

2022

CELLMARK

financial summary





Unpredictable

The theme of this Financial Summary

The year 2022 was a testament to the unpredictable nature of the world we live in. From political upheavals to natural disasters, the events of the year served as a reminder that no matter how much we try to plan and prepare, we cannot control everything. However, despite the challenges and uncertainties of the year, there were also moments of hope and progress. From groundbreaking discoveries in science and technology to inspiring acts of kindness and solidarity, people around the world demonstrated remarkable resilience and a willingness to work together to overcome adversity.

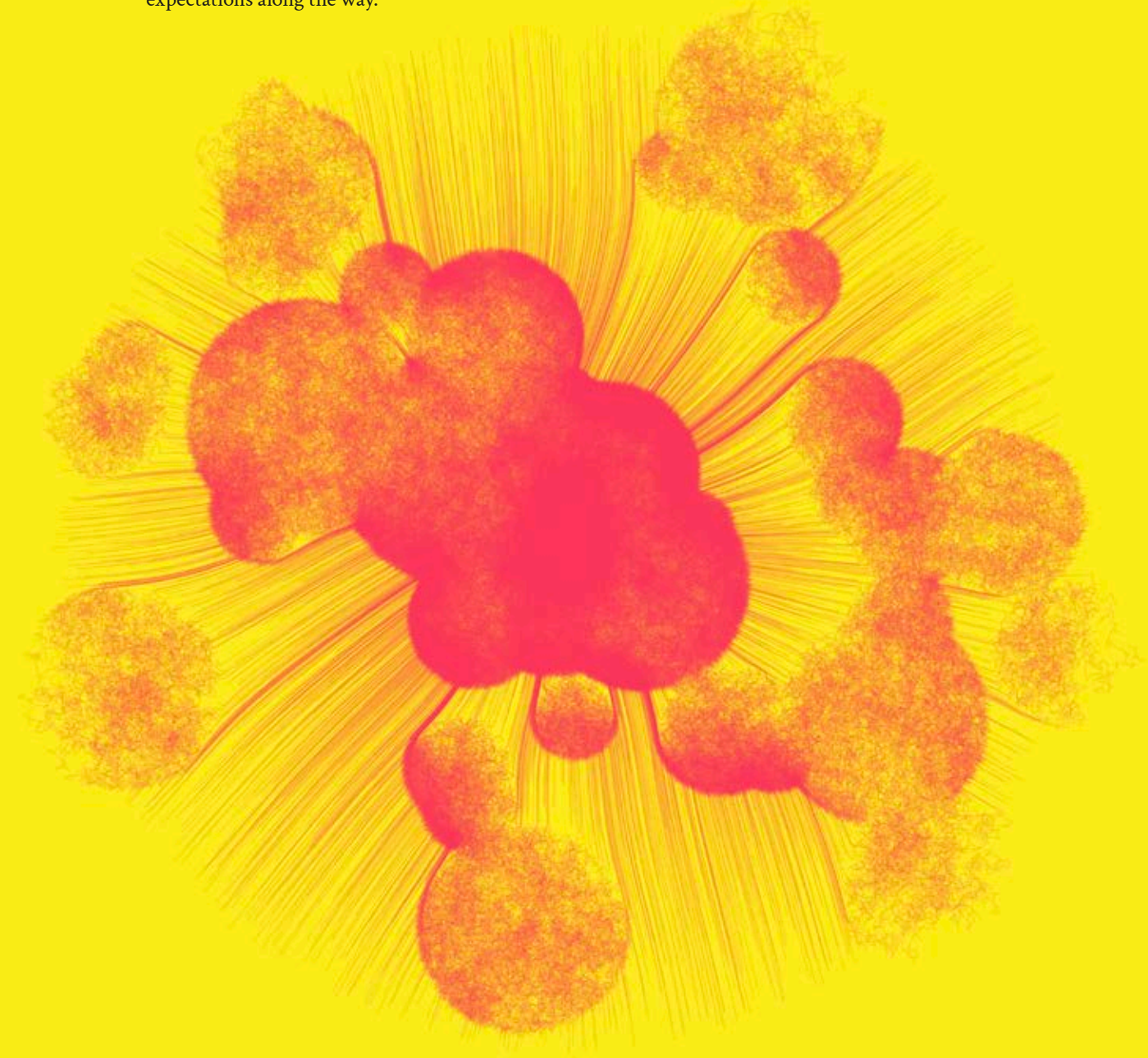
In the end, the events of 2022 serve as a reminder that we live in a complex and interconnected world, where unpredictability is a fact of life. While we cannot control everything, we can choose how we respond to the challenges we face and work together to create a better and more sustainable future for all, surpassing expectations along the way.

Meet Jimmy Herdberg

When Jimmy Herdberg (JMY) was 12 years old, he was gifted a book called '101 games'. The book contained only code. To play a game he had to type in the code on his brother's computer. The next day he turned the page and typed in a new game. That was the first step toward turning the computer into a creative partner.

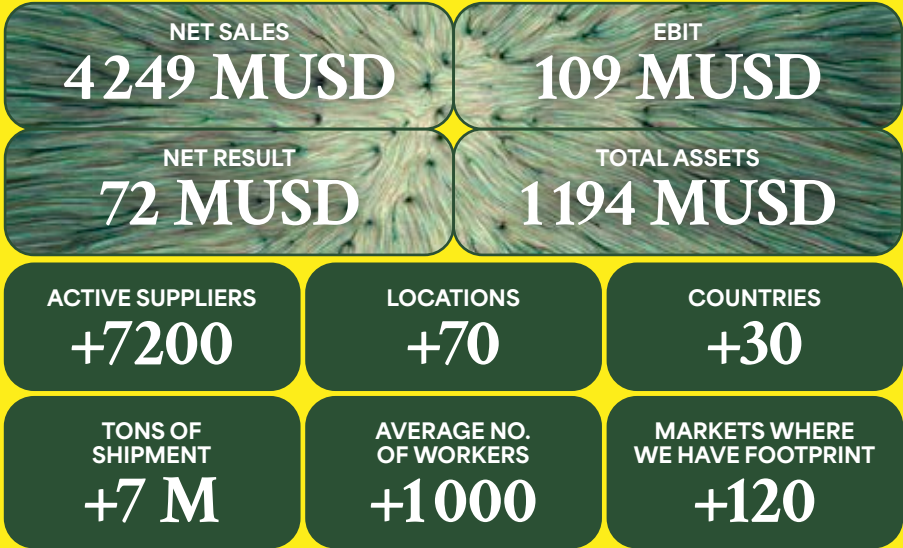
Giving a machine a set of instructions, running a code and watching the result is what Jimmy continues to do as a generative artist. Through algorithms he provokes his computer to explore random connections. Jimmy will then analyze the visual outcome, tweak his code and repeat the process. He'll do this for days, weeks or months with the goal to write a code that truly generates art.

In constructing a system, able to generate the artfully unpredictable, Jimmy is forced to find solutions that are beyond his existing level of understanding. Jimmy describes this phase in his creative process as being 'lost'. But instead of panicking we should embrace the discomfort. This is when we are most open to discover new ideas.



CellMark *in brief*

KEY FIGURES



BOARD OF DIRECTORS

5
NON-EXECUTIVE
DIRECTORS



3
EXECUTIVE
DIRECTORS

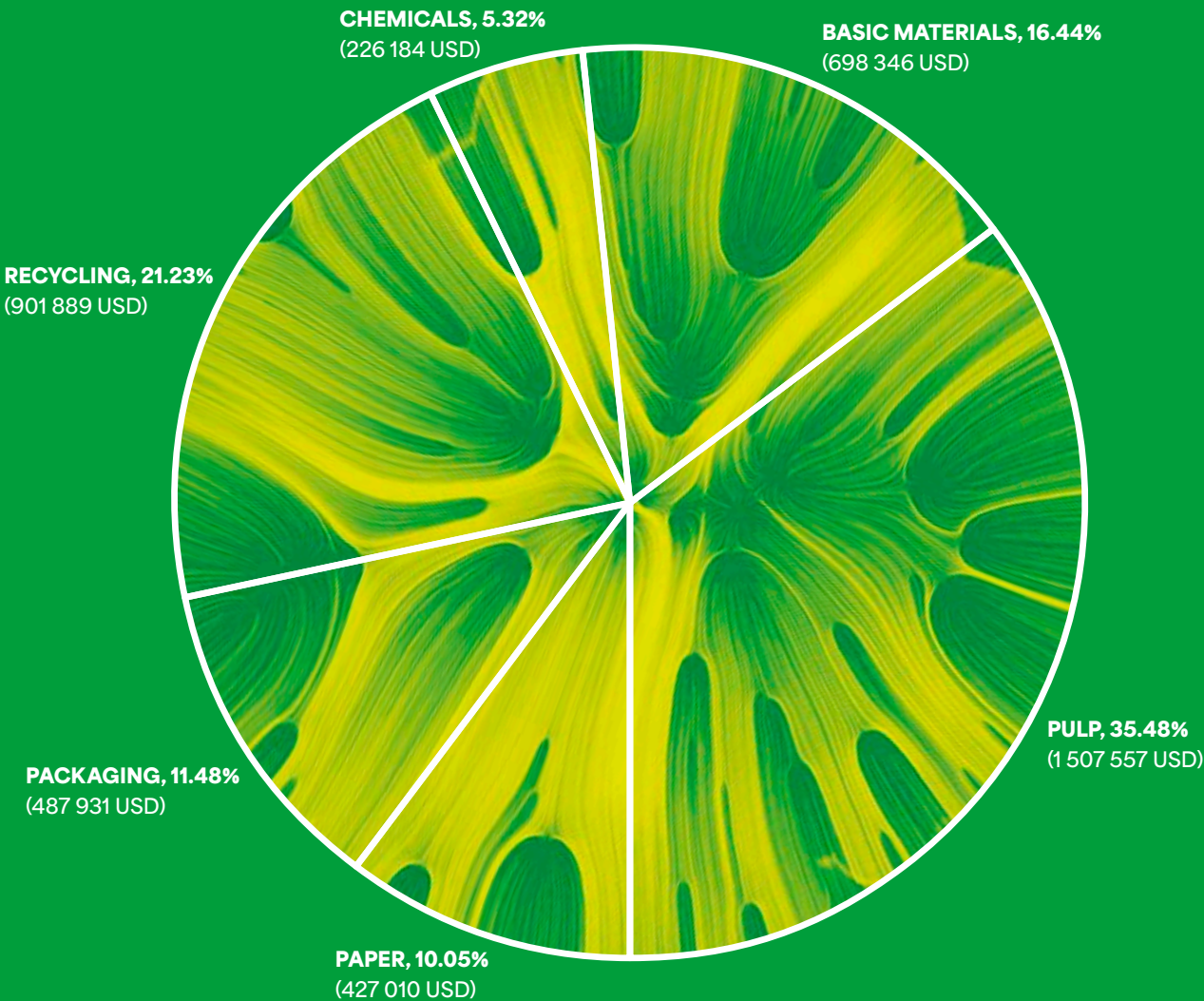
FIVE DIVISIONS



EXPERTISE IN

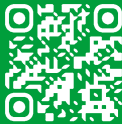
- Sales and Marketing
- Logistics and Customer Services
- Trade Finance-Related Services
- Regulatory and Compliance Support
- Custom Manufacturing and R&D

REVENUE 2022 BY DIVISION^{†*}



[†]This pie chart shows the results of CellMark's six Divisions in 2022. At the end of 2022, CellMark announced the combination of its two Divisions CellMark Packaging and CellMark Paper into a new Packaging & Paper Division.

Follow us on LinkedIn:



Value Platform

Our Vision

is Surpassing Expectations.

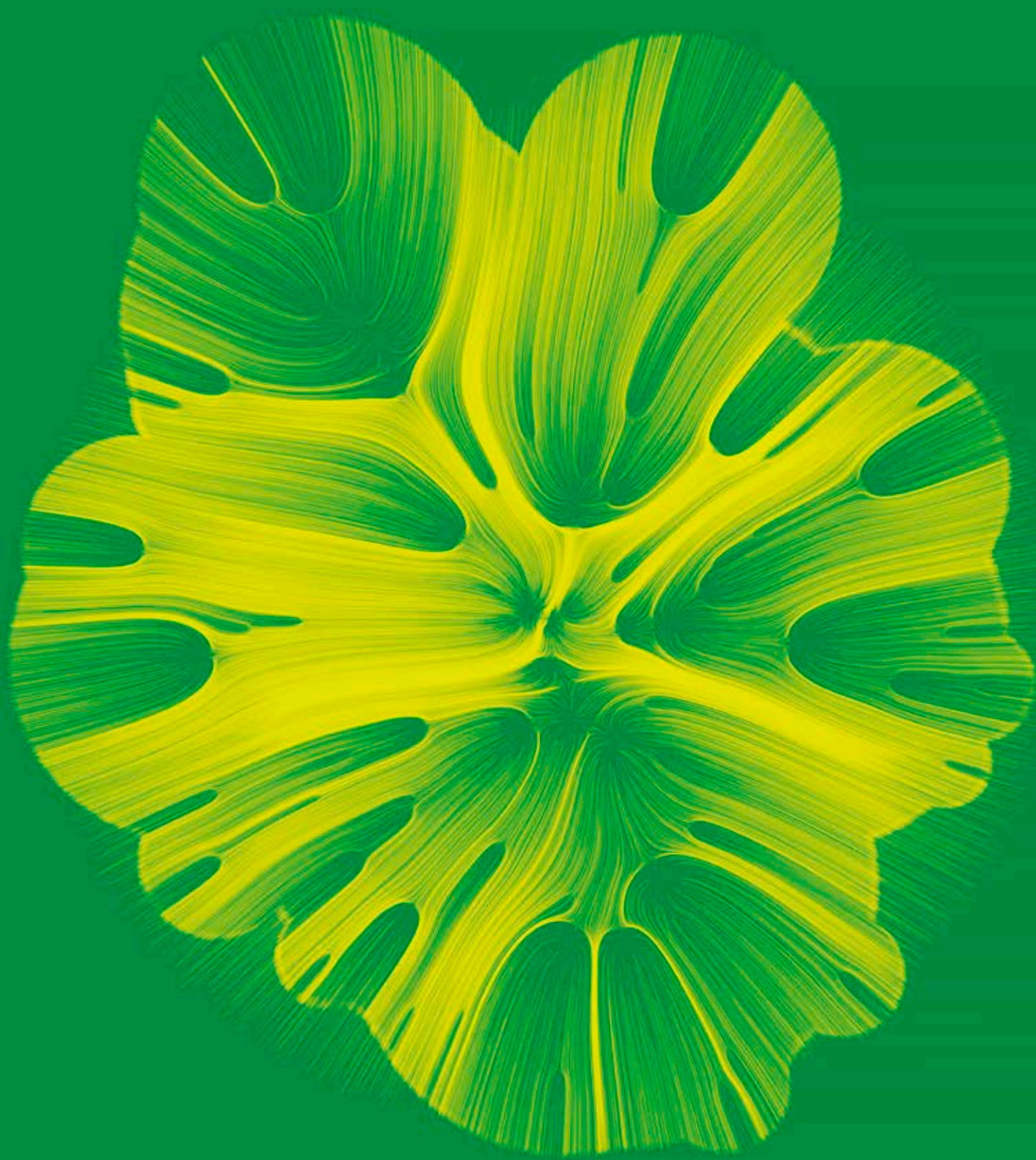
Our Mission

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.

- 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 word *from our* president

“Unpredictable” is the most accurate word used to describe the year 2022. Feelings of surprise, fear, worry, relief, success, uncertainty, and gratitude were all felt on occasion throughout the year.

