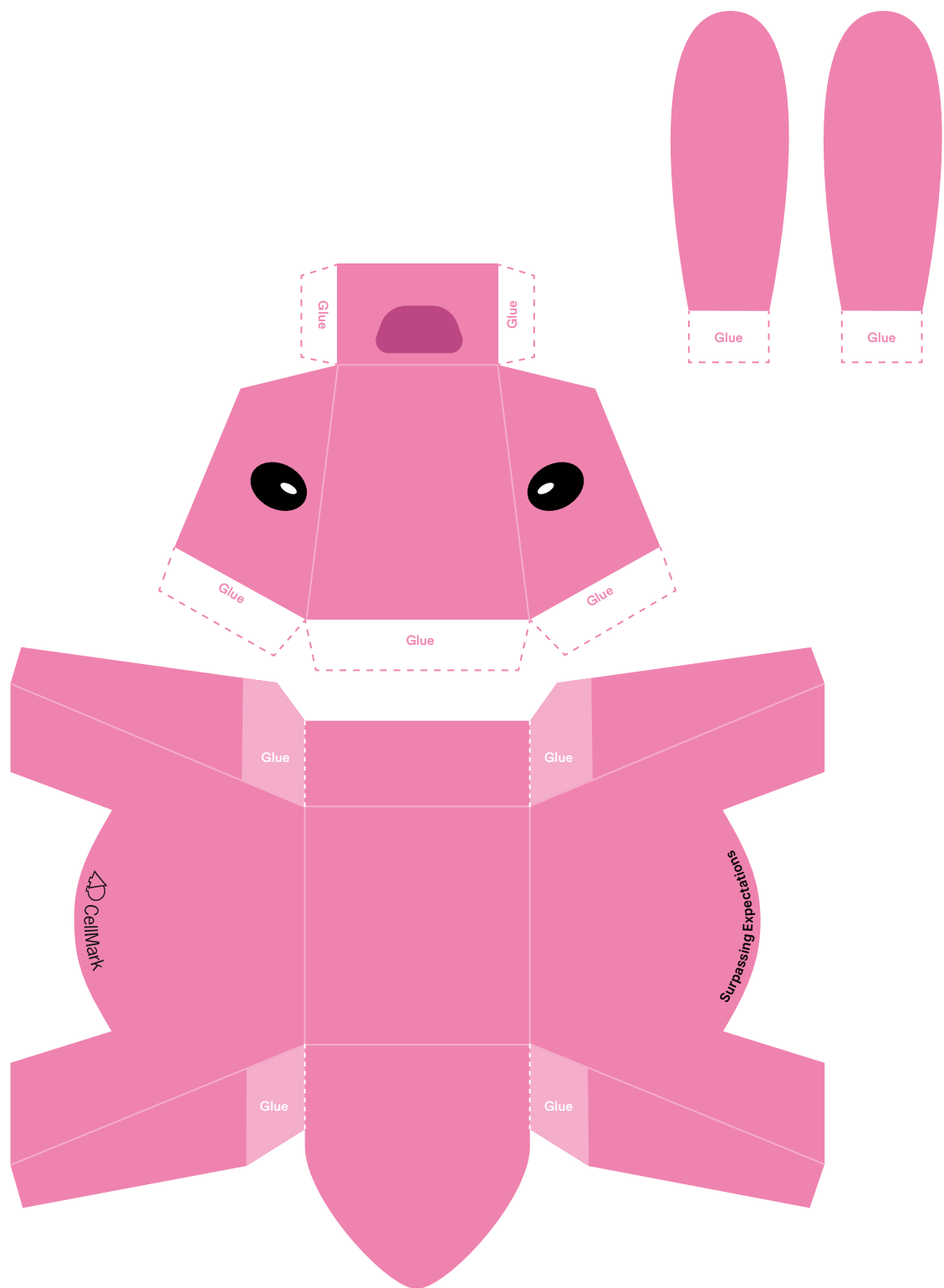




# Bunny

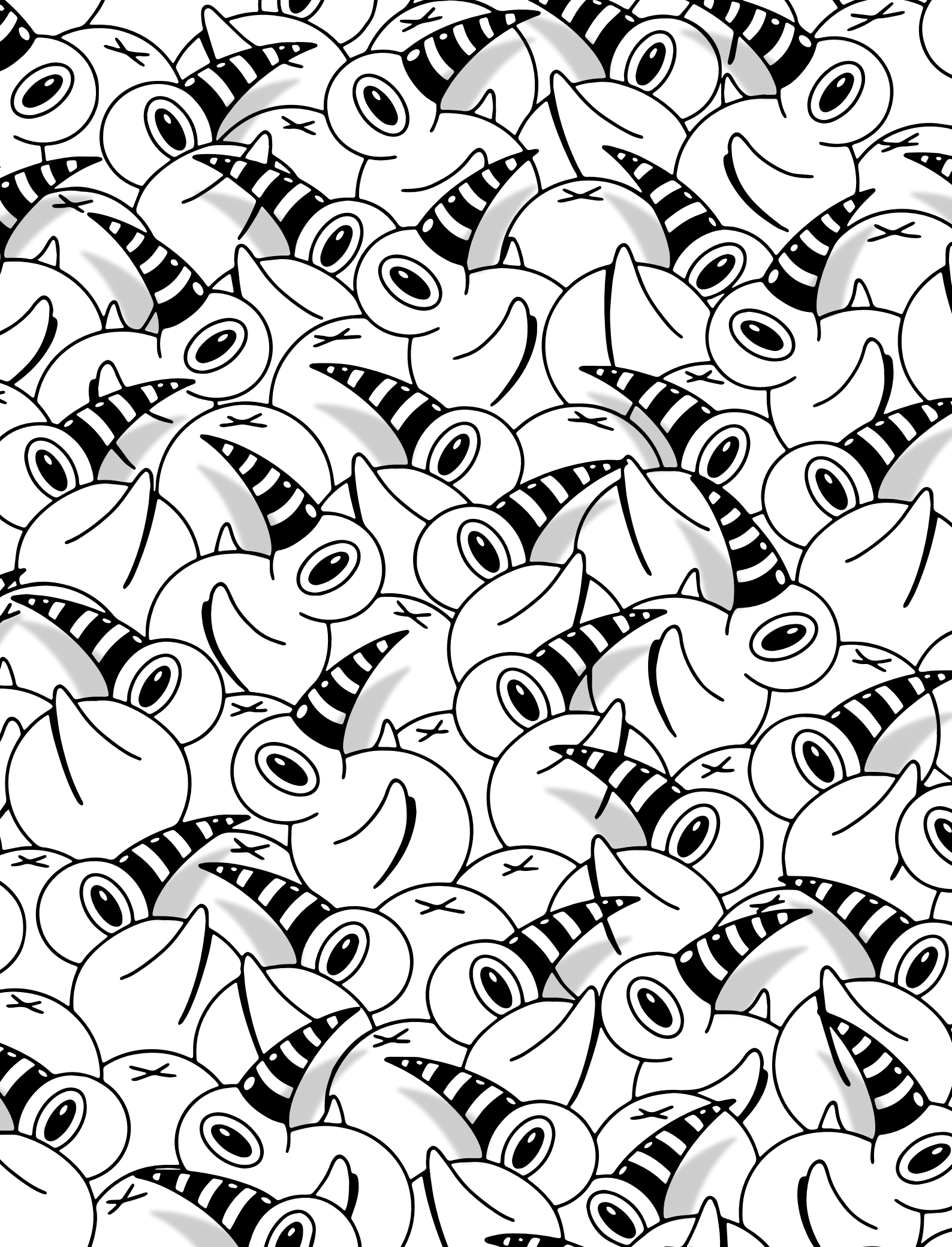
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The