

20

23

ANNUAL AND
SUSTAINABILITY REPORT



ROTTNEROS

Rottneros is a global supplier of premium market pulp for selected niches, as well as the development and sale of climate-smart packaging. Through our products and our commitment, we can help shape a brighter tomorrow. Through our close customer relationships, technical excellence, and innovation, we continuously enhance our offering in alignment with market needs – all while prioritising environmental stewardship. Placing the employee at the core allows us to foster a secure, stimulating, and attractive workplace.

OVERVIEW

Rottneros in brief	3
The year in brief.....	4
Comments by the CEO.....	6
Trends and markets	8

STRATEGY AND OPERATIONS

Strategic priorities.....	14
Goals and outcomes.....	15
Multiple divisions – one company	17
Input goods.....	18
Production Vallvik Mill.....	20
Production Rottneros Mill.....	22
Production Rottneros Packaging	24
Range of applications	26

SUSTAINABILITY REPORT

Introduction.....	30
Value chain	31
Focus areas	32
Certification	42

This is a translation of the original in Swedish. In the event of any discrepancies between the two versions, the original Swedish version shall apply.

THE SHARE

Rottneros as an investment.....	43
The Rottneros share and shareholders....	44

ANNUAL REPORT

Directors report	46
Remuneration Report.....	50
Risks and opportunities	51
Letter from the Chairman	60
Corporate governance report.....	61
Board of directors, auditors and management team.....	66
Group accounts	69
Supplementary disclosures and notes, Group	73

Parent company accounts.....	90
Supplementary disclosures and notes, parent company	94
Declaration by the Board of Directors..	100
Auditor's report	101
Auditor's report on the statutory sustainability report.....	104

OTHER INFORMATION

Environmental data	105
Other sustainability data	107
Multi-year review	108
Quarterly data, alternative performance indicators and definitions	109
Glossary	110
Annual General Meeting.....	111

Rottneros in brief

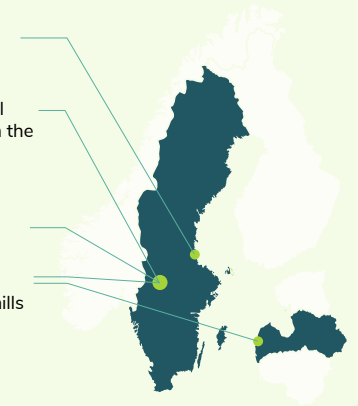
Rottneros has been developing and producing chemical and mechanical market pulp for more than 100 years. Our quality pulp is delivered to niche markets in Europe, Asia and North America. Most of the production goes to the growing market for board and packaging and our strongest positions are in pulp for filters and electrotechnical insulation materials.

VALLVIK MILL produces an exceptionally pure chemical sulphate pulp.

ROTTNEROS MILL produces the mechanical pulp CTMP, which has a very high yield from the forest raw material.

ROTTNEROS PACKAGING produces and develops climate-smart fiber trays.

NYKVIST SKOGS in Värmland and **ROTTNEROS BALTIC** in Latvia supply the mills with wood raw material from certified and sustainable forestry.



* By-products include molded fiber trays – a growth area in Rottneros' offering.

OUR CORNERSTONES



VISION

Always make a difference



BUSINESS CONCEPT

Guided by curiosity and experience, we offer products and services close to our customers

Rottneros has been in business for over 100 years, and its collective expertise and experience cannot be overstated. Combined with a strong sense of foresight, curiosity and innovation, we manage to be successful over time. We have good, close, long-term relationships with our customers that enable us to gain a deep understanding of their markets and challenges. Together we develop products and services for the future.



VALUES

We are committed, We respect everyone, We are professionals

Rottneros' fundamental values shape our company culture, the way we interact and how we build relationships. It's through our behaviour and actions that we can make a difference.

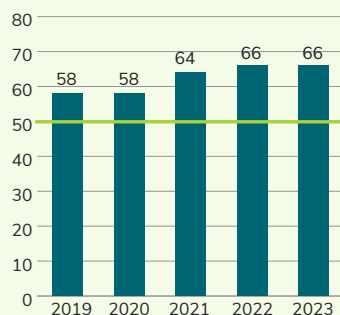
- We are committed to each other, to the community and to operating with the lowest impact on the environment that we can achieve.
- We respect all people and treat everyone equally. Diversity is encouraged.
- We place high demands on ourselves and each other. We always act to ensure our own safety and that of others.
- We love solutions that combine research, technological development and eco-friendly products.
- We want to understand, propose and implement in practice.

Read more on page 14

An eventful year for Rottneros

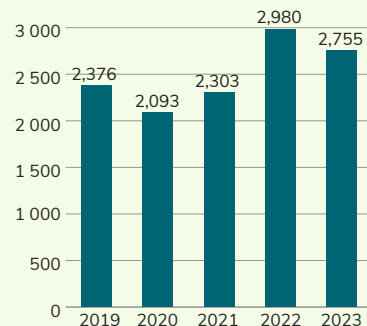
The financial performance for 2023 was satisfactory despite the challenging external conditions. The strong volume growth was a crucial factor, leading to a new production record for the current manufacturing facilities within the Group. Several major investment decisions were taken: significantly expanded CTMP capacity, solar panels with battery storage, and a new tall oil plant. Sustainability initiatives continued at a rapid pace, driven by the overarching objective of achieving fossil free production by 2030. Rottneros Packaging's projects in Poland progressed as planned, with production scheduled to commence in 2024.

EQUITY/ASSETS RATIO (%)



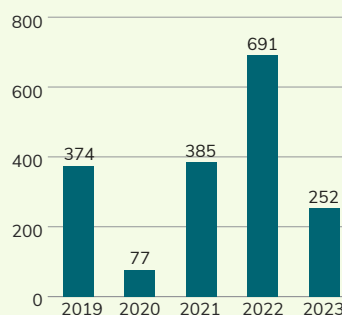
Target: over 50 percent. The balance sheet remains strong with an equity/assets ratio of 66 percent and available liquidity of 528 MSEK.

NET TURNOVER (MSEK)



Net turnover for 2023 totalled 2,755 MSEK. Turnover excluding groundwood pulp increased by 4 percent.

EBITDA (MSEK)



Despite challenges with lower sales prices and higher raw material costs, the full-year financial performance was satisfactory.

MSEK UNLESS OTHERWISE STATED	2023	2022	Change
EBIT (operating profit/loss)	139	550	-411
Profit/loss after financial items	153	714	-561
Net income	121	565	-444
Earnings per share, SEK	0.79	3.70	-2.91
Cash flow from operating activities	104	541	-437
Production, thousand tonnes*	351.7	340.9	10.8
Deliveries, thousand tonnes*	352.2	332.9	19.3

* Volumes relate to sulphate pulp and CTMP, and do not include groundwood pulp, which was discontinued in 2022.

2,755
NET TURNOVER, MSEK
-8%

5%
EBIT-MARGIN
18 PERCENT IN 2022

121
NET PROFIT, MSEK
-79%

351.7
PRODUCTION, THOUSAND TONNES*
+3%

SIGNIFICANT EVENTS DURING THE YEAR



SEVERAL IMPORTANT INVESTMENT DECISIONS

During the year, several important investment decisions were taken. These included a substantial expansion of CTMP capacity and the generation of renewable energy with associated energy storage at Rottneros Mill. As a result, the capacity of the mill will rise from the current 125 thousand tonnes to approximately 165 thousand tonnes, with production start-up planned for 2024. A decision to invest in a new tall oil plant at Vallvik Mill was also approved, with commissioning planned for autumn 2024. This investment will replace old equipment in an effort to reduce or eliminate production bottlenecks. Together, these investments are estimated to total about 365 MSEK.



EMPLOYEE SAFETY ALWAYS AT THE TOP OF THE AGENDA

Employee safety is always at the top of the Group's agenda. Ongoing training has been provided for several years to enhance safety, complemented by investments in equipment. It is therefore highly gratifying that the focused efforts are producing outcomes such as a growing number of proactive risk observations, a vital component of the preventive work aimed at mitigating accident risks. Meanwhile, employees prioritise safety measures daily, guided by Rottneros' vision zero approach to accidents as the overarching goal.



CTMP PRODUCTION CONTINUED TO GROW TO ANOTHER ANNUAL RECORD

Production of CTMP at Rottneros Mill continued to grow by 6 percent to a new annual record of just over 122 thousand tonnes. Over the year, various measures and activities were undertaken to improve production availability and ensure a high level of operational reliability. At the same time, progress was made on the planned capacity-enhancing investment in the CTMP line.



FOCUS ON INNOVATION AND DEVELOPMENT

Rottneros Packaging's major project in sustainable packaging solutions in Poland, together with Arctic Paper, continued during the year. However, long delivery times impacted the schedule, causing start-up to be delayed until 2024. The project will validate Rottneros' production technology for manufacturing premium fossil free packaging solutions on a full industrial scale. In December, Rottneros became a co-owner of Blue Ocean Closures, a Swedish start-up that uses dry forming technology to develop proprietary fiber-based closures. This addition is a potential complement to our strong offering in wet-formed fiber trays.

CONTINUED EFFORTS TO ACHIEVE FOSSIL FREE PRODUCTION

Sustainability and the goal of achieving fossil free production are cornerstones for the development of Rottneros' strategic position as a leading niche player. Ongoing efforts were made throughout the year to formulate a plan for phasing out fossil fuels. Improving self-sufficiency in electricity is another key area for achieving the goal.

WEAK PULP MARKET – FOCUS ON NICHES

Falling prices and weak demand characterised the pulp market at the beginning of the year. However, market conditions shifted during the second half of the year, and price trends turned slightly upwards. Despite market challenges, Rottneros' focus on specific niches has ensured robust demand and full production. Priority niches accounted for an impressive 86 percent of all deliveries.

Our long-term and determined efforts to develop Rottneros continued to yield successes

In 2023, we delivered a satisfactory performance despite challenging external circumstances, primarily driven by strong volume growth and sound cost management. Our methodical approach towards growth and development is yielding results. At the same time, our strategic transformation journey advanced with several pivotal investment decisions.

The year 2023 was eventful, as Rottneros continued on its transformation journey at a rapid pace, with focus on sustainable and profitable growth coupled with financial stability. Our sustainability initiatives also maintained a rapid pace, driven by the overarching objective of achieving fossil free production by 2030. The joint venture in sustainable packaging solutions in Poland, together with Arctic Paper, continued. The planned production start-up in 2024 will be a major milestone to validate our production technology at full industrial scale.

Systematic stakeholder value creation

With our strong finances, we can confidently focus on long-term value creation for our stakeholders. Our performance also confirms that our methodological approach, working proactively every day to ensure increased availability in our factories, has yielded results. Our long-term efforts to build close relationships with both customers and suppliers are also crucial for our business and our profitability. Consistently enhancing efficiency is another cornerstone in our strategy. Cost inflation, coupled with a relatively weak pulp market throughout the year, prompted us to continue implementing efficiency measures.

Substantial increases in production

Overall, the Group's pulp production increased by 3 percent for comparable units. This increase in production was mainly attributable to the tremendous dedication of our staff to achieve ongoing and systematic improvements, coupled with recent investments aimed at gradually removing bottlenecks. CTMP production at Rottneros Mill increased by an impressive 6 percent, setting a new annual record. At Vallvik Mill, production increased by 2 percent and almost reached the record set in 2020.

Several important investment decisions

During the year, the Board of Directors took a number of important investment decisions. In April, the Board decided to invest in substantially expanding CTMP capacity and renewable energy



“We are optimistic about the growth prospects within the packaging industry, one of the key markets for CTMP.”

351.7 Ktonnes

Sulphate pulp and CTMP
production

528 MSEK

Available liquidity

10 %

Of net turnover from
products other than pulp

production with associated energy storage at Rottneros Mill. We believe that CTMP presents excellent long-term profitability prospects. As a result of this investment decision, capacity will rise from the current 125 thousand tonnes to approximately 165 thousand tonnes, with production start-up planned for 2024. We are optimistic about the growth prospects within the packaging industry, one of the key markets for CTMP.

In June, we entered into a long-term agreement to secure access to renewable energy with German EnBW through a Power Purchase Agreement (PPA). The agreement is an important part of our efforts to reduce long-term exposure to electricity prices. It will also help to achieve the goal of fossil-free production.

A decision to invest in a new tall oil plant at Vallvik Mill was also taken during the year, with commissioning planned for autumn 2024. This investment, totalling an estimated 93 MSEK, will replace old equipment and thus reduce or eliminate production bottlenecks. Some of the equipment covered by the mills' investments were already installed during the annual maintenance shutdown in autumn 2023.

Top priority for sustainability initiatives

Long-term sustainability and the goal of achieving fossil-free production are key components for the development of Rottneros' strategic position as a leading niche player. A plan to phase out fossil fuels was finalised during the year. Much of the plan revolves around replacing fuels used during start-up following production shutdowns, especially at Vallvik Mill.

Employee safety always at the top of the agenda

Employee safety is always at the top of our agenda. It is therefore gratifying that our focused efforts have culminated in a downward trend in the number of accidents resulting in sick leave. Our investments in staff training and in the facilities in recent years are now yielding significant returns. Meanwhile, we continue to

prioritise safety measures daily, guided by our overarching vision zero goal.

A weak market in the first half of the year transitioned towards stability, driven by China

Falling prices and weak demand characterised the pulp market in the first half of 2023. One reason was inventory reductions by customers following higher pandemic-related levels. In addition, demand for several grades of paper weakened as a result of the declining global economy. Market dynamics shifted in favour of sellers in the second half, leading to a slight upward trend in prices, partly due to market-related shutdowns by several major pulp producers. China, the single largest geographic market, was instrumental in driving the upturn. There were also positive effects on prices in Europe and North America, with incremental rises during the fourth quarter.

Target to broaden the business base achieved

In an effort to mitigate the Group's exposure to general economic fluctuations, we are striving to progressively broaden our business base and boost the percentage of earnings derived from neighbouring, less cyclically affected sectors alongside pulp. In 2023, we successfully met the long-standing target of raising this percentage to a minimum of 10 percent, primarily facilitated by the closure of the groundwood line in late 2022. Most of our targets expired in 2023 and we are now focusing on setting long-term targets extending to 2030.

Stable flow of raw materials during the year

Our pulp wood flows remained stable throughout the year, largely owing to long and close relationships with our suppliers. The acquisition of Nykvist Skogs has enabled us to strengthen ties with several sawmills in recent years, which has had a positive impact on our woodchip supply. Over the course of 2023, the balance improved and the availability of wood raw material locally was adequate. As a result, import volumes from the

Baltics declined, leading to a positive impact on our margins during the second half.

Rottneros' joint venture in Poland is nearing start-up

Work related to Rottneros Packaging's major project in sustainable packaging solutions in Poland, together with Arctic Paper, continued during the year. However, long delivery times impacted the schedule, causing start-up to be delayed until 2024. The project is a milestone in that it will validate Rottneros' production technology for premium fossil-free packaging solutions on a full industrial scale.

Financial strength enables investments in the future, even in a challenging environment

With our solid balance sheet, we can take a long-term approach to growth at Rottneros to achieve the next level, thereby generating value on multiple levels. The equity/assets ratio at year-end was 66 percent and available liquidity amounted to a reassuring 528 MSEK.

In conclusion, I would like to stress how extremely satisfied, proud and pleased I am with the way the organisation has performed during the year. Our position bodes well for the future and I would like to take this opportunity to thank all my colleagues for their wholehearted dedication. I would also like to express our warmest thanks to our customers, suppliers and the Board for their efforts during the year. Being part of the solution to the climate problem, along with the rest of the forest industry, gives us great confidence for the years ahead.

Lennart Eberleh
CEO and President

Trends and markets

TRENDS AFFECTING THE PULP MARKET



HIGHER STANDARD OF LIVING

Global economic expansion, with rising population growth and a higher standard of living, are the main drivers for the steadily growing use of pulp in the world. Over the last decade, demand for market pulp has grown by about two percent annually. Asia accounts for the largest growth and is becoming increasingly important for the distribution of Rottneros' products. Tissue paper is the area of application demonstrating the fastest growth, accounting for more than 40 percent of market pulp consumption worldwide.



DIGITALISATION

The pervasive digitalisation of media continues to drive changes in the structure of the market. Demand is gradually moving from pulp for printing and writing papers towards pulp for other applications such as packaging, tissue paper and specialty paper. At the same time, the steady growth of e-commerce increases the need for packaging.



SUSTAINABLE PACKAGING

Sustainability is becoming increasingly important to consumers, who are often aware of the impact of food production, food packaging and food waste on the environment. The advantage of board as a fossil free and sustainable packaging material is also confirmed by several studies. Rottneros is actively participating in this transition as a supplier and has a high level of expertise in pulp for board. The Group also has a growing production of fiber-based trays entirely free of harmful chemical additives.



EXTENSION AND MAINTENANCE OF ELECTRICITY GRID

The massive transition to new and renewable energy sources is increasing the need for new electricity infrastructure, especially in Europe and the US, while existing electricity grids are in need of maintenance. This trend is leading to increased demand for E-pulp, which is used for electrical insulation in transformers and is a niche in which Rottneros is the world leader. The strong economic and industrial expansion in Asia is also driving increased demand for E-pulp.

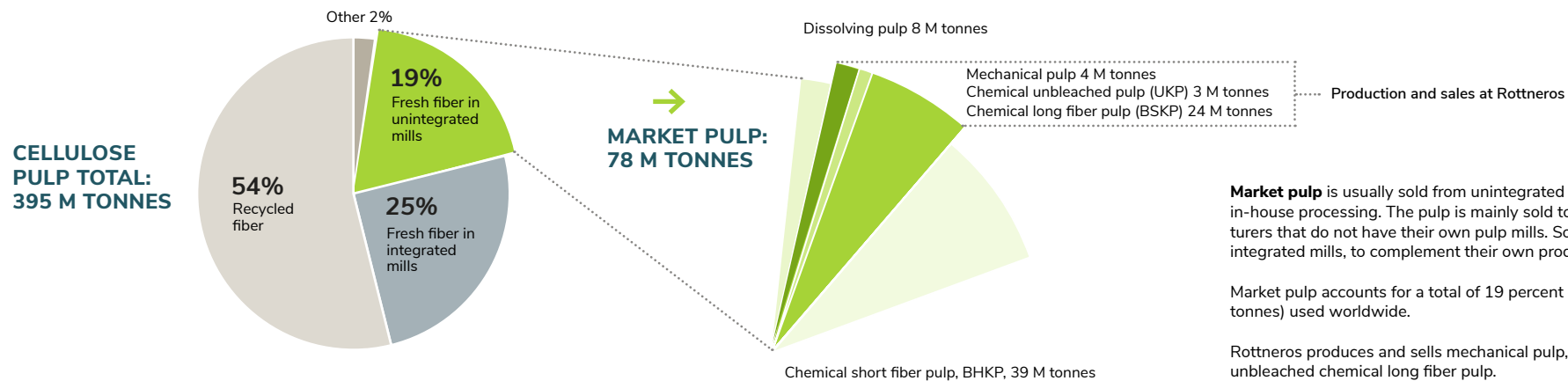
Weak market in first half of 2023, stabilisation and mild upward price trend in second half

The first half of 2023 was characterised by falling prices and reduced demand for pulp and paper. One reason was the normalisation of customer inventories in the aftermath of higher pandemic-related levels. The global economic slowdown was another key factor leading to softer demand for pulp. Market dynamics shifted in favour of sellers in the second half, however, leading to a gradual upward trend in prices.

Nearly half of the world's fiber supply is newly produced

The volume of cellulose fiber used for production of paper, board, textiles and hygiene products worldwide is about 395 million tonnes per year. More than half is made of recycled fiber. The rest is "fresh fiber" from coniferous and deciduous trees, about 176 million tonnes annually. Around 56 percent of this is produced and used in integrated paper and board mills. The remainder, around 78 million tonnes, consists of market pulp. Here, chemical pulp dominates, about 41 percent of which is long-fiber pulp made from softwood. Mechanical pulp accounts for only about 4 million tonnes. Rottneros' main market, Europe, uses just over 15 million tonnes of market pulp annually, corresponding to about 21 percent of global consumption. About half of the world's market pulp, around 40 million tonnes, is consumed in Asia, including 27 million tonnes in China. The North American market, which is dominated by hygiene products and specialty paper, amounts to about 7 million tonnes.

GLOBAL USE OF CELLULOSE PULP



Market pulp is usually sold from unintegrated pulp mills, with no in-house processing. The pulp is mainly sold to paper or board manufacturers that do not have their own pulp mills. Some is also purchased by integrated mills, to complement their own production.

Market pulp accounts for a total of 19 percent of cellulose fiber (78 M tonnes) used worldwide.

Rottneros produces and sells mechanical pulp, as well as bleached and unbleached chemical long fiber pulp.

Global growth driven by Asia

Population growth and rising living standards are the primary factors fuelling the sustained growth in pulp usage globally. Consumption in Asian markets in particular continues to show growth in fresh fiber, while mature western industrialised countries are generally showing stagnant or declining demand. China is currently the world's largest buyer of market pulp and since 2010, the country has increased its share of the global market from just over 20 percent to about 40 percent.

Tissue paper remains the largest application

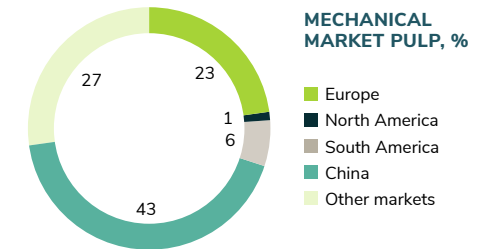
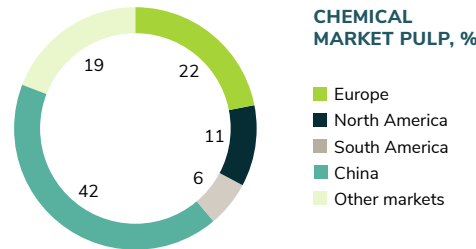
With the gradual digitalisation of society, the trend towards increased usage of pulp for the rapidly growing segments of tissue paper and hygiene products, as well as packaging and specialty papers, continues. At the same time, demand for graphic paper, referred to below as printing and writing papers, is steadily falling. Tissue paper is the largest application for market pulp, and accounts for just over 38 percent of global consumption. China is the world's largest tissue market, followed by the US. Tissue is mainly produced in non-integrated paper mills. For Rottneros, tissue paper represents a minor share of deliveries, about 9 percent. The digitalisation of media has entailed major efforts to adapt production to the gradually declining demand. Just over a decade ago, more than 40 percent of the world's market pulp was used for production of printing and writing papers, while consumption today is around 20 percent. The transition to other customer segments and product niches is expected to continue for pulp producers for the foreseeable future.

Weak market in first half-year transitioned towards stability, driven by China

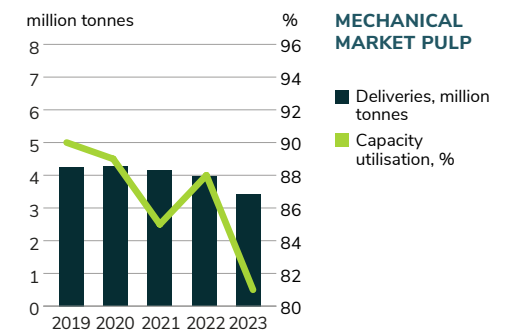
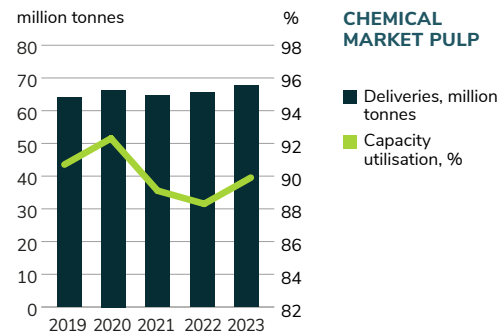
The first half of 2023 was characterised by falling prices and reduced demand for pulp and paper. One reason was inventory reductions by customers following higher levels related to the 2021-2022 pandemic. This need ceased to exist with the normalisation of supply chains. The global economic slowdown was another key factor, resulting in reduced demand for several grades of paper. The weak performance of e-commerce in particular had an impact on the demand for pulp for shipping packaging.

Market dynamics shifted in favour of sellers in the second half, however, leading to a gradual upward trend in prices. A contributing factor was the increased demand driven by low pulp prices, as integrated paper mills capable of producing their own pulp started buying market pulp more heavily instead of manufacturing their own. The low prices also meant that several major pulp producers implemented market-related shutdowns. The upturn was primarily

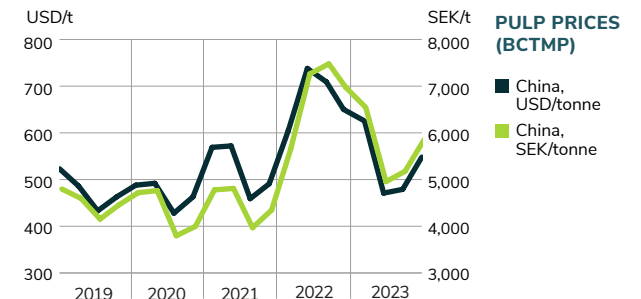
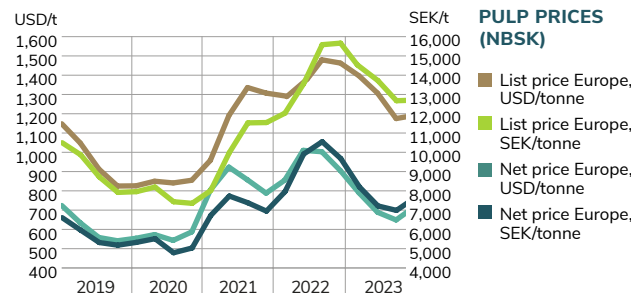
GLOBAL DEMAND BY PULP QUALITY



GLOBAL DELIVERIES AND CAPACITY UTILISATION



PULP PRICES



fueled by Asia, with China at the forefront. Prices in Europe and North America were also positively affected by this situation, with some increases in the autumn.

Paper production in Europe performed very weakly in 2023, declining by 15 percent. The worst performer was graphic paper, with a 29 percent decline. Packaging paper decreased by 11 percent, while tissue paper and hygiene products fell by 5 percent. However, several of Rottneros' niche markets continued to enjoy healthy demand. The list price for NBSK in Europe dropped from 1,400 USD at the beginning of the year to 1,140 USD in the summer and rose again to 1,240 USD by the 2023/2024 turn of the year.