We empathize with those who have suffered in 2022, and while more needs exist than could be filled, I am pleased at the reach and financial support that was made available through our charity unit, CellMark Cares. Giving back will always be an important part of the CellMark culture.

Operationally, 2022 has been our Group’s strongest year. All our five company divisions contributed to this fantastic result. It is amazing to see how we helped our customers’ and suppliers’ businesses grow and flourish. Their success is how we measure ours.

As in past years, we continued to grow our business – slowly and consciously, closely related to our core competencies. We will continue to seek opportunities to expand those core competencies and grow these areas going forward. As a part of this strategy, we created a new dedicated position to work with Strategy and Mergers & Acquisitions. A good investment that aligns well with our company’s direction.

We also dedicated more resources to Environmental, Social, and Governance (ESG) initiatives during the year. With a new, well-experienced Vice President of ESG & Compliance onboard, we are ready to meet the continuously increasing requirements of these important matters.

We invested in a new and modern Learning Management System (LMS) for CellMark Academy to ensure a stable and long-term learning pathway for our employees. A good LMS platform is key to ensuring that important knowledge and competence is regularly spread throughout the company.

Before ending this review of 2022, I want to, as always, express my heartfelt appreciation and thanks to our customers, suppliers, and our dedicated employees who all contributed to the year’s success. The reason behind CellMark’s prosperity is great partners and great people. Thank you!

Christer Simrén
President & CEO



See the Financial Summary:

About CellMark

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 spread over 30-plus countries, we provide a full suite of services: sourcing, sales & marketing, exclusive representation, trade finance-related services, 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.

In 2022, the CellMark Group consisted of more than 1000 workers on average, 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, Neudi & Co. Our annual sales are more than USD 4.2 billion, with volumes of 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 five successful international divisions: Pulp, Packaging & Paper, Recycling, Chemicals, and Basic Materials. We have also grown operations for plastics and biomass for energy.

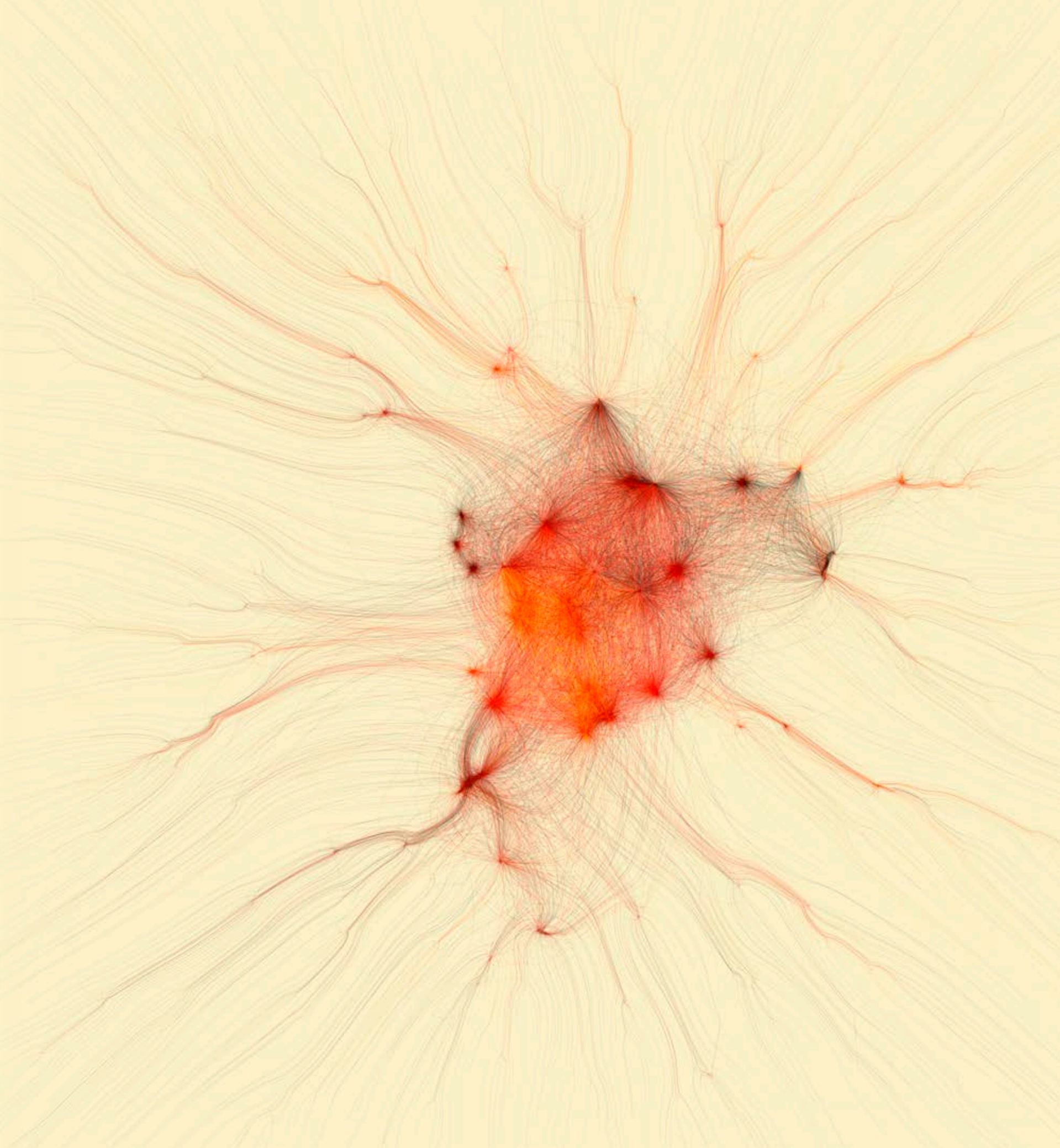
Relationships

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.

Watch our film:





Our services

We provide a full suite of supply chain services

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, trade finance-related services, 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

Trade Finance-Related Services

Our dedicated finance team creates innovative financial and risk management solutions from offices in Gothenburg, Geneva, Shanghai, Tokyo, 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 trade finance-related 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 trade finance-related 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, the 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*

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.

Risk Mitigation

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.

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.

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.

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.

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.

A word from our *HR Manager*

Our people make CellMark the company it is today. The combination of competent people, cooperative networking, and dedication to excellence form the foundation of our strong company culture and the success of our long-lasting business relationships. We have employees in more than 30 countries and this international diversity adds another important part to our business success.

With the goal of remaining resilient in a fast-moving market, we strive to empower each other by fostering creativity and decisiveness. We share knowledge and develop ourselves through on-the-job training experiences and coaching. Our newly created Global Business & Leadership Program is a good example of this effort.

At the end of fiscal year 2022, CellMark engaged more than 1000 workers. This included full-time and part-time associates, as well as temporary and contract workers.

Our turnover rate for the year was less than 10 percent. We are very pleased with this result and attribute employee retention to our positive work environment and focus on employee development and job satisfaction.

As we look to the future, we will continue focusing on attracting and retaining top talent. We will continue to invest in employee development and retention strategies, refining our recruiting efforts to continually value new and diverse perspectives to our workforce. CellMark's recruiting platform, with global reach, plays an important role in our journey to connect with new talent whose values align with CellMark's Guiding Principles.

We continue to further develop CellMark Academy, our digital e-learning platform. In 2022, we made a significant upgrade by changing platform to a more modern solution that better fits into our present digital environment. CellMark Academy continues to offer our employees important training in policies, tools, processes, and other key areas. Our digital Onboarding Program gives our newest hires a great introduction to the company.

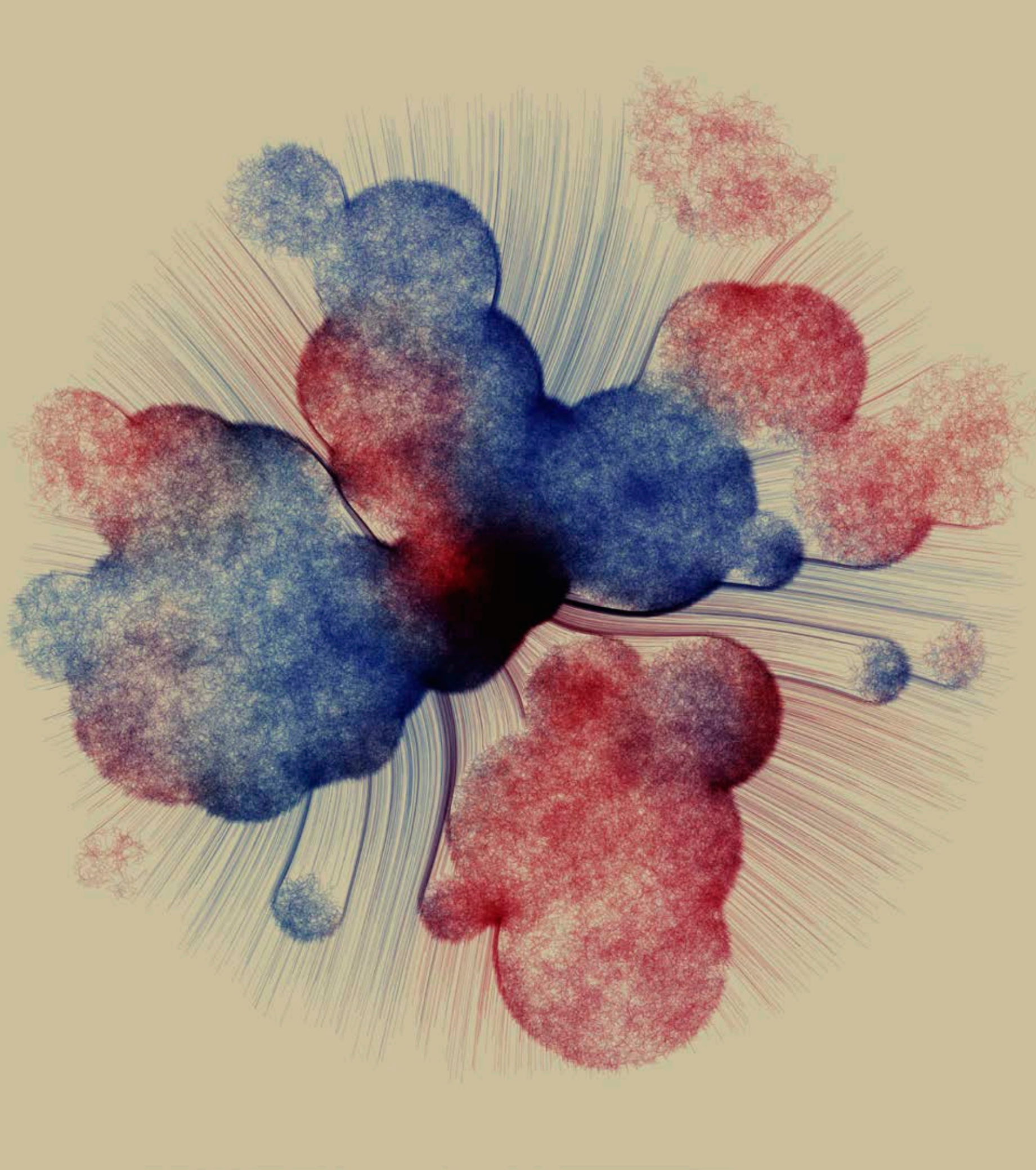
In conclusion, we are proud of the progress we have made during 2022 towards better managing our human capital. We strongly believe that our commitment to our employees is essential to the long-term success of CellMark.

Gunilla Landelius
Vice President Global HR



Join our team:





A word from our CFO

I am honored to present my first Financial Summary as the Chief Financial Officer of CellMark and share my thoughts on the past year and our future plans.

I moved into the role of CFO in March 2022. Since then, I have been working closely with the Management Team to evaluate our financial performance, assess our strengths and weaknesses, and develop a strategic plan for the future.

The past year has been an exciting and challenging time for CellMark. Despite a turbulent world economy with high inflation and rapidly increasing interest rates, CellMark has made significant progress. Some of the key events during the year include:

- We continued to diversify within our core competency areas by growing in Renewable Energy, Plastic Recycling, and in Personal Health Ingredients.
- We made share ownership available to all CellMark employees with over one year of tenure.
- We updated our internal policies to mitigate risk, mainly focusing on inventory and trading risk.
- We streamlined and automated many of our administrative processes, which has improved our operational efficiency and reduced our expenses.

Our financial performance in the past year has been strong. Our company's annual revenue was more than 4.2 billion USD, representing a 16 percent increase from last year's record result. This growth reflects rapidly increasing prices and a supply shortage in many areas due to high demand and logistical challenges. We are pleased to report that our company achieved a record net income of 72 million USD, an increase of 16 percent from the previous year. Our product diversity and extensive network of local suppliers helped drive our profitability. With rapidly increasing prices, cash flow was turbulent, but we ended the year in a strong position with a positive operational cash flow.

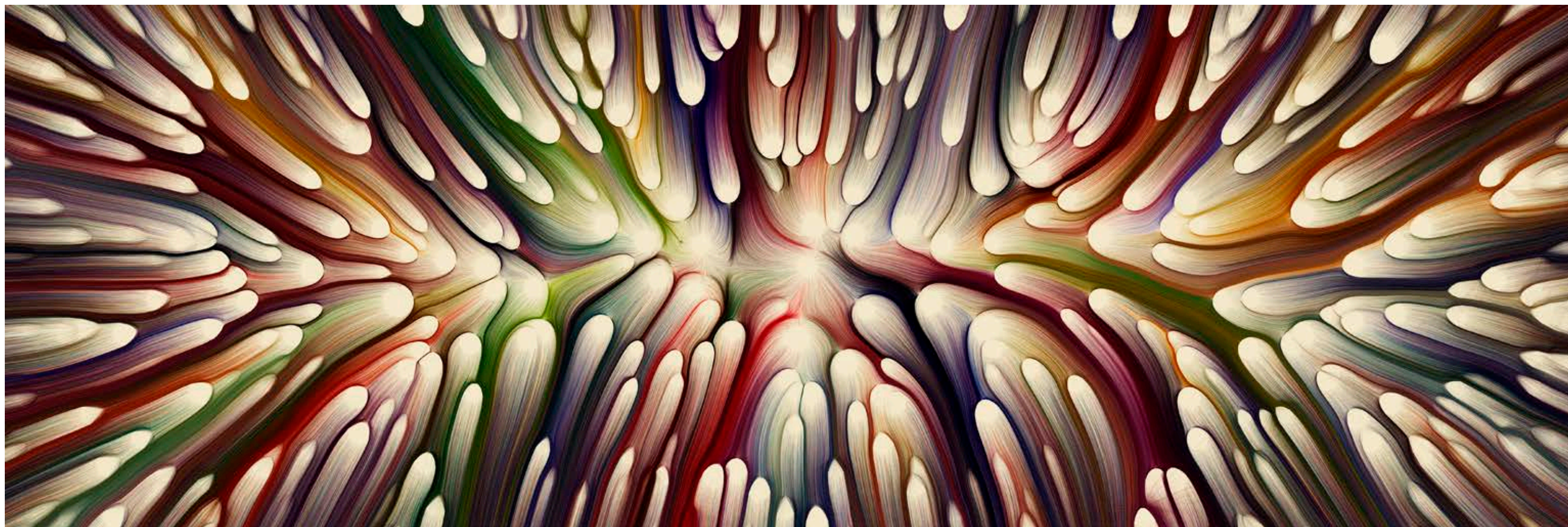
Looking ahead into 2023, we expect rising interest rates, high energy prices and inflation to continue to be part of the global economic climate. In this volatile environment we believe it is important to focus on sustainable growth and delivering long-term value to our stakeholders. Therefore, one of our strategic priorities is to develop our digital tools to further increase efficiency, information flow and cyber security.