collective noun for a group of bunnies is “fluffle”.






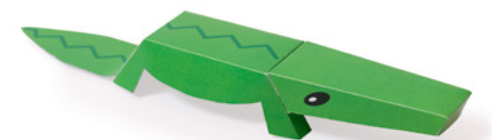
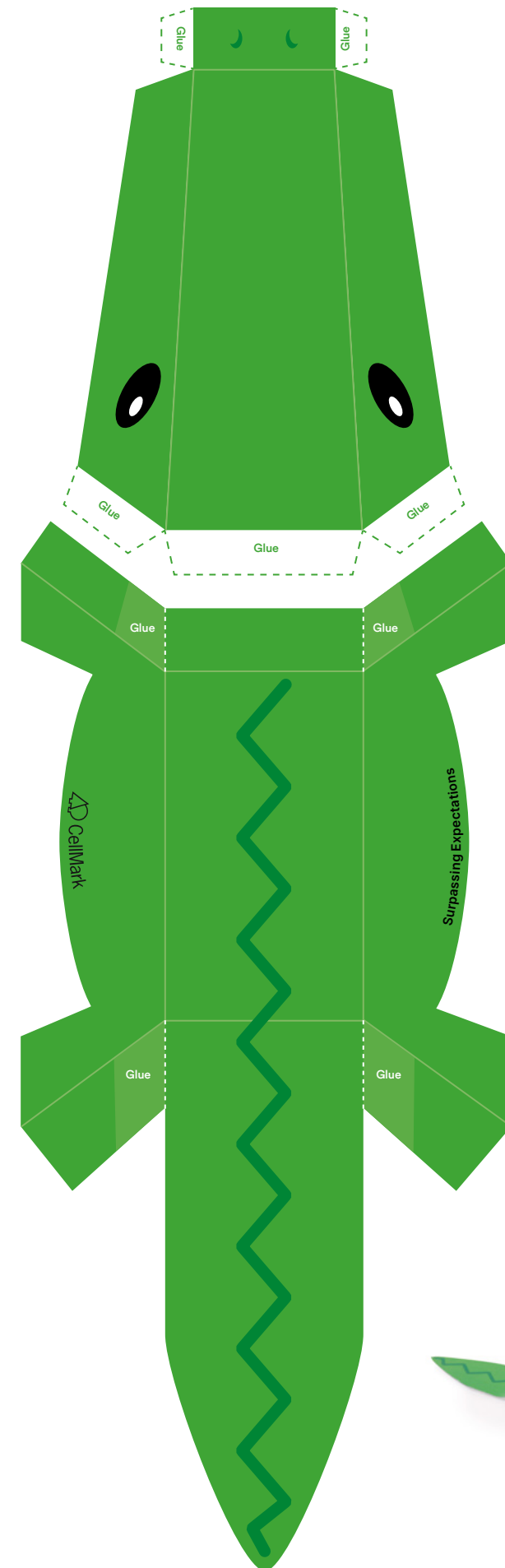
# Crocodile