The market in China, the global leader in market pulp, though not a substantial focus for Rottneros, showed a robust and rapid resurgence in demand during the summer and fall. Deliveries of market pulp rose by 24 percent during the year.

Demand and deliveries during the year

After a very weak first half of the year, the market recovered in the second half, and total demand for market pulp for the full year remained constant at about the same level as in 2022, around 78 million tonnes. Demand for unbleached pulp fell, -17 percent, driven by the weak packaging paper market. Deliveries of tissue paper worldwide rose by 1 percent, while deliveries of printing and writing papers fell by 11 percent in the market. Besides reducing inventory, the demand for graphic papers was impacted by the economic downturn, especially given the importance of the advertising market for demand. The structural decline in printing and writing papers is expected to continue for the foreseeable future.

Market leader in a number of selected niches

Market leadership in a number of selected niches, both current and new, is key to Rottneros' strategy. The long-term objective is to increase the proportion of sales that go to markets that show both good growth and profitability. The Group is also working diligently to identify additional growth segments in which the company can leverage its competitive advantages. Expanding in pulp for carton and board production is one of the prioritised growth areas. Moreover, the market position here is already strong from the outset. Demand for pulp used in air and liquid filters is projected to remain steady, and Rottneros' strong global position in this market has the potential for further consolidation. E-pulp is another major product. It is excellent for use in applications such as electrical insulation in transformers. The

strong economic expansion in Asia and Latin America is crucial for the growing demand moving forward. The transition to renewable energy sources is another important driver. It results in a growing demand for transformers, thereby driving demand for E-pulp. Wind turbines are often located far from electricity users. Consequently, completely new infrastructure must be built. The increase in electric cars also requires new infrastructure to provide access to charging. Fiber cement is a new area for the Group, where Rottneros' unbleached sulphate pulp is particularly appropriate as a reinforcement material in cement-based building boards.

Environmentally friendly food and drink packaging requires premium quality

Rottneros' various grades of pulp are characterised by a high degree of purity, which means that they do not affect the taste or smell of packaged goods. This makes them ideal for food and drink packaging. The unbleached sulphate pulp produced in Vallvik Mill, for example, is ideal for the growing application of brown liquid packaging board. The mill's high washing capacity allows for a very clean unbleached pulp that gives it a competitive edge and thus a strong market position. The fiber tray initiative within Rottneros Packaging is also an important building block within the framework of the company's long-term development. The Group's main competitive advantages are its extensive experience and expertise in fiber trays for food, as well as a leading market position in mechanical pulp, the main raw material for the trays.

Close customer relationships are key to success

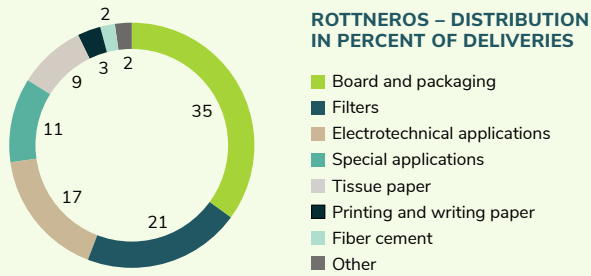
By leveraging its expertise in both technology and production, the Group works deliberately to develop and fortify its market positions in the selected niches.

Key to this are close, long-term relationships with customers and in-depth knowledge of their business and needs. Consequently, the company has a strong sales organisation in its primary market, Europe, ensuring customers receive the highest level of service. Around one third of the Group's sales are to markets outside Europe, mainly in Asia and northeastern USA. North America has a clear need for the chemical specialty pulps that Rottneros produces within the Group's selected niches, despite significant domestic production.

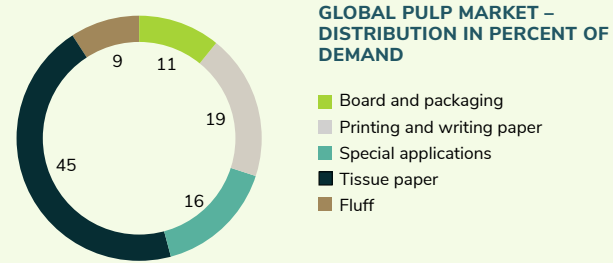


Rottneros' various grades of pulp are characterised by a high degree of purity, which means that they do not affect the taste or smell of packaged goods. This makes them ideal for food and drink packaging.

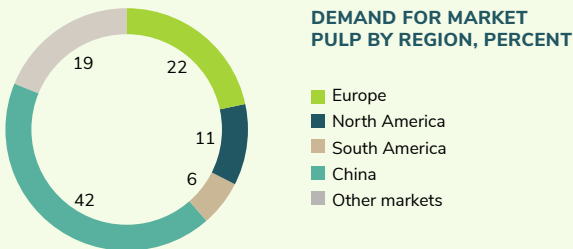
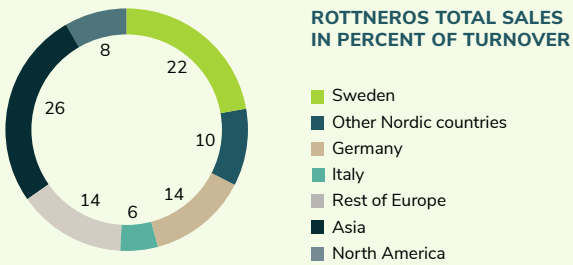
DELIVERIES BY APPLICATION



GLOBAL DEMAND



DELIVERIES BY GEOGRAPHIC MARKET



ROTTNEROS' DELIVERIES AND SALES ORGANISATION-BASED ON TURNOVER





STRATEGY AND OPERATIONS



Strategic priorities

Rottneros' strategy defines our long-term targets and focus areas. The clear priority areas of the strategy guide us in our decisions and help us to achieve the positive changes we want within the Group.

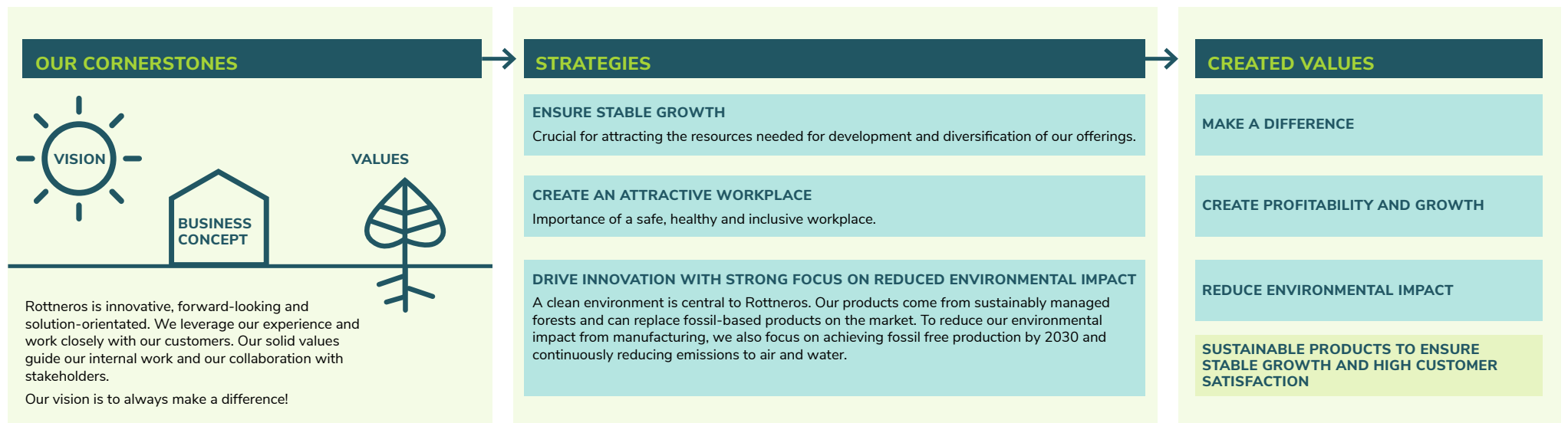
Rottneros will continue to make a difference and create sustainable value for our stakeholders where our focus areas and goals help us to make the right decisions. We will continue to develop products and be a reliable supplier of high quality market pulp for our selected market niches.

Rottneros' responsibility extends beyond its borders. Long-term responsible approach to doing business is the basis for continuing to create the right value for our stakeholders. The safety and security of our employees is one of our top priorities. A safe, secure and healthy working environment with high levels of participation and diversity is the way forward.

We create long-term profitability through satisfied customers, flexibility, stable annual growth in production volume and good cost control.

A clean environment is central to Rottneros. Our products come from sustainably managed forests and can replace fossil-based products on the market. To reduce our environmental impact from manufacturing, we also focus on achieving fossil free production by 2030 and continuously reducing emissions to air and water.

OUR STRATEGY – FROM BUSINESS CONCEPT AND VISION TO GOALS AND VALUE CREATION



Rottneros' targets and outcomes

Rottneros manages and monitors its operations in three areas – financial targets, social targets and environmental targets. Targets are formulated based on the key requirements of our stakeholders.

FINANCIAL OBJECTIVES

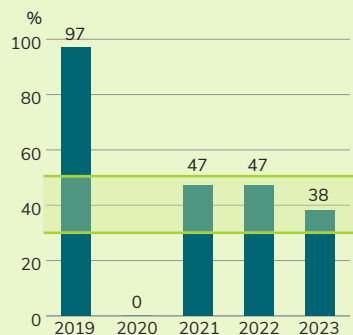
DISTRIBUTION OF NET INCOME*

TARGET: 30–50%

The goal is a good return to shareholders, between 30 and 50 percent of net income.

OUTCOME:

The Board of Directors proposes an ordinary dividend of 0.50 SEK per share, corresponding to 63 percent. For 2022, Rottneros distributed 38 percent of its net profit.



* Dividend paid in relation to the previous year's earnings. For 2021, the dividend is related to the combined earnings of 2020 and 2019.

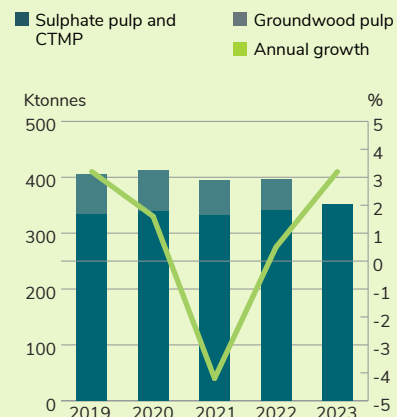
PULP PRODUCTION**

TARGET, ANNUAL GROWTH: 3%

Offset inflation within fixed costs through annual growth of production volume.

OUTCOME:

Production of sulphate pulp and CTMP increased by 3 percent. 2023 is the first year without production of groundwood pulp.



** From 2023, the change in production of sulphate pulp and CTMP is measured.

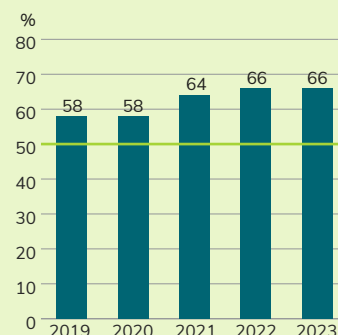
EQUITY/ASSETS RATIO

TARGET: >50%

Maintain the strong equity/assets ratio and low debt/equity ratio.

OUTCOME:

The balance sheet continues to be robust, allowing for investments in operations and dividends to shareholders.



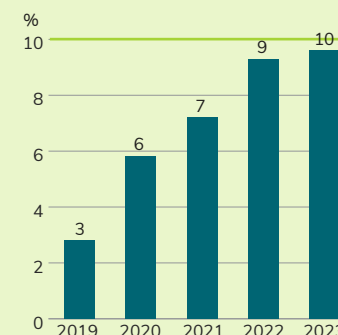
SHARE OF REVENUE, NON-PULP

TARGET 2023: 10%

Dependence on fluctuations in pulp prices and exchange rates can be reduced by increasing the proportion of non-pulp revenue.

OUTCOME:

Increased volume and selling price of by-products. Decreased share of externally sold wood. Rottneros Packaging contributes with increased sales.



SOCIAL TARGETS

ACCIDENT WITH ABSENCE

TARGET: ANNUAL REDUCTION

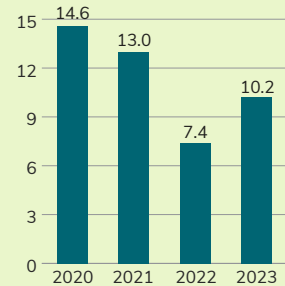
Rottneros has a 'vision zero' approach to workplace accidents leading to sick leave. The aim is for the LTIFR* to fall each year.

OUTCOME:

The number of accidents with sick leave increased from 4 to 5, which also caused an increase in the LTIFR. The clear focus on safety within the organisation resulted in greater involvement, along with an increase in the number of reported incidents and risk observations.

*LTIFR (Lost Time Injury Frequency Rate) indicates the number of accidents with sick leave per million hours worked.

LTIFR*, GROUP



PROPORTION FEMALE EMPLOYEES

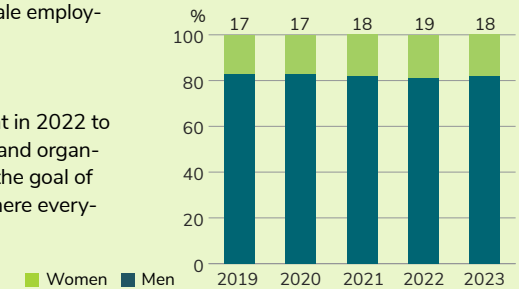
TARGET 2025: 30%

The aim is to increase the proportion of female employees to 30 percent by 2025.

OUTCOME:

The share of women slipped from 19 percent in 2022 to 18 percent in 2023. The focus on the social and organisational work environment continues, with the goal of making Rottneros an attractive employer where everyone feels valued and welcome.

PERCENTAGE WOMEN



ENVIRONMENTAL TARGETS

EMISSIONS TO AIR AND WATER

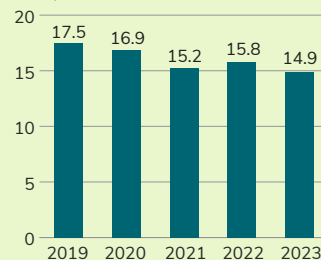
TARGET: ANNUAL REDUCTION

Annually reduce emissions of oxygen-demanding substances to water by a good margin to the set conditions, measured in COD / tonne pulp.

OUTCOME:

The outcome for Vallvik Mill was in line with previous years. Rottneros Mill reduced its emissions as significant measures were taken to improve the process, partly due to the decommissioning of the groundwood line.

COD per tonne



CARBON DIOXIDE EMISSIONS CO₂

TARGET 2030: 0

Annually reduce carbon dioxide emissions. The target is fossil free production by 2030 according to GHG Scope 1 & 2.

OUTCOME:

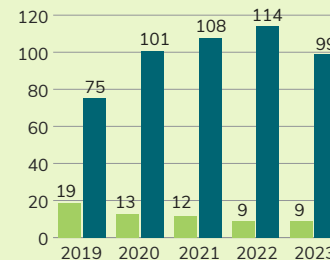
Scope 1: The outcome is at the same level as in 2022. For 2023, emissions from internal transports and company cars are also included.

Scope 2: The share of fossil carbon dioxide in purchased electricity continues to increase. The amount of electricity purchased was lower in 2023 than in 2022, when Vallvik Mill had a turbine breakdown.

Scope 1 Scope 2*

*Based on the environmental impact (g/kWh) of the Nordic residual mix in the previous year.

Ktonnes



SUSTAINABLY MANAGED FORESTS

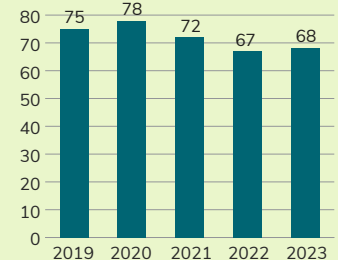
AMBITION: 100%

The ambition is for 100 percent of forest raw material procured to be FSC® or PEFC.

OUTCOME:

The availability of certified pulp wood is not sufficient to achieve this ambition. Purchased raw material that is not certified meets the criteria for FSC® Controlled Wood.

%



Multiple units – one company

The Group's core business is the production of high quality market pulp for selected niches. Chemical sulphate pulp is produced at Vallvik Mill and mechanical pulp at Rottneros Mill. The subsidiaries Nykvist Skogs and Rottneros Baltic supply the mills with raw material from spruce and pine trees. Several functions are common to the Group, such as marketing, HR and finance. One growth area for the Group is the development and manufacture of wet-formed fiber packaging at its subsidiary Rottneros Packaging.



The Group's supply of pulp wood was favourable in 2023, despite challenges

Pulp wood is clearly the most crucial input for Rottneros. The Group's pulp wood supply remained robust in 2023, even though market conditions worsened compared with the previous year. The Group's close, long-term relationships with its timber suppliers played a key role here. The electricity market, essential for the Group, remained uncertain and volatile. However, by employing its strategy of hedging the electricity supply through electricity futures, Rottneros saw only a marginal rise in costs. In June 2023, the Group entered into an agreement to secure access to long-term renewable energy with German EnBW.



The Group's supply of pulp wood

Rottneros has an efficient organisation for wood procurement from sawmills and roundwood suppliers in close proximity to the respective mills. Short transport distances have become increasingly important due to rising inflation and accompanying higher fuel prices. Roundwood is mainly supplied by the forest owners' association Mellanskog and the state-owned Sveaskog, with supplementation from Nykvist Skogs.

Pulp wood accounts for almost 70 percent of the Group's variable costs. The wood is traceability-certified. This ensures that the raw material used does not have a controversial origin. The objective is for each mill to maintain an inventory of raw material to cover two to three weeks of production.

Challenging timber market at times during the year

The pulp wood market was volatile and occasionally challenging in 2023. Meanwhile, strong demand continued to impact the price trend upwards. Competition for the raw material escalated mainly

as a consequence of growing demand in the energy sector. Nevertheless, the Group's supply of pulp wood remained steady, benefitting from close, long-term relationships with timber suppliers. The high production rate in the sawmill industry also favoured the supply of both pulp wood and woodchips.

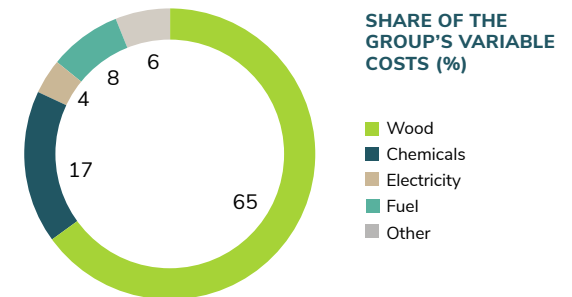
The share of imported pulp wood was relatively normal at about 12 percent, which was in line with the previous year. Imports are largely via ships from Rottneros Baltic in Latvia to the port at Vallvik Mill.

The Group used approximately 1,4 million cubic metres of pulpwood and wood chips at a total cost of approximately 900 MSEK. Purchasing volumes declined by about 10 percent in 2023, due to the closure of the groundwood line at Rottneros Mill in late 2022.

Chemicals account for a substantial portion of costs

Chemicals account about 20 percent of Rottneros' variable costs. In the sulphate process, the chemicals are recycled to minimise

RAW MATERIALS PURCHASED



environmental impact. The recovery rate is around 97 percent. The chemical market experienced ongoing uncertainty throughout 2023 due to the prevailing global landscape. Prices for the chemicals essential for the Group's production rose for the full year, though at a somewhat slower pace during the second half of the year. To ensure production, sustainability and competitive prices, Rottneros uses a number of major suppliers with sustainable production process.

Electricity hedges are used to offset price fluctuations

Electricity is the group's third largest variable cost item. In 2023, all electricity obtained from external providers, around 220 GWh, was purchased at prevailing market rates through the Nord Pool electricity marketplace. Market prices saw a steep drop compared with the record-high levels of the preceding year. The company uses electricity hedges to reduce its exposure to electricity prices. Because of these hedges, which cover essentially all annual consumption, the cost of electricity rose slightly in 2023. However, the impact on financial performance was negligible.

To achieve stable electricity costs future prices are hedged according to an adopted strategy. By the end of 2023, Rottneros had hedged 99 percent of electricity consumption for 2024, 81 percent for 2025, and 30, 26 and 19 percent for the years 2026 through 2028. The Group is also actively working to reduce its long-term exposure to electricity price movements. Consequently, to secure access to long-term renewable energy, in June 2023 a long-term agreement was signed with German EnBW through a Power Purchase Agreement (PPA). EnBW will provide Rottneros with over 30 GWh per year of clean wind energy over an 8.5-year period starting in 2025. The agreement is also an important component of the effort to achieve fossil-free production in the long term.

The forest as raw material

The forest is a sustainable and renewable raw material that must meet the needs of various stakeholders concurrently, despite the limited supply. The need to substitute fossil-based products with climate-friendly alternatives is resulting in a continual expansion of the number of applications for forest raw materials. The energy sector is also emerging as a major consumer of forest resources. The forest should also serve as a carbon sink, storing carbon dioxide to address climate change. Meanwhile, growing demand for biodiversity also requires more land to be allocated for this purpose. Collectively, these factors lead to heightened competition for forest resources, thereby driving up prices for Rottneros' main input.

Nykvist Skogs: Positive price trend and growing profitability

Nykvist Skogs is an independent and comprehensive forestry company that is part of the Rottneros Group. The Värmland-based operation helps to secure the Group's pulp wood supply, primarily from the important group of private forest owners who account for about half of forest ownership in Sweden.

Nykvist Skogs helps a total of about 1 000 forest owners, many of whom return year after year. Proximity to customers and a high level of expertise provide clear competitive advantages. For forest owners, a personalised service characterised by expertise and high flexibility is often of great importance. Customers often have other values linked to the forest besides the purely financial, such as wanting to leave behind a beautiful and viable forest. Nykvist Skogs offers all services within forestry, harvesting, consulting and

management. Timber trading accounts for about 95 percent of the company's turnover, with growing demand. Part of the deliveries go to Rottneros Mill. In addition, they go to sawmills and industries across most of Värmland, as well as to southern Sweden and Norway.

Developments in 2023

The business and profitability saw positive growth in 2023, mainly due to the favourable price trend for timber, despite heightened competition and marginally lower volumes. The supply of harvested logs decreased compared with 2022, in part because of the significant bark beetle infestation that inflated supply in the previous year. Competition intensified over the year with the entry of several new players in Värmland.



Vallvik Mill is a leader in niche markets that demand the highest possible quality

Vallvik Mill produces top-quality chemical pulp and ranks among the global market leaders in areas such as filter pulp and E-pulp for electro-technical applications. Because the production process is designed as an advanced ecocycle, the environmental impact of the mill is low. Production saw further growth in 2023, largely due to focused efforts aimed at improving mill availability. The primary investment targets for the year were a new tall oil plant to produce fossil free tall oil, safety improvements, and ramping up production levels.

Production for the year

The same production line produces bleached (ECF) and unbleached (UKP) chemical sulphate pulp alternately at Vallvik Mill. The proportion of ECF and UKP can be adjusted to some extent based on current market conditions for each quality. The Mill has a production capacity of about 240,000 tonnes per year with the current product mix. In 2023, production amounted to 229,600 tonnes, an increase of about 2 percent. The increased production stemmed in part from intensified efforts in operational management to promote proactive handling of deviations. In all, 123,300 tonnes of ECF and 106,300 tonnes of UKP were produced.

In an effort to offset the impacts of declining pulp prices, a new organizational structure for the mill was negotiated, leading to a reduction of 21 employees during the year. The new negotiated organisational structure entered into force on 1 November. The downsizing was accomplished entirely without the need for formal staff layoffs.

Market and product development

Through Vallvik Mill, Rottneros ranks among the global leaders in pulp for manufacturing air and liquid filters, primarily for the automotive and food industries. The Group is also the world leader in E-pulp, an extremely well-washed and pure chemical pulp with uniquely low conductivity. E-pulp is used for electrical insulation materials, such as condenser paper or high voltage cables placed on the seabed. Over the past three years, demand for E-pulp has grown substantially, driven largely by the modernisation and refurbishment of the electricity grid related to the transition to renewable energy sources.

Investments: New tall oil plant

During the year, the Board of Directors decided to invest in a new tall oil plant, commissioning planned for autumn 2024. The investment, which will replace older existing equipment, is estimated at a total of 93 MSEK for the 2023–2024 period. The tall oil plant is a key component of chemical recycling at the mill. In the process, soap is separated and then further refined into tall oil. Tall oil is a valuable by-product that can replace fossil oils in various applications. Both safety-enhancement measures and initiatives to boost energy self-sufficiency were key components of this year's investments.

Health and safety

With the aim of further reducing the risk of accidents, the successful work on preventive risk assessments continued during the year. The mill's perimeter protection was rebuilt and improved, including a new access system integrated with Rottneros Mill, a new fence around the facility and upgraded gates at the mill entrance. Because the production process is designed as an advanced ecocycle, the environmental impact of the mill is low. Almost all energy is renewable and many of the parameters for emissions in 2023 were the lowest ever. See environmental data on pages 105–106.

VALLVIK MILL



THE YEAR AT VALLVIK MILL



Investments during the year amounted to 87 MSEK, with a focus on the environment, capacity, availability and cost reductions.

Production for the year totalled 226,900 tonnes, an increase of about 2 percent compared with the previous year.

The mill's recovery cycle allows around 97 percent of the cooking chemicals at the mill to be reused and 69 percent of the electricity is self-generated.

PRODUCTION OF LONG FIBER SULPHATE PULP

Spruce and pine wood from slow-growing forests in northern Scandinavia is heated in a digester together with white liquor to release the fibers and extract lignin and other substances from the wood. The pulp is then washed, sieved, bleached, purified and dried. Flash drying gives the fibers an open structure and other important properties for production of filters. The pulp is finally pressed into 200 kg pulp bales. The lignin is used as fuel and the chemicals are recycled.



PRODUCTS

ECF (ELEMENTARY CHLORINE FREE) Bleached long-fiber sulphate pulp used for the manufacture of filters, light board products, printing and writing papers and special applications.