On an operational level we continue to see growth opportunities. Our Packaging & Paper Division expanded its business in Italy in the first quarter, and the Recycling Division completed an acquisition of a paper converter in the United Kingdom and a European plastic resin distributor. Finally, the group has established RC Environmental LLC, a joint venture company, with an external partner.

I am confident that our company is well-positioned for future success and excited about the opportunities and challenges ahead. I want to thank our incredible team that have worked tirelessly in an everchanging environment to deliver on some very ambitious goals. I also want to thank our external partners for their continued support and trust in CellMark.

Pernilla Jordan
Chief Financial Officer





BÄCKAR 7926
From the Gravity 12 Collection
2021, Jimmy Herdberg

Divisional Annual Reviews

Pulp

Labeling 2022 as unpredictable would be the understatement of a lifetime. World headlines seemed to report larger, more urgent problems constantly: COVID, Russia's invasion of Ukraine, supply chain chaos, rapid inflation, the lockdown of China, global wood shortages, soaring energy costs, labor unrest, consolidations & mergers, and record pulp & biomass pricing. And that was just on Monday!

Despite this uncertainty, CellMark and the Pulp Division were particularly adept at finding creative solutions for customers and suppliers. Our goal for 2022 was to ensure a solid and reliable supply chain amid this chaos. I am pleased to report that our team succeeded, with the division realizing its best year ever.

The global pulp market was immediately affected by the devastating Russian invasion of Ukraine, resulting in the immediate removal of significant amounts of wood and pulp into Europe. Coupled with production difficulties at many pulp mills and limited logistics options, pricing remained very high for all grades of pulp for the balance of the year. Pulp imports into the largest market in the world – China – also declined.

CellMark's Pulp Division was able to successfully source pulp from our supplier partners despite the tremendous logistical challenges. 2022 was a record year for volume transacted. North American volume particularly, emerged as a growth area for both sourcing and selling. Asian pulp sales also saw increases despite COVID restrictions in China and their reduced imports. European pulp sales remained on budget as our customers struggled with dramatic increases in energy and chemical costs.

In June, CellMark invested in a joint venture with Bulk Handling Systems to form a company called Total Fiber Recovery (TFR). TFR will manufacture recycled brown pulp, which is an enhanced recycled fiber for the manufacture of packaging and specialty applications. This new category of pulp is growing quickly worldwide as markets need clean and enhanced recycled fiber. The Pulp Division will market the pulp, while CellMark's Recycling Division will provide the raw material. The current plant is in Chesapeake, Virginia, close to the Norfolk container port, and is expected to be in full production by the end of 2023. We believe this plant will be the first of many recycled brown pulp plants to be built and marketed by CellMark and Bulk Handling Systems.



As a result of the global turmoil in 2022, energy markets were particularly robust. Biomass pellets enjoyed record pricing with industrial pellets in Europe peaking for as high 500 euros per tonne. All customers were in short supply and producers were sold out around the globe.

CellMark's Energy group grew tremendously in 2022. CellMark's Europe and Asia Energy groups both finalized long-term agreements with customers for the supply of responsibly sourced biomass pellets. Japan and Korea have emerged as our largest markets for biomass. Japan continues to build dedicated biomass power plants and CellMark is the sole, exclusive supplier to many. With the unprecedented shortage of biomass during 2022, CellMark's value proposition was more important than ever.

Challenges and opportunities for 2023 will be many. The pulp market is bracing for an excess in new capacity (over 5 million tonnes) which will unsettle markets and undoubtedly reduce pricing. China seems to be emerging from its draconian lockdowns, which means more domestic demand and increases in exports. Energy markets are cooling, and the biomass market is no longer as tight as it was in 2022. Our customers and suppliers need solutions to these challenges, and I have confidence that CellMark's Pulp Division will rise to the occasion once again.

I want to deeply thank our customers and suppliers for their support. They are core to our success. Also, a big salute to the Pulp Division teams worldwide, including sales, customer service, finance & accounting, and all who have contributed to such an extraordinary year.

Doug Smith
Pulp Division President

Learn more about our Pulp Division:



Packaging & Paper

Paper

2022 was a strong year. We continued our focus on diversifying and improving our product mix, managing costs, and delivering a greatly improved result.

Paper markets remained tight this year. We experienced unprecedented supply constriction due to mill consolidation and conversions to packaging grades of paper. Global trade flows of paper export and imports changed the supply platform. Freight costs remained high – at record levels – throughout most of the year. CellMark’s strong supplier relationships enabled us to maintain consistent paper supplies throughout the year, supporting existing business and providing new opportunities with our clients.

In North America and LATAM, our paper business improved. The traditional demand in retail insert markets continued to decline as this medium migrates toward digital print delivery platforms. What was once the core of our business is becoming far less significant. We continue

our focus, developing and expanding into more specialized paper segments. We saw significant improvement in segments such as inkjet papers, thermal papers, food service papers, consumer packaging papers, cup and plate stock, and in-store displays. Our talented sales team remains highly focused on expanding our footprint in additional niche segments that will continue to assist in delivering strong results.

Printing and writing paper segments remained strong. In a year where supply was challenging, we established new supply agreements with uncoated white paper producers. These new suppliers helped expand our business within LATAM and North America. In Wisconsin, our converting partnership continued to deliver record results. We had solid growth for in-store, cut-size business in North America and further established cross divisional synergies within this business segment, largely with our Pulp division. We believe our Wisconsin converting partnership will remain a strategic asset that helps differentiate our product and service offerings from the competition. Our merchant paper sales operation in Miami, Florida also continued its pattern of again surpassing the previous year’s sales record.

The International team delivered solid results throughout 2022. They successfully managed through the unprecedented supply tightness within the paper and shipping world. Our highly skilled teams in Asia and Europe foresee continued growth in these important geographic regions. Long term strategic alliances with both customers and suppliers are in place for the new year and we are excited about the opportunities that these new partnerships will provide.

The geographical footprint of paper supply continues to evolve. Asia continues its paper supply expansion while Europe and North America are reducing their paper supply volumes. This necessitates additional logistical expertise. Our logistics group is poised to provide the global shipping services needed that will further differentiate our business from the competition. We share creative supply-routing options inter-divisionally, ensuring we deliver world-class, cost-competitive advantages for suppliers and clients. CellMark is one of the largest exporters in the United States and remains well-respected in the shipping world.

Our geographic footprint remains an asset to our business. During 2022, all geographic regional results improved including North America, LATAM, Europe, and Asia. These regions continue delivering positive results by offering unique solutions to our supplier and client partners around the world. We are active in a very competitive paper marketplace. As a result, we remain hyper-focused and regularly measure and manage our divisional cost structure. This focus helps ensure our business is properly aligned with this ever-evolving industry. In 2023, we will continue to monitor and evaluate our costs, product mix, working capital and of course, our results.

At the end of 2022, we announced a very important strategic move that resulted from several months of dedicated analysis and work. We decided to combine CellMark Packaging and CellMark Paper into one new division – CellMark Packaging & Paper. This was a natural reaction to the rapidly changing markets for both packaging and paper. Combining our packaging and paper competencies and working closely together is the most efficient way to meet our customers’ and suppliers’ changing needs.

As the leader of CellMark Paper for many years, I was honored to be entrusted with the responsibilities of becoming the Division President of CellMark Packaging & Paper. I offer sincere thanks to Paul Busnardo, who successfully led CellMark Packaging for several years, and laid invaluable groundwork for the success of the packaging business. Paul is now Senior Executive Advisor on the CellMark Management Team and will be an important support for me and the new combined division going forward.

For me personally, and speaking for everyone in the new Packaging & Paper Division, we thank all our business partners for their continued loyalty and support. As we begin to travel again, it is great to be seeing each other in person. Our customer and supplier relations are the true foundation of our business. In addition, we are very grateful to our committed, hard-working associates. Our team is very excited about the prospects of 2023 and what lies ahead.

We live in a time of change. Let us embrace these changes and expand our businesses together.

We look forward to seeing you all in 2023!

Joe Hoffman
Packaging & Paper Division President





Packaging

2022 was our second year of transition, with 2021 developing into a period of tight supply and then 2022 completing almost a full circle back to an over-supplied market. While some felt this was an unpredictable period due to so many new external influences, we ended up observing an industry experience very traditional, and predictable, cycles.

The impact of continuing COVID, geo-political conflict, inflation and supply-chain was felt in most areas of consumer goods and industrial packaging. E-commerce spending started to move towards travel and experience spending. Supply restrictions and inflation added to a slowing pace of spending and these conditions contributed to reductions in demand for product and transport packaging starting in Q3 2022. Pricing for all our products reached historical levels by mid-year and then started to decline steadily as inventory backlogs met with reduced end-product demand. Mill production and transportation system lead times reduced from months to weeks as systems normalized later in the year.

Results in our packaging business showed growth in both volume, revenue, and profit. Our volumes fell well short of forecast as we did not expect production and delivery problems to persist, but still grew by 12 percent compared to 2021. Revenue increased by 45 percent and EBT grew by 58 percent. Gross margin percentage decreased as we incurred heavy costs for transportation and storage through most of the year. Some of our forecasts early in 2022 may have been unpredictable, but our destination with a solid year-end result after 2 difficult years gave good motivation to the dedicated team that works for Packaging in our global network.

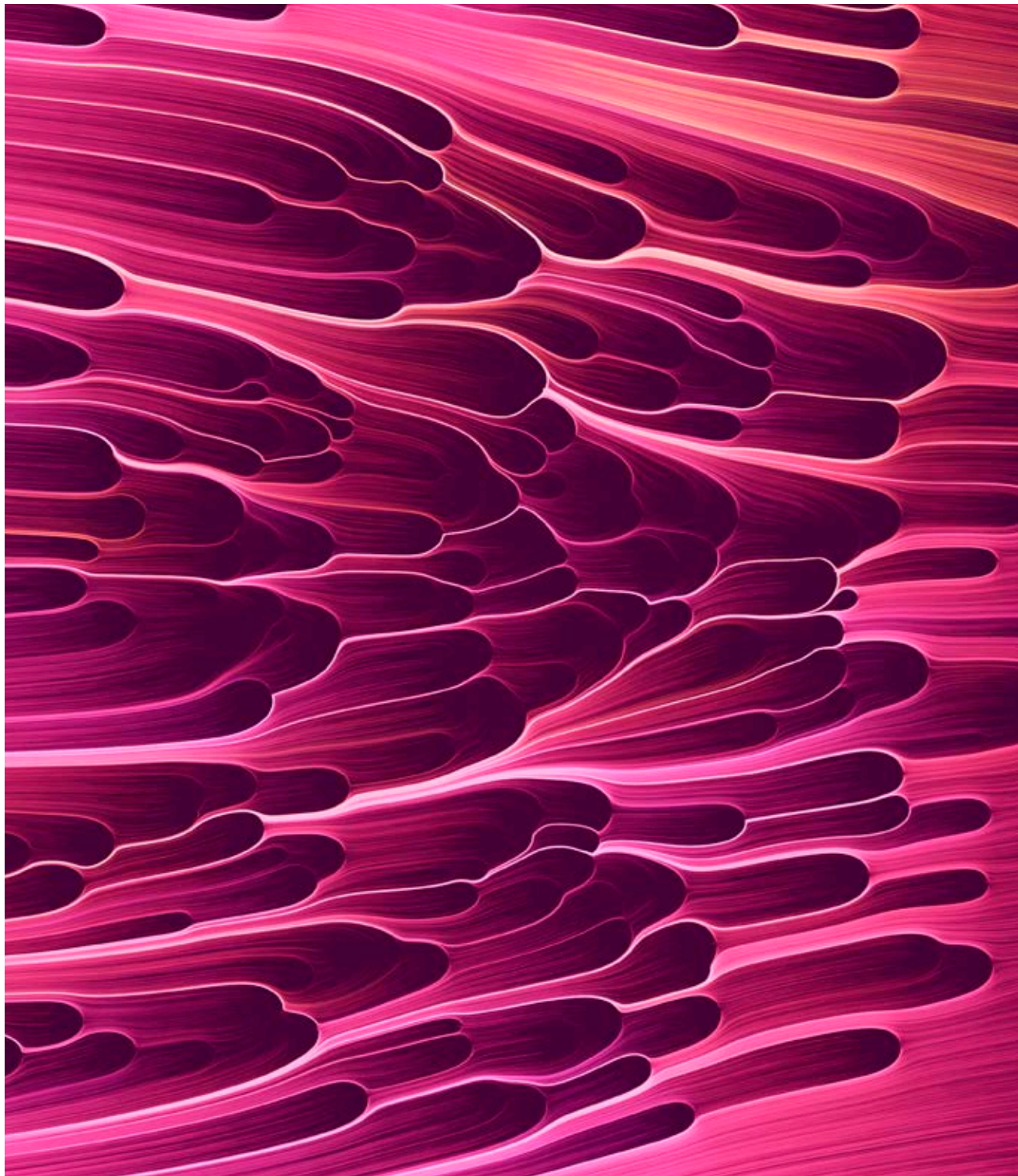
Looking forward we see new supply coming in to packaging grades of paper and board. The short-term will continue as an oversupplied market as this new capacity enters in a weak demand period. Pricing will decline through 2023 at a controlled pace, and demand is expected to improve by H2 2023 which should stabilize the markets. We anticipate a resurgence of activity in Asia, steady demand in Latin America, new market activity through Middle East and Africa, improving markets in Europe, and continued growth in North America.

From 2023, we joined forces with our colleagues to form a new division, CellMark Packaging & Paper. We will continue to expand our activity, and will jointly present an enhanced network to our legacy suppliers and broaden the team to support our continued plans for product and geographic growth.

Paul Busnardo
Senior Executive Advisor
(formerly Packaging Division President)



Learn more about our Packaging & Paper Division:



Learn more about our Recycling Division:

Recycling

As I reflect on 2022 and our group's performance, it is hard not to recognize the reality that recycling is a cyclical industry. The industry is heavily influenced by economic, social, and environmental factors. During the previous two years, markets for recyclable materials had been robust, as was the first half of 2022. However, the industry came to a screeching halt in June, and felt like a market collapse by August.

Although there were visible cracks in the demand for packaging at the start of the year, cracks became gaping holes mid-year as box manufacturing production decreased year-over-year for the first time in nearly a decade. Most of this decline was directly attributable to inflation and the reality that consumers, although spending the same amount of money, were buying fewer items. Less volume meant less demand for boxes. The direct consequence was decreased demand for recyclable grades of Old Corrugated Containers and Mixed Paper, with prices collapsing over the summer. Movement of those commodities became an issue, and pricing declines made the situation worse as held inventory grew while quickly losing its value.

Higher grade paper commodities were more encouraging. Prices for news grades and pulp substitutes remained high during 2022. This was a direct result of decreasing supply and not from strong or increasing demand. Digitalization in much of the daily communication we experience, continues to replace paper, with fewer newspapers and less need for printed documents in today's digital offices and homes. There is no doubt that this trend will continue. Our strategic efforts continue to drive us to be competitive and creative, preparing for this anticipated decline.