Cut 

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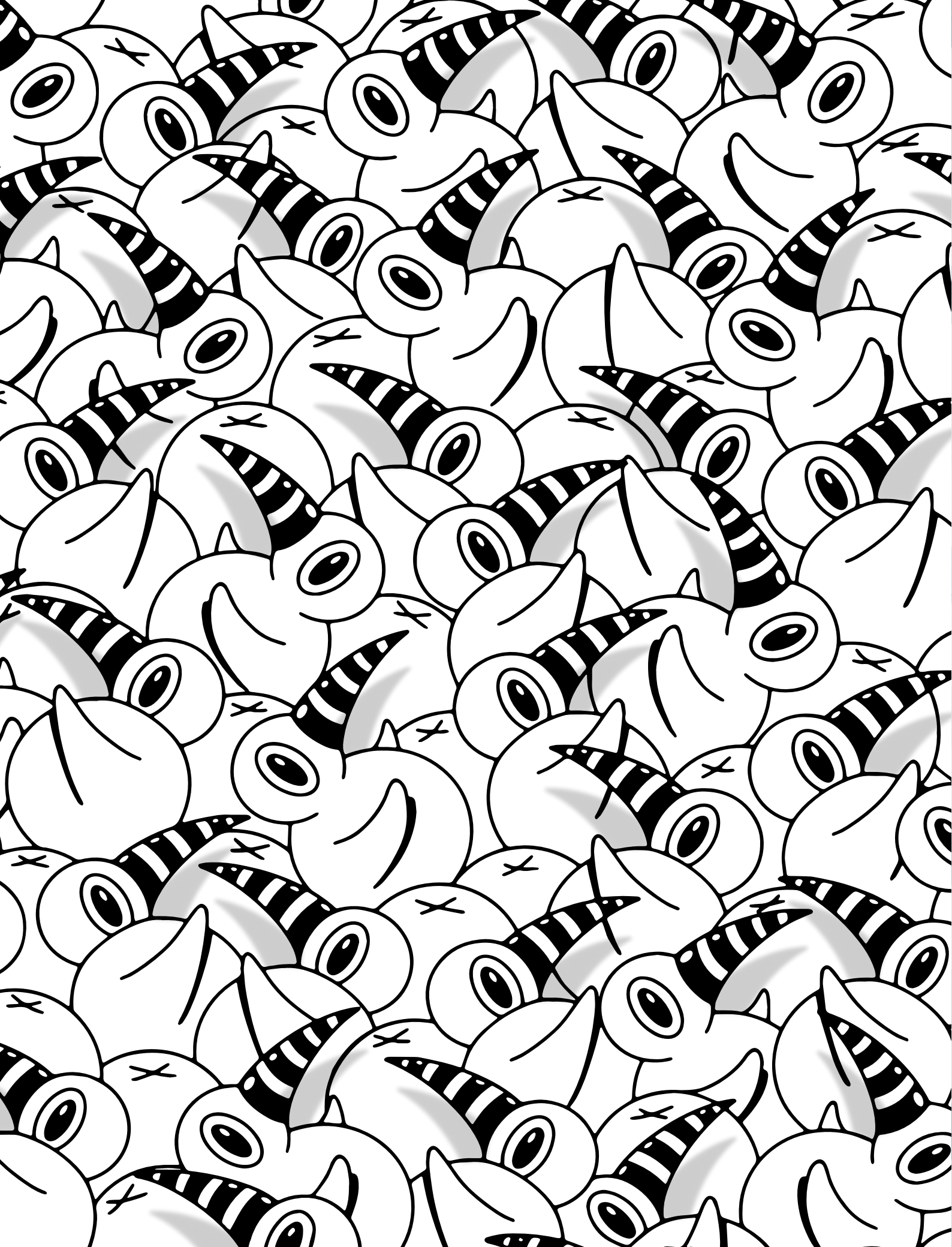
Fold 

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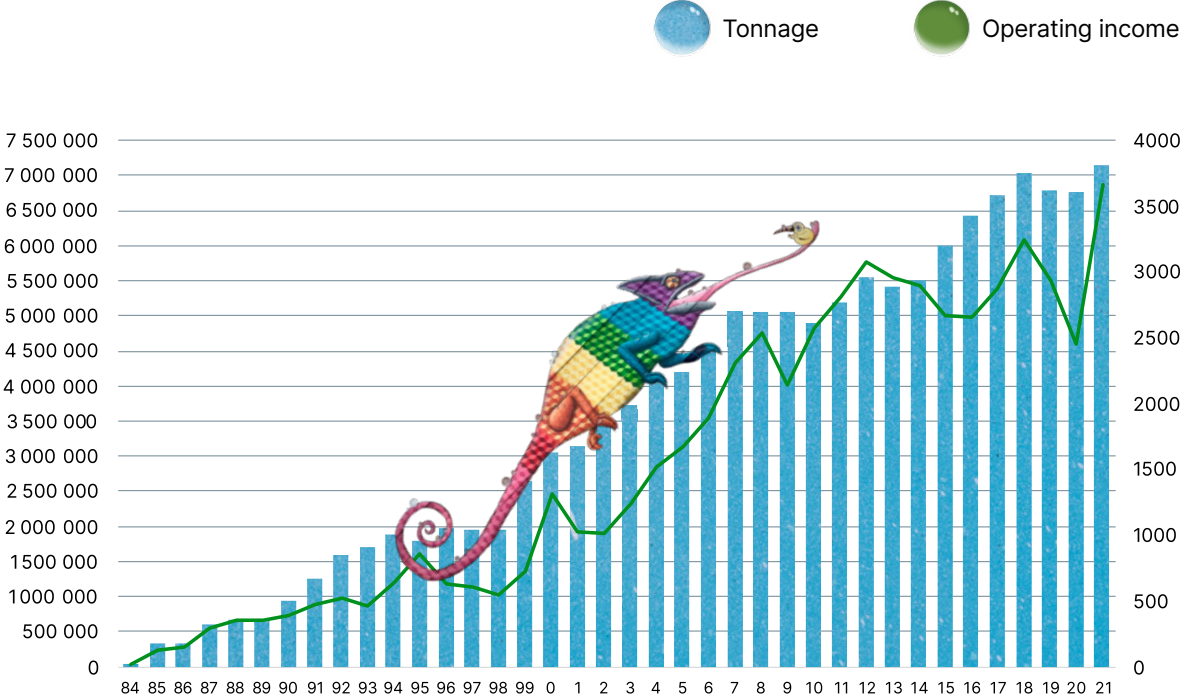
The collective noun for a group of crocodiles on land is “**bask**”.