UKP (UNBLEACHED KRAFT PULP) Unbleached long-fiber sulphate pulp is used for E-pulp. It is also ideal for the production of brown liquid packaging board, filters and for special applications.

Rottneros Mill is a leader in the growing market for mechanical pulp

Rottneros Mill produces CTMP pulp in a variety of grades tailored to provide the desired properties for the end application. The year was marked by a high pace of production and intensive efforts on the approved investments aimed at significantly increasing capacity and establishing own energy production and storage.

Production for the year

Only CTMP is produced at Rottneros Mill since the closure of the groundwood line in December 2022. The current production capacity at the mill is about 125,000 tonnes annually. In 2023, the CTMP line produced 122,100 tonnes, a new annual record and an increase of about 6 percent over 2022. The high level of production was in part the outcome of an increased emphasis on operational management of production. Rapidly addressing deviations to prevent disruptions in production was a key component of this effort.

Market and product development

Rottneros' CTMP pulp can be adapted to many different product variants. It is possible to optimise bulk in relation to other quality aspects and thus meet the requirements that are in demand. CTMP is used for purposes such as the centre layer of board to provide increased bulk (thickness) and stiffness. The board market shows long-term market growth and is one of the areas in which Rottneros intends to continue to expand. The Group's explicit aim is also to maintain a high level of innovation.

Investments

The long-term profitability prospects for CTMP are considered to be very good. Consequently, in April 2023, Rottneros' Board of Directors decided to substantially increase both capacity and production at the mill - from about 125 thousand tonnes to 165 thousand tonnes per year. The estimated investment is 180 MSEK,

corresponding to a relatively limited cost per tonne. The additional volume is mainly destined for the growing market segments of board and packaging, as well as tissue. The new equipment is scheduled to be in production following the annual maintenance shutdown in the fall of 2024.

Planning and preparations for the investment were conducted throughout much of 2023. Components of the equipment were installed during the scheduled maintenance shutdown in September. The business was also marked by efforts to enhance availability and ensure high operational reliability at the mill. Safety and environmental concerns are top priorities in shaping and directing investments.

The capacity-expanding investment includes modernising the bark and wood chip handling process and installing a new second-stage refiner, crucial for boosting production capacity. Moreover, another refiner means that the potential for customising the pulp will increase over time. The decommissioned grinding line was dismantled and successfully demolished in the first half of 2023.

During the year, the Rottneros Board of Directors also approved investments totalling about 94 MSEK for renewable electricity initiatives at the mill. The investments, which include a solar park and a battery for energy storage, are part of a long-term effort to reduce exposure to the electricity market. Start-up is planned for 2024. The solar park is expected to generate just over 3 GWh

annually, a figure that contrasts with the Group's annual purchased electricity needs of over 200 GWh. The main purpose of energy storage is to help improve the balance on the electricity market, which will also generate revenue from Svenska Kraftnät and thus provide a favourable return on investment.

Environment and safety

As a result of the high yield from the raw material and low consumption of chemicals, the environmental impact of the production process is extremely low. Biofuels largely replaced natural gas in the drying process during the year. Consequently, the prospects for achieving the goal of fossil free production by 2030 are very promising. Because the process is electricity-intensive, exposure to the price of electricity is high. Nevertheless, the company's electricity price hedges compensated for the negative price effects, for which reason financial performance was not significantly affected in the short term. A long-term wind power purchase agreement signed in 2023 will also reduce the Group's exposure to the electricity market.

During the year, efforts continued to improve expertise in the physical and psychosocial work environment and to create as open a workplace climate as possible with respect to safety issues. Staff workshops were organised during the year to foster and reinforce the safety culture.

ROTTNEROS MILL



THE YEAR AT ROTTNEROS MILL



The approved investments to increase capacity and production of CTMP are estimated at a total of 180 MSEK over the course of 2023–2024.

This year's production of CTMP amounted to 122,100 tonnes, which is a new annual record and an increase of about 6 percent compared with the previous year.

Throughout the year, efforts continued to strengthen the systematic approach to safety at the mill, including a series of workshops on safety culture conducted with the staff.

Emissions of fossil CO₂ were reduced by 20 percent compared to 2022. The majority of the energy used is fossil free. Up to 95 percent of the wood can be used in the production of CTMP.

PRODUCTION OF MECHANICAL PULP

In the production of CTMP, wood chips are pretreated with chemicals at an elevated temperature. The chips then pass between rotating grinding discs to release the fibers from one another. The pulp is then dried for an open structure and packed into bales. Up to 95 percent of the wood can be used in the production of CTMP pulp.



PRODUCTS

CTMP (Chemi-Thermo-Mechanical Pulp), Bleached/unbleached. Used for board, tissue, and printing and writing papers. A specially designed CTMP gives the right properties to filters. One growing end-use area is molded fiber products.

Rottneros Packaging is rapidly developing – the goal is to offer world-leading product and technology solutions

Rottneros Packaging develops technology and packaging solutions based on natural raw materials primarily targeting the food industry, making sustainable options readily available. The business is in an expansive phase with the aim of meeting long-term, steadily growing demand in collaboration with partners. Rottneros och Arctic Paper are jointly building a factory facility in Poland for the production of high-quality fiber trays.

Production

Rottneros Packaging is undergoing rapid growth. The business develops and validates technical solutions while producing recyclable food packaging that meets stringent property requirements. The current production unit is located in Sunne, close to Rottneros Mill, where the CTMP pulp used to make the packaging is produced.

To meet the growing demand and as a result of gradual refinement of both the technology platform and the production process, capacity and production grew during the year.

Market and product development

In 2023, the demand for environmentally friendly and high-quality packaging continued to grow rapidly. This trend was confirmed in May at Interpack in Düsseldorf, the world's largest packaging fair, where Rottneros Packaging's products drew substantial attention. In connection with the fair, Packaging launched a new product concept, Nature by Rottneros. The concept, which places a strong emphasis on the origin of the

raw materials and the climate-friendliness of the packaging, received a very positive reception at the trade fair. It perfectly reflects the fundamental values and the exceptional quality that define Rottneros products as a whole.

During the year, work continued to evaluate different types of barriers to further broaden the range of fossil-free packaging solutions. A prioritised area of development continues to be high-barrier packaging with extended shelf life for food, also known as modified atmosphere packaging. Rottneros trays can withstand high heat and are excellent for frozen or chilled foods.

Focus on increased capacity in Poland

Rottneros Packaging is in a development and construction phase with the aim of meeting strong growth in demand in both the short and long term, together with its partners. The prospects for achieving a leading position in the market are considered very good given the company's extensive expertise in the field. The expertise also strengthens the Group's ability to tailor pulp products for external compression moulding producers.

The main focus during the year has been on the jointly owned company, where the Group is building a molded fiber tray mill in Poland together with Arctic Paper. Production will focus on high-barrier packaging, with extended shelf life of food, but also on packaging with simpler functional requirements. The aim is to use the plant as a role model to demonstrate the high quality, as well as the scalable and competitive production, in addition to providing the market with fossil free packaging solutions.



THE YEAR AT ROTTNEROS PACKAGING



Gradual improvements to the technology platform, such as removing bottlenecks, led to improved availability and production compared with the previous year.

The organisation was strengthened during the year, undergoing a transformation to focus more on the development and creation of new products as part of preparations for a gradual upscaling. The marketing function was also enhanced in order to handle larger volumes in Europe over time.

The new Poland factory was a crucial component in the initiative to expand the business. The investment is estimated at around 230 MSEK with a planned capacity of about 80 million packs, which is significantly more than the plant in Sunne. The company is expected to have an annual turnover in the region of 140 MSEK when the factory reaches full capacity utilisation.

MANUFACTURE OF MOLDED FIBER TRAY

The raw material consists of 100 percent mechanical pulp from sustainable and local forestry with high purity and without the addition of harmful chemicals. The dried pulp is transported from Rottneros Mill, dissolved and diluted. In a single process, the pulp is shaped and dewatered into a final customised product, approved for food use. Finally, the trays can be barrier coated. During the process, the trays are inspected by an automated quality assurance system.




PRODUCTS

Mechanical pulp that is molded gains high strength and stiffness at low weight, valuable properties for food packaging. The product portfolio ranges from fast food solutions with no major demands for functionality, to gas-tight packaging that provides a shelf life of several weeks when refrigerated. The trays are suitable for food or industrial applications, hot or cold, wet or dry. They work well for freezing and defrosting in a microwave or traditional oven. The high precision allows efficient industrial stacking and top-sealing.

World-leading supplier in multiple niche applications

Rottneros specialises in the development and production of market pulp for selected niches. For example, the Group is a leading global supplier of pulp for the production of air and liquid filters and pulp for electrotechnical applications.



Board and packaging Filters Electrical applications Special applications Tissue paper Fiber cement Fiber trays

100%
Rottneros' molded fiber trays are 100% free of PFAS and other harmful chemicals.

The world and the behaviour of customers are changing at an ever-increasing pace. The Group ensures growth in current niches through consistent monitoring of the market and development of both proprietary and customised products. The company also works diligently to identify other growing segments where Rottneros can leverage its competitive advantages.

A relatively new area is pulp for fiber cement. Overall, Rottneros has long-term growth potential thanks to the availability of both chemical and mechanical pulp, a recognised high level of technical know-how, close cooperation with customers and in-depth knowledge of their processes and end-use areas.

The renewable properties of pulp make it a natural and more sustainable alternative to plastic, which is often used in the production of food packaging. Thus, packaging solutions are an important and growing part of Rottneros' offering.

Fiber trays – a Rottneros product

Rottneros fiber packaging solutions are renewable, recyclable, high quality, safe and meet high functional requirements. The focus is on food packaging for cold and hot food that must meet high customer for functionality and properties. The desirable properties are mainly related to food safety, barrier properties and pulp wood traceability. Rottneros Packaging produces the molded fiber trays using CTMP pulp from Rottneros Mill. They are sold under the Nature by Rottneros brand.

The growing sales of molded trays meet the long-term goal of expanding the Group's revenue base.

Demand for environmentally friendly packaging is both high and rapidly growing. The Group's fiber trays are completely free of harmful chemicals and have a superior sustainability profile compared with most of today's packaging options.





BOARD AND PACKAGING



High-quality pulp adapted for paperboard and packaging is a long-term and clearly growing market. Both mills produce competitive pulp types with attractive properties this area, which is therefore one of Rottneros' prioritised customer segments.

The Group's various grades of pulp are characterised by a high degree of purity, which means that they do not affect the taste or smell of packaged goods. They meet the high demands placed on packaging and liquid packaging board for food products.

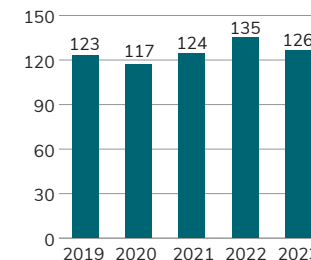
At Rottneros Mill, CTMP pulp is produced optimised for the highest possible flexural rigidity, another important property for board and packaging.

Vallvik Mill produces bleached and unbleached sulphate pulp with high strength and convertibility. The unbleached sulphate pulp is ideally suited for unbleached liquid packaging board. The large washing capacity of the mill allows it to produce a very pure pulp, which gives it a clear advantage over its competitors.

Growing market

A number of factors are driving demand for board and packaging, at the same time that there is a shortage of recycled fiber. Sustainable and bio-based solutions are in demand worldwide to replace their fossil-based counterparts. The steady expansion of e-commerce is increasing the demand for paper for packaging and wrapping. Another growth area is food packaging, such as disposable packaging for food and ready-made meals. Yet another expanding application is unbleached liquid packaging board.

PULP DELIVERIES, KTONNES



FILTERS



Rottneros is among the global market leaders in pulp for the production of various types of filters. Several of the Group's pulp grades are characterised by high porosity and strength. This makes them ideal for air and liquid filters, both for the food and automotive industries. Specialised pulp grades for filters are produced at both Rottneros and Vallvik Mill. Rottneros' filter pulps can be combined in different variations to provide a wide range of desired properties, giving the Group a competitive advantage over other suppliers of

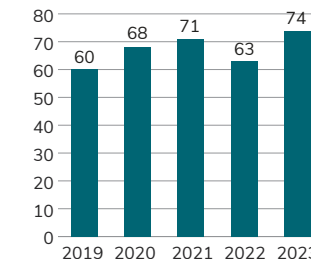
pulp to the global automotive industry. The Group also ranks among the world leaders in pulp for coffee filters, where the high purity and filtration capabilities of the pulp are crucial for maximising the taste experience.

Demand for filters will continue to be robust over the next decade

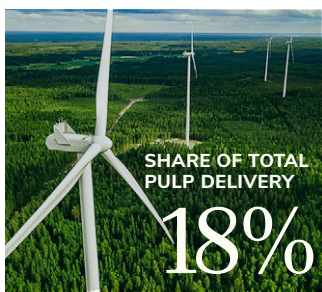
The need for filters in the automotive sector is expected to continue for at least another decade, despite the increasing popularity of electric

vehicles. The aftermarket will continue for up to 30 years as cars running on fossil fuels regularly need new filters. The trend for our filter customers remained stable in 2023 despite the increased share of electric vehicles.

PULP DELIVERIES, KTONNES



ELECTROTECHNICAL APPLICATIONS



Rottneros is a world leader in pulp for use in electrical insulation materials, transformer boards and condenser paper, often referred to as E-pulp.

The group produces an E-pulp that is extremely pure and well washed. It has been developed over 25 years to achieve today's uniquely low conductivity. E-pulp is available in various customised grades for use in the most demanding insulation materials such as condenser paper,

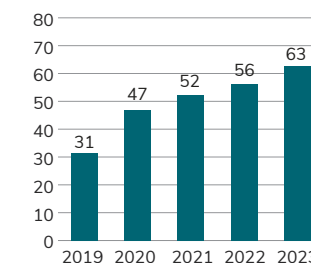
insulation in transformers and high-voltage cables on the seabed.

Expanded infrastructure development demand for E-pulp

With the growth in the share of electric cars, new infrastructure must be installed to meet the need for charging. E-pulp is used as electrical insulation material, for example in charging posts. The transition to renewable energy sources is also driving

demand. Wind turbines are often located far from electricity users, which means that a whole new infrastructure needs to be built, including new transformers. The market is otherwise characterised by stability and long-term customer relationships. There are only a few suppliers of E-pulp in the world.

PULP DELIVERIES, KTONNES





SPECIAL APPLICATIONS



Rottneros pulps are used in many specialised applications. Through the availability of many different pulp grades, both mechanical and chemical, the Group can help customers find the right combination of grades to give them the required properties. As a result, Rottneros' pulps are used in a variety of specialised applications, such as jeans labels, shoe soles, wallpaper, laminate flooring, butter paper, thin specialty papers, and oil and pigment absorbent materials. Even

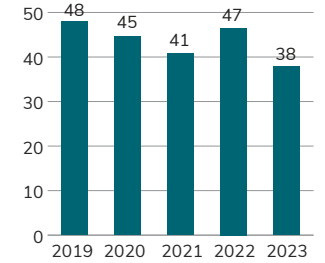
the molded fiber applications, which are manufactured at Rottneros Packaging, can be considered a customised product.

High rate of innovation

Fiber-based products that can replace fossil-based options are characterised by a high rate of innovation. The specialised applications segment is therefore steadily growing. The market for thin specialty papers is also gradually expanding. This

growing demand is being met by manufacturers who previously produced printing and writing papers and who have switched production to various specialised applications.

PULP DELIVERIES, KTONNES



TISSUE PAPER



Demands on the pulp properties for tissue are often high. The fact that all pulp types produced by Rottneros can be used for the production of tissue is therefore a mark of quality.

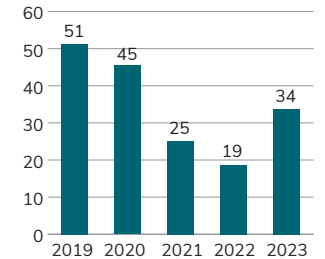
Tissue is mainly used for napkins, paper towels and toilet paper. The most important properties are linked to how the paper feels against the skin,

how well it holds together when wet, appearance, absorbency, airiness, weight, and lightness. In order to obtain the desired properties and optimise for the respective purpose, several different types of pulp can be mixed.

Steadily expanding market

Tissue paper is the single largest area of use for market pulp, with more than 40 percent of the market. Demand is also relatively independent of fluctuations in the economy. Global economic growth with progressively higher living standards, especially in Asia, is driving growth.

PULP DELIVERIES, KTONNES



FIBER CEMENT



Rottneros' unbleached chemical pulp is perfect for the building material fiber cement. The pulp makes the product healthy, sustainable and environmentally friendly. It often replaces harmful materials such as asbestos.

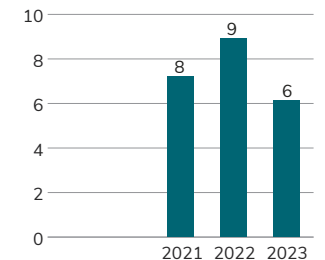
Rottneros' unbleached sulphate pulp has high purity, the right lignin content or kappa number, which together make it very suitable for fiber cement. Fiber cement is a building material made

from cement, cellulose fiber and water. It is used for cladding facades, roofs and interiors. Using unbleached pulp, building boards can be produced without the harmful substance asbestos. The fibers have a reinforcing function and the boards become light, strong and require minimal maintenance. They are also long-lasting, cost-effective, fire-resistant and have a low sensitivity to moisture.

Growing market for fiber cement based on cellulose fiber

The use of fiber cement based on cellulose fiber is growing steadily due to its many attractive properties. Rottneros has been supplying unbleached chemical pulp from Vallvik Mill for the production of fiber cement for some years, mainly in South-east Asia.

PULP DELIVERIES, KTONNES





SUSTAINABILITY REPORT

The sustainability report covers Rottneros AB and its subsidiaries for the financial year 1 January to 31 December 2023. The content is based on regularly updated analyses of key issues for stakeholders. It has been reviewed by the Group's auditor and an opinion has been provided on page 104.



Sustainability is crucial for Rottneros

As a pulp producer with customers worldwide, Rottneros plays a crucial role in the natural ecosystem, which originates in the forest. Consequently, sustainability is seamlessly integrated into the company’s strategy. The forestry industry is expected to be a key player in the transition to a climate-neutral society, and for Rottneros this means that our strategic decisions must align with this target. Our strong expertise and experience in working closely with customers contribute to innovation and specialisation towards more sustainable products.

Sustainable processes and products are crucial growth factors

The shift towards sustainable products, from fossil-based ones, is a high priority for society and is becoming more important every day. This trend reveals not only a growing need for competitive packaging solutions, but also that the pulp market is well positioned for long-term growth. At the same time, the potential for expansion within Rottneros’ various market niches remains high.

Investments should always create value for customers, shareholders and the environment, both through a good potential return and through the sustainability values we can create. Ongoing investments are made to improve workplace safety and minimise negative impact on the surrounding environment. Major ongoing investments include increased CTMP capacity, solar cells and battery storage at Rottneros Mill. At Vallvik Mill, the tall oil plant is being updated, where the valuable by-product of tall oil is produced. In 2023, Rottneros invested in Blue Ocean Closures, a company that is developing a technology to produce fiber-based closures that will replace their plastic counterparts.

Diversification with a focus on trays

There is a strong consumer trend shifting towards fossil-free packaging in areas where plastics still dominate. Rottneros is developing molded fiber trays that have superior environmental properties that are far better than the plastic-based products that currently dominate the market. Rottneros Packaging in Sunne is the first factory to produce the trays. Technology and processes are also under development at the factory. A larger facility is under

construction in Poland in a joint venture with Arctic Paper. The venture has significant long-term potential and is the result of many years of work to develop leading expertise in this area of the market.

Fossil-free production and other focus areas

The Group has a long-term target of achieving completely fossil-free production by 2030. In addition to phasing out the fossil fuels that are still used mainly during production shutdowns, purchased electricity must also come from fossil-free sources. For Rottneros, addressing the focus area fossil-free production and the environment is a given.

In a sustainable organisation, it is essential for employees to feel safe and secure both in the physical workplace and socially. Therefore, employee health and safety is a top priority.

Other top-priority focus areas include equality and diversity, customer satisfaction and sustainable profitability.

About sustainability governance and preparations for CSRD

The Corporate Sustainability Reporting Directive (CSRD) is an EU directive that aims to increase access to information on how companies affect people and the environment and how sustainability issues affect companies. Rottneros’ sustainability report is subject to CSRD requirements beginning in 2025. Rottneros is preparing for this change by conducting a dual materiality analysis and then developing measurable targets and areas for improvement.

FOCUS AREAS

Rottneros has identified its focus areas by considering the key demands of our stakeholders, which have then been ranked based on the company’s potential to impact each issue.



Health and safety



Sustainable profitability



Gender equality and diversity



Customer satisfaction



Fossil-free production and environment

GLOBAL DEVELOPMENT GOALS

The UN has 17 global development goals and Rottneros has identified the goals on which it has the greatest impact:



- 5.5** Ensure full participation in leadership and decision-making
- 8.8** Protect labour rights and promote safe working environments
- 12.2** Sustainable management and use of natural resources
- 14.1** Reduce marine pollution
- 15.2** Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems

How Rottneros minimises impact in the value chain

The forest as a renewable raw material is the starting point in the circular forestry industry, in which Rottneros is active. By analysing where in the value chain our impact occurs, we can clarify our responsibility. This helps us to take strategic decisions regarding investments or changes in working methods and procedures. Rottneros' long-term environmental goal is completely fossil-free production according to GHG Scope 1 & 2 by 2030 through the annual reduction of fossil carbon dioxide emissions.

IMPACT: ▲ HIGH ○ MEDIUM ▼ LOW



1. RAW MATERIALS FROM THE FOREST

Rottneros is traceability-certified to the FSC® and PEFC standards. This guarantees that the raw material that is used comes from responsible forestry and that there is nothing controversial about the origin of the wood used, which can be traced back in the supply chain.

Read more: page 19

2. DELIVERIES

Deliveries of raw materials, chemicals, machinery and equipment to our units all have an impact. Eliminating these indirect carbon emissions is a long-term goal for Rottneros to achieve net zero emissions. Rottneros has identified sources of indirect emissions in order to minimise them. In procurement, we always try to choose suppliers close to our units to minimise emissions.

4. EMPLOYEES

Workplace accidents still occur, but our 'vision zero' objective is a priority and we are working systematically to achieve it. In order to create a stimulating and pleasant workplace, we focus on gender equality, work related to our core values, a strong commitment and clear leadership.

Read more: pages 36-37

5. SALES AND CUSTOMER SERVICE

Transports of our pulp have an impact on the climate. To reduce emissions, we are focusing on efficient logistics and sustainable means of transportation, such as ship and train. High-quality products and supply reliability, backed by top quality technical support and service, are key factors for customer satisfaction and our long-term customer relationships.

Read more: pages 38-39

7. CARBON DIOXIDE

The biogenic carbon dioxide released is reabsorbed by growing trees. Because the carbon is sequestered in the forest, it does not contribute to the greenhouse effect in the atmosphere. By investing in long-term sustainable forest management, carbon stocks can continue to increase for many years to come as the forest grows.

Read more: page 41

8. INNOVATION

Rottneros is working on several innovative development projects to increase resource efficiency and refinement, such as utilisation of surplus low-grade heat from our mills. Product development is also a constant process; one current project entails further refinement of the pulp to achieve oil-absorbing properties.

3. PRODUCTION PROCESS

Carbon dioxide emissions from our own operations mainly come from fossil fuels and purchases of electricity. Fossil fuels are mainly used during production startup, such as after a maintenance shutdown. We constantly work to streamline our processes and to build internal purification and recycling ecocycles.

6. BY-PRODUCTS, BIOENERGY AND RECYCLING

Chemicals are disposed of in compliance with legal requirements and recycled when that is an option. Chemical recovery in the sulphate process is essentially a closed system. Bark is used as an energy source to generate steam and electricity. By-products, such as tall oil and biofuels, are sold and used as fossil-free raw material in new products or processes.

9. PRODUCTS

Rottneros' products often have the potential to replace fossil-based alternatives, with a high pace of innovation in this area and a rapidly growing demand for environmentally friendly products. Cutting food waste is crucial in reducing the global climate footprint. Our food trays can prolong shelf life and maintain the freshness of food throughout the entire supply chain.

Constant focus on a safe and secure working environment

Employee health and safety is always a top priority at Rottneros. Daily operations are marked by constant preventive efforts to eradicate risks before they arise. The primary objective of safety initiatives at Rottneros is to ensure that no one is injured in the workplace.



HEALTH AND SAFETY

MATERIALITY

Rottneros operates in small towns where the supply of skilled labour is relatively low. In this context, it is important that Rottneros can provide an attractive workplace where health and safety are always inherent aspects of all work processes, for all employees. Rottneros employs around 290 people.

POLICIES AND STEERING DOCUMENTS

- Health and safety policy
- Drug and alcohol policy
- Crisis management policy
- Bullying policy
- Code of Conduct
- Whistle blower service



Focus on health and safety culture

Several occupational groups at Rottneros may be exposed to the risk of workplace accidents. Health and safety are therefore at the top of the agenda in daily activities, as well as in long-term and strategic initiatives aimed at growing the company. Safety must always be an integral to all work activities, for all employees. In order to proactively eliminate potential risks, it is important for everyone to feel involved and take personal responsibility. Prevention is crucial for achieving the vision zero for accidents leading to sick leave. Achieving this goal requires a deep culture of safety and awareness in all aspects of work, reinforced by clear leadership and structured working methods. Ensuring a safe workplace for everyone, employees and visitors alike, requires everyone to take risks seriously.

Preventive safety efforts

There is always a safety representative in the project teams of investment projects. Safety inspections are carried out in daily operations to detect and remedy any risks. Safety is always the first item on the agenda at production meetings, as at many other internal meetings. Internal training programmes include segments on safety. All risk observations, checklists for safety rounds, incidents and accidents are immediately reported in the industry-wide system, PIA. The platform provides an overview so that it is possible to systematically investigate causes of ill health and accidents and proactively work to eliminate risks.

Illness prevention

The Group is constantly engaged in preventing and addressing all forms of ill health. For example, the company conducts regular health checks and random drug and alcohol testing in cooperation

“The initiative to improve safety at Rottneros Mill, including new perimeter protection, workshops and life-saving rules, has produced noticeable results. For example, risk awareness has significantly increased and we have had no accidents with sick leave throughout the year.”