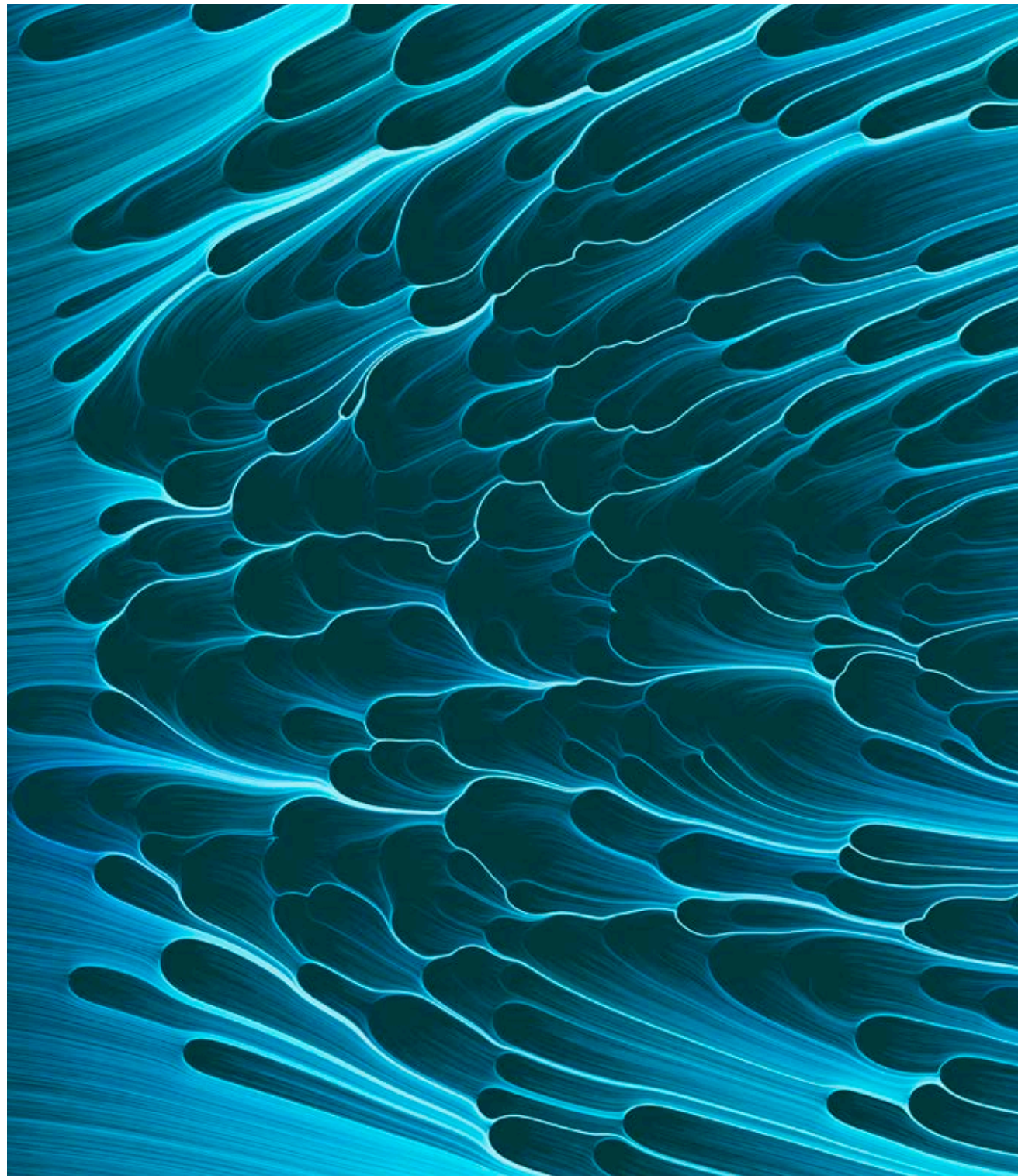
During 2022, our group stayed true to our overall philosophy of focusing on core competencies. Although overall recycling rates dropped, we grew in all areas – especially trading. Our teams were challenged by a precipitous drop in demand and pricing and did an outstanding job of reacting and adapting to quickly changing market dynamics.

In the final analysis, the Recycling Division was able to deliver a near record financial result in very turbulent market conditions. I am proud of and grateful for everyone that helped contribute.

On a sad and personal note for all of us this year, we lost the founder of our group, Vic Rice. Although Vic retired from CellMark years ago, he was always present. He will be greatly missed, but the values and culture he helped to build will always be in our DNA.

Jimmy Derrico
Recycling Division President





Learn more about our Chemicals Division:

Chemicals

2022 picked up where 2021 left off – with strong demand for chemicals and specialties. Market conditions remained robust as demand for durable goods, construction materials, energy, semi-conductors, pharmaceuticals, cosmetics, and nutritionals appeared to be at an all-time high. CellMark Chemicals enjoyed a business boost, given its diversified product portfolio, catering to these sectors. This momentum continued well into the second half of the year up until central banking authorities worldwide began increasing interest rates in an effort to bring inflation under control. Further challenges, such as the invasion of Ukraine by Russia, disrupted many industrial sectors reliant upon Russian and Ukrainian goods and services, particularly energy and fertilizer. Additionally, lockdowns in China prevented the free flow of people and goods, further complicating business activity around the world.

Despite struggles like these that many of us witnessed and creatively attempted to work through during the year, our business was able to perform remarkably well. Some areas thrived. Health & Personal Care and Nutritional

Ingredients segments led the way with unprecedented growth in volume and profitability. Our long-term strategy, originally set in 2014, was to become a significant player in the nutritional ingredients space. That plan is coming to fruition as this sector is on a trajectory to become one of our most profitable segments globally. Our Catalyst & Gas Processing segments in Europe, the United States, and Middle East, also experienced considerable improvement in 2022, particularly in our Stretford and Benfield applications, which are used for removal of noxious gases in industrial processes. Our Industrial & Specialty Chemicals segment also experienced a large uptick in business, particularly specialty chemicals that go into semi-conductor, solar panels, and household/industrial cleaners and disinfectants.

In 2022 we also initiated the process of integrating CellMark Japan (formerly an independent business unit) into the Chemicals Division. Beginning January 1, 2023, we embraced our newest colleagues, and we are working together, seeking to strengthen our business and customer relations in Asian markets from this location.

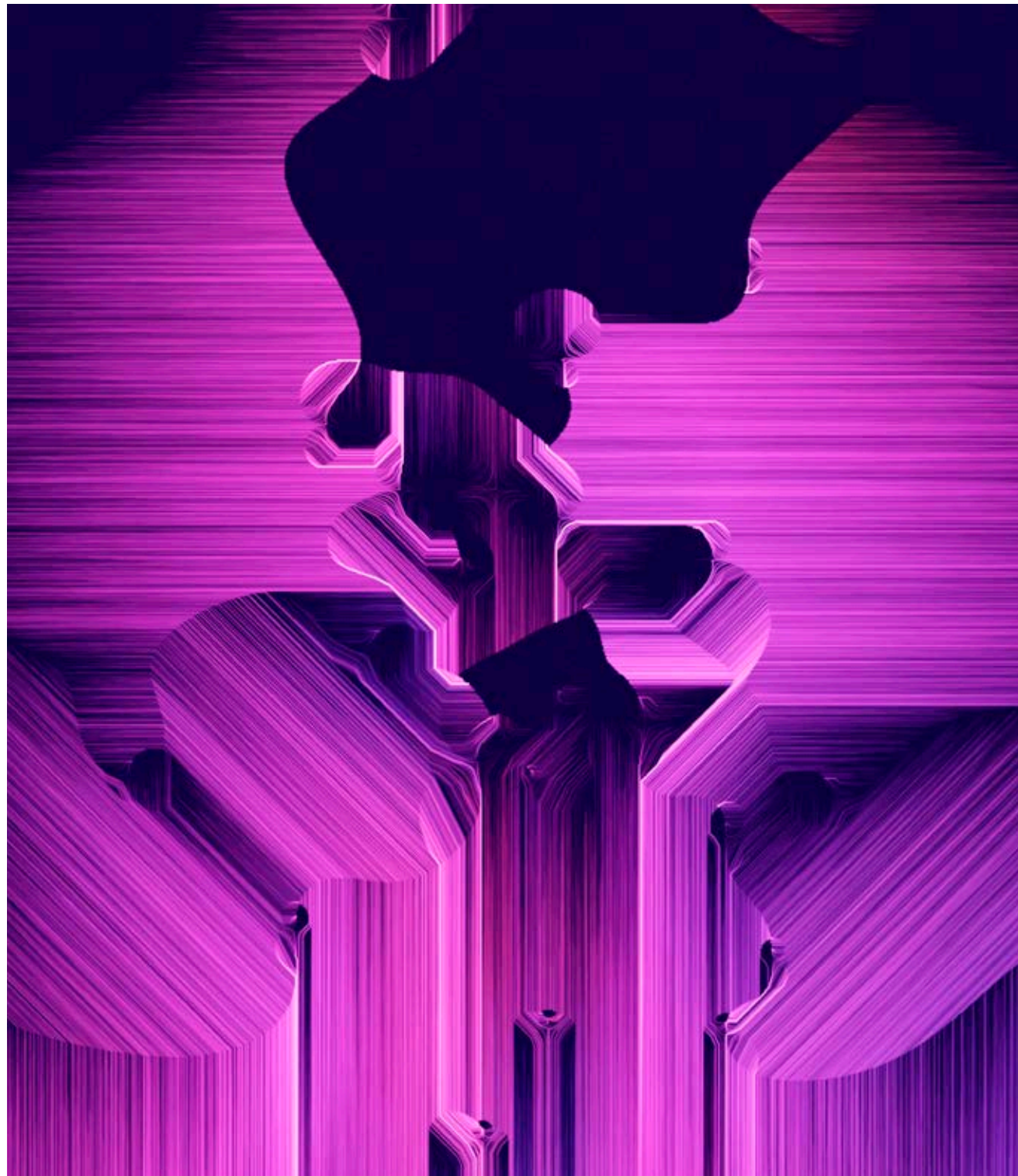
Success in the Chemicals Division this year can be attributed to many factors. I personally thank our employees that worked diligently in cohesive teams around the world and have demonstrated tremendous resiliency during times of adversity.

I appreciate the CellMark Management Team and Board of Directors for their unwavering commitment, vision and support for the future. From all of us in the Chemicals Division, we are also very grateful to our business partners and service providers who supported and trusted us with their business.

Thank you!

Hugo Galletta
Chemicals Division President





Basic Materials

Despite sizable challenges, both segments of the Basic Materials division, basic chemicals and metals, realized strong performances in 2022. During the first half of the year, we were dealing with short supplies and extraordinary freight expenses, especially on bulk vessels. The second half brought declines in prices and in container rates, while bulk vessel rates remained high. We also dealt with the highest interest rates we have seen in the last decade.

Many of these factors are a result of on-going geo-political issues around the globe, which have continued since the beginning of the COVID pandemic. Mindful of these challenges, the Basic Materials team members once again worked tirelessly to maintain an agile approach to quickly adapt to market changes and concerns.

2021 was a growth year for the division and our goal in 2022 was to maintain and capitalize the achieved growth in 2021 while managing risks associated with the growth. I am pleased to report that our expert team members, with the help of general corporate supporting functions, managed similar turnover rates from 2021 through 2022 while securing new business, thus preparing to propel our growth in 2023 and beyond.

As is our tradition, each Financial Summary has a theme – this year’s being “Unpredictable.” After two years in the grip of COVID, with unpredictable changes in our personal, social, and business lives, our team has been striving to solidly perform while preparing for the next unpredictable challenge. Our teams have increased their capacity to work with agility and focus to be better prepared to act in future unpredictable times. We will prepare for the worst and hope for the best. We strive to be tenacious fighters in finding solutions for our customers and partners.



Our team of 90 focused associates in our division will continue to serve our business partners with a strong service commitment in 50 countries, over five continents, with more than 100 products.

We will continue to follow our key growth drivers, which are:

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

On behalf of the entire division team, I thank our colleagues and business partners around the globe for cooperatively working with us and trusting us with your business.

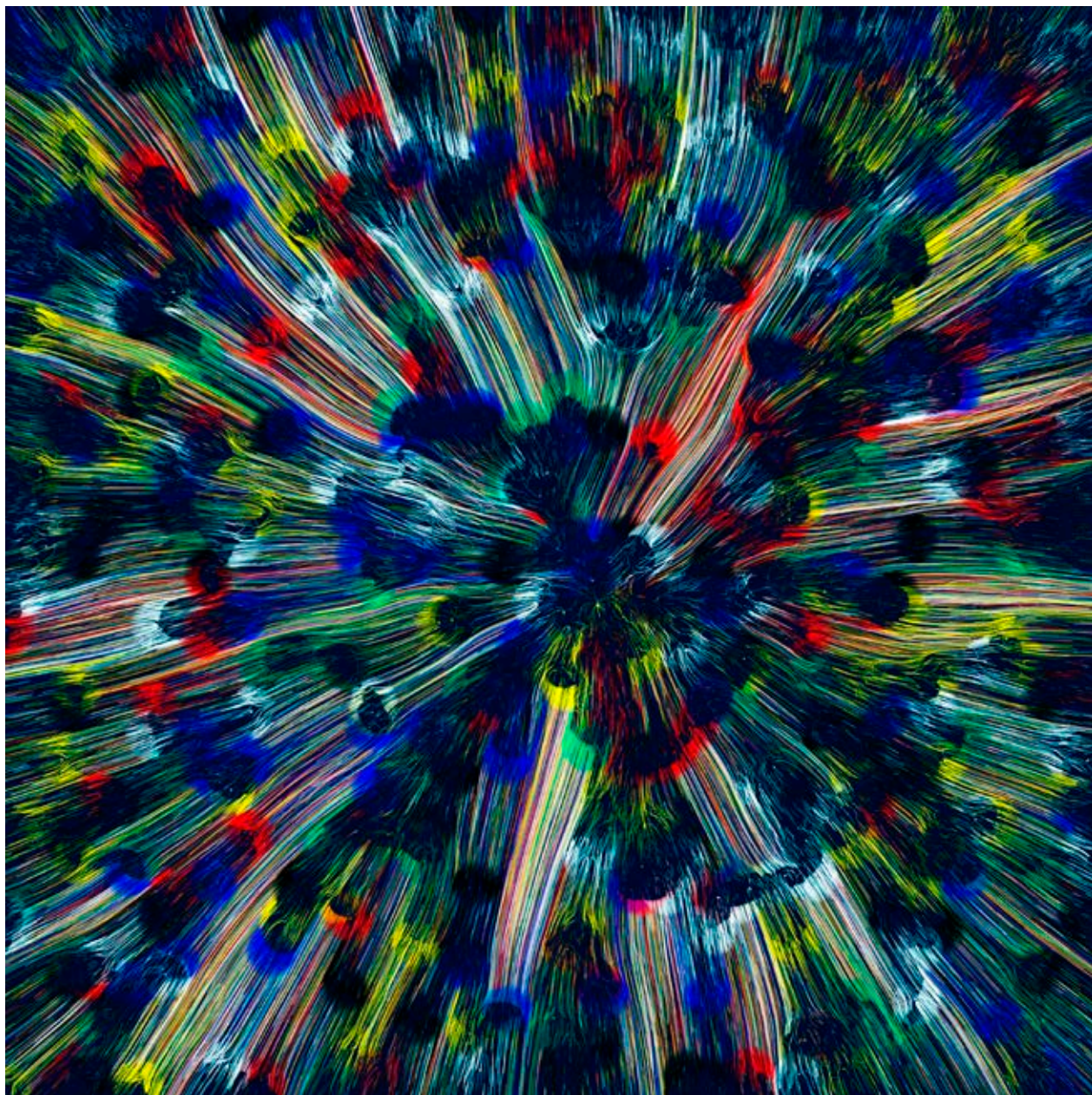
We are always ready – even during times of unpredictability.