# Historical Tonnage and Sales Development





# Directors’ Report

The Board of Directors hereby submits a brief summary of the Group’s consolidated financial statements and highlights for the financial year 2021. The statutory Annual Report, including the financials of the parent company and complete supplemental information, can be obtained from the Company, or the Swedish Company Registration Office (“Bolagsverket”).

### Operations

Founded in 1984, CellMark is an independent marketing and supply chain services company providing products, services, and solutions to customers and suppliers all over the world.

CellMark AB, together with its subsidiaries and associated companies markets pulp, paper, packaging, chemicals, basic chemicals, metals, and recycling products. Services provided to customers and suppliers include sourcing, sales and marketing, financial services, logistics, regulatory and compliance support, business development, and custom chemicals manufacturing.

### Significant Events during the Financial Year

The COVID-19 pandemic had significant impacts on personal lives and the world economy in 2021. The majority of our employees continued to work remotely, to a large extent. Still, as restrictions eased in the latter part of the year, we were able to return to a more normal life and could slowly start meeting with our customers and suppliers in person again.

We continued our digitalization and process improvement work with significant progress in several areas. The digitalization journey will continue over the next several years as we strive to increase efficiency and reduce cost.

High energy prices, inflation, and a global cargo shortage combined to create a challenging business environment in 2021. These market conditions increased sales prices significantly, positively impacting our corporate result. By delivering excellent logistical service and focusing on the core business of CellMark, we increased our net sales by 49 percent and our gross profit by 54 percent compared to the previous year. The gross margin percentage has remained constant, while volumes increased by 10 percent compared to 2020.

All parts of our business contributed to the historically high EBT of 75 MUSD, an increase of 250 percent compared to 2020.

In the beginning of 2021, CellMark divested two material recycling facilities in the United States, positively affecting earnings and liquidity. The Group’s sales volume was not affected by the sale as CellMark entered into a marketing agreement with the buyer and continued to sell the production material from the facilities.

Some legal entities in the United States were granted loans from the Paycheck Protection Program (PPP) in 2020. CellMark applied to have the loans forgiven, which was approved in 2021.

### The composition of the Group

We did not add any legal entities to the group in 2021. Instead, we continue to consolidate entities within CellMark whenever beneficial and risk appropriate. We closed the following inactive entities through liquidation in 2021; Amerisouth Recycling & Consulting Services, Inc., Brownsmill Road Associates, LLC, Fibres Realty, LLC, Performance Paper LLC, Triboro Fibers Realty, LLC, and the associated company Bren-Mar LLC. CellMark Shanghai Limited was moved within the Group and is now a direct subsidiary to CellMark AB.

Besides what has been stated above, no additional significant events have occurred.

### Group Identification

CellMark AB is a subsidiary of CellMark Investment AB, company registration number 556737-1959.

### Foreign Branches

The Group has representative offices in Poland, Shanghai, Qingdao, Taiwan, South Korea, and Hong Kong.

### Risk Management

CellMark has defined the risk in its business model and has well-developed processes to reduce such risks. The Group has clear policies to handle credit risk, currency exposure, inventory, and trading as well as for investment and acquisitions.

Hedge accounting is conducted in accordance with the Group’s financial manual and entails the hedging of open currency positions against the legal entities local accounting. Hedging through forward contracts is used to mitigate currency exposure. Price and product risks are covered as we conclude back-to-back transactions with suppliers and customers. CellMark sells counterpart and political risks in the insurance and banking markets, where CellMark also covers its foreign exchange exposures. CellMark has a Code of Conduct that all employees are obliged to follow.

### Expected Future Development

We are expecting travel to continue to increase as many countries have downgraded their COVID-19 risk levels and we welcome the opportunity to meet with our customer and suppliers in person. With the ongoing turbulent geopolitical climate and COVID-19 still impacting the world, we anticipate the current environment of high energy prices to continue with inflation and a global cargo shortage remaining for a large part of 2022. With high demand for our markets and our high logistical expertise, we expect to have another successful year 2022. The general view is that CellMark is in an excellent financial and strategic position to continue to be a market leader in the future.