Christin Pihlgren, Quality and Sustainability Manager



with occupational health services in the locations where the Group operates. Rottneros works actively to ensure that occupational health services provide preventive care and not just remedial. Each year, all employees are offered a wellness allowance and the Group also pays for various types of vaccinations. The company regularly conducts employee surveys, which are followed up by both the department and each manager. These surveys typically result in development and improvement activities.

DEVELOPMENTS IN 2023

Group-wide trainings

During the year, efforts continued to improve expertise in the physical and psychosocial work environment and to create as open a climate as possible with respect to workplace safety issues. Initiatives ranged from basic rules and procedures to common basic training in work environment health and safety for employees. These efforts include formulating centralised life-saving guidelines based on ten selected high-risk areas. During the year, employee safety culture workshops were arranged at Rottneros.

Continued improvement of perimeter protection at the mills

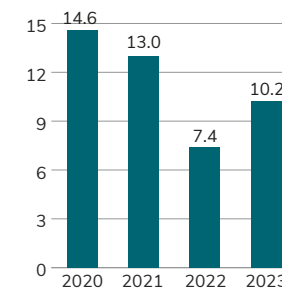
Efforts to improve perimeter protection around the mills continued. At the Vallvik Mill, the existing perimeter protection was rebuilt and improved, including a new access system integrated with Rottneros Mill, along with a new fence and gates at the mill entrance. At Rottneros Mill, pedestrian and vehicular traffic were separated with painted lines and symbols on the asphalt, for increased safety.

Continued decline in number of incidents

In 2023, the number of accidents continued to decline for the Group, while the number of accidents with absence increased compared with the previous year. The inflow of proactive risk observations increased, which is an important component of preventive efforts to eliminate accident risks.

NUMBER OF ACCIDENTS WITH SICK LEAVE

The Lost Time Injury Frequency Rate (LTIFR) or number of lost time injuries per hour worked was 10.2, up from 7.4 the previous year. The number of accidents with sick leave increased from 4 to 5. Because Rottneros has few employees that qualify for the LTIFR metric, a single accident can have a major impact on the outcome.



ACCIDENTS WITH SICK LEAVE

Rottneros has a 'vision zero' approach to workplace accidents leading to sick leave. The short-term target is an annual improvement in the LTIFR. Unfortunately, the trend was negative in 2023.

Active reporting of risk observations, incidents and accidents has been a priority during the year. The result has also been increased reporting. A higher number of risk observations highlight the risks and help prevent them.

LIFE-SAVING RULES

During the year, the safety organisation developed life-saving rules that apply to all employees and contractors. The ten high-risk areas that are most important to eliminate and crucial to a safe workplace are:

- Working at height
- Safe shutdowns
- Drugs and alcohol
- Safe lifting
- Report deviations
- Road safety
- Work permit
- My safety
- Enclosed spaces
- Chemical occupational hazards

Focus on sustainable growth, good profitability and a progressively broader revenue base

Sustainable growth, good profitability and strong finances are essential building blocks for the Group's long-term growth and strategy. At the same time, the business is capital intensive and dependent on both the state of the economy and exchange rates. Rottneros' targets therefore include gradually expanding the revenue base into adjacent areas with lower cyclical sensitivity, while also pursuing productivity and other cost-saving initiatives such as reducing exposure to the electricity market.



SUSTAINABLE PROFITABILITY

MATERIALITY

Rottneros produced 352 thousand tonnes of pulp in 2023 with a value of 2.5 BSEK. Diversification and specialisation are the keys to sustainable and stable development.

POLICIES AND STEERING DOCUMENTS

- Shareholders and Board processes
- Communication about business concept, vision and values
- Code of Conduct
- Sustainability Policy



High capacity utilization, operational efficiency, focus on profitable niches through innovation and customer focus are the keys to profitable and financially sustainable development.

Strong financial buffers through a strong balance sheet are essential to address fluctuations in the cyclical pulp market. The Group has therefore set a target of an equity/assets ratio of over 50 percent, which has been exceeded by a good margin for a long time.

Challenges, targets and methods

The pulp industry is capital intensive and cyclical, at the same time that pricing is mainly denominated in USD. Consequently, it is cyclical since it is impacted by overall economic trends and exchange rate fluctuations. To reduce these risks, Rottneros aims to gradually broaden its business base and increase the proportion of revenue coming from other areas in addition to pulp, which are less cyclically sensitive. In 2023, the share increased to 10 percent, in part because of the decommissioning of the grinding line in late 2022. The long-term target of increasing the share to at least 10 percent by 2023 was thereby achieved as planned. A new target was therefore set with the aim of increasing the proportion of the Group's sales derived from less cyclically sensitive areas to 25 percent by 2030. To counteract the negative impact of fixed cost inflation, including annual wage increases, on income, gradual growth in output volume and productivity is needed. In 2023, a new long-term target was set to increase the Group's pulp production to at least 415 thousand tonnes by 2030, corresponding to an annual increase of just under 2 percent.

Strong measures to improve efficiency

In 2023, the Group continued to focus on gradually increasing

availability in production through a long-term and systematic improvement initiative. At the same time, cost control was a very high priority in order to offset the negative effects of increased inflation. Rottneros is actively working to reduce its long-term exposure to electricity price movements. In June, the Group therefore entered into an agreement to secure access to long-term renewable energy with German EnBW through a Power Purchase Agreement (PPA). EnBW will provide us with over 30 GWh/year of clean wind energy over an 8.5-year period starting in 2025. The agreement is also an important component of the effort to achieve fossil-free production in the long term. During the second quarter, a new organisation for Vallvik Mill was negotiated resulting in a reduction of 21 employees. Together with efficiency improvements and the closure of the groundwood line at Rottneros Mill in 2022, this meant that the number of full-time positions was reduced by almost 20 percent. As a result, increases in fixed costs could be limited. At the same time, the adverse price trend in the pulp market resulted in a decrease in the Group's earnings compared with the exceptionally high level of the previous year.

Several important investment decisions during the year

In April, the Board of Directors at Rottneros decided to invest approximately 180 MSEK to significantly expand the production capacity of CTMP pulp at Rottneros Mill. As a result, it will grow from the current 125 thousand tonnes to about 165 thousand tonnes, with each additional tonne of pulp requiring a relatively low investment cost.

The Board also decided to invest a total of 93 MSEK in renewable energy production with associated energy storage at Rottneros Mill. The investments include a solar park and battery storage and

are part of a long-term effort to reduce exposure to the electricity market. The investments are projected to be operational in 2024. For Vallvik Mill, a decision was made to invest an estimated 93 MSEK in a new tall oil plant over 2023 and 2024.

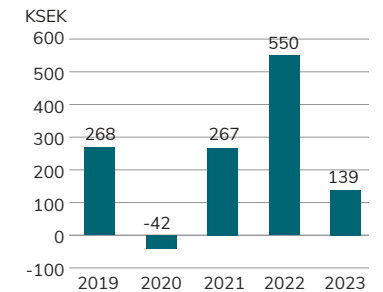
Continued robust balance sheet

The equity/assets ratio at the end of 2023 was 66 percent, cash and cash equivalents were 196 MSEK and available liquidity totalled 528 MSEK. At the same time, the Group had a net cash position (cash after deduction of interest-bearing liabilities) of 105 MSEK.

At the end of June 2023, the Group refinanced its long-term credit facilities totalling 250 MSEK. As before, the two-year financing agreement, includes a sustainability link whereby the interest terms are linked to some of the environmental and work environment criteria in the Group's long-term targets.

EBIT TREND

The pulp market is a cyclical industry. Pulp sales account for 90 percent of revenue at Rottneros. Rottneros' strategy is to gradually broaden its revenue base.



INNOVATIVE PROJECTS AND FEASIBILITY STUDIES

Rottneros is also active in several innovative projects and feasibility studies, often in collaboration with start-up companies. A common denominator is the focus on new products made from forest raw materials that replace fossil raw materials. These products include cellulose fiber for packaging, building materials, oil absorbents and biofuels. The aim is that one or more of these collaborations will eventually contribute to a broadening of Rottneros' revenue base.

GRADUAL DIVERSIFICATION OF REVENUE BASE

The fiber tray initiative at Rottneros Packaging is a key component of the strategy to broaden operations. It is being implemented through a joint venture where the Group is building a molded fiber tray mill in Poland together with Arctic Paper. The investment is expected to total 25 MEUR and production capacity is estimated at 60-80 million packages per year, which is significantly more compared with the current plant in Sunne.

NYKVIST SKOGS SECURES RAW MATERIAL SUPPLY

Another important example of the gradual broadening the revenue base is Nykvist Skogs, which has been part of the Group since 2020. The business secures the Group's supply of raw materials, mainly from small-scale and privately-owned forestry, and provides revenue streams from timber supplies and various forestry-related services.

Diversity, gender equality and innovative thinking are key success factors

Diversity, gender equality, dedicated employees and differing opinions are the basis of a creative working climate and thus are key success factors for long-term growth at Rottneros. Being an attractive employer for all is also fundamental for ensuring the supply of skilled staff for the future. The aim is to create a safe, inclusive and dynamic workplace that employees can feel proud of.



GENDER EQUALITY AND DIVERSITY

MATERIALITY

To be an attractive workplace, we must show that we prioritize and address workplace issues in a manner that ideally surpasses market expectations. In 2023, staff turnover was 13 percent and Rottneros added 26 new employees.

POLICIES AND STEERING DOCUMENTS

- Code of Conduct
- Sustainability Policy
- Work Environment Policy
- Policy on bullying and harassment, with action plan
- Drug and alcohol policy, with action plan
- Whistleblower function



A stimulating and engaging workplace

Through a strong focus on its employees, Rottneros wants to create a stimulating and engaging workplace. Social sustainability is crucial for an employer that wants to be attractive both today and tomorrow. The overall goal is to create a safe, inclusive and attractive workplace that makes employees proud. Going to work should feel meaningful, everyone should know that they are needed. To succeed, it is important to clarify roles and responsibilities, so that each employee understands their part in the development of the company. Closely involved leadership with an open and continuous dialogue is therefore a high priority in this effort. As the number of people who choose to work remotely grows, this is becoming increasingly important.

Diversity drives long-term growth and success

Being an inclusive workplace for all is an important aspect of social sustainability. Rottneros works long-term and continuously to create a safe and stimulating working environment where everyone thrives, regardless of age, gender, sexual orientation or ethnicity. A diverse organisation has a greater chance of achieving its goals. It creates a broader perspective on issues and a more dynamic working environment. This increases the potential for fast and accurate decisions. Inclusion and diversity strengthen the conditions for finding the right skills for each position and increase the possibility of reaching the entire potential labour force in the market in the locations where Rottneros has its operations, which is business critical.

We respect everyone

Neither gender, colour, religion, sexual orientation, nor age affect the way a person is treated at Rottneros; everyone is

“Rottneros proactively works to ensure that occupational health services provide preventive care. For example, we conduct random alcohol and drug testing. All employees are offered both wellness and well-being grants, and we continuously measure how people perceive their social work environment in order to improve.”

Ida Mörtzell, Head of HR & Communication



respected equally. The Group complies with international human rights and labour standards. Naturally, there is zero tolerance for any form of violence, punishment, abuse, coercion or misuse of any kind and it is a given to fully respect the right of employees to organise, such as through trade unions. All forms of child labour are prohibited within Rottneros and the operations of our business partners. National and international laws on minimum age are respected. Similarly, corruption and bribery are strictly forbidden; employees may not give or accept gifts.

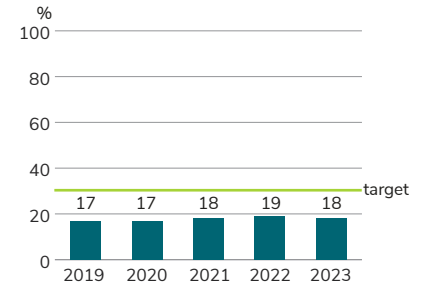
Gender distribution

The proportion of female employees has remained at the same level in recent years. We have successfully increased the proportion of women through the recruitment process. However, staff turnover has been higher among female employees. Consequently, we must ensure that the working environment moving forward is so good that all employees want to remain at Rottneros.

PROPORTION FEMALE EMPLOYEES

Target:
The proportion of female employees should reach 30 percent by 2025.

As part of achieving this target, the focus is on the organisational and social work environment so that everyone feels welcome at Rottneros.



COMPREHENSIVE REFERENCE VERIFICATION WITH HIRING

When recruiting new staff and managers, references are normally taken from people belonging to one of the groups at risk of discrimination. The aim is to hire the most appropriate candidate possible and to break the pattern of vacancies often being allocated to those with established networks and contacts. Systematic distortions that create overly homogeneous groups can thereby be avoided in the selection process.

EXIT INTERVIEWS WHEN EMPLOYEES LEAVE ROTTNEROS

When employees leave Rottneros, exit interviews are normally conducted by an external organisational psychologist. The aim is to capture and identify areas for improvement within the organisation using a neutral and reliable approach. By better understanding the reasons why employees leave, the aim is to improve working conditions and thus become an even more attractive employer.

High quality and flexibility maximise added value for the customer

Long-established pulp quality combined with a high level of service and long-term, close customer relationships maximise added value for customers. This gives Rottneros a strong position in the market. Being customer-orientated, agile and flexible is deeply rooted in our corporate culture.



CUSTOMER SATISFACTION

MATERIALITY

We have good, close, long-term relationships with our customers that enable us to gain a deep understanding of their markets and challenges. Together we develop products and services for the future. Rottneros has about 200 customers.

POLICIES AND STEERING DOCUMENTS

- Business concept
- Sustainability Policy
- Competition Law Policy
- PEFC certification
- FSC® certification
- Quality management system



Strong business relationships crucial

Development work and a high level of service are important keys to the Group's focus on a high proportion of specialised customers with unique needs. It also creates close partnerships where Rottneros offers customised solutions to support customers' businesses. This builds strong, long-term business relationships underpinned by the company's offering in both chemical and mechanical pulp with a high level of technical expertise. A large and growing number of customers are also demanding certified and traceable pulp for production of eco-labelled products, especially those that manufacture consumer products. The Group's certifications confirm that the requirements are fully met, see page 42.

Identification and fulfilment of customer needs

The Group regularly conducts customer surveys to ensure that the processes, mainly related to communication and technical customer service, are effective, and to address any areas of concern. The challenges in creating added value for customers are mainly linked to meeting their specific needs. It is therefore important to work closely with them. To identify needs, regular meetings are held with customers to discuss matters such as product and quality issues. Information for decisions regarding changes and adjustments to the offering is thus continuously obtained. Ensuring a high level of supply reliability is another challenge. A stable production flow and consistent quality are crucial for being able to offer punctual delivery of first-class products.

“The Group focuses on specialised markets where the unique properties of our pulp, its consistent quality and close collaboration are the key to successful business. In addition to high product quality, customers also value our service, technical support and flexibility.”

Kasper Skuthälla, Marketing and Business Development Director



DEVELOPMENTS IN 2023

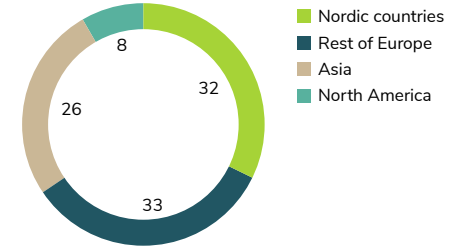
Delivery precision: a key factor for increased customer satisfaction

In early 2023, an initiative was launched to analyse the precision of deliveries to customers, initially mainly for goods transported by truck from Rottneros Mill. The aim was to improve delivery precision in the long term and enhance collaboration with the freight companies that the Group uses for its logistics.

In general, customers appreciate Rottneros' high standard of delivery precision and service with respect to information about orders and shipments. Punctual deliveries are paramount to our customers, along with prompt notification in case of any deviations. To achieve close and long-term cooperation, the Group limits the number of shipping companies it works with, which is also a key factor in creating the ultimate customer experience.

GEOGRAPHICAL DISTRIBUTION OF CUSTOMERS

Goods are transported from the mills by train, ship, or truck, either through a warehouse or directly to the customer. Vallvik has a port enabling efficient transportation by ship directly to Europe and the USA.



NEW BRAND – SPRING BY ROTTNEROS

In early 2024, we launched the Spring brand, our mechanical pulp produced at Rottneros Mill. The name change also highlights the Group's substantial investments in expanding production capacity to meet the rising market demand for pulp for packaging and board. Spring is approved for direct food contact. On request, it is offered FSC®- and PEFC certified.

The Group's other brands include: Robur Flash UKP and ECF – unbleached and bleached sulphate pulp, respectively, manufactured by Vallvik Mill. Nature by Rottneros – molded fiber packaging, manufactured by Rottneros Packaging.



NICHE STRATEGY

The long-term strategy is to focus on those niches where Rottneros pulp can offer added value in terms of product quality and service. Such uses include filters and electrotechnical applications.

The share of pulp sold to priority niches increased from 83 to 86 percent during the year.

Focus on the environment

Environmental issues are a cornerstone of Rottneros' corporate culture, and the company is committed to continuously improving environmental performance and minimising its environmental impact. A key target for the Group is to attain a fully fossil-free production by 2030, coupled with the aim of reducing emissions into water.



FOSSIL-FREE PRODUCTION AND ENVIRONMENT

MATERIALITY

Rottneros focuses on reducing GHG emissions in line with national targets, while also minimising oxygen-consuming emissions to water. All pulp wood must be at least FSC® controlled wood, which ensures sustainable forestry and traceability.

POLICIES AND STEERING DOCUMENTS

- Sustainability Policy
- Energy and Environmental Policy
- PEFC certification
- FSC® certification
- Environmental and energy certification



Proactive measures lay the foundation

Rottneros operates in an industry that is part of the solution to global warming. Carbon dioxide is absorbed by the forest and is thereby stored in the products that are manufactured from it. New products that replace fossil-based raw materials with bio-based counterparts thus represent great potential for both Rottneros and the industry as a whole. A proactive approach to environmental issues is fundamental to the Group's strategy, for which reason the Board of Directors and management are provided with frequent status reports. The Group's work on potential environmental risks and related improvements is of particular interest to authorities, customers and the local community.

Transports and use of material

Rottneros promotes and contributes to sustainable forestry in several ways. Suppliers and raw materials are carefully selected. In 2023, all raw material sourced were according to the FSC® Standard. The company's efficient use of raw materials in production provides advantages from both an environmental and economic perspective.

Rottneros Mill uses about 95 percent of the raw material. At Vallvik Mill, about 50 percent of the raw material becomes pulp, while the remainder becomes by-products or is used as a renewable source of energy generation, which is thus fossil-free.

To reduce the environmental impact of transports, raw material is purchased as close to the mills as possible. Vallvik Mill buys about 50 percent and Rottneros Mill about 75 percent of pulp wood from sources within a radius of 100 kilometres. Whenever possible, transport is coordinated both within the Group and

CARBON DIOXIDE EMISSIONS CO₂

Target:

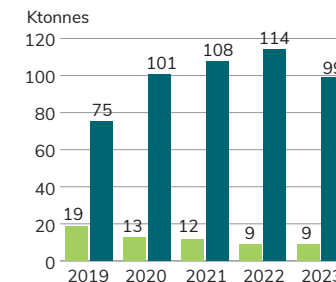
The target is fossil-free production by 2030 according to GHG Scope 1 & 2. The short-term target is an annual improvement.

Outcome scope 1:

The outcome is at the same level as in 2022. For 2023, emissions from internal transports and company cars are also included.

Outcome scope 2:

The share of fossil carbon dioxide in purchased electricity continues to increase. The amount of electricity purchased was lower in 2023 than in 2022, when Vallvik Mill had a turbine breakdown.



with other companies in order to save transport distances and the environment.

Energy consumption and environmental risks

Several factors in the production processes at Rottneros affect the environment. Rottneros Mill has a mechanical production process where the greatest environmental risks are energy consumption and emissions to water. Energy consumption is substantial. It is therefore essential to minimise reliance on fossil-based energy sources by using high-efficiency equipment and sustainable production processes. At Vallvik Mill, where pulp is produced with chemical processes, the greatest environmental risks are posed by chemical handling and by emissions to water and air. To protect the environment and to prevent possible violations of regulations and requirements regarding emissions, the mill has a continuous sampling system with alarm functions linked to the plant's control systems. In addition, manual sampling is carried out on an ongoing basis. Both of the Group's mills have environmental management systems and are certified according to ISO 14001. The environmental management system includes well-established routines for follow-up, taking samples and dealing with deviations. The mills are also certified under the ISO 50001 energy management system.

According to the Group's policy, all employees in relevant positions must have the necessary environmental skills. Senior environmental staff within the Group undertake continuous professional training. Another aspect of the Group's sustainability efforts involves regular contacts with the surrounding community and the county administrative board at each production site to discuss potential desired improvements in the environment around the

mills. Compliance consultation meetings are to be held with the county administrative board several times a year, to which the municipal authority will also be invited to attend.

Completely fossil-free production by 2030

The Group's long-term goal is net-zero fossil fuel emissions, with plans for fossil-free production by 2030. What still remains to be done is to replace the fossil fuels used at start-up after a production stop, mainly for Vallvik Mill, but also to some extent for Rottneros Mill. Another top priority involves ensuring that purchased electricity originates from fossil-free sources. An energy strategy has been formulated to improve the long-term efficiency of energy consumption. Eliminating indirect carbon dioxide emissions that occur outside the gates of the operation, GHG scope 3, is yet another long-term challenge. Analysis of these emissions continued in 2023 as part of the effort to gradually reduce them. These emissions mainly involve transport vehicles for deliveries operated by subcontractors and suppliers, both to and from the mills, along with chemicals, other purchased materials and actors further down the value chain.

MINIMISED EMISSIONS TO WATER

Various major measures to reduce COD emissions were implemented at Rottneros Mill in 2023, partly as a result of the decommissioning of the grinding line in December 2022. Storm and cooling water management processes were updated to reduce the volume of the treatment plant. Two new oil separators were also installed. These measures, along with the closure of the grinding line, reduced COD emissions from the treatment plant by 34 percent compared with the previous year.

CO₂-EMISSIONS CONTINUED TO DECLINE

One positive consequence of the closure of the grinding line at Rottneros Mill is that heat from the plant's bio-boiler now fully meets the needs of the drying production volume. As a result, fossil fuel emissions from production dropped by 71 percent compared with 2022, while energy consumption per tonne fell by 7.5 percent.

SOLAR CELL PARK AND BATTERY STORAGE

In April 2023, the Board of Directors resolved to build a solar cell park and battery storage facility immediately adjacent to Rottneros Mill as part of an effort to reduce exposure to the electricity market in the long term. Start-up is planned for 2024.

Rottneros Group certifications and awards

Through our various certifications, stakeholders can trust that our approach and products are audited and meet the requirements of the specific certification standard.



Certified pulp production

Rottneros pulp production is certified according to international standards for quality, environmental and energy management systems (ISO9001:2015, ISO14001:2015 and ISO50001:2018). All of our pulp is also approved for production of paper and board intended for food contact and labelled with the Swan and EU Ecolabel.



Sustainable forest raw material

All wood used is traceable and all pulps are available as PEFC- or FSC®-certified.

Certified food trays

Rottneros food trays have food contact certificates and are available as FSC® certified.

Awards

EcoVadis awarded Rottneros Mill a gold rating in 2023 and Vallvik Mill a silver rating in 2022 for our sustainability performance.



FSC® CERTIFICATE

FSC is an independent member-led organization that assures environmentally appropriate, socially accountable and economically viable forest management of the world's forests. FSC-certified forest owners comply with national and local laws, as well as binding international agreements. FSC-certified forest managers also follow specific codes of conduct, such as promoting safe and healthy working conditions for those who work in the forest and protecting:

- Endangered animals and plants
- The ability of the soil to support forest growth moving forward
- Indigenous peoples' rights



PEFC CERTIFICATE

The Programme for the Endorsement of Forest Certification (PEFC) is the world's largest certification scheme for sustainable forest management, with a holistic approach to environmental, social and economic issues. The PEFC has its roots in family forestry and aims to suit the needs of both the many family forestry businesses and the larger companies.

The PEFC is based on local conditions and close cooperation with all those involved in forestry, including forest owners, trade unions and outdoor recreation enthusiasts, while complying with international regulations. In Sweden, 16.5 million hectares of forest land, approximately 49,000 property holdings and 3,650 forestry contractors are covered by PEFC certification.



ECOVADIS

EcoVadis awarded Rottneros Mill a Gold rating in 2023 and Vallvik Mill a Silver rating in 2022 for our sustainability performance. From a possible 100 average points, Rottneros Mill scored 72 and Vallvik Mill 64. This means we are better than or equal to 96 percent and 87 percent of all companies audited this year.

EcoVadis evaluates suppliers based on environmental, labour and human rights, business ethics and sustainable sourcing issues. The assessment is based on international standards and therefore becomes a valuable tool for us in our own sustainability work.

Rottneros as an investment

The Rottneros share has been listed on Nasdaq Stockholm since November 1987 and is classified as a company in the Basic Resources segment of the Mid Cap list. Over the past five years (2019–2023), the share price has risen by 48 percent. The total return, or increase in value including dividends, rose by 95 percent over the same period. This performance can be compared with the broad OMX Stockholm index, which increased by 72 percent during the same period.

PART OF THE GREEN TRANSITION

Rottneros, together with the entire forest industry, is part of the green transition to a circular economy with solutions that have a positive impact on both the climate and the environment.

Pulp replaces fossil-based raw materials and is used to manufacture renewable products. Rottneros' goal is to have fossil-free production by 2030.

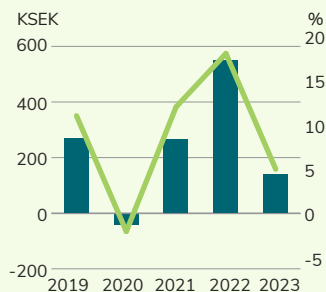
LONG-TERM PROFITABILITY

Rottneros' strategy is to focus on applications where our products create added value. Increased volumes counteract cost inflation.

The focus on molded fiber trays provides a broader revenue base, which in the long term reduces exposure to the pulp market.

In 2023, EBIT was 139 MSEK, corresponding to an EBIT margin of 5 percent.