Ersin Alkan

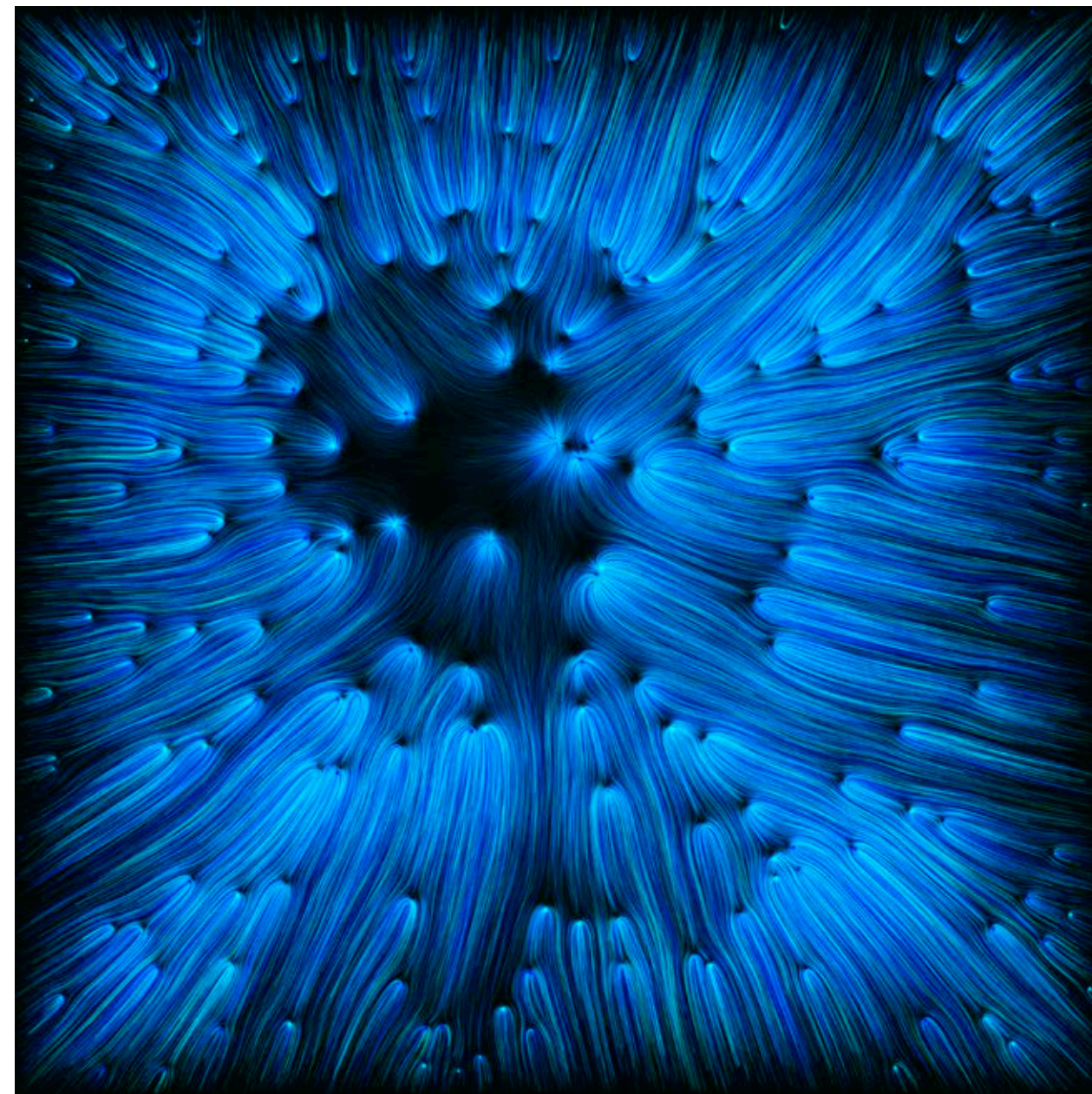
Basic Materials Division President



Learn more about our Basic Materials Division:



RESA 7173
From the Gravity 15 Collection
 2021, Jimmy Herdberg



BÄCKAR 0021
From the Gravity 15 Collection
 2021, Jimmy Herdberg

Sustainability Reporting

A creative and proactive approach to ESG

As an independent and truly international marketing and supply chain services company, CellMark provides products, services, and solutions to customers and suppliers all over the world.

CellMark takes Sustainability extremely seriously and considers Environmental, Social, Governance and Compliance performance to be of vital importance throughout the Group. CellMark's vision of "Surpassing Expectations" requires that we further improve our sustainability practices and performance year after year.

The following pages are extracts from CellMark's stand-alone Sustainability Report 2022 and cover our sustainability performance during the year. The statutory Sustainability Report can be found on our website, cellmark.com. It focuses on the Group's material ESG challenges and

opportunities. Through consistent and diligent efforts, we improved our sustainability performance throughout our business operations and recognise that we have further to go.

With a view to continuously achieving its business objectives and acting responsibly, CellMark strives to implement a creative and proactive approach to ESG while safeguarding compliance in all the Group's activities. We are also committed to continuing to strengthen our relationships with customers, suppliers, and service providers in support of our ambition to improve our overall Sustainability performance.

Cédric Dubar
Vice President of ESG & Compliance



Read our Sustainability
Report in full:



Message

As a supply chain company with a global footprint, CellMark has significant direct and indirect economic, environmental, and social impacts throughout its value chain. Focusing on our mission to deliver products, services, and solutions to the world market, we generate economic and sustainable value.

In line with our vision, “Surpassing Expectations”, and our observance of international guidelines regarding environment, human rights, and business ethics, our intention is to expand the Group’s contribution to the social, economic, and environmental ecosystem.

Despite the uncertain global economic environment, due to global health, geopolitical and economic challenges, CellMark achieved its best year ever in 2022 in terms of economic performance. This accomplishment was thanks to our excellent employees and our good relationships with our business partners. However, macroeconomic, and political trends are still expected to be challenging in 2023, which may impact the Group’s economic, social, and environmental performance.

From an ESG & Compliance perspective, in 2022, CellMark

- continued to assess the business landscape across the CellMark ecosystem with an Environmental, Social, and Governance (ESG) lens
- clarified its approach to ESG & Compliance
- established a clear governance process regarding ESG & Compliance matters.

Compared to previous years, we also enriched our 2022 Sustainability Report with additional information and data in all ESG areas. We recognize the expanding

reporting requirements within this subject, and we are pleased to share our ESG journey on an even larger scale going forward.

Among our priorities for the future is our ambition to

- keep developing value creation throughout the supply chain
- ensure safety and well-being for all our colleagues
- further strengthen our partnership with our customers, suppliers, and service providers in support of enhanced ESG goals
- support the communities in which we work
- strive to manage the environmental impact of our activities and participate actively in the circular economy through the Group’s recycling activities.

Short-term, we will focus on the following strategic priorities and key topics:

- The Group’s communication with its stakeholders.
- Implementing the Code of Conduct for Business Partners in all relevant agreements.
- Enhancing the existing processes and tools we use to assess our business partners.
- Operationalizing our corporate policies, directives, and guidelines.
- Further developing awareness and communication in the fields of ESG & Compliance, including regarding the Group’s guiding principles and speak up culture.

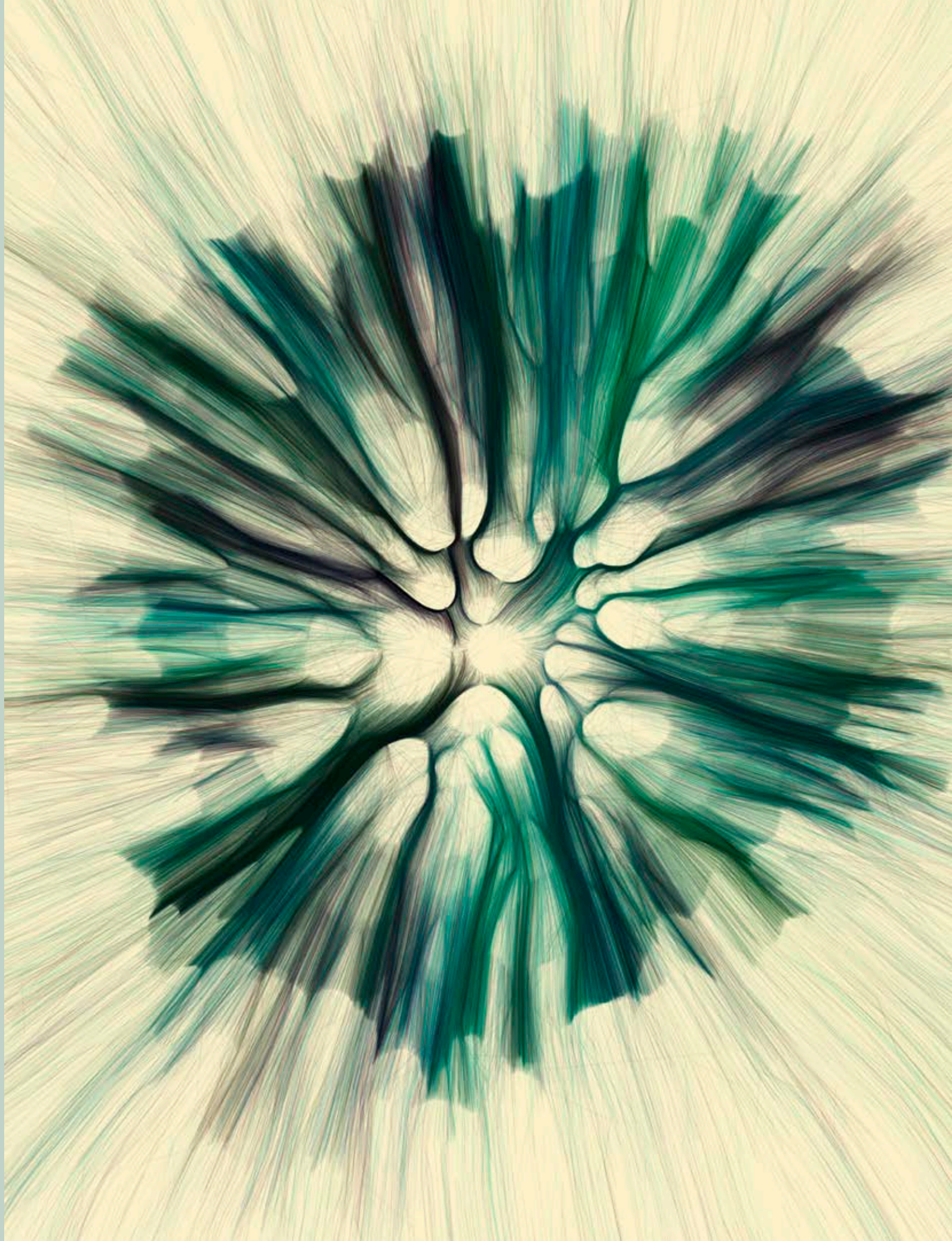
In parallel, we are also committed to further improving our reporting process in preparation for the forthcoming non-financial reporting regime applicable to CellMark as of FY 2025, per the Corporate Sustainability Reporting Directive.

Closing the books on 2022, we are pleased with the increased ESG & Compliance focus that we implemented on all company levels during the year. We continue to live and work in accordance with our Guiding Principles and operate our business with a high degree of ethics and an increased level of sustainability awareness within the Group.

Christer Simrén
President & CEO



from our CEO



CellMark’s *approach* to Environment, Social and Governance (ESG)

ESG Strategy

CellMark’s ESG strategy is based on the following core principles:

- Ensure optimal Stakeholder relations through transparency and engagement.
- Foster long-term relationships with customers and business partners by providing high-quality services.
- Ensure CellMark’s performance by attracting and retaining talents and by focusing on employee well-being.

- Strive for excellence in safety and security.
- Sustain a culture of integrity in the Group.
- Involve suppliers and other business partners in our ESG efforts.

As a responsible company, CellMark is committed to focusing on ESG in its everyday business and activities and works constantly to improve its strategy and ESG reporting practices.

Supporting International Guidelines and Standards

CellMark supports and works actively to comply with international guidelines regarding environment, human rights, and business ethics, including

- the UN Global Compact Initiative
- internationally proclaimed human rights standards and conventions (in particular the International Bill of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the eight core conventions of the International Labour Organization, and Article 32 of the United Nations Convention on the Rights of the Child)

- the OECD Convention on combating bribery of Foreign Public Officials in International Business Transactions
- the OECD Guidelines for Multinational Enterprises.

Contribution to the United Nations Sustainable Development Goals

CellMark’s business can contribute to the achievement of some of the United Nations’ Sustainable Development Goals (SDGs).

Affordable and Clean Energy (SDG #7)

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.

Decent Work and Economic Growth (SDG #8)

In addition to its direct positive impact on its employees, CellMark intends to promote decent work conditions with its business partners with the implementation of a Code of Conduct for Business Partners in 2023.

Sustainable Cities and Communities (SDG #11) and Responsible Consumption and Production (SDG #12)

Recycling is one of CellMark’s core business areas. It contributes to the SDGs “Sustainable cities and communities” and “Responsible consumption and production”. With its Recycling Division, CellMark strives to keep waste in the recycling stream and out of the landfill. It also contributes to reducing the world’s ecological footprint and to managing efficiently toxic waste and pollutants.

Life on Land (SDG #15)

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 the Group’s commitment to sustainable, intelligently managed forestry, which makes trees a renewable resource and keeps the world’s woodlands healthy and productive.

Engagement with Stakeholders

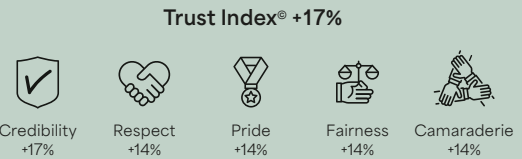
Establishing regular dialogue with the Group’s stakeholders is essential to better understand their perception of and expectations from CellMark in the fields of ESG & Compliance.

Engagement with the Group’s stakeholders is performed through collaborative and open dialogue, both formally and informally.

Based on their importance for CellMark’s business, the Group’s main stakeholders are

- customers, product suppliers and service providers involved in the supply chain
- banks
- insurance companies
- employees
- shareholders.

Great Place to Work® Employee Opinion Survey Result Development since 2016



Stakeholder dialogue helps CellMark identify areas for improvement, new opportunities, and strategic changes.

Certifications and ESG Assessments

CellMark maintains a number of third-party certifications, including:

ISO 9001	SFI
CellMark’s Quality Management System is certified by Scandinavian Business Certification (SBcert). It is in accordance with the ISO 9001 standard.	CellMark is certified by the Sustainable Forestry Initiative’s (SFI), whose mission is to advance sustainability through forest focused collaboration.
FSC®	QS
The Forest Stewardship Council® certification ensures that products come from responsibly managed forests that provide environmental, social, and economic benefits.	The QS certification is a quality assurance system for fresh food that covers all stages of the food chain: it ensures transparency and safety in food production (for example regarding traceability and hygiene).
PEFC®	SBP
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.	CellMark’s Energy segment is certified by the Sustainable Biomass Program (SBP), which is a certification system designed for woody biomass, mostly in the form of wood pellets and woodchips, used in industrial, large-scale energy production. This certification system provides assurance that woody biomass is sourced from legal and sustainable sources.
NACD	FSCC 22000
CellMark Chemicals’ certification delivered by the National Association of Chemical Distributors relates to product stewardship and responsible distribution in every phase of chemical storage, handling, transportation, and disposal.	CellMark Chemicals’ production facility is certified FSCC 22000, a food safety certification scheme based on the existing internationally recognized standard ISO 22000 and complemented by technical standards, such as ISO TS 22002-1 for food manufacturing and ISO TS 22002-4 for packaging manufacturing.
ENPLUS®	
CellMark’s wood pellet business in Europe is certified ENplus®, a standard for wood pellets based on the ISO standard 17225-2. The aim of the ENplus® certification is to secure the supply of wood pellets for heating in residential, commercial, and public buildings with a clearly defined and constant quality.	