### Sustainability Report

Information about the Group’s sustainability and corporate social responsibility performance can be found in the Financial Summary and in CellMark’s stand-alone Sustainability Report that can be obtained from the Company’s website cellmark.com

The financial result as well as the operating and financial position of the Group are presented in the following income statement and balance sheet, cash flow statement, and related supplementary information.

### Financial Highlights of the Group (MUSD\*)

	2021	2020	2019	2018	2017
Operating Revenue	3 675	2 458	2 944	3 250	2 874
Profit after Financial Items	75.7	20.9	19.7	16.4	17.3
Total Assets	1 053	818	794	976	891
Equity Ratio (%)	20.1	22.5	21.8	17.1	18.9

\*MUSD shall be read as Millions of US Dollars. For definitions see Supplementary Information.

### Changes in Equity (TSEK)

	Share Capital	Other Added Capital	Other Equity incl. Profit for the Year	Minority Interest	Total
Balance brought forward 2021-01-01	9 015	40 295	1 456 325	0	1 505 635
Reclassification of Minority Interest			1 156	-1 156	0
Gain from Actuarial Pension Liability			18 499		18 499
Translation Difference for the Year			69 456	-117	69 339
Dividend Paid			-210 000		-210 000
Profit for the Year			532 087	1 373	533 460
Amount at Year-End	9 015	40 295	1 867 523	100	1 916 933

Accumulated translation difference amounts to TSEK 212,259 (142,803).



CONSOLIDATED INCOME STATEMENT

	2021		2020	
	SEK ('000)	USD ('000)*	SEK ('000)	USD ('000)**
<b>Operating Revenue</b>				
Net Sales	31 468 835	3 667 055	22 584 015	2 453 797
Other Operating Income	65 690	7 655	42 865	4 657
<b>Total Operating Revenue</b>	<b>31 534 525</b>	<b>3 674 710</b>	22 626 880	2 458 454
<b>Operating Expenses</b>				
Cost of Goods Sold	-29 246 186	-3 408 051	-20 992 367	-2 280 862
Other External Costs	-375 759	-43 787	-349 429	-37 966
Personnel Costs	-1 213 667	-141 428	-970 995	-105 501
Depreciation of Fixed Assets	-53 923	-6 284	-49 615	-5 391
Result from Participations in Associated Companies	13 805	1 609	4 392	477
<b>Total Operating Expenses</b>	<b>-30 875 730</b>	<b>-3 597 941</b>	-22 358 014	-2 429 243
<b>Operating Profit</b>	<b>658 795</b>	<b>76 769</b>	268 866	29 213
<b>Result from Financial Investments</b>				
Interest Income	54 197	6 316	12 469	1 355
Interest Expenses	-63 440	-7 393	-88 887	-9 658
<b>Total Result from Financial Investments</b>	<b>-9 243</b>	<b>-1 077</b>	-76 418	-8 303
<b>Profit after Financial Items</b>	<b>649 552</b>	<b>75 692</b>	192 448	20 910
Appropriations	-2 400	-280	-3 800	-413
Tax on Profit for the Year	-113 692	-13 248	-39 133	-4 252
<b>Net Result for the Year</b>	<b>533 460</b>	<b>62 164</b>	149 515	16 245
<b>Attributable to</b>				
Shareholder of the Parent Company	532 087	62 004	149 515	16 245
Minority Shareholders	<b>1 373</b>	<b>160</b>	0	0

\*Based on average exchange rate during the year 1 USD = SEK 8.5815

\*\*Based on average exchange rate during the year 1 USD = SEK 9.2037

CONSOLIDATED BALANCE SHEET

	Dec 31, 2021		Dec 31, 2020	
	SEK ('000)	USD ('000)*	SEK ('000)	USD ('000)**
<b>Assets</b>				
<b>Fixed Assets</b>				
<b>Intangible Fixed Assets</b>				
Goodwill	37 961	4 197	50 421	6 158
Computer Software	3 055	338	2 384	291
Other Intangible Fixed Assets	3 433	380	4 768	582
<b>Total Intangible Fixed Assets</b>	<b>44 449</b>	<b>4 915</b>	57 573	7 031
<b>Tangible Fixed Assets</b>				
Land and Buildings	73 225	8 097	76 239	9 310
Equipment	172 758	19 103	124 809	15 242
<b>Total Tangible Fixed Assets</b>	<b>245 983</b>	<b>27 200</b>	201 048	24 552
<b>Financial Assets</b>				
Participations in Associated Companies	11 988	1 326	28 983	3 539
Other Shares	2 402	266	1 081	132
Endowment Insurance	21 047	2 327	24 662	3 012
Other Long-Term Receivables	59 972	6 631	39 387	4 810
Deferred Tax Asset	61 074	6 753	86 739	10 593
<b>Total Financial Assets</b>	<b>156 483</b>	<b>17 303</b>	180 852	22 086
<b>Total Fixed Assets</b>	<b>446 915</b>	<b>49 418</b>	439 473	53 669
<b>Current Assets</b>				
<b>Inventory</b>	<b>2 328 789</b>	<b>257 504</b>	1 599 764	195 365
<b>Current Receivables</b>				
Accounts Receivable - Trade	5 638 667	623 491	3 313 379	404 633
Receivables from Parent Company	498 822	55 157	599 077	73 160
Receivables from Associated Companies	111 849	12 367	99 049	12 096
Income Tax Receivable	8 913	985	3 898	476
Other Receivables	104 335	11 537	121 452	14 832
Prepaid Expenses and Accrued Income	219 876	24 313	101 895	12 443
<b>Total Current Receivables</b>	<b>6 582 462</b>	<b>727 850</b>	4 238 750	517 640
<b>Cash and Bank Balances</b>	<b>161 121</b>	<b>17 816</b>	418 818	51 147
<b>Total Current Assets</b>	<b>9 072 372</b>	<b>1 003 170</b>	6 257 332	764 152
<b>TOTAL ASSETS</b>	<b>9 519 287</b>	<b>1 052 588</b>	6 696 805	817 821