EBIT MARGIN

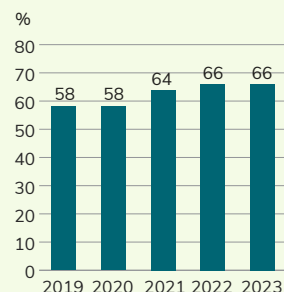


STRONG FINANCES

The Group has a strong equity/assets ratio and a low debt/equity ratio. The equity/assets ratio for 2023 was 66 percent.

Net cash was 105 MSEK and available liquidity totalled 528 MSEK. Robust financials allow for substantial strategic investments in both the pulp mills and new projects to diversify revenue streams.

EQUITY/ASSETS RATIO

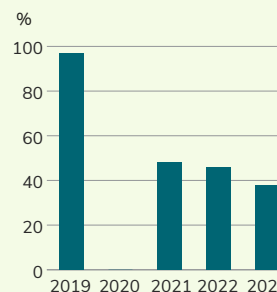


SHAREHOLDER RETURN

Rottneros' policy is to distribute 30–50 percent of net profit to shareholders.

The proposed dividend to shareholders is 0.50 SEK/share for 2023. The total return including appreciation for 2023 was 11 percent.

DISTRIBUTION OF NET INCOME*



MARKET POISED FOR LONG-TERM GROWTH

Rottneros holds a strong position in the pulp market through production of both chemical and mechanical pulp. Our product quality and service ensure good, long-term customer relationships.

The pulp market is well positioned for long-term growth according to several global trends. One example is the transition from plastic to fiber-based packaging.

The potential for expansion in our selected niches is great and already today Rottneros is the world leader in E-pulp and filter pulp, and has leading expertise in the development of environmentally friendly fiber-based food trays.

Rottneros is engaged in several innovative projects and feasibility studies aimed at developing new products made from forest resources. The objective is to diversify the revenue streams, thereby reducing exposure to the pulp market.

This information is a general description of Rottneros as an investment and is not a recommendation to invest in Rottneros and should not be relied upon as a basis for an investment in Rottneros. Investing in shares is associated with risk. When assessing Rottneros' future development, it is important to consider the risk factors associated with Rottneros and its share. All investments in equities are associated with risks of both a general and more sector or company-specific nature. An investor considering investing in shares in Rottneros should read the relevant information about Rottneros carefully before making an investment. Rottneros does not accept any responsibility for an investor's decision to invest in Rottneros on the basis of the above information and therefore does not accept responsibility for any loss that an investor may suffer as a result of investing in Rottneros.

* Dividend paid in relation to the previous year's earnings. For 2021, the dividend is related to the combined earnings of 2020 and 2019.

The Rottneros share 2023

The Rottneros share is listed on Nasdaq Stockholm. At the end of 2023, Rottneros' market capitalisation was 1,868 (1,874) MSEK and Rottneros' share price was listed at 12.18 (12.22) SEK.

The Rottneros share has been listed on Nasdaq Stockholm since November 1987. Rottneros was included in the Mid Cap segment in 2023 and classified as a company in the Basic Resources sector. Rottneros' market capitalisation at the end of the year was 1,868 (1,874) MSEK and the company had 14,692 (13,543) shareholders. Foreign shareholdings in Rottneros amounted to 67.1 (67.3) percent of capital.

Rottneros' share price was listed at 12.18 (12.22) SEK as at 31 December 2023, which is basically unchanged compared with 31 December 2022. Growth for the comparative period was 17 percent.

The trend on the Stockholm Stock Exchange, Nasdaq Stockholm, was positive at 15 (negative 25) percent in 2023, according to the OMXSPI index.

The Rottneros share peaked at 18.08 (16.34) SEK on 8 March, while the lowest price of 10.10 (9.34) SEK was listed on 18 August. The average price during the year was 13.71 (13.40) SEK.

Share turnover

A total of 39 (48) million shares were traded in 2023 at a value of 532 (643) MSEK. This represents a turnover velocity for shares of 25 (31) percent during the year. An average of 290 (294) trades in Rottneros shares were made every day.

Share capital and holdings of treasury shares

The share capital at the end of the year was 153.4 (153.4) MSEK divided between 153,393,890 (153,393,890) shares. All shares carry equal voting rights and equal rights to the company's capital and profit. The company's holding of treasury shares remained the same as the previous year (821,965 shares), corresponding to 0.54 percent of the total number of shares.

Dividend

For the financial year 2022, a dividend totalling 1.40 SEK per share was paid, divided into an ordinary dividend of 0.50 SEK and an extraordinary dividend of 0.90 SEK. For the Annual General Meeting 2024, the Board of Directors proposes that the ordinary dividend of 0.50 SEK per share be distributed for the year 2023.

Dividend policy

The dividend policy at Rottneros is to pay out 30-50 percent of net income, in accordance with the long-term financial targets. The proposed dividend is 63 percent of net profit and is justified by the strong financial position.

Shares held by the Board of Directors and senior executives

The holdings of the Board of Directors and Senior executives, as well as those of related parties, amounted to 662,850 (637,050) shares in total in Rottneros AB as of 31 December 2023. No warrants were issued as at 31 December 2023.

Information for shareholders

Rottneros provides information for shareholders and the public through several channels. Information published in the form of annual reports, quarterly reports and press releases is regularly posted on www.rottneros.com. Presentations that were held in conjunction with the interim reports are also available. The website is the main channel for the Annual Report, for which reason the report is not sent to shareholders unless specifically requested.

SHARE PERFORMANCE AND TURNOVER

Jan 2019 – Dec 2023



LARGEST SHAREHOLDERS

As at 31 December 2023

SHAREHOLDERS	NUMBER OF SHARES (=VOTES)	% OF CAPITAL
Arctic Paper S.A.	78,230,883	51.0
PROAD AB	11,575,500	7.5
UBS Switzerland AG, W8IMY	7,230,147	4.7
Caceis Bank, Switzerland Branch, W8IMY	5,000,000	3.3
Avanza Pension	2,600,144	1.7
SEB AB, Luxembourg Branch, W8IMY	2,278,400	1.5
CBNY-DFA-INT SML CAP V	1,516,578	1.0
Caceis Bank Spain SAU, W8IMY	1,155,113	0.8
BNY Mellon SA/NA (Former BNY), W8IMY	950,565	0.6
SEB Investment Management	832,565	0.5
Total 10 largest shareholders by holdings	111,369,895	72.6
Other shareholders	41,202,030	26.9
Rottneros AB (treasury stock from buy-back)	821,965	0.5
TOTAL	153,393,890	100.0

SHARE DATA¹

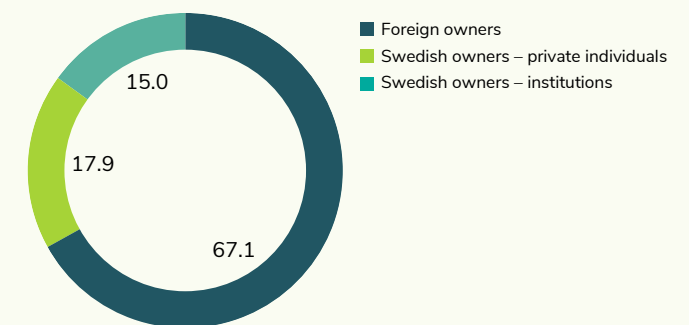
		2023	2022	2021	2020	2019
Shares, opening ²	Number	152,572	152,572	152,572	152,572	152,572
Shares, closing ²	Number	152,572	152,572	152,572	152,572	152,572
Average number of shares outstanding ²	Number	152,572	152,572	152,572	152,572	152,572
Holdings of treasury shares ²	Number	822	822	822	822	822
Earnings per share	SEK	0.79	3.70	1.28	-0.33	1.27
Cash flow after investments/share ³	SEK	-1.29	2.80	1.07	-0.30	2.30
Equity per share	SEK	12.18	14.78	9.99	8.53	9.05
Dividend ⁴						
Ordinary dividend	SEK	0.50	0.40	–	–	0.40
Extra dividend	SEK	0.90	0.20	0.45	–	1.00
Total	SEK	1.40	0.60	0.45	–	1.40
Dividend/equity per share	%	11.5	4.1	4.5	–	15.5
Share price at end of period	SEK	12.18	12.22	10.42	8.15	11.40
Market price/equity/share	times	1.0	0.8	1.0	1.0	1.3
P/E ratio per share	times	15.4	3.3	8.1	-24.7	9.0

DISTRIBUTION OF SHARES

As at 31 December 2023

NO. OF SHARES	NO. OF SHAREHOLDERS	% OF CAPITAL
1 – 500	8,454	0.8
501 – 1,000	2,113	1.1
1,001 – 5,000	2,915	4.6
5,001 – 10,000	621	3.1
10,001 – 15,000	175	1.4
15,001 – 20,000	85	1.0
20,001 –	288	88.0
TOTAL	14,651	100.0

DISTRIBUTION BY CATEGORY OF OWNERSHIP, %



¹ None of the key performance indicators are affected by any dilution effect.

² The number of shares is in thousands, excluding Rottneros' treasury shares.

³ Cash flow from operating activities less investments in non-current assets, divided by average number of shares outstanding.

⁴ Refers to dividends paid in each year.

Directors report

The Board of Directors and CEO of Rottneros AB (publ), corporate ID no. 5560135872, based in Sunne, hereby prepare the annual accounts and consolidated accounts for the financial year 2023.

Operations

The Rottneros Group is an independent and flexible producer of high-quality chemical and mechanical pulp. The Group operates in the market pulp segment, where the pulp produced is sold to customers throughout the world. The majority of Rottneros' sales take place in Europe, the United States and certain Asian markets.

Rottneros' principal activity takes place at two pulp mills: Vallvik Mill and Rottneros Mill. The company focuses on expanding in selected niches where the Group is among the leading manufacturers in the world, or areas where Rottneros Group's pulp has a clear competitive advantage. The Group is broadening its revenue base through Rottneros Packaging, which develops production technology to manufacture high-quality fossil-free packaging solutions.

Sustainability

Sustainability is a crucial cornerstone at Rottneros. How our activities can create value for our stakeholders is at the top of our agenda, and we therefore want to have an open and transparent dialogue with all those affected by our activities. We work in six focus areas: safety, long-term profitability, diversity, customer satisfaction, fossil-free production and environmental impact. These are formulated on the basis of stakeholders' key requirements and expectations.

Beginning in 2025, Rottneros will be subject to the Corporate Sustainability Reporting Directive (CSRD) and has therefore initiated an identification and analysis process in preparation for the new directive. Read more about Rottneros' sustainability work on pages 29–42.

Restructuring

In 2023, an organisational review was carried out at Vallvik Mill, resulting in a reduction of 21 positions. The redundancy was resolved through pension solutions and increased personnel costs by 16 MSEK.

At the end of 2022, Rottneros Mill ceased production of pulp. The decommissioning costs were charged to income in 2022 and were completed in 2023. With the closure of the grinding line, there were electricity price futures that exceeded future electricity consumption.

Market

The first half of 2023 was characterised by falling prices and reduced demand for pulp and paper. Market dynamics shifted in favour of sellers in the second half, however, leading to a gradual upward trend in prices. Demand for market pulp in Europe, Rottneros' main market, fell by about 16 percent. However, global demand rose by just over 3 percent, driven by a strong market in China.

SALES AND RESULTS

Sales

Net turnover for the Group amounted to SEK 2,755 (2,980) MSEK, a decline of about 8 percent. Excluding groundwood pulp, sales were up 4 percent as a result of higher deliveries of sulphate pulp and CTMP. Turnover also includes sales of pulp wood for 145 (180) MSEK, revenue from by-products and other of 120 (96) MSEK, and earnings from pulp price hedging of -2 (-58) MSEK. See also Note 1 in the Annual Report.

Group production, excluding groundwood pulp, increased to 352,200 (332,900) tonnes and sales to 351,700 (340,900) tonnes. The average gross price of long-fiber sulphate pulp (NBSK) decreased by 10 percent denominated in USD and by 5 percent denominated in SEK compared with the previous year.

Operating profit

The Group's EBIT for 2023 was 139 (550) MSEK. Variable costs increased to 1,661 (1,415) MSEK, even though the cost in 2022 includes groundwood pulp production. The increase in variable costs relates mainly to pulp wood, but the cost of chemicals also

rose. Electricity costs remained at about the same level as the previous year, since Rottneros hedges most of its electricity consumption.

Other external costs, at 573 (649) MSEK, and personnel costs, at 302 (357) MSEK, are at a lower level due to the restructuring carried out in 2022. The reduced cost base played a role, as did shutdown costs incurred in 2022 for the groundwood pulp line at Rottneros Mill.

Depreciation and amortisation totalled 113 (141) MSEK. An impairment charge for the grinding line's non-current assets is included in 2022, while 6 MSEK was reversed in 2023.

SUMMARY CONSOLIDATED INCOME STATEMENT

MSEK	2023	2022
Net turnover	2,755	2,980
EBIT	139	550
Profit/loss after financial items	153	714
Net income	121	565

DEVIATION ANALYSIS

MSEK	2023	2022
NBSK PIX, USD	1,268	1,404
SEK/USD	10.61	10.12
NBSK PIX, SEK	13,455	14,213

Other income statement items

Financial items (net) totalled 24 (169) MSEK for the year. In addition to interest income and expenses, this item consists of the change in value of financial derivatives.

With the closure of the grinding line at Rottneros Mill, there were electricity price futures that exceeded future cash flows. The effect

of these futures was 165 MSEK in 2022 and 10 MSEK in 2023. Financial items also consist of interest income of 13 MSEK and interest expenses of 10 MSEK.

Profit/loss after financial items

The Group's profit after financial items increased to 153 (714) MSEK.

Income taxes

Income tax expense for the 2023 was -32 (-149) MSEK. The applicable tax rate was 20.6 (20.6).

Net income

The Group's net income amounted to 121 (565) MSEK and earnings per share to 0.79 (3.70) SEK.

Investments

Group investments in non-current assets, excluding financial investments, amounted to 205 (112) MSEK. Approximately 100 MSEK relates to maintenance investments to maintain the technical standard, quality and accessibility improvement measures, and investments in safety and perimeter protection. In addition to maintenance investments, strategic investments were also approved during the year. These investments include a new tall oil plant, increased CTMP capacity and solar cells with battery storage. The total investment amount for these initiatives is about 365 MSEK and the projects extend over 2023 and 2024.

The Group's investments in financial fixed assets totalled 96 (0) MSEK and consist of paid-in capital in the jointly owned company in Packaging in Poland, as well as the investment in Blue Ocean Closures.

FINANCIAL POSITION

Non-current assets as at 31 December 2023 amounted to 1,470 (1,501) MSEK. Property, plant and equipment comprise 87 (79) percent of the Group's non-current assets.

Current assets, excluding cash and cash equivalents, amounted to 1,151 (1,456) MSEK on 31 December 2023 and comprise 43 (30) percent inventories and 57 (70) percent accounts receivable and other current receivables. Current assets decreased compared

with the end of 2022, mainly because of a lower value for current unrealised electricity price hedges.

CONSOLIDATED BALANCE SHEET, SUMMARY

MSEK	2023	2022
Non-current assets	1,470	1,501
Current assets	1,151	1,456
Cash and cash equivalents	196	465
Total assets	2,817	3,422
Shareholders' equity	1,858	2,256
Interest-bearing liabilities	91	111
Non-interest-bearing liabilities	868	1,055
Total shareholders' equity and liabilities	2,817	3,422

Group cash and cash equivalents amounted to 196 (461) MSEK at the end of the year.

In June 2023, Rottneros refinanced its existing long-term loan agreements. The agreement includes a loan of 100 MSEK with 32 MSEK in annual amortisation, as well as revolving credits of up to 150 MSEK. The loan agreement has a term of two years with a one-year extension option. The loan terms contain customary covenants in the form of a maximum net debt to operating profit before depreciation of 3.2 and a maximum dividend of 50 percent of the previous year's net profit.

Interest-bearing net cash at the end of the year was 105 (354) MSEK. Granted but unused credits amounted to a total of 332 (282) MSEK on 31 December 2023. The equity/assets ratio at year-end was 66 (66) percent. Equity per share amounted to 12.18 (14.78) SEK.

CASH FLOW

Cash flow from operating activities totalled 104 (541) MSEK. Taxes paid totalled -113 (-32) MSEK and realised financial investments amounted to 154 (0) MSEK. Cash flow after investments for the year was -36 (429) MSEK. Cash flow from financing activi-

ties amounted to -233 (-125) MSEK and related to amortisation of loans and dividends. During the year shareholders were paid dividends totalling 213 (91) MSEK. Net cash flow for the year was -269 (304) MSEK.

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

MSEK	2023	2022
Cash flow from operating activities	104	541
Cash-flow from investing activities	-140	-112
Cash flow after investments	-36	429
Change, interest-bearing liabilities	-20	-34
Dividend paid	-213	-91
Net cash flow	-269	304

Parent Company

The parent company's turnover for 2023 amounted to 18 (8) MSEK. The parent company's sales comprise intercompany revenue from administrative and operational management services. Profit after net financial items amounted to 259 (439) MSEK. This figure includes group contributions received/paid of 133 (534) MSEK.

Future trends

The Rottneros Group continues to pursue its core business using a structured and systematic approach, with continuous improvements in all regards. At the same time, Rottneros continues to develop new products that contribute to the fossil-free society. Demand for fiber-based packaging solutions is strong and Rottneros Packaging continues to pursue commercialisation.

Number of employees

The average number of employees amounted to 293 (319) in 2023. The average term of employment is about 12 (12) years, and the average age of employees is approximately 47 (47) years.

Significant events after the end of the financial year

No significant events occurred after the balance sheet date that affected the Group's financial position or results of operations.

PROPOSED APPROPRIATION OF PROFITS

The Board has considered the company's financial position, cash flows and future prospects in its proposed dividend. The consolidated income statement and balance sheet will be submitted to the AGM on 20 March 2024 for adoption.

A detailed account regarding the Board's proposed dividend is available at www.rottneros.com.

For the 2023 financial year, the Board of Directors will propose to the Annual General Meeting that a dividend be paid.

Proposed appropriation of profits:

Retained earnings	281,485,048
Net profit for the year	205,587,115
Total SEK	487,072,163

The Board of Directors Proposes:

To be distributed to shareholders ^{1,2}	76,285,963
To be carried forward	410,786,201
Total SEK	487,072,163

1) After adjustment for repurchased shares in treasury.

2) Ordinary dividend of 0.50 SEK

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES AND BOARD MEMBERS

PROMOTION OF THE COMPANY'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY

Rottneros' overall objective is to create sustainable and long-term profitability, as well as to yield a good return for the Group's shareholders. To do so, Rottneros will offer products and services of the highest quality that create clear added value in growing niches. Rottneros is constantly working to develop new products and applications for both current and new customer groups. Employee safety, high productivity in the mills and first-class service to Rottneros' customers are top priorities.

A long-term successful and sustainable implementation of the company's business strategy presumes that the company can recruit and retain qualified employees. To this end, the company must offer competitive remuneration. These guidelines make it possible to offer senior executives a competitive remuneration package.

REMUNERATION OF SENIOR EXECUTIVES

Types of remuneration, etc.

Rottneros shall offer a total compensation package that is in line with market practices, which enables recruitment and retention of qualified senior executives.

Remuneration within Rottneros shall be based on the principles of performance, competitiveness and fairness. Remuneration to senior executives may consist of fixed remuneration, variable remuneration, share and share-price related incentive programmes, pension and other benefits. If local conditions justify variations in the remuneration principles, such variations may occur.

The fixed remuneration shall reflect the individual's responsibility and experience level. The fixed remuneration shall be reviewed annually.

The variable remuneration may amount to a maximum of 50 percent of the annual fixed salary for the CEO, and a maximum of 30 percent of the annual fixed salary for other senior executives. The variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability, by being clearly linked to the business strategy, or by promoting the long-term development of the executive. Fulfilment of the criteria for awarding variable cash-based remuneration shall be measured for a period of one year. The extent to which the criteria for awarding variable cash remuneration have been met shall be evaluated/determined when the measurement period has ended. The Board of Directors is responsible for evaluating variable cash remuneration to the CEO. For variable cash remuneration to other executives, the remuneration committee is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

For the CEO and other senior executives, pension benefits shall be premium defined and entitle the executives to pension from the age of 65. Variable cash remuneration is pensionable.

Other benefits may include life insurance, medical insurance (Sw. *sjukvårdsförsäkring*) and company cars. Such benefits shall not constitute a substantial part of the total remuneration.

Additional cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary work performance beyond the individual's ordinary tasks. Such cash remuneration shall be commercially justified, in proportion to the individuals fixed salary and not be paid more than once a year and per person. Resolutions on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee. In addition, general meetings may, if resolved, submit an offer of long-term incentive plans such as share- or share-price-related remuneration or incentive plans. Such long-term plans are to be resolved by the general meeting and are therefore excluded from these guidelines.

For employment governed by rules other than Swedish these guidelines may be duly adjusted for compliance with such mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration and remuneration awarded under potential cash-based incentive plans shall be linked to predetermined and measurable criteria which can be financial or nonfinancial. Fulfilment of the criteria for awarding short-term variable cash-based remuneration shall be measured for a period of one year. They may also be individualised, quantitative or qualitative objectives. The criteria for short-term as well as long-term variable cash remuneration shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The extent to which the criteria for awarding variable cash remuneration have been met shall be determined when the measurement period has ended. The Remuneration Committee is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

The Board of Directors shall have the option, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable remuneration paid on incorrect grounds.

Remuneration to Board members

Remuneration to Board members for their work in the Board of Directors of Rottneros shall be resolved upon by the general meeting. Board members are only entitled to remuneration resolved by the general meeting. However, they may receive additional remuneration for services they provide to Rottneros within their respective areas of expertise in addition to their duties as Board members. Such remuneration shall be on market terms and based in a consultancy agreement approved by the Board of Directors.

Employment conditions

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for

employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Termination of employment

In the event of termination by the company of the CEO's employment the notice period may not exceed eighteen months and for other members of the executive management the notice period may not exceed twelve months. When termination is made by the executive, the notice period may not exceed twelve months. When termination of the CEO's employment is made by the company, the CEO shall receive normal salary and other benefits during the notice period. In all other cases, no severance pay shall be paid.

DECISION-MAKING PROCESS, AMENDMENTS AND DEVIATIONS, ETC.

The decision-making process to determine, review and implement the policy

The Board of Directors has established a remuneration committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for senior executives, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the Remuneration Committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

In exceptional financial circumstances, the Board of Directors may

impose conditions, restrict, or decline to pay the variable cash remuneration, if such a measure is deemed reasonable and a deviation is necessary to satisfy the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters, which includes any resolutions to derogate from the guidelines.

Remuneration 2023

Pay and remuneration for the company's senior executives in 2023 was compatible with the guidelines determined at the 2020 AGM. Pay and remuneration for the CEO and other senior executives in 2023 can be found in Note 7 of the annual report. Variable remuneration in 2023 has been dependent on the achievement of measurable targets, which are set annually.

Remuneration report 2023

This report describes how the guidelines for remuneration to senior executives of Rottneros AB, adopted by the 2023 Annual General Meeting, were applied in 2023. The report also includes information on remuneration to the Chief Executive Officer and a summary of the company's outstanding share and share price-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's Rules on remuneration to senior executives and on incentive plans.

Further information on remuneration of senior management can be found in Note 7 (Personnel and remuneration) on pages 81–82 of the 2023 Annual Report. Information on the work of the remuneration committee in 2023 can be found in the Corporate Governance Report on pages 61–65 of the 2023 Annual Report.

Directors' fees are not covered by this report. Such fees are resolved annually by the AGM and are disclosed in Note 7 on page 81 of the 2023 Annual Report.

Developments in 2023

The Chief Executive Officer summarises the overall performance of the company in his statement on pages 6–7 of the 2023 Annual Report.

The company's remuneration guidelines:

Scope, purpose and derogations In order to successfully implement its business strategy and safeguard its long-term interests, including its sustainability, the company must be able to recruit and retain qualified employees. To this end, the company must offer competitive remuneration. The company's remuneration guidelines make it possible to offer senior executives a competitive remuneration package. According to these guidelines, the remuneration of senior executives should be market-based and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. These criteria may also be personalised, quantitative, or qualitative objectives. The criteria should be designed to promote the company's business strategy and long-term interests,

including its sustainability, by, for example, having a clear link to the business strategy or promoting the long-term development of the executive.

The guidelines can be found on pages 48–49 of the 2023 Annual Report. In 2023, the Company complied with the applicable remuneration guidelines adopted by the General Meeting. There have been no deviations from the guidelines and no derogations from the decision-making process that the guidelines require to determine the remuneration. The auditor's opinion on the company's compliance with the guidelines is available at www.rottneros.com/investors/corporate-governance/. No remuneration has been reclaimed.

Application of performance criteria

The performance criteria for the Chief Executive Officer's variable remuneration have been chosen to realise the company's strategy and to encourage behaviour that is in the long-term interest of the company. The selection of performance criteria has taken into account the strategic objectives and short- and long-term business priorities for 2023. The non-financial performance criteria further contribute to alignment with both sustainability and company values.

TOTAL REMUNERATION TO THE CEO IN 2023 (KSEK)*

Name of the executive (position)	1 Fixed remuneration		2 Variable remuneration		3	4	5	6
	Basic salary**	Other benefits***	Annual*	Multi-year*	Extraordinary items	Pension expenses	Total remuneration	Share of fixed and variable remuneration****
Lennart Eberleh, (CEO)	3,609	201	354	0	0	1,132	5,296	92/8

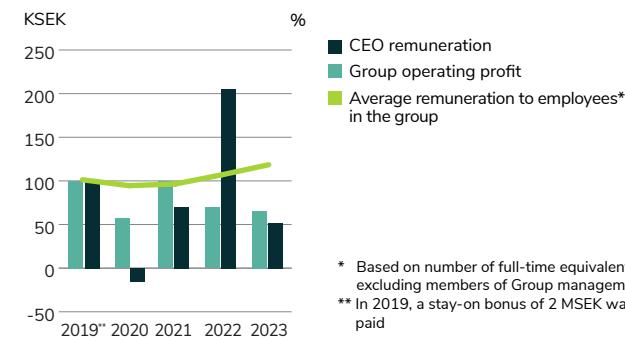
* Variable remuneration paid for 2023 amounts to 354 KSEK and is pensionable. Rottneros has no programmes classified under multi-year variable remuneration.
 ** Including holiday pay of 71 KSEK.
 *** Car benefit.
 **** Pension costs (column 4), which relate to basic salary (which is defined contribution) and to provisions for variable remuneration amounting to 57 KSEK, which are divided into fixed and variable remuneration (column 6).