In addition to these certifications, CellMark’s ESG performance is assessed by a third party (EcoVadis); the Group’s results improved in 2022, compared to 2021.

In 2022, the Group started to participate in the Carbon Disclosure Project (Home - CDP) and the Supplier Leadership on Climate Transition (Supplier Leadership on Climate Transition | Guidehouse).

CellMark’s EcoVadis Scores

	Overall score		Performance	
	2021	2022	2021	2022
EcoVadis	55/100	63/100	74th percentile in CellMark’s category, “Silver Medal” status	88th percentile in CellMark’s category, “Silver Medal” status



Business Ethics and Compliance

CellMark’s commitment towards business ethics and compliance is asserted through

- an ethics and compliance governance system
- an ethics and compliance framework (Code of Conduct, policies, directives, and guidelines) that set out the rules applicable to all employees
- employee awareness and training
- the whistleblowing mechanism.

The Ethics and Compliance Framework

Based on CellMark’s Value Platform, the Group’s Code of Conduct provides ethical standards for all Group employees: it sets the tone by reinforcing CellMark’s principle of doing business with integrity and describes how the Group expects its activities to be conducted. It also describes the mechanisms for seeking advice and raising concerns.

The Code of Conduct is supplemented with a series of corporate policies, directives and guidelines that apply to all employees. Together, these documents form CellMark’s ethics and compliance framework.

CellMark has implemented policies, directives, and guidelines in the areas of international economic sanctions, anti-bribery and -corruption, antitrust, fraud, conflict of interests, data privacy, Information Security, tax, finance (currency, inventory and trading, credit, investment) and whistleblowing.

In addition, a Code of Conduct for Business Partners was adopted by CellMark’s Management Team and will be deployed as of 2023 through the contractual agreements with the Group’s business partners. This Code sets out CellMark’s expectations toward its business partners in the fields of business ethics, environment, and human rights and working conditions. It also describes the mechanisms for seeking advice and raising concerns.

Ethics and Compliance Training

Employee awareness raising and training are an essential pillar of CellMark’s commitment towards ESG & compliance. Online training courses in the areas of anti-bribery and -corruption, information security, data privacy and international economic sanctions as well as a training on the Code of Conduct are mandatory for all new employees (they are an integral part of the onboarding program) as well as for all employees every other year.

Completion of Mandatory Training Courses (%), 2022	
Code of Conduct	80.6%
Know Your Counterpart	78.4%
Anti-Bribery, -Corruption and -Fraud	84.6%
Information Security	80.2%
Privacy	78.5%

Employee awareness is also raised on specific subjects through dedicated presentations at internal seminars and training in person or via webinars.

Whistleblowing Mechanism

CellMark has implemented mechanisms that are available internally and externally for (i) seeking advice about ethical and lawful behavior, and organizational integrity, and (ii) reporting concerns about unethical or unlawful behavior, and organizational integrity.

For employees, the reporting mechanisms are detailed in the Code of Conduct and the Whistleblower guideline (that are easily available on the Group’s intranet) and for external stakeholders, they are described in the Code of Conduct for Business Partners.

Employees or external stakeholders can report allegations of misconduct via several channels: in writing, by telephone, by requiring a meeting or via CellMark’s whistleblowing platform. The whistleblowing platform is operated by an independent external service provider; it can be used by employees or external stakeholders (it is accessible via CellMark’s website) and provides an option to remain anonymous.

CellMark’s Whistleblower guideline provides information on how employees can raise a concern, the matters that can be reported, the receivers of the reports, the confidentiality and non-retaliation principles, the investigation of allegations, and the consequences of confirmed misconduct.

Social aspects

CellMark’s Workforce

Management Approach

As CellMark’s success relies on the unique knowledge and experience of its employees, the Group strives to attract, motivate and retain these highly skilled talents, and to preserve Health & Safety and well-being in the workplace.

General Information

As at December 31, 2022

- the total workforce amounted to 961 individuals (921 employees and 40 internal consultants)
- women represented 46 percent of the total workforce (vs. 47 percent in 2021)
- women represented 34 percent of the managers and 66 percent of the non-managers (like 2021)
- 25 employees benefited from a part-time contract: 76 percent of women and 24 percent of men
- 40 employees (4.34 percent) were employed temporarily.

Training

One of the fundamental aspects of talent management within CellMark is training. The e-learning platform, CellMark Academy, plays a key role in supporting employees’ professional development.

Employees are encouraged to undertake at least one hour per month of competence development and training. The Group adheres 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 seminar.

For new employees, CellMark Academy has a comprehensive onboarding program covering CellMark’s history, culture, and business areas; the Value Platform; and mandatory trainings.

Occupational Health and Safety

CellMark pays close attention to its employees not only by complying with laws on workplace health and safety and by establishing procedures preventing accidents and occupational illness, but also by promoting physical and psychological well-being. The Group’s Employee handbooks include provisions on Health and Safety.

In the facilities or warehouses operated by CellMark, where health and safety risks are higher, the Group strives to maintain a health and safety culture, with proper instructions and training for employees.

Routines for occupational accidents, injuries and fatalities are also implemented.

Diversity and Equal Opportunity

CellMark has implemented Diversity, Equity and Inclusion guidelines, and the Group’s Code of Conduct and employee handbooks include provisions on discrimination and harassment. In the last two years, 100 percent of CellMark’s employees in the United States and +90 percent of CellMark’s employees in Gothenburg were trained on discrimination.

Workforce by Age and Gender (as at December 31, 2022)

	Men	Women	Total
<30	48	38	86
30-55	317	302	619
>55	156	100	256
TOTAL	521	440	961

In 2022, the average employee turnover was 8 percent and 160 new employees joined CellMark.

Workforce by Category, Gender and Region (as at December 31, 2022)

	Americas			EMEA			APAC			TOTAL	
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Manager	62	22	84	28	16	44	12	9	21	99	50
Non-manager	289	189	478	94	129	223	36	75	111	422	390
TOTAL	351	211	562	122	145	267	48	84	132	521	440

Value Chain Management

As a marketing and supply chain services company, all stakeholders throughout CellMark’s value chain are essential to the Group’s business activities.

CellMark is committed to creating value for both its customers and suppliers, and to optimal management of its value chain through customer and supplier satisfaction, and ethical management of its supply chain.

CellMark’s business activities are global and have significant direct and indirect economic impacts on the supply chain in all industries served by the Group. Indirect economic impacts include

- the number of jobs supported in the supply and distribution chains (CellMark’s growth or contraction can have employment impacts on the suppliers and service providers)
- economic impacts from the products traded and services used (economic growth resulting from trading a specific product or using a specific service).

Contribution to Local Communities

CellMark Cares is the corporate social responsibility program at CellMark. This program was created to enhance, amplify, and strategically provide funding for non-profit organizations and non-governmental organizations (NGOs) serving the communities where CellMark has a presence.

In 2022, efforts towards local communities included the following:

- Donations to charities identified by CellMark.
- Employee volunteering and community support.
- Donations to qualifying non-profit organization chosen by employee (each employee having worked for CellMark for more than a year had the possibility to ask the Group to donate USD 200 to a designated non-profit organization).

The total amount of donations distributed in 2022 was over USD 225 600.

At the end of 2022, CellMark announced that it would no longer provide the option for employees to designate USD 200 for a charity of their choice. Instead, CellMark Cares will provide USD 350 000 annually to charities and NGO (non-governmental organizations) in transformational grants primarily in the range of USD 35 000–50 000; employees will be able to recommend a registered charity or NGO anywhere in the world where CellMark has a presence. All recommendations will be vetted by a third party (checking the charitable nature of the organization and performing relevant due diligence). Vetted organizations will be reviewed, based on geography, mission diversity, and equitable distribution among the Group’s five Divisions.



Learn more about CellMark Cares:

Environmental *aspects*

The Group’s environmental commitment is based on

- complying with applicable environmental laws and regulations
- increasing its contribution to the circular economy through its recycling activities
- helping customers with their environmental commitments
- pursuing continuous improvement of the Group’s environmental performance
- raising awareness and maintaining the dialogue with its stakeholders on environmental challenges.

Energy Consumption

Energy consumption includes electricity, natural gas, propane, gasoline, and diesel for vehicles, and oil and diesel for other sources of energy.

In 2022, CellMark’s energy consumption represented 66 284 GJ.

2022 Energy Consumption in Gigajoules

Energy	2022
Natural gas	7 483.92
Propane	9.69
Other Energy Sources	633.99
Vehicles	35 660.10
Electricity	22 495.91
Total	66 283.61

Water Consumption

In 2022, CellMark’s water consumption was reported by half of the total number of the Group’s premises; it represented 1 305 cubic meters. CellMark uses

CellMark operates a limited number of facilities and warehouses. For these sites, according to the Environmental Guidelines and as much as circumstances allow, the Group undertakes to

- minimize consumptions and pollution
- minimize usage of materials and water
- reduce waste and recycle.

When establishing new sites or relocating sites, CellMark selects office spaces with good energy ratings.

On a like-for-like basis (i.e., based on the same scope of premises as in 2021), the total energy consumption in 2022 increased by 3 percent compared to 2021.

In 2022, the energy intensity, calculated as GJ of total energy consumption per million USD revenue, was 11.04 GJ/MUSD.

Whenever possible, CellMark strives to minimize energy consumption for lights, air-conditioning, computers, photocopiers and other equipment. Several CellMark premises have taken measures to reduce their consumption of energy for lighting, by using led tubes, motion sensors, and dimmers. Similarly, several premises are equipped with energy-efficient HVAC systems, such as central air conditioners, or have programmable thermostats which turn off heating and cooling during non-office hours.

exclusively municipal water supplies or other public or private water utilities.

Biodiversity

As a supply chain company operating in the wood industry, the products traded by CellMark come from areas with high biodiversity value. The Group works with its certified suppliers to source products from managed forests and ensure the sourcing of deforestation-free products. CellMark maintains a number of third-party certifications that are related to the wood

industry (e.g., FSC® and PEFC®). Trading certified wood products has beneficial consequences for the preservation of biodiversity as it involves controlling forest resources and takes into account criteria such as the productive and protective functions of forests, biological diversity, and forest health and vitality.

Emissions

CellMark reports its greenhouse gas emissions (GHG) in accordance with the provisions of the Greenhouse gas protocol, as follows:

- **Scope 1:** Direct emissions from sources owned and controlled directly by CellMark, i.e., the usage of natural gas, propane and A/C refrigerant, as well as the vehicles fuels like gasoline and diesel.
- **Scope 2:** Emissions resulting from the production of electricity imported and consumed by the organization.

2022 Scope 1 and Scope 2 GHG Emissions, in tCO₂ e

2022	
Scope 1	4 120.91
Scope 2	1 903.01
Total	6 023.92

On a like-for-like basis (i.e., based on the scope of premises having reported in 2021), the total GHG emissions in 2022 amounted to 3 288 tCO₂ e vs. 3 125 tCO₂ e in 2021, representing a 5 percent increase.

In 2022, the GHG emission intensity, calculated as tCO₂ e per million USD revenue, was

- Scope 1: 0.41978 tCO₂ e/MUSD
- Scope 2: 0.35399 tCO₂ e/MUSD
- Scope 1 and Scope 2: 0.77377 tCO₂ e/MUSD.

Effluents and Waste

With its recycling activities, CellMark strives to keep waste in the recycling stream and out of the landfill and, therefore, contributes to reducing the world’s ecological footprint and to managing efficiently toxic waste and pollutants.

In 2022, information on the waste generated by the Group was reported by 1/3 of the Group’s premises. These premises reported more than 27 181 tons of

waste, of which 26 808 tons (85 percent) are non-hazardous and 373 tons (15 percent) are hazardous (hazardous waste relates to CellMark’s facilities and warehouses).

Of these 27 181 tons of waste reported, more than 23 300 tons are recycled, representing 86 percent of the reported waste.

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 (edit 2022: now Neudi & 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.

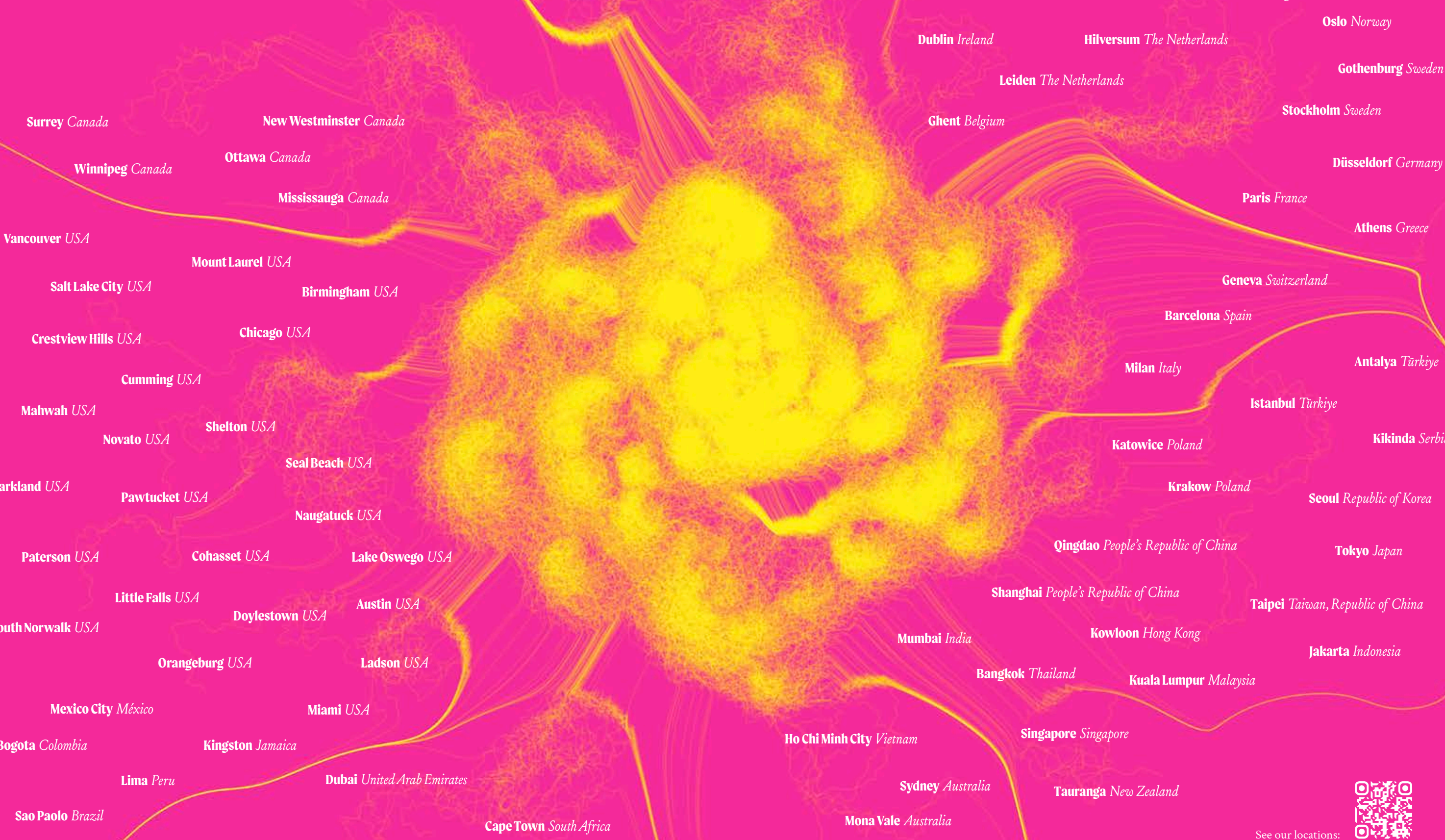
2021

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.