\*Based on closing day rate of exchange 1 USD = SEK 9.0437

\*\*Based on closing day rate of exchange 1 USD = SEK 8.1886



# CONSOLIDATED BALANCE SHEET

Equity And Liabilities	Dec 31, 2021		Dec 31, 2020	
	SEK ('000)	USD (000)*	SEK ('000)	USD (000)**
<b>Equity</b>				
Share Capital	9 015	997	9 015	1 101
Other Added Capital	93 076	10 292	40 295	4 921
Other Equity	1 282 655	141 829	1 306 810	159 589
Profit for the Year	532 087	58 835	149 515	18 259
<b>Equity Attributable to Shareholder of the Parent Company</b>	<b>1 916 833</b>	<b>211 953</b>	1 505 635	183 870
Minority Interest	100	11	0	0
<b>Total Equity</b>	<b>1 916 933</b>	<b>211 964</b>	1 505 365	183 870
<b>Provisions</b>				
Deferred Taxes	18 886	2 088	7 286	890
Provisions for Pension or similar	130 702	14 452	144 356	17 629
<b>Total Provisions</b>	<b>149 588</b>	<b>16 540</b>	151 642	18 519
<b>Long-Term Liabilities</b>				
Liabilities to Credit Institutions	10 002	1 106	12 780	1 561
Other Long-Term Liabilities	27 735	3 067	25 018	3 055
<b>Total Long-Term Liabilities</b>	<b>37 737</b>	<b>4 173</b>	37 798	4 616
<b>Current Liabilities</b>				
Liabilities to Credit Institutions	3 042 188	336 388	2 692 412	328 800
Accounts Payable - Trade	2 589 579	286 341	1 355 421	165 526
Liabilities to Associated Companies	13 351	1 476	27 507	3 359
Income Tax Liability	73 327	8 108	53 718	6 560
Other Current Liabilities	195 342	21 600	127 401	15 558
Accrued Expenses and Prepaid Income	1 501 242	165 998	745 271	91 013
<b>Total Current Liabilities</b>	<b>7 415 029</b>	<b>819 911</b>	5 001 730	610 816
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9 519 287</b>	<b>1 052 588</b>	6 696 805	817 821

\*Based on closing day rate of exchange 1 USD = SEK 9.0437

\*\*Based on closing day rate of exchange 1 USD = SEK 8.1886

# CONSOLIDATED CASH FLOW STATEMENT

Amounts in TSEK	2021-01-01 2021-12-31	2020-01-01 2020-12-31
<b>Operating Activities</b>		
Operating Profit	658 795	268 865
Adjustment for Items Excluded from Cash Flow Statement, etc.		
Depreciation	53 923	49 615
Other Adjustments	-4 681	-5 991
Currency Exchange Differences	42 862	-55 775
Capital Gain/Loss Fixed Assets	-2 204	-16 180
	<b>748 695</b>	240 534
Interest Received	7 294	12 469
Interest Paid	-63 440	-88 887
Loans forgiven	46 903	0
Income Taxes Paid	-99 099	-12 099
<b>Cash Flow from Operating Activities before Changes in Working Capital</b>	<b>640 353</b>	152 017
<b>Cash Flow from Changes in Working Capital</b>		
Change in Inventories	-729 025	638 376
Change in Accounts Receivable	-2 325 287	244 157
Change in Other Receivables	-13 410	-88 670
Change in Accounts Payable	1 234 158	47 968
Change in Current Liabilities	809 755	129 250
<b>Cash Flow from Operating Activities</b>	<b>-383 456</b>	1 123 098
<b>Investing Activities</b>		
Purchase of Intangible Fixed Assets	-1 806	-3 680
Purchase of Tangible Fixed Assets	-73 784	-88 869
Sale of Tangible Fixed Assets	27 602	44 502
Sale of Financial Assets	0	2 538
Dividend Received	34 056	15 624
Change in Long Term Receivables	-18 291	67 497
<b>Cash Flow from Investing Activities</b>	<b>-32 223</b>	37 612
<b>Financing Activities</b>		
Change in Other Long-Term Liabilities	2 717	-1 641
Change in Loan from Credit Institutions etc	346 998	-807 913
Group Contributions	-3 800	-3 100
Dividend paid out	-210 000	-140 000
<b>Cash Flow from Financing Activities</b>	<b>135 915</b>	-952 654
<b>Net Change in Cash and Cash Equivalents</b>	<b>-279 764</b>	208 056
<b>Cash and Cash Equivalents Beginning of the Year</b>	<b>418 818</b>	231 082
<b>Exchange Rate Difference in Cash and Cash Equivalents</b>	<b>22 067</b>	-20 320
<b>Cash and Cash Equivalents End of the Year</b>	<b>161 121</b>	418 818
<b>Cash Flow from Purchase of Subsidiaries</b>		
Purchase Price Paid	0	16
Cash and Cash Equivalents in Purchased Companies	0	-16
<b>Cash Flow from Purchase of Subsidiaries</b>	<b>0</b>	0





# Accounting and Valuation Principles

**The annual report has been prepared according to the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3). The accounting principles are unchanged compared to the prior year.**

## Consolidated Financial Statements

The consolidated income statement and balance sheet include all companies in which the parent company directly or indirectly holds more than 50 percent of the shares or voting rights.