PERFORMANCE OF THE CHIEF EXECUTIVE OFFICER DURING THE REPORTED FINANCIAL YEAR: VARIABLE CASH REMUNERATION

Name of the executive (position)	1 Description of criteria related to remuneration component	2 Relative weighting of performance criteria (%)	3 Measured performance (%)	4 actual allocation / remuneration outcome
Lennart Eberleh, (CEO)	EBIT 2023	30	10	0 KSEK
	Production	40		354 KSEK
	Fixed costs	30		0 KSEK

COMPARATIVE INFORMATION: CHANGES IN REMUNERATION AND COMPANY PERFORMANCE

CHANGES IN REMUNERATION AND COMPANY PERFORMANCE OVER THE LAST FIVE REPORTED FINANCIAL YEARS



Financial and operational risks

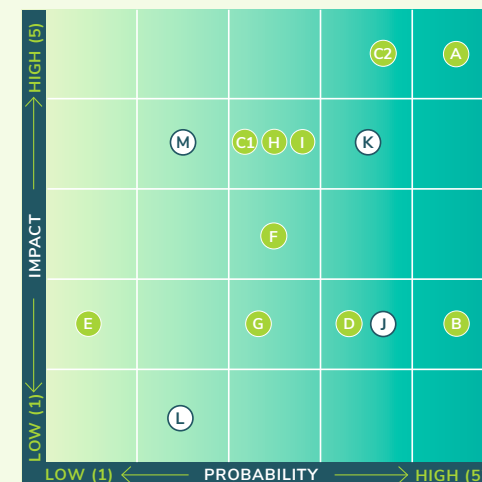
The Board of Directors and CEO of Rottneros AB (publ), corporate ID no. 5560135872, based in Sunne, hereby prepare the annual accounts and consolidated accounts for the financial year 2023.

Rottneros is working to minimise risk through preventive work or, where this is not possible, by working with different kinds of hedging and insurance. Many of the risks shown below may have both a positive and negative impact on Rottneros. Work relating to risk is managed by the Board of Directors at an overall level and by the CEO and Group management at an operational level. The risk management process includes strategic business planning, conducting an ongoing risk inventory, preventive maintenance work and investments, as well as financial hedging activities.

SENSITIVITY ANALYSIS 2023				
Type of risk	Change	Effect on profit/loss after financial items (MSEK)		Sensitivity
		2023	2022	
Pulp price (Net)	50 USD/tonne	190	200	High
USD	0.50 SEK/USD	70	80	High
Timber prices	30 SEK/m ³	40	45	High
Electricity prices	0.10 SEK/kWh	20	30	Average
Other variable costs	2 percentage points	10	10	Average
Interest rate risk (financing)	1 percentage point	1	1	Low
Refinancing				Low
Credit risk				High

Sensitivity calculations for each type of risk do not take into account the fact that actual changes will also affect other items. The effects of any hedging or fixed price contracts have not been included in the calculations, either. The sensitivity analysis for 2022 includes the groundwood line.

RISK AREAS



OPERATIONAL RISK AREAS

- A** Variations in pulp price
- B** Structural change
- C1** Access to raw material
- C2** Raw material prices
- D** Electricity price
- E** Customer structure and customer credit
- F** Facilities
- G** Political decisions
- H** Sustainability and accountability
- I** Environment

FINANCIAL RISK AREAS

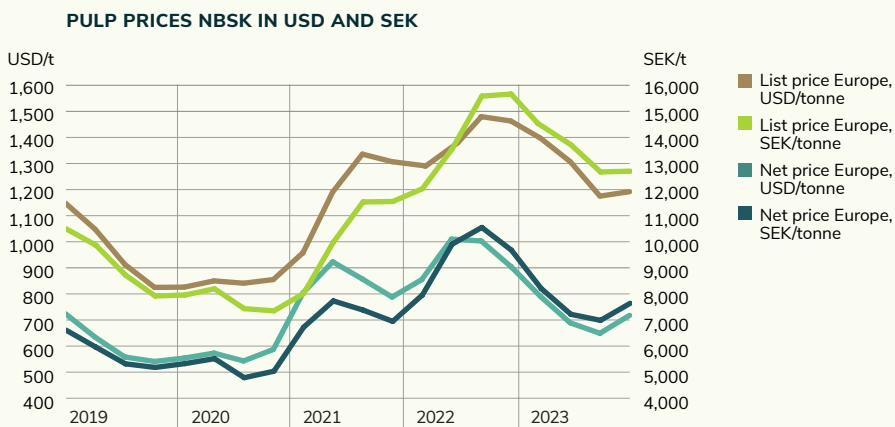
- J** Currency – balance exposure
- K** Currency – transaction exposure
- L** Interest
- M** Liquidity and refinancing

OPERATIONAL RISK AREAS

RISK AREA

A VARIATIONS IN PULP PRICE

Pulp price risk means the risk of changes in pulp prices having a negative impact on the consolidated income statement and balance sheet. The pulp price is set in a global market and the price of Rottneros' products is dependent on how global demand for pulp products can be matched with the industry's production volume. Variations in pulp price are seldom related to changes in Rottneros' costs and may thus generate major fluctuations in the result. A high pulp price is positive for the result but may have a negative impact on potential sales volumes.



Average quarterly gross prices of softwood sulphate pulp deliveries in Europe.

RISK MANAGEMENT

PROBABILITY: 5 IMPACT: 5

The setting of prices in the pulp market is governed by international price levels that depend on demand and the global economy. Pulp price hedging is used when the price levels in long-term contracts are economically advantageous or when the market price is so low that further reductions may threaten the survival of the company. As a main rule, pulp prices are hedged in Swedish kronor.

Rottneros focuses on applications that provide greater added value and can replace volume products in the long term. The objective is to reduce dependency on the list price for market pulp and thereby mitigate fluctuations in profitability over a business cycle.

COMMENTS ON 2023 OUTCOMES

After a very strong 2022, demand and prices fell in 2023. However, the market recovered somewhat towards the end of the year. The price of pulp denominated in USD was 10 percent lower than in 2022 and 5 percent lower denominated in SEK. The proportion of pulp sold to the prioritised applications increased from 83 to 86 percent.

During the year the Group had hedged 18,000 tonnes at an average price of 13,302 SEK per tonne, somewhat below the list price of 1,268 USD per tonne, which corresponds to 13,455 SEK per tonne. The realised result of these pulp price hedges was -2 MSEK. At the end of December 2023, the Group held pulp hedges of 12,000 tonnes maturing in December 2024 at an average price of 13,284 SEK per tonne.

OPERATIONAL RISK AREAS

RISK AREA	RISK MANAGEMENT
<p>B STRUCTURAL CHANGE</p> <p>Digitalisation, globalisation and increased trade reduce demand for certain types of pulp and effect structural changes in the industry. Demand for printing and writing papers is weakening, while demand for tissue, board and specialty paper is strengthening. Demand for market pulp is increasing in Asia, especially in China, and stagnating or declining in mature markets such as Europe and North America.</p>  <p>ROTTNEROS – DISTRIBUTION OF DELIVERIES, PERCENT</p> <ul style="list-style-type: none"> Board and packaging Filters Electrotechnical applications Special applications Printing and writing papers Tissue paper Fiber cement Other 	<p>PROBABILITY: 5 IMPACT: 2</p> <p>Rottneros has focussed on growth in applications in which the company can add value through its knowledge and high-quality pulp, in order to manage structural change in the industry. The objective is to reduce dependency on the list price for market pulp and thereby mitigate fluctuations in profitability over a business cycle. Rottneros also has the goal of increasing sales of products other than pulp.</p> <p>COMMENTS ON 2023 OUTCOMES Europe, Rottneros' main market, accounts for 65 percent of deliveries. The production of paper and board in Europe fell by 16 percent, causing demand for market pulp to fall to the same extent. At the same time, demand in China increased by 25 percent. In total, demand for pulp increased by 3.5 percent. To balance the weaker demand, Rottneros increased sales for tissue paper. Rottneros continued to focus on prioritised and long-term growing niches during the year. Sales to the prioritised niches increased from 83 to 86 percent, driven by good demand in the less cyclical areas of filters and electrical engineering applications. With the phasing out of groundwood pulp, sales of printing and writing papers have fallen from 10 to 3 percent of pulp sales. Sales of products other than pulp increased from 9 to 10 percent of total turnover.</p>
<p>C1 ACCESS TO RAW MATERIAL</p> <p>Raw timber supplies are crucial for a pulp producer. Rottneros does not have any forests of its own and is therefore dependent on good relationships with suppliers and an optimal flow of pulp wood to its pulp mills. Rottneros Mill has limited ability to chip roundwood itself and is therefore dependent on external chips. Deliveries and customer relations would be in jeopardy if Rottneros were to be without pulp wood. EU directives affect Swedish forestry and the availability of pulp wood. At the same time, competition for pulp wood is increasing as the green transition continues.</p>	<p>PROBABILITY: 3 IMPACT: 4</p> <p>The Group ensures that it has a good, long-term relationship with those stakeholders in the vicinity of each mill to safeguard access to pulp wood. Rottneros normally signs agreements with major pulp wood suppliers and sawmills for periods of six to twenty-four months. To increase flexibility, the Group has two companies in Sweden and Latvia for deliveries of pulp wood and woodchips. The goal is to carry an inventory of raw materials that is sufficient to cover two to three weeks of production.</p> <p>COMMENTS ON 2023 OUTCOMES Russia's invasion of Ukraine has affected the wood balance in northern Europe as there have been no imports from Russia. At the same time, increased pulp capacity has also increased the demand for pulp wood. A strong economy for sawmills has resulted in an increased inflow of wood chips. Because access to pulp wood was limited at the beginning of the year, Rottneros imported larger volumes than normal from Latvia. Beginning in the summer, however, the supply of wood has been good.</p>
<p>C2 RAW MATERIAL PRICES</p> <p>Price and price changes of pulp wood, chemicals and other input goods affect pulp producers. Increased prices have a negative impact on earnings and Rottneros has little opportunity to compensate for price increases on input goods. External factors such as the economic cycle, globalisation and supply chains affect the price.</p>	<p>PROBABILITY: 4 IMPACT: 5</p> <p>The Group does not hedge against market price fluctuations, but long-term supply agreements provide some stability to prices. Pulp wood is the largest input cost item and accounts for about 65 percent of variable costs. A price change of 30 SEK per m³ affects the Group's earnings by approximately 40 MSEK on an annual basis.</p> <p>COMMENTS ON 2023 OUTCOMES The price of pulp wood was affected by the imbalance described above. According to statistics from the Swedish Forestry Agency, the price of softwood pulp wood rose by almost 50 percent in southern Norrland. The price of chemicals remained high. The Group's costs for raw materials and consumables amounted to 1,661 (1,125) MSEK, corresponding to 60 (47) percent of net turnover.</p>

OPERATIONAL RISK AREAS

RISK AREA

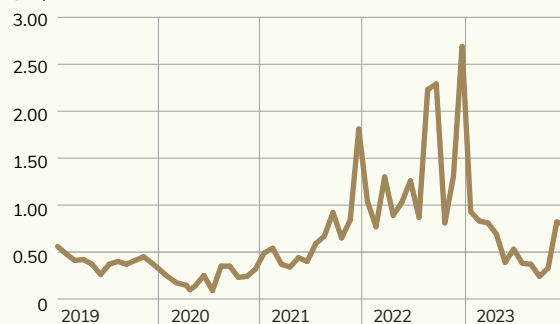
D ELECTRICITY PRICES

Rottneros has an annual electricity consumption of over 200 GWh. Increased prices may lead to increased production costs and could have a negative impact on the Group's operating profit.

The availability of electricity and insufficient transmission capacity can lead to power shortage in the electricity system. Rottneros Mill buys all electricity consumed and can be affected by temporary imbalances.

NORDPOOL ELPRIS I SE3

SEK/kWh



RISK MANAGEMENT

PROBABILITY: 4 IMPACT: 2

All external electricity for the mills is purchased directly via the Nord Pool electricity exchange. A price change of 0.10 SEK per kWh will affect the Group's annual profit by approximately 20 MSEK, in the absence of any electricity price hedges. Future electricity prices are hedged in advance according to a set strategy to protect Rottneros' future electricity costs against major fluctuations and achieve a predictable electricity price. The Board of Directors approves hedging levels based on proposals from senior management. The Board also approves new financial counterparties.

The electricity market is moving towards higher long-term prices and greater volatility. To reduce exposure, Rottneros has decided to invest in its own solar park and signed long-term contracts for the purchase of renewable electricity.

COMMENTS ON 2023 OUTCOMES

The average price level in electricity area SE3 was 0.59 (1.38) SEK per kWh, while the system price was 0.64 (1.45) SEK per kWh. Prices fell following the extremely high levels of 2022, though they remained higher than in previous years. Rottneros had hedged the price level at 0.36 SEK per kWh, resulting in a positive outcome for electricity price hedges of 54 MSEK.

As a result of the closure of the groundwood line, electricity purchases dropped to 211 (307) GWh.

A solar panel installation project was launched at Rottneros Mill in 2023, with completion of the first phase expected in 2024. The annual production is estimated at about 3 GWh. Rottneros has signed a long-term agreement to purchase, electricity including guarantees of origin, at a fixed price in SE3. The agreement covers over 30 GWh per year of clean wind energy that will be delivered over an 8.5-year period starting in 2025.

Year	Proportion hedged, %	Öre/kWh
2024	100	34.2
2025	81	34.6
2026	30	53.6
2027	26	52.1
2028	19	55.9

The table shows the hedged proportion of forecasted consumption and the average hedged price in SEK/kWh.

E CUSTOMER STRUCTURE AND CUSTOMER CREDIT

A high dependency on a small number of major customers, industries or geographical markets may have a significant impact on revenue if a major customer or industry were to have problems.

The risk that the Group's customers will be unable to meet their payment obligations is a credit risk that could have a major negative impact if the credit is not insured or guaranteed.

PROBABILITY: 1 IMPACT: 2

Rottneros considers that the Group has a good diversification of commercial risk with around 200 customers, of which the ten largest together represent approximately 40 per cent of turnover. A long-term structural change is underway, where the market for printing and writing papers is declining, while it is increasing for tissue paper, board and speciality applications. Rottneros' strategy is to increase the sale of pulp for profitable and growing applications. Geographically, the Rottneros Group is not dependent on the market in any particular country. Most of the Group's turnover is generated in Europe, where Sweden, Germany, Italy and Norway represent the largest markets.

Credit risk is managed at a Group level. Credit risk arises through cash and cash equivalents, derivative instruments and deposits at banks and financial institutions, and through credit exposures to customers. With few exceptions, business risk relating to accounts receivable is insured through credit insurance with a ten percent excess.

COMMENTS ON 2023 OUTCOMES

The Group has around 200 customers and historically, it credit losses have been minor. Sales to priority applications increased from 83 to 86 percent of the total volume of pulp sold. Exposure to printing and writing papers has decreased as a result of the closure of the grinding line at Rottneros Mill in December 2022.

OPERATIONAL RISK AREAS

RISK AREA	RISK MANAGEMENT
<p>F PRODUCTION FACILITIES</p> <p>Rottneros has two large production facilities that conduct continuous production. Industrial injuries, machinery breakdowns, fires and other accidents may result in extended production shutdowns, damage to the facility and delivery problems.</p>	<p>PROBABILITY: 3 IMPACT: 3</p> <p>The management team conducts an annual review of the mills' maintenance needs for the coming years. This work includes identifying ongoing annual investments, investments in expansion and investments that aim to improve quality, safety and environmental performance.</p> <p>The Rottneros Group holds annual maintenance shutdowns to ensure a high and even rate of production. Maintenance shutdowns are carefully planned to minimise downtime. In addition, preventive maintenance is carried out regularly. Rottneros insures all of its facilities against property damage and business interruption and also has relevant liability insurance.</p> <p>The insurance companies conduct annual audits of the Group's facilities and make recommendations for improvements and reduction of risks.</p> <p>COMMENTS ON 2023 OUTCOMES</p> <p>In 2023, maintenance shutdowns were carried out during the third quarter at Rottneros Mill and during the fourth quarter at Vallvik Mill.</p> <p>Production of sulphate pulp and CTMP rose 3 percent. Production of CTMP reached a new annual record at 122,100 tonnes. Systematic work on operational management and visualisation of critical KPIs has increased availability and productivity.</p> <p>Insurance is reviewed and procured annually.</p>
<p>G POLITICAL DECISIONS AND RISKS</p> <p>Political decisions to change environmental legislation may have a negative impact on production at the Group's pulp mills, restrict access to raw timber, or change various support systems such as trade with emission allowances and electricity certificates.</p> <p>Political risks are mainly linked to the political climate in other countries. Changes in domestic legislation may be imposed that affect trade, but the security situation may also raise concerns. Sanctions and embargoes targeting nations, companies, or individuals can also affect business at Rottneros.</p>	<p>PROBABILITY: 3 IMPACT: 3</p> <p>Rottneros considers that there is always a risk of political decisions that raise the price or limit Rottneros' opportunities to produce pulp in some way. However, the company considers this risk to be limited. Rottneros works to constantly improve the production process and the goal is that all investments in the mills will also benefit the environment.</p> <p>The security situation in Eastern Europe has worsened. The assessment is that the impact on Rottneros will be limited in terms of sales to customers. However, Rottneros could be affected by changes in the availability of input goods and changes in prices.</p> <p>Rottneros runs its production in Sweden and sells most of its products to Sweden and the rest of Europe. These markets are stable democracies, but the political risk of rapid legislative and regulatory change has increased.</p>

OPERATIONAL RISK AREAS

RISK AREA	RISK MANAGEMENT
<p>H SUSTAINABILITY AND ACCOUNTABILITY</p> <p>Inadequate responsibility relating to sustainability issues could harm trust in the company and the brand, thereby having a negative impact on the company's profitability.</p> <p>To achieve sustainable profitability and value creation, Rottneros must simultaneously create value for those stakeholders who are affected by the Group's operations. See also the sustainability report on pages 29–42.</p>	<p>PROBABILITY: 3 IMPACT: 4</p> <p>Rottneros shall run its business responsibly with respect to the external and internal environment, society, our customers and suppliers, our shareholders and our employees. Trust in Rottneros as a responsible participant, supplier and employer strengthens our position in society and in the market, and promotes employee commitment. Rottneros communicates regularly with its stakeholders to maintain an open and positive relationship.</p> <p>Rottneros endeavours to make its products better, both from a quality and efficiency perspective, by understanding the customers' processes and product strategy. Environmental, social and economic factors are crucial to this success.</p> <p>The Group has a sustainability policy describing Rottneros' responsibility regarding shareholders, customers, suppliers, environment, society, personnel and the work environment, and human rights, as well as anti-corruption and competition law.</p> <p>The Group has a Code of Conduct describing how Rottneros and the Company's employees act in relation to the surrounding world and towards each other. The Code of Conduct defines Rottneros' social responsibility, ethical commitment and position in respect of gender equality and diversity issues, as well as the approach that Rottneros' employees should adopt on issues of principle importance.</p> <p>Employee well-being is an important part of Rottneros' success. The Group takes responsibility towards employees by promoting good health, environment and safety in the workplaces. Rottneros has a 'vision zero' approach with regard to workplace injuries leading to sick leave.</p> <p>COMMENTS ON 2023 OUTCOMES</p> <p>Rottneros continues to develop new areas of application for its products that contribute to more sustainable development in society. Rottneros Packaging produces recyclable and degradable fiber trays.</p> <p>Rottneros contributes to sustainable forestry through careful selection of suppliers and raw materials. In 2023, 68 percent of suppliers met the criteria for FSC® or PEFC certification. Purchased raw material that is not certified meets the criteria for FSC® Controlled Wood.</p> <p>In 2023, accidents leading to sick leave increased from 7.4 to 10.2 as measured by the LTIFR. The Lost Time Injury Frequency Rate indicates the number of lost time accidents per million hours worked over a 12-month period. Despite the negative trend in the LTIFR, safety initiatives showed improvement. For example, the number of proactive risk observations increased, which is an important aspect of preventive efforts to eliminate accident risks.</p>
<p>I ENVIRONMENT</p> <p>Rottneros' operations have an impact on the environment.</p> <p>Extensive environmental legislation governs Rottneros' operational area, and its activities require permits that need to be renewed periodically.</p> <p>There is a risk of permits granted being exceeded, which may not only entail production restrictions or the need for investments, but also criminal penalties or the revocation of permits.</p> <p>There is also a risk of environmental legislation being amended, which may affect Rottneros' activities. No such changes are known at the current time. See also the environment section on pages 40–42.</p>	<p>PROBABILITY: 3 IMPACT: 4</p> <p>Good management of environmental issues represents a fundamental and important issue for the Board of Directors and corporate management, for which reason ongoing debriefing takes place monthly, half-yearly and annually. Both of the Group's mills have environmental management systems and are certified according to ISO 14001. The environmental management system includes well-established routines for follow-up, taking samples and dealing with deviations.</p> <p>The Group has a continuous sampling system with alarm functions linked to the mills' control systems to detect and prevent any infringements of applicable provisions and requirements. Random manual samples are taken in addition to this.</p> <p>According to the Group's policy, all employees in relevant positions must have the necessary environmental skills. Senior environmental staff within the Group undertake continuous professional training. Ongoing communications take place with county administrative boards and municipal authorities. Compliance consultation meetings are to be held with the county administrative board four times a year, to which the municipal authority will also be invited to attend.</p> <p>Rottneros has a long-term target of achieving completely fossil-free production by 2030.</p> <p>COMMENTS ON 2023 OUTCOMES</p> <p>Efforts to further reduce emissions to air and water continued in 2023. A number of investments have been carried out in recent years to reduce emissions to water from Vallvik Mill. The focus during the year was to fine-tune these initiatives and ensure that they were fully effective.</p> <p>The solid fuel boiler at Rottneros Mill required less fuel after it was rebuilt and fine-tuned. Emissions of fossil carbon dioxide (according to GHG Scope 1) for the Group decreased by 23 percent compared with 2021. During the year, more minor environmental investments were carried out at Rottneros Mill, related in part to the biogas tank and in part to reducing the flow to the treatment plant.</p> <p>Environmental data for the year are presented on pages 105–106.</p>

FINANCIAL RISK AREAS

Below is a description of the Rottneros Group's guidelines for managing financial risks. Financial risks and other arrangements are described in Note 6 of the Annual Report. The factors that have the greatest impact on the Group's result are associated with the price of pulp in USD, exchange rates and pulp wood and electricity prices.

Financial risk is managed at a Group level in accordance with guidelines defined in the Group's Financial Policy and approved annually by the Board of Directors. The Board of Directors makes decisions on overall mandates and limits for restricting the Group's financial risk exposures and also makes decisions on all long-term financing. The Board of Directors approves hedging levels based on proposals from

senior management. The management continually assesses whether factors such as the USD exchange rate, pulp price or electricity price present attractive opportunities for strategic hedging. Financial hedging instruments are not used speculatively, but solely to hedge transactions and costings in accordance with the approved financial policy.

RISK AREA	RISK MANAGEMENT
<p>J CURRENCY – BALANCE EXPOSURE</p> <p>Currency risk means that currency rate changes may have a negative impact on the Group's future results, cash flows and values of assets and liabilities.</p>	<p>PROBABILITY: 4 IMPACT: 2</p> <p>Rottneros' pulp mill and non-current assets are located in Sweden. Balance sheet exposure for them is very low.</p> <p>Balance sheet exposure attributable to current transactions consists primarily of accounts receivable and cash and cash equivalents in foreign currency. These items are subject to currency risk.</p>
<p>K CURRENCY – TRANSACTION EXPOSURE</p> <p>Transaction exposure is the risk of exchange rate fluctuations in export revenue and import costs having an impact on operating profit.</p>	<p>PROBABILITY: 4 IMPACT: 4</p> <p>Most invoices are issued in USD, EUR and SEK. The Rottneros Group's assets and liabilities are valued in SEK. The central finance function is responsible for proactively monitoring and managing the Group's exchange rate exposure and ensuring that actual risk exposure is identified and managed.</p> <p>COMMENTS ON 2023 OUTCOMES</p> <p>The underlying exposure to USD is high and the direct inflow of USD corresponded to more than 60 percent of turnover. The inflow denominated in EUR was about 30 percent, while the Group has expenses in EUR, which reduces the exposure. As of 31 December 2023 the Group had no currency hedges.</p> <p>A strong USD during the year contributed positively to Rottneros' results.</p>
<p>L INTEREST</p> <p>Interest rate risk comprises the exposure of the Group's financial assets and financial liabilities with a variable interest rate.</p>	<p>PROBABILITY: 2 IMPACT: 1</p> <p>Rottneros has financing through a long-term loan agreement. Interest rate risk is mainly related to the variable interest rate of the bank loan and the return on cash and cash equivalents.</p> <p>COMMENTS ON 2023 OUTCOMES</p> <p>In 2023, Rottneros refinanced its existing long-term loan agreements. The bank loan amounted to 91 MSEK at the end of December 2023 and has a variable interest rate. A change of one percentage point in the interest rate will affect the Group's annual profit by 1 MSEK. Cash and cash equivalents at the end of December 2023 amounted to 196 MSEK. Interest income during the year was 13 MSEK.</p>

FINANCIAL RISK AREAS

RISK AREA	RISK MANAGEMENT
M LIQUIDITY AND REFINANCING	PROBABILITY: 2 IMPACT: 4
<p>There is a risk that Rottneros will not have sufficient cash and cash equivalents to cover current expenses, or that the Group will not obtain credit.</p>	<p>Financing risk shall be minimised as far as possible by ensuring that the maturity of loans and other credit facilities is well diversified and evenly distributed over time. Outstanding credit facilities shall be refinanced no later than three months before they fall due. The Group's objective is for liquidity reserves to amount to at least ten percent of the Group's 12-month rolling turnover and be available within 30 days. The Group continuously produces liquidity forecasts.</p> <p>Rottneros' credit agreements are considered to be sufficient for normal operating and investment cash flow for the next few years. Both the liquidity and refinancing risks are therefore considered to be low at this time.</p> <p>The Group shall maintain an optimal capital structure to keep capital costs down while ensuring that it is able to continue its activities.</p> <p>COMMENTS ON 2023 OUTCOMES</p> <p>In 2023, Rottneros refinanced its existing long-term loan agreements. The new agreement includes a loan of 100 MSEK with 32 MSEK in annual amortisation, as well as revolving credits of up to 150 MSEK. The loan terms contain customary covenants in the form of a maximum net debt to operating profit before depreciation of 3.2 and a maximum dividend of 50 percent of the previous year's net profit. These covenants were fulfilled at the balance sheet date.</p> <p>Granted and unused credit facilities amounted to 332 MSEK at the end of the year. The Group's liquidity reserve at the end of 2023 amounted to 19 (25) percent of turnover and the target is "at least 10 percent".</p> <p>The Group's net cash at the end of 2023 was 105 (354) MSEK and the debt/equity ratio was -6 (-16) percent.</p> <p>During the year, 213 MSEK was distributed to shareholders.</p>



ANNUAL REPORT



Long-term value generation with a focus on sustainability, efficiency and specialisation in growing segments

The Group's performance in 2023, despite the challenging market conditions, served as a clear validation of Rottneros' strategic focus on sustainability, specialisation in growing segments, and operational efficiency. The fact that the Rottneros' products are an integral component of the solution to global warming is a key success factor for the future.