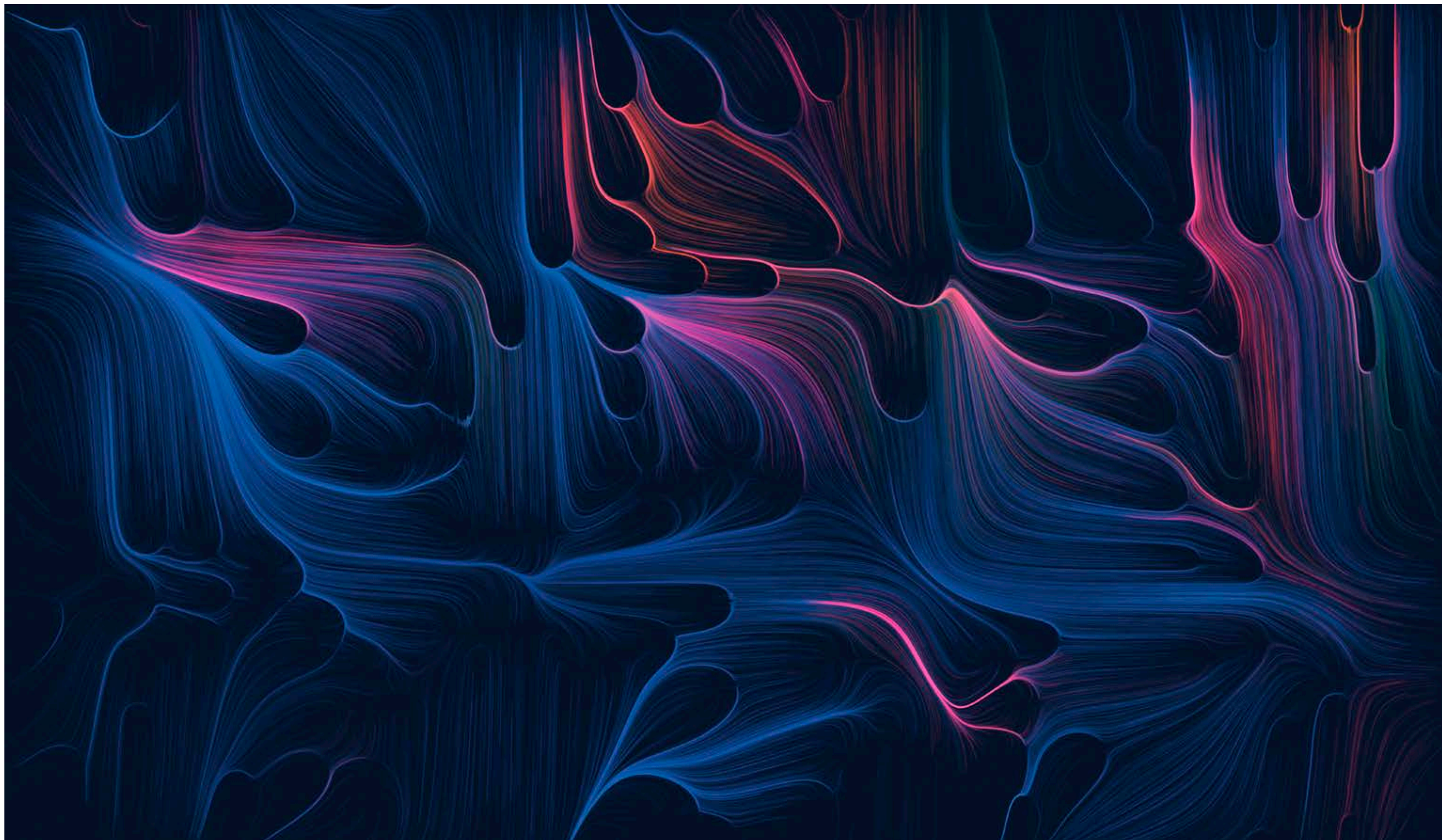
2022

The best financial result in the company's history. We introduce a new division: CellMark Packaging & Paper, a combination of our two divisions, CellMark Packaging and CellMark Paper.

Here *we* are



See our locations:

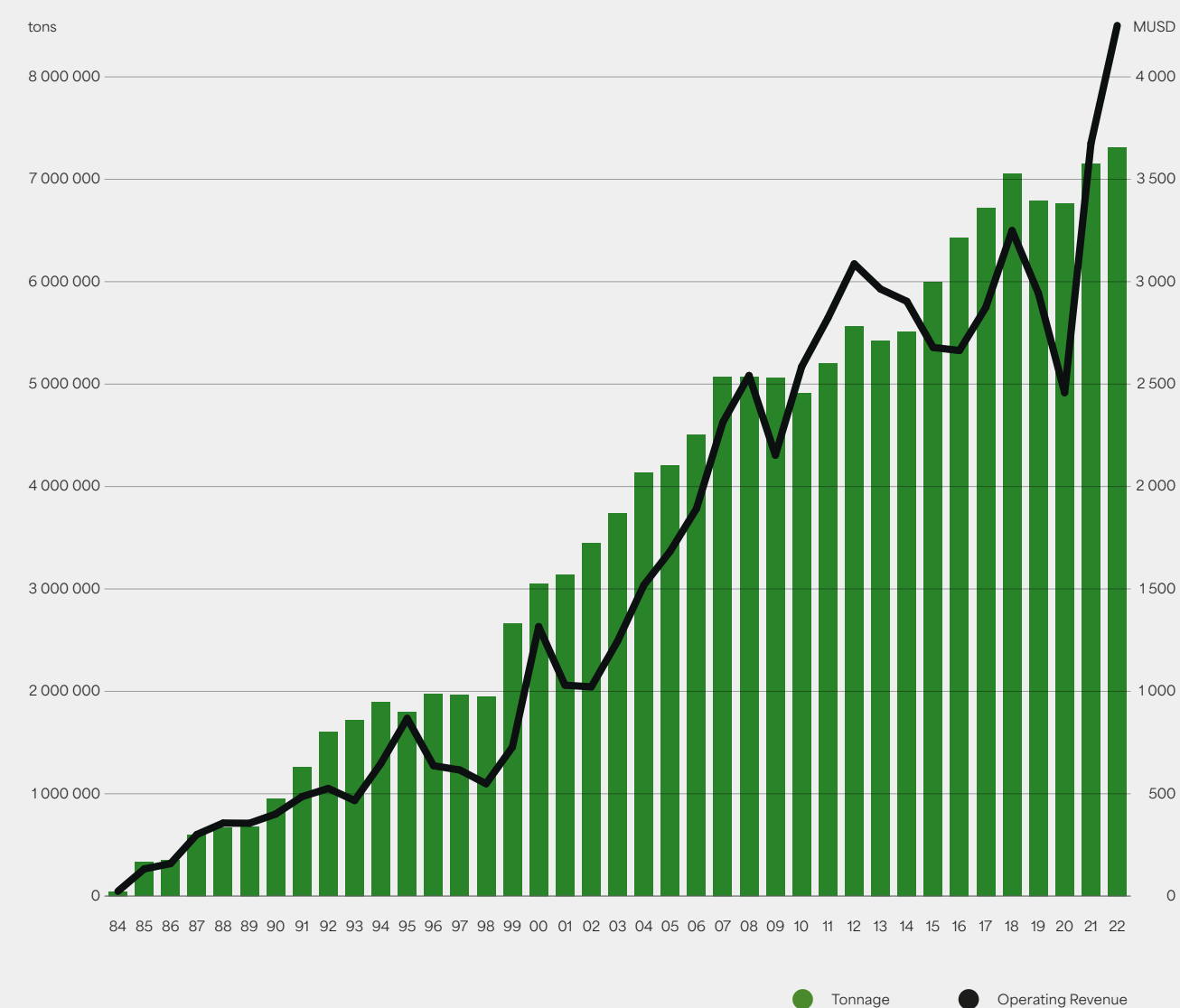


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Directors' Report

The Board of Directors hereby submits a brief summary of the Group’s consolidated financial statements and highlights for the financial year 2022. The statutory Annual Report, including the parent company’s financials 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 worldwide.

CellMark AB, 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

In general, the macroeconomic uncertainties in 2022 have created both challenges and new opportunities for the CellMark Group. A shortage of supply and high logistics costs increased prices for many of the products we distribute to levels never seen before. Our diversified product portfolio with Recycling, Basic Materials, Energy, and Chemicals had a positive impact on CellMark’s sales and gross profit, with an increase of net sales of 15.9 percent and gross profit of 19.1 percent.

The high market prices during primarily the first half of 2022 have impacted our financing and cash-flow. The significant increase in interest costs results from a larger borrowing base and a significant increase in interest rates throughout the year. During the later months of 2022, we experienced a decrease in prices resulting in a positive cash-flow trend.

In 2021 there was a global freight shortage, which affected transportation prices. The situation continued through 2022, increasing the Group’s total freight costs further.

Energy prices in Europe have fluctuated greatly. This has led to temporary closures of paper and packaging mills, affecting the supply in the market.

In a turbulent market with many uncertainties and price volatilities, we have successfully conducted our core business. The financial year 2022 has been our best financial year ever. With an EBT of 92 MUSD we improved our earnings by 21.2 percent compared to our fantastic performance in 2021.

With the easing of travel restrictions in many parts of the world, we have increased our travels to meet customers and suppliers, participate in exhibitions and conferences, and meet colleagues in other parts of the world. Investments done in our digital infrastructure in recent years have paid off both when it comes to digital communication and interactions. We do not expect that travelling in general will be done to the same extent as before the travel limitations from COVID-19 were imposed. The digitalization journey will continue as we strive to increase efficiency and reduce cost.

The Composition of the Group

The only addition to the Group in 2022 was the joint venture Total Fiber Recovery @ Chesapeake, LLC, with a recycling plant expected to be fully operational in 2024. We continue to consolidate entities within CellMark whenever beneficial and risk-appropriate. In 2022 CellMark China Limited, CellMark Hong Kong Limited, CellMark Energy Pte Ltd, Cellfiber Pte Ltd, and the Associated Company Central Kentucky Fibres LLC were closed through liquidation. The associated company Green Pellets Sarawak was sold in 2022.

Group Identification

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

Risk Management

CellMark has defined the risks in its business model and has well-developed processes to reduce such risks. The Group has implemented a Code of Conduct that all employees must follow. This Code of Conduct is supplemented with policies and directives aiming at mitigating financial risks (e.g., credit risk and currency exposure, inventory and trading), Environment, Social, and Governance (ESG) risks (e.g., trade sanctions, bribery, fraud, antitrust, data privacy), IT risks, and risks related to investments and acquisitions. Employees receive training and awareness on these policies and directives.

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.

In 2022, the Group focused on

- updating and further develop our group financial policies that cover inventory, investments, and credit risks
- further development of and investment in the ESG & Compliance organization and governance
- compliance with trade sanctions towards Russian organizations and individuals
- strengthening the cybersecurity awareness.

Expected Future Development

We expect that the geopolitical tensions worldwide will continue and that the trade-related uncertainties that arise from this will remain throughout the coming years.

Further, we expect the economic downturn to continue, created from high energy prices, high inflation, and interest rates. This may increase the risk of payment delays and defaults, which CellMark will mitigate through our credit procedures and corporate insurance policies.

Even though we do not believe commodity prices will reach the peaks of 2022, the demand for our market and logistical expertise remains high and we expect to continue to be successful in 2023. The general view is that CellMark is in an excellent financial and strategic position to continue to be a market leader in the future.

Subsequent Events

The Group’s Packaging & Paper division has completed a purchase of Norske Skog’s agent in Italy. The asset purchase was completed by CellMark Italy and will enable CellMark to act as the exclusive sales and marketing agent for sales of the Norske Skog publication paper and recycled containerboard products in the Italian market.

The Recycling division has completed an acquisition of the UK-based Lenvale Group to CellMark Services Ltd. Lenvale Group is a paper industry leader that consists of Lenvale Paper Co, Blaybourne Converters, and KES Converters. The acquisition will enable CellMark to grow its recycling business in the UK.

Further, the Recycling division has acquired the Novara Group to CellMark Netherlands B.V. The business focuses on supplying a wide range of plastic resins for use in food packaging, rigid packaging, automotive, consumer products and textiles.

Finally, the Group has established RC Environmental LLC, a joint venture company, together with an external partner. RC Environmental has been awarded a contract with a municipality on the East Coast of the United States in 2023.

On February 6, 2023, an earthquake erupted in Turkey and Syria. CellMark has a limited presence in the affected area. Thankfully, none of our employees in Turkey were located in the area impacted by the earthquake. Even though it is too early to fully estimate the impact of the catastrophe for CellMark and the markets we operate in, the divisions and management are following this closely. The current assessment has no impact on the provisions or financial assumptions made for December 31, 2022.

Environmental, Social and Governance

Information about the Company’s approach to ESG and related performance can be found in CellMark’s stand-alone Sustainability Report that supplements the statutory Annual Report. The Sustainability Report 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*)	2022	2021	2020	2019	2018
Operating Revenue	4 251	3 675	2 458	2 944	3 250
Profit after Financial Items	91.7	75.7	20.9	19.7	16.4
Total Assets	1 194	1 053	818	794	976
Equity Ratio (%)	19.2	20.1	22.5	21.8	17.1

*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 2022-01-01	9 015	40 295	1 867 523	100	1 916 933
Gain from Actuarial Pension Liability			3 882		3 882
Translation Difference for the Year			142 834	55	142 889
Dividend Paid			-400 000		-400 000
Profit for the Year			729 449	1 293	730 742
Amount at Year-End	9 015	40 295	2 343 688	1 448	2 394 446

Accumulated translation difference amounts to TSEK 355 093 (212 259).