All acquisitions of companies have been recorded according to the purchase method. Untaxed reserves reported in the individual group companies are divided in the consolidated balance sheet as a capital part and a tax part. The capital part has been accounted for under equity. The tax part is accounted for as an allocation under deferred taxes.

Companies acquired during the year have been consolidated from acquisition date.

Participations in associated companies have been reported according to the equity method. Companies where CellMark holds between 20 percent and 50 percent of the voting rights are treated as associated companies. The equity method means that

the acquisition cost for the shares, adding the change in the associated company's equity after the date of acquisition, is accounted for under the heading "Participations in Associated Companies" in the consolidated balance sheet.

The current method has been used in translating the income statements and balance sheets in foreign subsidiaries into Swedish kronor. All assets and liabilities in the foreign subsidiaries' balance sheets have been translated at year-end rate and all items in the income statements have been translated using the average rate of the year. Translation differences arising have been entered directly as equity.

## Receivables and Liabilities in Foreign Currency

Receivables and liabilities in foreign currency have been translated at the rate of exchange at year-end. The difference between the acquisition value and the value at year-end has been accounted for as income/expense. Receivables and liabilities that have been sold forward have been valued at the closing rate.

## Income Recognition

Income is recorded at the fair value of the amount the company has received or expects to receive. Deductions are made for any discounts that are provided.

In the sales of goods, income is generally recognized when the significant benefits and risks associated with the ownership of the goods have been transferred from the company to the buyer.

Interest income is recorded as income in accordance with the effective rate method.

## Recognition of Leases

Leases that means that the economic risks and benefits in its substantial has been transferred from the lessor to a Group Company classifies as finance lease. Assets that are leased via finance leases are accounted for as tangible fixed assets while future leasing fees are recorded as liabilities.

When a lease is first recognized, the asset and the liability are recognized as the present value of the future minimum leasing fees and any residual value. When calculating the present value of the minimum leasing fees, the implicit interest rate of the agreement is used. Operating leases are recognized as a cost linearly over the period of the lease.

## Remuneration to Employees Postemployment

The parent company and the group have both defined contribution and defined benefit pension plans. Pension plans classified as defined contribution plans are

those where fixed fees are paid and there is no obligation to make any payments other than said fixed fees. Defined benefit plans are accounted for in accordance with paragraphs 57–131 of the International Accounting Standard IAS 19 Employee Benefits. Fees for defined contribution plans are recognized as a cost for the period in which the employees render the services from which the obligation stems. The Group records defines benefit obligations in compliance with the exemption rule of BFNAR 2012:1 28.22.

The parent company and the group have defined benefit plan obligations that are exclusively dependent on the value of the endowment insurance policies held by the company and the group. Endowment insurance policies are recorded as financial assets. In compliance with the exemption rule of BFNAR 2012:1, pension obligations are recognized as a provision of equal value to the book value of the concerned endowment insurance policy.

## Income Tax

Current tax is income tax the financial year and relates to the taxable profit for the year and the share of income tax for previous financial years that has not yet been recognized.

Deferred tax is income tax on taxable profit relating to future financials years as a result of past transactions or events.

Deferred tax is calculated on the basis of temporary differences. A temporary difference arises when the book value of an asset or a liability differs from its value for tax purposes. Temporary differences are not taken into account in the case of differences attributable to investments in subsidiaries, affiliated companies,

associated companies, or joint ventures if the company can dictate the time of the reversal of the temporary difference and it is not evident that the temporary difference will be reversed within the foreseeable future. Difference attributable to the initial recognition of goodwill do not comprise temporary differences.

Deferred tax receivables relating to deficit deductions or other future deductibles for tax purposes are recognized to the extent that it is probable that the deductions can be set off against future taxable surpluses.

## Fixed Assets

Fixed assets are accounted for at the acquisition cost with deduction for depreciation according to plan. The acquisition value includes expenditure that is directly attributable to the acquisition of the asset.

When a component in a fixed assets is replaced, any remaining part of the old component will be disposed and the new component is activated.

Additional expenditures related to assets that are not divided into components are added to the acquisition value to the extent that the asset's performance increases in proportion to the asset's value.

Expenditures for repairs and maintenance are expensed.

## Depreciation according to plan is computed as follows:

Computer equipment	20 %
Other equipment	20 %
Building	2–4 %
Goodwill	10–20 %
Other intangible assets	10–20 %

In cases where depreciation of goodwill is longer than 5 years, assessment has been made that the overvalue from acquisitions contains business relations and contracts that creates opportunities extending 6–10 years.

## Financial Instruments

All financial instruments are measured and recognized based on acquisition cost in accordance with the rules of chapter 11, in BFNAR 2012: 1. Financial instruments recognized in the balance sheet include accounts receivable and other receivables, accounts payable, loans and derivatives. The instruments are recognized in the balance sheet when the company becomes a part in the instrument's contractual terms.