Long-term growth in niches with clear competitive advantages

Despite the challenging pulp market in 2023, Rottneros' financial performance confirms the success of its long-term strategy, which prioritises sustainability, specialises in growing segments, and emphasises operational efficiency. Part of this success is attributable to the long-term efforts to develop, streamline and upgrade the mills, which have been in progress for several years.

Many factors suggest that the expansion of capacity in long-fiber pulp will be relatively minor in the foreseeable future, beyond those investments that have already been committed. The primary reason is the limited supply of spruce and pine, coupled with a growing demand to use forest resources for energy purposes and chemical raw materials. Consequently, the market equilibrium may ultimately benefit the pricing structure of Rottneros' products.

Investment decisions with long-term value generation at the core

Value generation for customers, shareholders, and the environment is paramount when the Board makes investment decisions. The criteria encompass achieving a favourable risk-adjusted return, promoting sustainability, and ensuring high quality. The Group's goal of achieving fossil-free production by 2030 is a key factor guiding the direction of investments. Reducing exposure to the electricity market over time is also a top priority. Investments

aimed at boosting energy production and improving energy efficiency in our facilities are integral to this approach.

The commitment made in spring 2023 to invest about 180 MSEK in significantly boosting the production capacity of CTMP pulp at the Rottneros Mill reflects our optimistic view of the board and packaging market, where CTMP offers distinct advantages. As a result, the capacity will grow from 125 thousand tonnes to about 165 thousand tonnes, with each additional tonne of pulp capacity requiring a relatively low investment cost.

The significance of sustainable products for consumers continues to grow

Consumers' emphasis on phasing out plastic in favour of sustainable packaging solutions is intensifying and ranks as a top priority for them. At the same time, the need for competitive packaging solutions is steadily growing. The combination of these factors is essential for the long-term growth potential of the pulp market.

Start-up of fiber tray production in Poland: significant milestone in 2024

Rottneros and Arctic Paper plan to commence production in 2024 in their joint venture in Poland. This achievement represents a pivotal milestone on the path to becoming a major supplier of premium molded fiber trays. Key objectives also involve confirming the high product quality and establishing a scalable, competitive



production process. Rottneros Packaging's fiber trays offer superior environmental properties compared with the plastic-based products that continue to dominate the market. Consequently, the long-term market potential is substantial.

Strong balance sheet essential to long-term value generation

To maximise returns while maintaining a balanced level of risk, it is crucial to have a carefully managed debt structure. Consequently, Rottneros' financial position should be characterised by a strong equity ratio to ensure financial resilience during downturns. A robust balance sheet also affords long-term flexibility to pursue smaller complementary acquisitions, alongside organic growth. The equity/assets ratio at the end of 2023 was a solid 66 percent, comfortably surpassing the target of at least 50 percent by a substantial margin. At the same time, the available liquidity was 528 MSEK.

In conclusion, I would like to warmly thank Group management, our employees and my fellow Board members for their valuable and close collaboration.

Per Lundeen
Chairman

Corporate governance report

Rottneros is a Swedish public limited company based in Sunne, Sweden and is listed in the Mid Cap segment on NASDAQ Stockholm (“the Stock Exchange”). Rottneros' corporate governance is based on the Swedish Companies Act, the Annual Accounts Act, the Rules of the Stock Exchange and the Swedish Code of Corporate Governance ('the Code'). This Corporate Governance Report refers to both Rottneros AB, which is the parent company, and the Group.

PRINCIPLES FOR CORPORATE GOVERNANCE

Rottneros applies the rules prescribed by law or other enactment, and also the Code. Rottneros applied the Code without deviations in 2023.

STRUCTURE FOR CORPORATE GOVERNANCE

The shareholders at the AGM/general meeting make the appointments by election and lay down the guidelines which will form the basis for the corporate governance of Rottneros. The organisation chart below summarises how corporate governance is organised at Rottneros.

CONTROL INSTRUMENTS

The external control instruments that form the frameworks for corporate governance within Rottneros include the Swedish Companies Act, the Annual Accounts Act, the rules of the Stock Exchange, the Code and other relevant laws. Foreign subsidiaries apply the laws and ordinances in force in the country in question,

but also ensure that the Group's guidelines for governance and control are observed.

The Board of Directors is ultimately responsible for the organisation and administration of the company's affairs. The authorities and bodies appointed by the authorities exercise supervision through reports received from the company and through regular checks conducted by the authorities.

The internal control instruments include the Articles of Association as adopted by the AGM and similarly the Rules of Procedure for the Board and the Terms of Reference for the CEO, the Board's committees and the financial reporting. In addition, there are, for example, financial and quantitative targets, budgets, reports, policies, valuations and codes of conduct. The policies resolved by the Board include the Code of Conduct, the Financial Policy, the Communication Policy, the Sustainability Policy, the Environmental and Energy Policy, the Anti-Corruption Policy, the Competition

Policy, the Insider Policy and the Board's Diversity Policy. The CEO takes decisions regarding the Customer Credit Policy, crisis management instructions, IT Policy, Work Environment Policy and ethical rules for suppliers to Rottneros, which are shared with the Board. There are also other important steering documents decided by the CEO or the person appointed by the CEO.

ANNUAL GENERAL MEETING

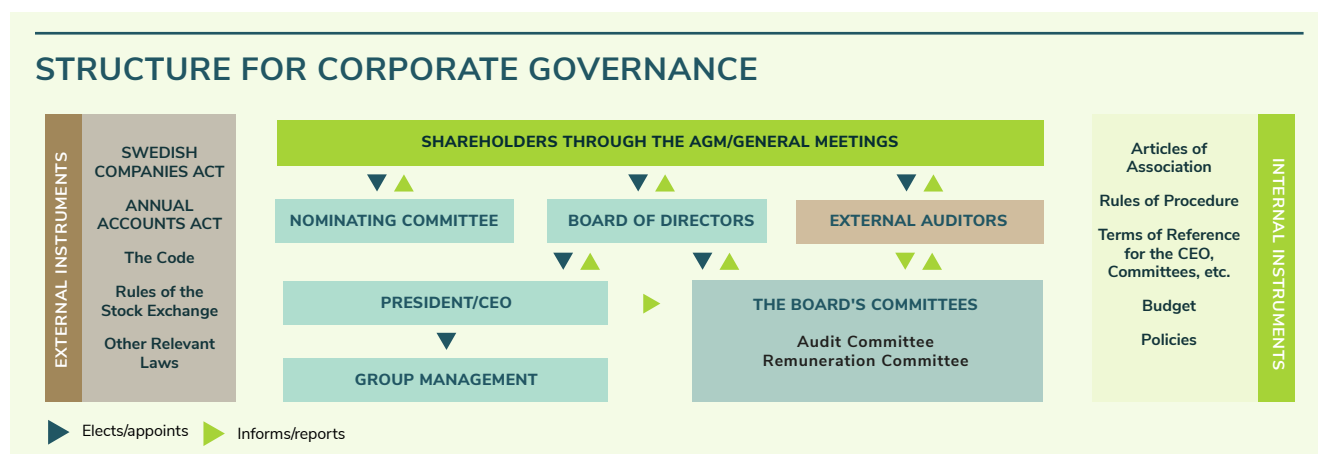
Rottneros' shareholders exercise their right to make decisions on the company's affairs at the AGM or, where applicable, an extraordinary general meeting. The AGM is Rottneros' highest decision-making body. The AGM makes decisions on the Articles of Association, appoints the Board of Directors and the Chairman of the Board, elects the auditors, adopts the income statement and balance sheet, makes decisions on the appropriation of profits and discharge from liability, and also makes decisions on nomination procedures, guidelines for the remuneration of senior executives, etc.

Rottneros' Articles of Association do not have any specific provisions on the appointment and dismissal of Board members or on amendments to the Articles of Association.

Each shareholder has the right to participate in the AGM, either in person or through an authorised proxy. Each shareholder has the right to raise issues to be addressed at the AGM. Notices of meetings and other information prior to AGMs/general meetings are available on the Rottneros website. Minutes, the CEO's statements, etc. from the latest meetings are also available on the website.

SHAREHOLDERS

The Rottneros share has been listed on Nasdaq Stockholm since 1987. According to the share register maintained by Euroclear Sweden, Rottneros had 14,651 shareholders as of 31 December 2023. The share capital amounted to 153,393,890 SEK, divided among 153,393,890 shares, each carrying equal voting rights and equal rights to the company's profit and capital. The Articles of



Association contain no restrictions on the number of votes each shareholder can cast at a general meeting.

As of 31 December 2023, Arctic Paper S.A. had an ownership stake of 51.0 percent of the total number of shares and votes. Otherwise, none of the shareholders has a direct or indirect shareholding representing at least one tenth of votes attached to all shares in Rottneros.

Rottneros' holding of treasury shares amounts to 821,965, corresponding to around 0.54 percent of the total number of shares. See pages 44-45 for additional information about the share, shareholders, etc. Information is also available on the company's website.

2023 ANNUAL GENERAL MEETING

Rottneros held its 2023 AGM on 27 April 2023 at Rottneros Park in Sunne. The meeting was attended by 60 of the company's shareholders representing 62.05 percent of the company's votes and capital (excluding Rottneros' treasury shares). A majority of the Board members, including Chairman of the Board Per Lundeen, as well as the CEO, were present. The company's auditor also attended the meeting. Among other things the AGM passed the following resolutions:

- The AGM resolved to discharge the Board of Directors and Chief Executive Officer from liability for the 2022 financial year.
- The AGM resolved in accordance with the Board of Directors' proposal and the approval of the auditors to pay shareholders a dividend of 0.50 SEK per share as a regular dividend and 0.90 SEK per share as an extra dividend (total of 1.40 SEK per share).
- The Board shall consist of six ordinary members.
- Per Lundeen, Roger Mattsson, Julia Onstad, Conny Mossberg and Johanna Svanberg were re-elected as members. Magnus Wikberg was elected as a new member.
- Per Lundeen was re-elected to serve as Chairman of the Board.
- A fee of 618,000 SEK shall be paid to the Chairman of the Board and 309,000 SEK to each of the other members. Additionally, a fee of 21,000 SEK should be paid to each of the members of the Audit Committee and members of the Remuneration Committee. Each employee representative will be paid a fee of 31,000 SEK for the time needed to read materials prior to meetings. Auditors' fees are paid based on invoices approved by the CEO.
- The registered accounting firm PricewaterhouseCoopers was elected as the company's auditor until the end of the 2024 AGM, with Bo Karlsson as auditor in charge.
- The AGM resolved in accordance with the Board's proposal to approve the remuneration report for the 2022 financial year.

NOMINATING COMMITTEE

Rottneros' AGM makes decisions on the principles for the appointment of the Nominating Committee. The Nominating Committee shall comprise the Chairman of the Board and two additional members. The Chairman of the Board may not be Chairman of the Committee. One of these two members, in addition to the Chairman of the Board, must be appointed by the company's largest shareholder and the other shall be appointed by one of the company's other four largest shareholders. Neither of these two members may be a Board member at the same time. The Nominating Committee appoints a Chairman from within its ranks. It is the responsibility of the Chairman of the Board to ensure that members are appointed as stated above. The principles also include a procedure for replacing members who leave the Nominating Committee before the end of their mandate or when a member represents a shareholder that is no longer one of the five largest shareholders.

The names of members of the Nominating Committee shall be presented no later than six months prior to the 2024 AGM. The composition of the Nominating Committee at any given time will be published on the Rottneros website. A press release with information about the composition of the Nominating Committee and how shareholders may submit suggestions to the Nominating Committee was published on 18 September 2023 and has been made available on the Rottneros website. Michal Jarczyński, appointed by Arctic Paper S.A., was appointed Chairman of the Nominating Committee. Other members were Stefan Sundh, appointed by PROAD AB, and Per Lundeen, Chairman of the Board of Rottneros AB. Together, the Nominating Committee represents approximately 58.5 percent of the votes for all shares in Rottneros.

The Nomination Committee shall submit proposals for decisions to the 2024 Annual General Meeting regarding the election of the chairman of the meeting, the number of board members and deputies, the election of the chairman and other members of the board, board fees and remuneration for committee work, the election and remuneration of auditors, and, where applicable, changes to the instructions for the Nominating Committee.

The Board has adopted a specific Diversity Policy concerning the composition of the Board of Directors. Two of the six board members were women during the year. This policy is available on the Rottneros website.

AUDITORS

Rottneros' auditors are elected at the AGM. At the 2023 AGM, PricewaterhouseCoopers was elected as the new accountant firm until the end of the 2024 AGM, with Bo Karlsson as auditor in charge. Rottneros' Articles of Association do not set down any term for the auditor. This means that auditors for Rottneros are elected annually at the AGM in accordance with the Swedish Companies Act.

AUDIT WORK

The auditors examine the parent company's and the Group's annual accounts and accounting records and the administration of the company by the Board of Directors and the CEO. The company's auditor attends at least one Board meeting each year. The auditors attended all meetings of the Audit Committee and the 2023 AGM. The auditor attends the AGM to present the auditor's report.

Fees to the accounting firm for 2023 are shown in Note 5 of the annual report.

BOARD OF DIRECTORS

Composition and fees of the Board

According to the Articles of Association, the Board of Directors of Rottneros shall comprise a minimum of three and a maximum of ten members elected by the AGM. In addition, the employees elect two representatives with two deputies. Rottneros' Board of Directors consists of six members elected by the AGM without deputies, as well as two members and two deputies appointed by the employees. The CEO is not a member of the Board but is called in to all Board meetings, except when the agenda includes an evaluation of the work of the Board and the CEO. Other officials of the company are also called in when necessary to present matters. The table on page 63 shows the composition of the Board in 2023, as well as remuneration paid to Board members for 2023 and 2022, respectively. Additional information about the Board members is presented on page 66.

Evaluation of the Board's work

The Board carries out an annual systematic evaluation in which members are given the opportunity to voice their views on working methods, Board materials, and their own and other members' contributions to the Board's work. The purpose is to improve the work of the Board and also to furnish the Nominating Committee with relevant decision guidance documentation prior to the AGM.

Independence

According to the Code, a majority of the members elected at the

AGM must be independent in relation to the company and executive management; also, at least two of these members must be independent in relation to the company's major shareholders.

Rottneros' Board of Directors is considered to have met the requirements of the Code regarding independence, since two of the Board members elected at the AGM are considered independent of both the company and executive management and of the company's major shareholders. In 2023, all of the directors elected by the AGM have been independent in relation to the company and its management.

Board work and responsibilities

The Board of Directors oversees the work of the CEO and is responsible for ensuring that the organisation, management and guidelines for managing the company's funds are appropriate. The Board is also responsible for ensuring that the company is organised in such a way that its internal control is appropriate, that appropriate systems are monitoring the business and its risks, and that the company is in compliance with laws, rules and internal guidelines. Moreover, the Board is responsible for developing and monitoring the company's strategies through plans and objectives, decisions on acquisitions and divestments of activities, major investments, appointments of and remuneration for the management team as well as day-to-day monitoring during the year. The Board approves the budget and annual accounts.

Rules of Procedure for the Board

The work of the Board of Directors follows specific Rules of Procedure prescribing the distribution of responsibilities between the Board and the CEO, between the Board's various committees and within the Board, as well as instructions for financial reporting. The Board's Rules of Procedure contain special Terms of Reference for the CEO.

A statutory Board meeting is held immediately after the AGM or immediately after extraordinary general meetings where a new Board has been elected.

Rottneros held a statutory Board meeting on 27 April 2023 where among other things members of the Board committees were appointed and the above-mentioned Rules of Procedure were adopted.

In addition to the statutory meeting, the Board convenes eight scheduled meetings each year and additional meetings when the Chairman sees fit or within 14 days following a request for a meeting from a member of the Board or the CEO. Eleven Board meetings were held in 2023.

The work of the Board follows a schedule established in advance, which includes specific fixed items that require decisions during the financial year:

- The year-end report, the Board's recommendations with respect to dividends and any necessary additions to the budget and business plan are dealt with in January/February. The Board also evaluates its work arrangements and procedures for making decisions and considers improvements to these.
- The public annual report is dealt with in February/March. The company's auditors report any observations made when conducting their audit. Remuneration issues are also dealt with.
- Quarterly results are addressed in April, July and October.
- Investment plans for the coming financial year and a review of the Group's strategies are dealt with in June.
- Preparations for the annual accounts and approval of the business plan for the coming year are dealt with in December.

The Board also receives a monthly report on the company's performance and liquidity trends. Other business is dealt with as determined by the nature of each individual matter.

Financial Policy issues

The Board of Directors has the ultimate responsibility for the Group's financial activities. The Board is responsible for approving the Group's Financial Policy, which is to be updated annually. The Board makes decisions on comprehensive mandates and limits for restricting financial risk-taking by the Group in accordance with the Financial Policy, and also makes decisions about long-term financing. The Board approves hedging levels based on proposals from the executive management.

The Board has delegated the operational responsibility in line with the allocation of responsibility indicated by the Financial Policy laid down.

The Board's control of financial reporting

The Board of Directors monitors the quality of financial reporting by providing instructions for its execution and through the Terms of Reference for the CEO. One of the tasks of the CEO is to work with the CFO to review and ensure the quality of all external financial reporting, including year-end reports, interim reports, annual reports, press releases with economic content and presentation materials for meetings with the media, shareholders and financial institutions.

The Board's Audit Committee works to ensure that financial reporting is accurate and maintains a high quality, and also that it is given final approval by the Board and communicated. The Board receives monthly financial reports, and the financial position of the company and the Group is addressed at each Board meeting.

COMPOSITION OF THE BOARD AND ATTENDANCE 2023

Amounts in TSEK	Dependence	Total fees, 2023/24 ⁴	Total fees, 2022/23 ⁴	Board meetings, %	Committee meetings, %
Per Lundeen ¹ Chairman	x	660	630	100	100
Marie S. Arwidson ²			320	100	100
Roger Mattsson ¹	x	330	320	100	100
Conny Mossberg ¹	x	330	310	100	100
Julia Onstad ¹	x	330	310	100	100
Johanna Svanberg		330	320	100	100
Magnus Wikström ³		330		100	100
Mika Palmu Employee representative				63	
Jerry Sohlberg Employee representative				100	
Jörgen Wasberg Employee representative/deputy				100	
Jimmy Thunander Employee representative/deputy				91	

1) Dependent in relation to the company's largest shareholder, Arctic Paper S.A. 2) Board member until 27 April 2023 3) Board member from 27 April 2023 4) Including fees for committee work

The Board also reviews interim reports and the Annual Report. In order to ensure that the Board receives the information it needs, the company's auditors report to the Board every year on observations made during the audit and express an opinion on the company's internal control, in addition to reporting to the Audit Committee. The company's auditors report to the Board at least once a year on whether the company has succeeded in ensuring that bookkeeping, administration and financial control are effective, after which the Board discusses this with the auditors without the presence of the CEO or other members of management.

THE BOARD'S COMMITTEES

The Board of Directors has full knowledge of and responsibility for all matters on which it must make decisions. Work was conducted by two of the committees appointed by the Board during the year: the Audit Committee and the Remuneration Committee.

Audit Committee

This Committee comprises at least three representatives of the Board of Directors. Its tasks include:

- Preparatory work for decisions to be made by the Board to assure the quality of the company's financial reporting.
- Monitor and give recommendations and proposals to ensure the accuracy of the reporting concerning e.g. the efficiency of the company's internal controls and risk management.
- Assisting the Nominating Committee when procuring audit services and arranging for the election and payment of the auditors.
- Reviewing the scope and focus of audit assignments.
- Addressing audit issues and evaluating audit work.
- Establishing guidelines for the purchasing of permitted services other than auditing from the company's auditors, and if appropriate approving such services according to guidelines.
- Following up and assessing the application of current accounting principles and adopting new accounting principles, and other accounting requirements as stipulated in legislation, generally accepted accounting principles, applicable Stock Exchange rules, etc.

The company's auditor in charge and representatives of the accounting firm are co-opted for most of the meetings. Senior executives are also co-opted for meetings when appropriate. Since the 2023 AGM the Committee has consisted of Board members Per Lundeen, Roger Mattsson, Johanna Svanberg and Magnus Wikström. Johanna Svanberg is Chairwoman of the Committee.

The Audit Committee held eight meetings in 2023 and the Board receives regular feedback from the meetings. The auditors attended seven of the meetings of the Audit Committee.

REMUNERATION COMMITTEE

This Committee shall comprise at least two representatives of the Board of Directors. The main tasks of the Committee are to prepare the Board's decisions on issues concerning principles for remuneration, remuneration and other terms of employment for the executive management; monitor and evaluate programmes for variable remuneration for the executive management, both ongoing and those that have ended during the year; and monitor and evaluate the application of the guidelines for remuneration for senior executives that the AGM is legally obliged to establish, as well as current remuneration structures and levels at the company.

The CEO's remuneration package and the principles for remunerating the executive management are determined by the Board. Remuneration for other senior executives is determined by the Remuneration Committee within frameworks established by the Board and AGM. Since the 2023 AGM, the Remuneration Committee has consisted of Per Lundeen, Conny Mossberg and Julia Onstad. Per Lundeen is Chairman of the Committee.

The Committee held five meetings in 2023 and the Board was informed about the work carried out by the Remuneration Committee.

CEO/PRESIDENT

The CEO's responsibility as stipulated by the rules of the Swedish Companies Act and other legislation is to manage the company's day-to-day business according to the Board's guidelines and instructions and to take the measures necessary to ensure that the company's bookkeeping is managed in a satisfactory manner. The CEO also ensures that the Board receives the information it needs on an ongoing basis to monitor the company's and the Groups' financial situation, position and development in a satisfactory way and to otherwise fulfil its reporting obligations with respect to the company's finances.

The company's CEO manages the business within the frameworks established by the Board in the special Terms of Reference for the CEO. These Terms of Reference include the CEO's responsibility for day-to-day business and matters that always require Board decisions or that must be reported to the Board, as well as the CEO's responsibility for presenting financial reports to the Board. The CEO works with the Chairman to produce the materials required for information and decisions prior to Board meetings, presents matters and justifies proposed decisions. The Board evaluates the work of the CEO on an ongoing basis.

GROUP MANAGEMENT

The CEO leads the work of Group management and makes decisions in consultation with other members of the management team. In 2023, this consisted of the CEO and seven other people: an operations officer, a site manager, the CFO and four chiefs of staff. Information about the CEO and Group management is shown on page 66 of the 2023 Annual Report. Group management has regular operational reviews led by the CEO.

FURTHER INFORMATION AVAILABLE AT WWW.ROTTNEROS.COM

- Articles of Association
- Information from previous AGMs (notices, minutes, resolutions, CEO statements)
- Information about the Nominating Committee
- Corporate governance reports from 2012 to 2023 (included in the Annual Report for the respective year)

ROTTNEROS' SYSTEM FOR INTERNAL CONTROL AND RISK MANAGEMENT IN CONJUNCTION WITH THE FINANCIAL REPORTING

The Board of Directors is responsible for internal control in accordance with the Swedish Companies Act and the Code. According to the Swedish Annual Accounts Act, the Corporate Governance Report shall include information about the most important elements of the company's system for internal control and risk management in conjunction with financial reporting.

Rottneros' internal control structure is predominantly based on the COSO model, according to which reviews and assessments are made in the following areas: control environment, information and communication, risk assessment, control activities and follow-up.

Control environment

The Board of Directors has drawn up a number of steering documents for the company's internal control and governance, including Rules of Procedure for the Board and Terms of Reference for the CEO and the Board's committees, reporting instructions and a Financial Policy, with the aim of ensuring a clear definition of roles and responsibilities. Financial information is reported through a Group-wide reporting system.

The CEO and Group management, who report to the Board in accordance with established procedures, are responsible for maintaining an effective control environment and the day-to-day internal control and risk management work. Managers at various levels within the company have the same responsibility within

their respective areas of responsibility and in turn report to Group management.

Information and communication

The information in Rottneros' important steering documents, including policies, guidelines and manuals, is primarily communicated through a Group-wide intranet.

Risk assessment

Rottneros continuously updates its risk analysis with respect to assessing the risks that may result in errors in the financial reporting. This is done mainly through contacts between Group management and the subsidiaries' management teams. At risk reviews, Rottneros identifies areas where there is an increased risk of errors occurring.

Control activities

Monthly financial statements are prepared for all of the companies within the Group along with consolidated financial statements. These form the basis of the monthly meetings at each subsidiary, where the CEO and CFO hold a review session with the respective company's management.

Special analyses are conducted for production, order status, cost follow-up, investments and cash flow. The CFO is also in regular

contact with the subsidiaries. In addition, regularly scheduled Finance meetings are held at which the CFO, financial manager of each subsidiary, the Group Controller and other controllers meet. At these meetings, particular emphasis is placed on following up on any problems and ensuring the accuracy of financial reporting. Forecasts are updated every four months for all Group companies.