CONSOLIDATED INCOME STATEMENT

	2022		2021	
	SEK ('000)	USD ('000)*	SEK ('000)	USD ('000)**
Operating Revenue				
Net Sales	43 018 573	4 248 958	31 468 835	3 667 055
Other Operating Revenue	18 218	1 799	65 690	7 655
Total Operating Revenue	43 036 791	4 250 757	31 534 525	3 674 710
Operating Expenses				
Cost of Goods Sold	-39 894 919	-3 940 434	-29 246 186	-3 408 051
Other External Costs	-574 737	-56 767	-375 759	-43 787
Personnel Costs	-1 450 464	-143 263	-1 213 667	-141 428
Depreciation of Fixed Assets	-60 391	-5 965	-53 923	-6 284
Result from Participations in Associated Companies	46 374	4 580	13 805	1 609
Total Operating Expenses	-41 934 137	-4 141 849	-30 875 730	-3 597 941
Operating Profit	1 102 654	108 908	658 795	76 769
Result from Financial Investments				
Interest Income	23 768	2 348	54 197	6 316
Interest Expenses	-197 641	-19 521	-63 440	-7 393
Total Result from Financial Investments	-173 873	-17 173	-9 243	-1 077
Result after Financial Items	928 781	91 735	649 552	75 692
Appropriations	-4 000	-395	-2 400	-280
Tax on Profit for the Year	-194 039	-19 165	-113 692	-13 248
Net Result for the Year	730 742	72 175	533 460	62 164
Attributable to				
Shareholder of the Parent Company	729 449	72 047	532 087	62 004
Minority Shareholders	1 293	128	1 373	160

*Based on average exchange rate during the year 1 USD = SEK 10.1245
**Based on average exchange rate during the year 1 USD = SEK 8.5815

CONSOLIDATED BALANCE SHEET

Assets	Dec 31, 2022		Dec 31, 2021	
	SEK ('000)	USD ('000)*	SEK ('000)	USD ('000)**
FIXED ASSETS				
Intangible Fixed Assets				
Goodwill	51 969	4 979	37 961	4 197
Computer Software	2 574	247	3 055	338
Other Intangible Fixed Assets	10 361	993	3 433	380
Total Intangible Fixed Assets	64 904	6 219	44 449	4 915
Tangible Fixed Assets				
Land and Buildings	82 977	7 950	73 225	8 097
Equipment	215 437	20 641	172 758	19 103
Total Tangible Fixed Assets	298 414	28 591	245 983	27 200
Financial Assets				
Participations in Associated Companies	149 161	14 291	11 988	1 326
Other Shares	4 230	405	2 402	266
Endowment Insurance	20 048	1 921	21 047	2 327
Other Long-Term Receivables	51 649	4 949	59 972	6 631
Deferred Tax Asset	83 155	7 967	61 074	6 753
Total Financial Assets	308 243	29 533	156 483	17 303
Total Fixed Assets	671 561	64 343	446 915	49 418
CURRENT ASSETS				
Inventory	3 143 195	301 156	2 328 789	257 504
Current Receivables				
Accounts Receivable - Trade	6 957 912	666 652	5 638 667	623 491
Receivables from Parent Companies	494 273	47 357	498 822	55 157
Receivables from Associated Companies	121 793	11 669	111 849	12 367
Income Tax Receivables	17 620	1 688	8 913	985
Other Receivables	555 781	53 251	104 335	11 537
Prepaid Expenses and Accrued Income	299 232	28 670	219 876	24 313
Total Current Receivables	8 446 611	809 287	6 582 462	727 850
Cash and Bank Balances	198 017	18 972	161 121	17 816
Total Current Assets	11 787 823	1 129 415	9 072 372	1 003 170
TOTAL ASSETS	12 459 384	1 193 758	9 519 287	1 052 588

*Based on closing day rate of exchange 1 USD = SEK 10.4371
**Based on closing day rate of exchange 1 USD = SEK 9.0437

CONSOLIDATED BALANCE SHEET

Equity And Liabilities	Dec 31, 2022		Dec 31, 2021	
	SEK ('000)	USD (000)*	SEK ('000)	USD (000)**
Equity				
Share Capital	9 015	864	9 015	997
Other Added Capital	40 295	3 861	40 295	4 456
Other Equity	1 614 239	154 664	1 335 436	147 665
Profit for the Year	729 449	69 890	532 087	58 835
Equity Attributable to Shareholder of the Parent Company	2 392 998	229 279	1 916 833	211 953
Minority Interest	1 448	139	100	11
Total Equity	2 394 446	229 418	1 916 933	211 964
Provisions				
Deferred Taxes	37 785	3 620	18 886	2 088
Provisions for Pension or similar	96 443	9 240	130 702	14 452
Total Provisions	134 228	12 860	149 588	16 540
Long-Term Liabilities				
Liabilities to Credit Institutions	10 430	999	10 002	1 106
Other Long-Term Liabilities	22 087	2 116	27 735	3 067
Total Long-Term Liabilities	32 517	3 115	37 737	4 173
Current Liabilities				
Liabilities to Credit Institutions	4 322 731	414 170	3 042 188	336 388
Accounts Payable - Trade	3 301 112	316 286	2 589 579	286 341
Liabilities to Associated Companies	23 518	2 253	13 351	1 476
Income Tax Liability	137 839	13 207	73 327	8 108
Other Current Liabilities	559 237	53 581	195 342	21 600
Accrued Expenses and Prepaid Income	1 553 756	148 868	1 501 242	165 998
Total Current Liabilities	9 898 193	948 365	7 415 029	819 911
TOTAL EQUITY AND LIABILITIES	12 459 384	1 193 758	9 519 287	1 052 588

*Based on closing day rate of exchange 1 USD = SEK 10.4371
**Based on closing day rate of exchange 1 USD = SEK 9.0437

CONSOLIDATED CASH FLOW STATEMENT

Amounts in TSEK	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Operating Activities		
Operating Profit	1 102 654	658 795
Adjustment for Items Excluded from Cash Flow Statement, etc.		
Depreciation	60 391	53 923
Other Adjustments	-93 261	-4 680
Currency Exchange Differences	117 030	42 860
Capital Gain/Loss Fixed Assets	-1 004	-2 204
	1 185 810	748 694
Interest Received	23 768	7 294
Interest Paid	-197 641	-63 440
Loans forgiven	0	46 903
Income Taxes Paid	-142 192	-99 099
Cash Flow from Operating Activities before Changes in Working Capital	869 745	640 352
Cash Flow from Changes in Working Capital		
Change in Inventories	-814 406	-729 025
Change in Accounts Receivables	-1 319 245	-2 325 287
Change in Other Receivables	-536 197	-13 410
Change in Accounts Payable	711 533	1 234 158
Change in Current Liabilities	415 274	809 756
Cash Flow from Operating Activities	-673 296	-383 456
Investing Activities		
Purchase of Shares in Associated Companies	-91 846	0
Purchase of Intangible Fixed Assets	-33 889	-1 806
Purchase of Tangible Fixed Assets	-57 743	-73 784
Sale of Tangible Fixed Assets	1 247	27 602
Dividend Received	1 597	34 056
Change in Long Term Receivables	7 494	-18 291
Cash Flow from Investing Activities	-173 140	-32 223
Financing Activities		
Change in Other Long Term Receivables	-5 648	2 717
Change in Loan from Credit Institutions	1 280 971	346 998
Appropriations	-2 400	-3 800
Dividend paid out	-400 000	-210 000
Cash Flow from Financing Activities	872 923	135 915
Net Change in Cash and Cash Equivalents	26 487	-279 764
Cash and Cash Equivalents Beginning of the Year	161 121	418 818
Exchange Rate Difference in Cash and Cash Equivalents	10 409	22 067
Cash and Cash Equivalents End of the Year	198 017	161 121
Cash Flow from Purchase of Subsidiaries		
Purchase Price Paid	0	0
Cash and Cash Equivalents in Purchased Companies	0	0
Cash Flow from Purchase of Subsidiaries	0	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%
Buildings	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 informal 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 three 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 Revenue
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, March 31, 2023

Mr Daniel Dayan, Chairman of the Board

Mr Henrik Forsberg Schoultz

Mrs Johanna Lamminen

Mr Thomas Hedberg

Mr Ola Cronholm

Mr Christer Simrén

Mr Jimmy Derrico

Mr Doug Smith

The financial information, which comprises a brief summary of the of the Group's consolidated financial statements and highlights for the financial year 2022, on pages 56–67 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 2022. The Auditor's Report below is a translation of the Auditor's Report KPMG has submitted regarding the complete Annual accounts for 2022. 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 2022.

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 2022 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.

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.

Auditor's 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 Managing Director'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 2022 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.

Auditor’s 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.

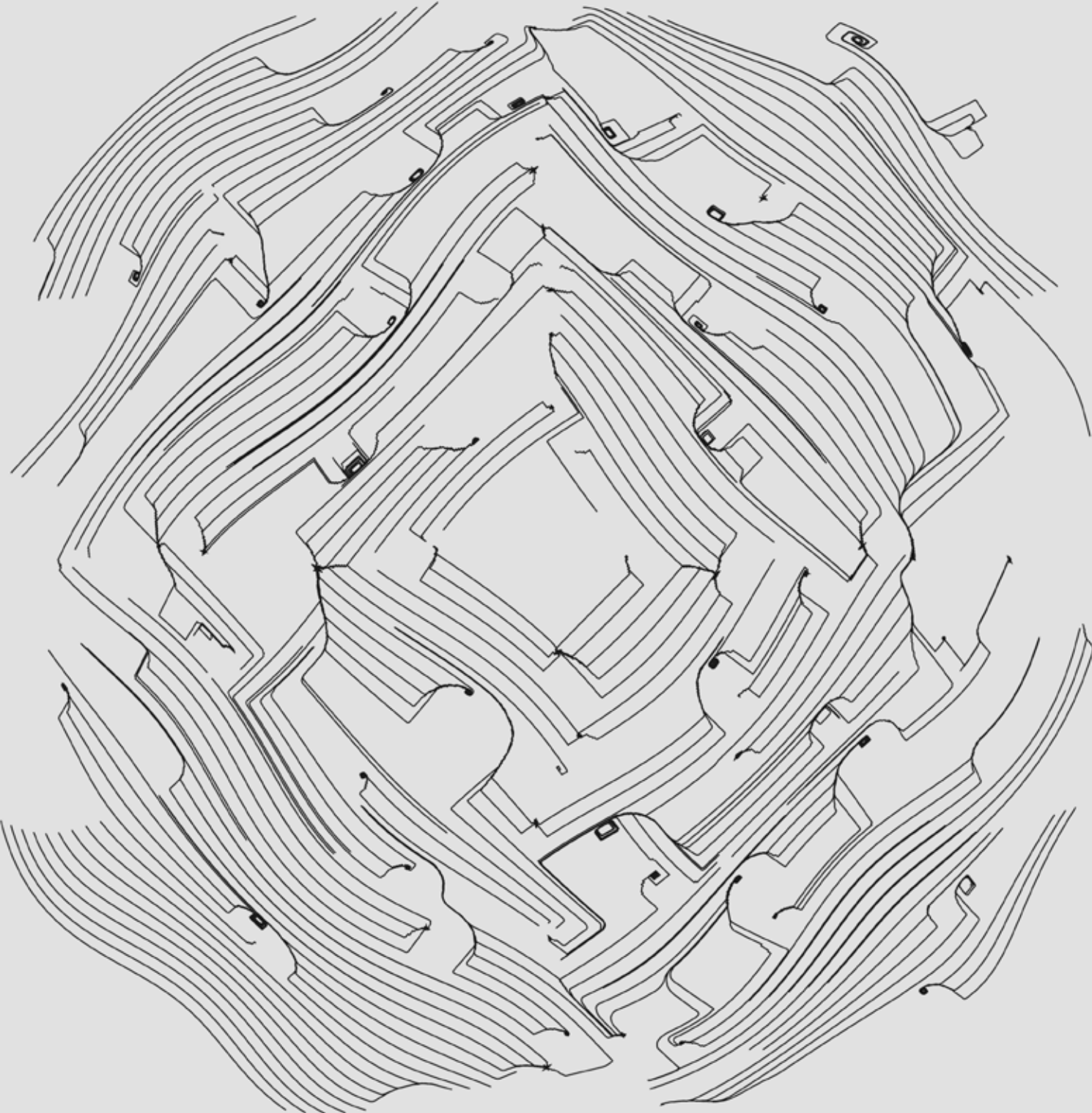
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company’s 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 4, 2023

Filip Larsson
Authorized Public Accountant

Johan Pauli
Authorized Public Accountant



Board of Directors

Mr Daniel Dayan

Chairman of the Board

Mr Henrik Forsberg Schoultz

Non-Executive Director

Mrs Johanna Lamminen

Non-Executive Director

Mr Thomas Hedberg

Non-Executive Director

Mr Ola Cronholm

Non-Executive Director

Mr Christer Simrén

Executive Director

Mr Jimmy Derrico

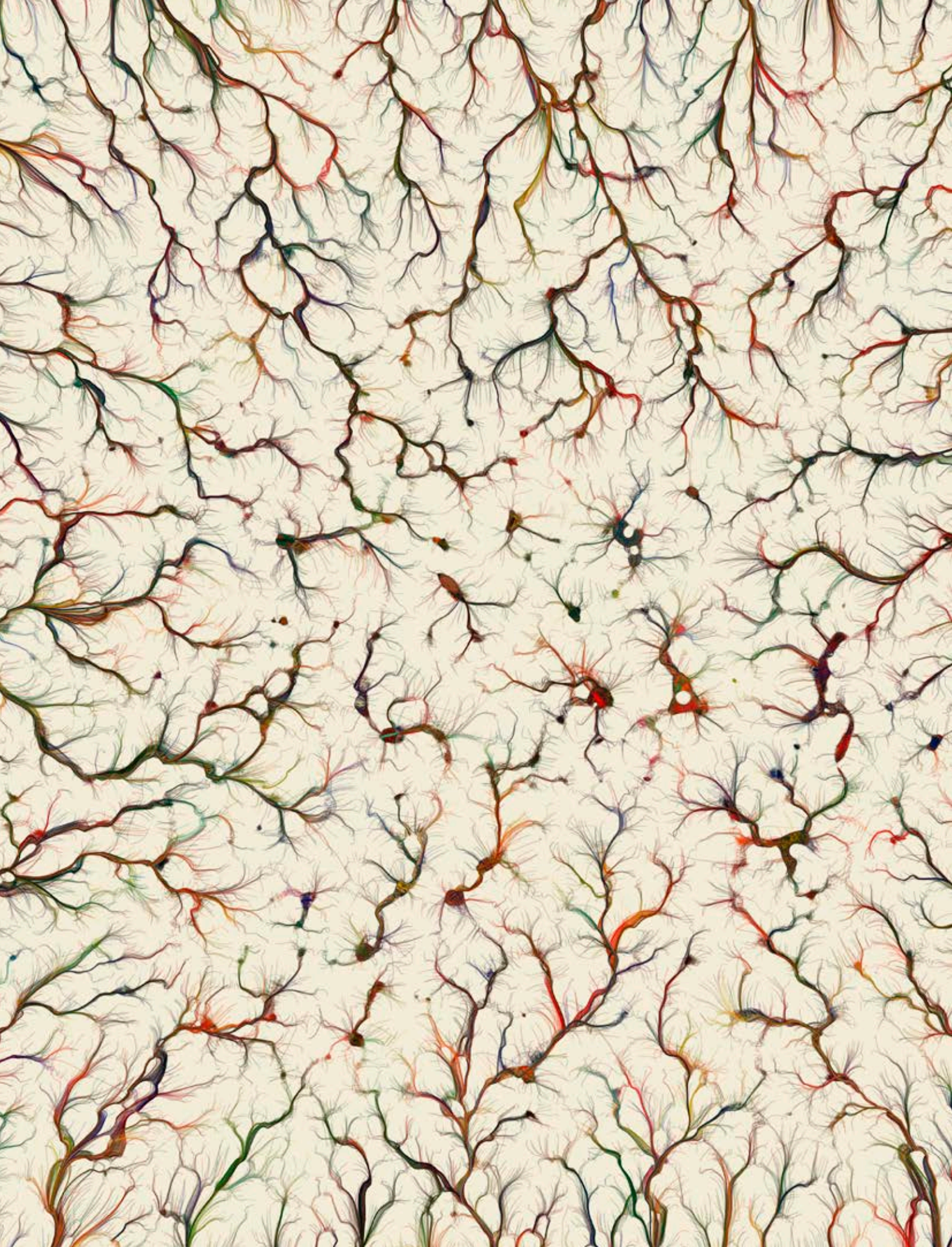
Executive Director

Mr Doug Smith

Executive Director

Read more about our Board of Directors:





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Project management: CellMark
Concept and theme: Frank & Earnest
Design and production: Frank & Earnest / Kokokaka
Artwork: Jimmy Herdberg
Photo: Nurkut Güney, Philip Liljenberg
Print: Billes, May 2023
The Financial Summary is printed on
environmentally friendly paper, Galerie Art Matt.
Cover: 300 g, inlay: 150 g