## Accounts receivable and other receivables

Receivables are recognized as current assets, except for receivables with due dates more than 12 months after balance sheet date which are classified as fixed assets. Receivables are recorded at the amount expected to be paid after deductions for individually assessed doubtful receivables.

## Loan liability and accounts payable

Loan liability and accounts payables are recognized initially at acquisition value after deductions for transaction costs. If the reported amount differs from the amount expected to be repaid on the due date the difference is treated as interest expense over the term of the loan using the instrument's effective interest rate. Hereby on maturity date the reported amount will be consistent with the expected amount to be repaid.



*Documented hedges of financial assets and liabilities in foreign currency (hedge)*  
CellMark utilizes foreign exchange forward contracts to manage the currency risk arising from the purchase and sales in foreign currency. For these transactions normally hedge accounting are applied. When the transaction is concluded, the relationship is documented between the hedging instruments and hedged items, as well as the Group's risk management objectives and risk management strategy for hedging.

Currency forward contracts protect against fluctuations in exchange rates as the contract determining the rate at which the asset or liability in foreign currency will be realized. When hedging of these transactions take place, hedging instrument is revalued due to changed currency exchange rates and currency future contracts are reported in the balance sheet. The entire effect of changes in exchange rates adjust the value of the asset or liability hedging related.

**Inventory**  
Inventories have been valued at the lower of cost or market, i.e., the lower of the acquisition value and the estimated net sales value. Net sales value refers to the goods estimated selling price less selling costs.

**Provisions**  
Provisions are recognized when there is a legal or informed obligation as a result of a past event, 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. The time or the amount of the outflow may remain uncertain.

**Cash Flow Statement**  
The cash flow statement has been prepared in accordance with the indirect method. The reported cash flow only includes transactions that have resulted in payments made or received. Besides cash, the company classifies the following as liquid funds: available balances at the bank and other credit institutions as well as short-term liquid investments listed on a major exchange that have a shorter maturity than 3 months from the date of acquisition. Restricted funds are not classified as cash. Changes in restricted funds are reported in investing activities.

**Estimates and assessments**  
When preparing financial statements and applying accounting principles, management is often required to make assessments, estimates and assumptions that are deemed as being reasonable at the time. Estimates and assessments are based on prior experience and a number of other factors, which, given the circumstances, are deemed as being reasonable. The results of this are used to assess the carrying amounts of assets and liabilities, when the exact amounts are not possible to obtain from other sources.

The actual outcome could differ from these estimates and assessments. The estimates and assumptions that have a significant risk of material adjustments to the values of assets and liabilities within the next year are outlined the values of assets and liabilities within the next year are outlined:

Inventory obsolescence is made based on individual assessment.

Bad Debt for accounts receivable is made based on individual assessment.

Provisions for disputes are made if the outcome is expected to be negative.

Estimates and assumptions are regularly reviewed.

**Definition of key ratios**  
*Operating Income*  
Main revenue from operations, invoiced expenses, incidental revenue and corrections to revenue.

*Profit after Financial Items*  
Profit after financial income and expenses, but before extraordinary income and expenses.

*Total Assets*  
The company's total assets.

*Equity Ratio (%)*  
Shareholder's equity as a percentage of total assets.

Gothenburg, April 7, 2022

Mr Daniel Dayan  
*Chairman of the Board*

Mr Christer Simrén  
*President and CEO*

Mr Henrik Forsberg Schoultz

Mr Thomas Hedberg

Ms Sara Murray

Mr Ola Cronholm

Mr Jimmy Derrico

Mr Doug Smith

Mrs Johanna Lamminen

The financial information, which comprises a brief summary of the Group's consolidated financial statements and highlights for the financial year 2021, on pages 62–70 is translated and retrieved from parts of parent company CellMark AB's Annual accounts which the board of the company has submitted for the financial year 2021. The Auditor's Report below is a translation of the Auditor's Report KPMG has submitted regarding the complete Annual accounts for 2021. This translation does not constitute the Auditor's report submitted by KPMG, which for example means that it is not signed. The Auditor's Report in relation to the complete CellMark AB's Annual accounts can be obtained from the Company or the Swedish Company Registration Office ("Bolagsverket").

# Auditor's Report

To the general meeting of the shareholders of CellMark AB, corp. id 556244-2433

## Report on the annual accounts and consolidated accounts

**Opinions**  
We have audited the annual accounts and consolidated accounts of CellMark AB for the year 2021.

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.

**Other Information than the annual accounts and consolidated accounts**  
The Board of Directors and the CEO are responsible for the other information. The other information comprises "Financial Summary 2021" (but does not include the annual accounts and consolidated accounts and our auditor's report thereon) that we expect to be provided with after the signing of this auditors report.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information

identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Board of Directors and the CEO**  
The Board of Directors and the CEO 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 CEO 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 CEO 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 CEO intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

**Auditors' 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 CEO.
- Conclude on the appropriateness of the Board of Directors' and the CEO'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 CEO of CellMark AB for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO 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 CEO**

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 CEO 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.

**Auditors' 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 CEO 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, April 8, 2022**

Signed on the Swedish original

**Johan Pauli**  
*Authorized Public Accountant*

**Filip Larsson**  
*Authorized Public Accountant*





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