Through the Audit Committee, the Board of Directors monitors the reliability of the financial reporting, evaluates recommendations for improvement and discusses issues relating to the identified risks. The Audit Committee presents regular oral reports to the Board and makes recommendations on matters that require a decision from the Board. The control environment has been created through shared values, corporate culture, rules and policies, communication and follow-up, as well as the way in which the business is organised. The main tasks of Group staff are to implement, further develop and maintain the Group's control procedures and also to introduce internal control routines aimed at business-critical issues.

Rottneros' auditors examine the financial information for the half year and the annual accounts. Every year the auditors also examine a sample of controls and processes and report any areas for improvement to both Group management and also the management team for each subsidiary. The auditor in charge also attends most meetings of the Audit Committee.

Rottneros' Group-wide finance functions are represented locally at each company and report via a Group-wide reporting system. The finance function has regular meetings and a close cooperation in matters concerning the annual accounts and reporting.

INTERNAL AUDIT FUNCTION

Rottneros has not had any reason to establish an internal audit function to date. The Board of Directors is of the opinion that the business does not need such a function.

Instructions are available and an ongoing evaluation is conducted to ensure that officers at the organisation have the competence and support resources required to perform their work concerning the production of financial reports.

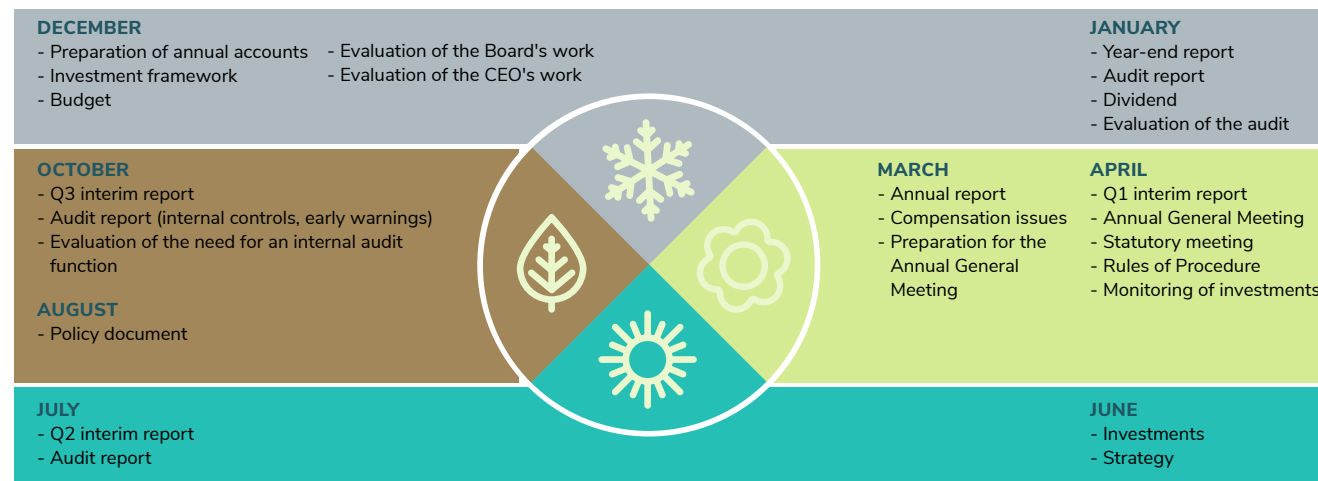
WHISTLE BLOWER SERVICE

Rottneros strives to maintain an open business climate and a high standard of business ethics. The whistleblower service is an "early warning system" and important for safeguarding good corporate governance, eliminating risks and ensuring that customers and the public continue to trust the Group.

The whistleblower service can be used anonymously to provide information about something that the person believes could seriously affect the organisation or someone's life or health. The service can also be contacted in cases of failure to comply with values and ethical principles. To ensure anonymity, the service is provided by an external party, through which the individual who reported the matter may also receive feedback. The channel is encrypted and password protected; all messages are treated with confidentiality.

The CFO and the HR Officer have been appointed by the President to serve as "Case Managers" for incoming cases. The cases are addressed without delay and reported to the President, or to the Chairman of the Board if the President is involved in the case. The number of incoming cases is reported to the Audit Committee on a quarterly basis. If the need arises and the privacy of all parties can be ensured, reporting can be more detailed.

SUMMARY OF THE BOARD'S WORK IN 2023



BOARD OF DIRECTORS



PER LUNDEEN

Chairman since 2016, Chairman of the Remuneration Committee and member of the Audit Committee. Independent in relation to the company and management, but not independent in relation to Arctic Paper S.A.

Education: M.Sc. (Engineering)

Born: 1955

Current board assignments: Chairman of the Board of Arctic Paper S.A., Nilsbyn Invest AB and Nordic Carton AB.

Previous positions: President and CEO Rottneros, President and CEO Å&R Packaging Group and Å&R Carton AB.

Shareholding: 250,000 shares



JOHANNA SVANBERG

Board member since 2022, Chairwoman of the Audit Committee. Independent in relation to the company and its management and in relation to the company's major shareholders.

Education: M.Sc. (Engineering)

Current position: Consultant in sustainability and environment.

Born: 1958

Current board assignments: Vice chairwoman. VSV Frakt AB, Member Vänerexpressen AB, SOMAS Instrument AB.

Previous positions: Production Director Nordic Paper/Wermland Paper, Group Manager/ Sales manager Kamyr AB/ Kvaerner Pulping Ltd.

Shareholding: 0



ROGER MATTSSON

Board member since 2016, member of the Audit Committee. Independent in relation to the company and management, but not independent in relation to Arctic Paper S.A.

Education: MBA

Born: 1973

Current position: Finance Director, Nemus Holding AB.

Current board assignments: Chairman of the Board of Nemus Holding AB and Munkedal Skog AB.

Board member of Arctic Paper S.A.

Previous positions: Koncerncontroller Arctic Paper S.A. CFO Talent Plastics Group

Shareholding: 0



JERRY SOHLBERG

Employee representative since 2020.

Current position: Warehouse worker, Rottneros Mill AB

Born: 1989

Current board assignments: Chairman of Pappers branch 89 Rottneros Mill.

Shareholding: 0



JIMMY THUNANDER

Employee representative since 2021, deputy.

Born: 1975

Current position: Driftledare, Rottneros Mill AB

Current board assignments: Chairman of Unionen Rottneros Mill.

Shareholding: 800 shares



CONNY MOSSBERG

Board member since 2019, member of the Remuneration Committee. Independent in relation to the company and management, but not independent in relation to Arctic Paper S.A.

Education: Forestry technician

Born: 1966

Current position: CEO of Munkedal Skog AB.

Previous positions: CEO and Vice President of Moelven Skog AB, CEO Are Skog AB.

Shareholding: 0



MAGNUS WIKSTRÖM

Board member since 2023, member of the Audit Committee. Independent in relation to the company and its management and in relation to the company's major shareholders.

Education: Civilengineer, PhD and Associate Professor in Paper Technology from KTH Royal Institute of Technology.

Born: 1963

Current board assignments: Nexam Chemicals AB, Cellcomb AB and Cellfion AB.

Previous positions: EVP Innovation, Billerud Korsnäs AB

Shareholding: 8,000 shares



JULIA ONSTAD

Board member since 2022. Independent in relation to the company and management, but not independent in relation to Arctic Paper S.A.

Education: Bachelor of Arts in design marketing.

Born: 1978

Current board assignments: Member of Munkedal Skog AB, Nemus Holding AB and Håfreströms Företagspark AB.

Shareholding: 0



MIKA PALMU

Employee representative since 2016.

Current position: Productiontechnician, Vallvik Mill AB.

Born: 1975

Current board assignments: Chairman of Unionen branch 23 Vallvik Mill.

Shareholding: 0



JÖRGEN WASBERG

Employee representative since 2019, deputy.

Current position: Operator, Vallvik Mill AB.

Born: 1975

Current board assignments: Chairman of Pappers branch 106 Vallvik Mill.

Shareholding: 0

REVISORER PricewaterhouseCoopers AB

Bo Karlsson, Principal Authorised Public Accountant. Tomas Rahm, Authorised Public Accountant

SENIOR EXECUTIVES

**JESPER JANSSON**

Site Manager Rottneros
Packaging
Born: 1990
Employed since: 2020
Shareholding: 0

NILS HAURI

Director of Innovation and
Strategic Projects
Education: M.Sc. in Chemical
Engineering
Born: 1981
Employed since: 2007
Shareholding: 8,000 shares

IDA MÖRTSELL

Director HR and Communication
Born: 1984
Employed since: 2014
Shareholding: 10,200 shares

MONICA PASANEN

CFO
Education: Ekonomie Magister,
MBA
Born: 1963
Employed since: 2022
Shareholding: 12,500 shares

PETER SÄVELIN

COO
Education: MSc
in Chemical Engineering
Born: 1963
Employed since: 2020
Shareholding: 0

LENNART EBERLEH

President and CEO
Education: M.Sc. (Engineering)
Born: 1969
Employed since: 2016
Current board assignments:
Board member of Skogsin-
dustrierna, Paper Province ek.
förening, Forest Friends AB,
Ecopals IP AB.
Shareholding: 251,000 shares

KASPER SKUTHÅLLA

Marketing and Business
Development Director
Education: Master's degree in
economics
Born: 1978
Employed since: 2017
Shareholding: 125,000 shares

PÅR SKINNARGÅRD

Timber Director Rottneros
CEO Nykvist Skogs AB
Education: Forestry technician
Born: 1967
Employed since: 2020
Shareholding: 4,850 shares

A photograph of two construction workers in high-visibility yellow and blue gear. The woman on the left is wearing a yellow helmet with a 3M FELTOR WS Protac XP ear protector and safety glasses. The man on the right is wearing a yellow helmet with a headlamp and safety glasses. They are both looking down at a document or tablet they are holding together. The background is a blurred construction site.

FINANCIAL REPORTING

Group accounts	69	Declaration by the Board of Directors	100
Supplementary disclosures and notes, Group	73	Auditor's report	101
Parent company accounts.....	90	Multi-year review	108
Supplementary disclosures and notes, parent company.....	94	Alternative key performance indicators, definitions	109

Consolidated statement of income

CONSOLIDATED INCOME STATEMENT 1 JANUARY–31 DECEMBER

Amounts in MSEK	Note	2023	2022
NET TURNOVER	1, 2	2,755	2,980
Change in finished goods inventories		9	88
Other operating income	3	35	44
TOTAL		2,799	3,112
Raw materials and consumables	4	-1,661	-1,415
Other external costs	5	-573	-649
Employee benefit expenses	7	-302	-357
Other operating expenses	3	-11	0
EBITDA (operating profit/loss before depreciation/amortisation and impairment)		252	691
Depreciation/amortisation and impairment losses	10, 11	-113	-141
EBIT (operating profit/loss)		139	550
Financial income	8	24	169
Financial expenses	8	-10	-5
Total financial items		14	164
PROFIT/LOSS AFTER FINANCIAL ITEMS		153	714
Tax on profit for the year	9	-32	-149
NET INCOME ¹		121	565
Average number of shares outstanding (thousands)		152,572	152,572
Average number of share outstanding after dilution (thousands)		152,572	152,572
Earnings per share (SEK)		0.79	3.70
Earnings per share, diluted (SEK)		0.79	3.70

1) The entire net income is attributable to the shareholders of the parent company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 1 JANUARY–31 DECEMBER

Amounts in MSEK	Note	2023	2022
NET INCOME		121	565
OTHER COMPREHENSIVE INCOME			
Items that have been or may be transferred to profit or loss for the period			
Changes in value of cash flow hedges		-385	319
Income tax effect on changes in value		79	-66
Translation differences		0	2
TOTAL OTHER COMPREHENSIVE INCOME		-306	255
TOTAL COMPREHENSIVE INCOME ²		-185	820

2) The entire comprehensive income is attributable to the parent company's shareholders.

Consolidated balance sheet

CONSOLIDATED ASSETS AS AT 31 DECEMBER

	Note	2023	2022
Non-current assets			
Intangible assets	10	21	21
Property, plant and equipment	11	1,274	1,190
Derivatives	6	18	228
Shares in associated companies	12	66	0
Other financial assets		91	62
Total non-current assets		1,470	1,501
Current assets			
Inventories	14	493	436
Accounts receivable	15	406	451
Derivatives	6	100	451
Other current receivables	16	152	118
Cash and cash equivalents	17	196	465
Total current assets		1,347	1,921
TOTAL ASSETS		2,817	3,422

CONSOLIDATED SHAREHOLDERS' EQUITY AND LIABILITIES, 31 DECEMBER

Amounts in MSEK	Note	2023	2022
Shareholders' equity			
Share capital	18	153	153
Other injected capital		730	730
Repurchased treasury shares		-69	-69
Other reserves		54	360
Retained earnings, incl. net income for the year		990	1,082
Total shareholders' equity		1,858	2,256
Long-term liabilities			
Interest-bearing liabilities	19	59	111
Deferred tax liability	9	158	268
Other non-interest-bearing liabilities		65	57
Total long-term liabilities		282	436
Current liabilities			
Accounts payable	20	284	284
Interest-bearing liabilities	19	32	0
Derivatives	6	0	0
Current tax liability	9	22	75
Other non-interest-bearing liabilities	21	339	371
Total current liabilities		677	730
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,817	3,422

Consolidated statement of changes in shareholders' equity

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY 2022

Amounts in MSEK	Share capital	Other injected capital	Repurchased treasury shares	Other reserves		Retained earnings, incl. profit/loss for the year	SHAREHOLDERS' EQUITY	TOTAL
				Hedging reserve	Translation difference			
Opening balance as at 1 January 2022	153	730	-69	114	-9	608		1,527
Total comprehensive income								
Net income						565		565
Other comprehensive income								
Cash flow hedging, profit/loss after tax				253				253
Exchange rate differences					2			2
Total other comprehensive income				253	2			255
Total comprehensive income				253	2	565		820
Transactions with shareholders								
Dividends to shareholders						-91		-91
Closing balance as at 31 December 2022	153	730	-69	367	-7	1,082		2,256

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY 2023

Amounts in MSEK	Share capital	Other injected capital	Repurchased treasury shares	Other reserves		Retained earnings, incl. profit/loss for the year	SHAREHOLDERS' EQUITY	TOTAL
				Hedging reserve	Translation difference			
Opening balance as at 1 January 2023	153	730	-69	367	-7	1,082		2,256
Comprehensive income								
Net income						121		121
Other comprehensive income								
Cash flow hedging, profit/loss after tax				-306				-306
Exchange rate differences						-		-
Total other comprehensive income				-306	-			-306
Total comprehensive income				-306	-	121		-185
Transactions with shareholders								
Dividends to shareholders						-213		-213
Closing balance as at 31 December 2023	153	730	-69	61	-7	990		1,858

Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS 1 JANUARY–31 DECEMBER

Amounts in MSEK	Note	2023	2022
EBIT		139	550
Adjustment for items not included in cash flow			
Depreciation/amortisation and impairment losses	10, 11	118	141
Other items not affecting cash flow		-4	0
EBIT adjusted for items not affecting cash flow		253	691
Interest received		14	3
Interest paid		-10	-5
Received/paid taxes		-113	-32
Cash flow from operating activities before changes in working capital		144	657
Change in working capital			
Change in inventories		-58	-109
Change in current receivables		42	-167
Change in current liabilities (non-interest-bearing)		-24	160
Total changes in working capital		-40	-116
CASH FLOW FROM OPERATING ACTIVITIES		104	541
Investments in intangible assets	10	-	-
Investments in property, plant and equipment	11	-205	-112
Property, plant and equipment sold	11	7	-
Investment in financial assets	12	-96	-
Disposal/repayment of financial assets		154	-
CASH FLOW FROM INVESTING ACTIVITIES		-140	-112

Amounts in MSEK	Note	2023	2022
Borrowings, non-current bank loans	19	100	-
Amortisation, non-current bank loans	19	-120	-34
Change in credit facilities	19	-	-
Dividend paid		-213	-91
CASH FLOW FROM FINANCING ACTIVITIES		-233	-125
NET CASH FLOW FOR THE YEAR			
Cash and cash equivalents at the beginning of the year		465	161
Cash and cash equivalents at the end of the year	17	196	465
Granted and unutilised credit facilities	19	332	282

Supplementary disclosures and Notes

MSEK unless otherwise stated

ACCOUNTING POLICIES AND VALUATION PRINCIPLES

BASIS OF THE REPORTS' PREPARATION

These consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and the International Financial Reporting Standards (IFRS), in the form they have been adopted by the European Union. RFR 1 'Supplementary Accounting Rules for Groups' has also been applied.

PRECONDITIONS FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The parent company's functional currency is Swedish kronor, which is also the presentation currency for both the parent company and the Group. Unless otherwise indicated, all amounts shown are rounded to the nearest million. The consolidated accounts are prepared according to the cost method, except in the case of certain financial assets and liabilities which are measured at fair value.

The most important accounting policies applied when preparing the consolidated accounts are described below. These policies have been applied consistently for all years presented, unless otherwise indicated.

AMENDMENTS OF ACCOUNTING POLICIES AND DISCLOSURES Standards, amendments and interpretations that entered into force in 2023 and were applied by the Group

No standards, amendments or interpretations that entered into force in 2023 had any impact on the content of these financial statements.

Standards, amendments and interpretations that have not yet taken effect and that have not been applied in advance by the Group

Approved changes effective from 1 January 2024 or later are not expected to have any impact on the company's financial statements.

GROUP COMPANIES

The consolidated annual accounts include the annual accounts for the parent company and all subsidiaries for which Rottneros AB is entitled

to formulate financial and operational strategies in a way that is normally associated with a shareholding amounting to more than half of the voting rights.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include subsidiaries in which the Group has a controlling interest. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and can affect those returns through its control of the entity.

Companies acquired during the year are included in the consolidated financial statements from the date on which control is transferred to the Group. Divested companies are excluded from the consolidated accounts from the date on which control ceases. The Group applies the acquisition method to account for business combinations. The consideration for the acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the shares issued by the Group. The consideration also includes the fair value of any assets or liabilities resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and are included in other external costs. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at fair value at the acquisition date. For each acquisition, the Group determines whether all non-controlling interests in the acquiree are recognised at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary, the difference is recognised directly in the profit or loss.

Intra-Group transactions, balance sheet items, revenues and expenses for transactions between Group companies are eliminated. All subsidiaries are wholly-owned. In other words, there are no non-controlling interests in the subsidiaries.

UNTAXED RESERVES/APPROPRIATIONS

When preparing the consolidated accounts, untaxed reserves and appropriations recognised for the individual companies are split between deferred tax and shareholders' equity. The deferred tax liability has been calculated at the current tax rate. The estimated tax thus arrived at, which is attributable to the year's appropriations, is included in the Group's reported tax as 'deferred tax'. See also Note 9.

TRANSLATION OF FOREIGN SUBSIDIARIES

The local currency for all companies within the Group is the functional currency for the company. The Swedish krona, which is the parent company's functional and presentation currency, is the currency used in the consolidated accounts. Assets and liabilities are translated at closing rates. Items in the income statements are translated at the average rate for each month. Translation differences are not recognised in the income statement, but are instead posted directly to consolidated shareholders' equity via other comprehensive income. When a foreign subsidiary is no longer included in the consolidated accounts, the accumulated exchange difference is recycled into the consolidated income statement as part of the calculation for the transaction gain or loss.

REVENUE

All revenues from contracts with customers are recognised when the control of a good or service is transferred to the buyer. At the inception of a contract with the customer, each distinct performance obligation shall be identified and accounted for separately. Performance obligations that are not separately identifiable are combined with other such performance obligations. Elements of variable consideration in the contract are taken into account when determining the transaction price. Rottneros operates a relatively simple business model in terms of revenue recognition. The business model is traditional in nature.

Revenue is recognised either at a point in time or over time, depending on when the control of the good is passed to the buyer. Control is defined as the buyer's ability to direct the use and thereby obtain substantially all of the benefits from the asset.

Factors that may indicate the point in time at which control passes include, but are not limited to:

- The entity has a present right to payment for the asset
- The customer has legal title to the asset
- The entity has delivered the asset
- The customer has the significant risks and rewards related to the ownership of the asset
- The customer has accepted the asset

The vast majority of Rottneros revenue flows derives from sales of pulp, as well as by-product and wood. Control is passed at a point in time, which coincides with the actual delivery of the goods. Revenue is recognised at fair value of the consideration received or receivable. Turnover in the income statement consists of revenues from the sale of goods and invoiced freight, net of returns, discounts, pulp price hedges and VAT.

SEGMENT REPORTING

IFRS 8, Operating Segments, requires that an operating segment is reported on the same basis as is used in the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function responsible for allocating resources and assessing the performance of the operating segment. In the Group this function was identified as the President. Rottneros does not report any segments in its internal reporting and consequently nor in its annual accounts.

TRANSACTIONS AND BALANCE SHEET ITEMS IN FOREIGN CURRENCIES

Transactions in foreign currencies are translated to the functional currency in accordance with the exchange rates applicable on the transaction day or the day on which the items are revalued. Exchange gains and losses that arise when paying for such transactions are recognised in the income statement. Receivables and liabilities in foreign currencies are valued at the closing rate. The difference between cost and the closing date value has been included in the profit/loss.

INVENTORIES

Inventories mainly comprise raw materials and consumables together with pulp. Inventories are measured at the lower of cost and net realisable value. The cost of raw materials and consumables is based on the purchase price and includes expenditure incurred in acquiring the inventories and transporting them to their present location and condition. The cost of finished goods (pulp) comprises raw materials, direct salaries, other direct costs and attributable indirect manufacturing costs (based on normal manufacturing capacity). Net realisable value is the estimated selling price in normal circumstances, less the costs required to complete the sale.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank balances.

REPORTING OF LEASE AGREEMENTS

The Group's leases relate to premises and the leases are normally written for fixed periods of three to five years. There are options to extend certain agreements, as described below. The terms are negotiated separately for each agreement and contain a number of different contract terms.

A contract is, or contains, a lease under IFRS 16 if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration. The standard requires an asset (the right of use) and a financial liability to be recognised for all contracts that meet the definition of a lease.

Leases are recognised as rights of use (property, plant and equipment) and a corresponding liability (non-current and current interest-bearing liabilities), on the date the leased asset is available for use by the Group. Each lease payment is allocated between amortization of the debt and financial cost. The financial cost shall be distributed over the lease period so that each accounting period is charged with an amount corresponding to a fixed interest rate for the liability reported during each period. The right of use is amortized on a straight-line basis over the shorter of the asset's economic life and the lease period. The lessee determines the contract period by assessing factors such as the importance of the property for the business, its own planned or completed investments in the leased property and the market situation for the property. Assets and liabilities arising from leasing agreements are initially recognized at present value. Leasing liabilities include the present value of the following lease payments:

- fixed charges (including charges that are fixed in substance), less incentive claims
- variable lease payments that depend on an index or a price

The lease payments are discounted at the incremental borrowing rate. Right-of-use assets are measured at cost and include the following:

- the initial measurement of the lease liability
- payments made at or before the time the leased asset is made available to the lessee

Low value leases are expensed on a straight-line basis in the income statement. Options to extend or terminate leases, rental agreements or premises contracts are included in the asset and liability when it is reasonably certain that they will be exercised. The conditions are used to maximise flexibility in the management of the contracts.

BUSINESS ACQUISITION

The acquisition method is used to account for the Group's business combinations, whether the acquisition consists of equity interests or other assets. The purchase price for the acquisition of a subsidiary consists of the fair values of:

- Assets transferred
- Liabilities incurred by the Group to former owners
- Assets or liabilities resulting from a contingent consideration agreement
- Previous equity share in the acquired company

With few exceptions, identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. For each acquisition, the Group determines whether the non-controlling interest in the acquiree is recognised at fair value or at its proportionate share of the carrying amount of the acquiree's identifiable net assets. Acquisition-related expenses are carried as an expense when they arise.

If the business combination is achieved in stages, the previous equity interests in the acquiree are remeasured at their fair value at the acquisition date. Any gain or loss arising from the revaluation is recognised in profit or loss.

INTANGIBLE ASSETS

Acquired trademarks and licences are recognised at cost. Acquired software licences are capitalised on the basis of the costs incurred to bring the software into use. Intangible assets under development are recognised at cost. All intangible assets except goodwill have finite useful lives.

Development work is an integral part of production and refers to process and quality improvement measures that are expensed as incurred.

Goodwill

Goodwill is calculated according to the principles of business combinations. Goodwill arising on business combinations is included in intangible assets and represents the excess of the consideration transferred, non-controlling interests and the acquisition-date fair value of the previously held equity interest over the fair value of the identifiable net assets acquired. Goodwill is not amortised, but is tested for impairment annually or more frequently if events or changes in circumstances indicate possible impairment. Goodwill is recognised at cost less accumulated impairment losses. On disposal of an entity, the carrying amount of goodwill is included in the resulting gain/loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

Cash-generating units related to goodwill in the Group are the company Nykvist Skogs AB.

Management has determined the values of the key assumptions above as follows:

Sales volume: Average growth rate above the five-year forecast based on historical performance and management's assessment of market development.

Budgeted operating margin: Based on historical performance and management judgement about the future.

Long-term growth rate: The average growth rate used to extrapolate cash flows beyond the forecast period. The growth rate is in line with forecasts in industry reports.

Pre-tax discount rate: Reflects specific risks in the relevant segments and in the geographical areas where the business is conducted.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment. Property, plant and equipment have been divided into major components when the components have substantially different useful lives. The depreciable amount is the cost less estimated residual value if this is material. Expenditures for repairs and maintenance are recognised as a cost in the period in which they arise.

Amortisation principles for property, plant and equipment, and intangible assets:

Scheduled depreciation/amortisation is based on the cost and estimated useful life of the assets. The straight-line method is used for all kinds of fixed assets. The residual value and useful life of the assets are assessed on each reporting date and adjusted if appropriate.

The following depreciation/amortisation periods have been applied:

Licences	10 years
Software	3–5 years
Buildings and land improvements	20–50 years
Plant and machinery	10–20 years
Equipment, tools, fixtures and fittings	5–10 years
Computers	3–5 years

IMPAIRMENT OF NON-FINANCIAL ASSETS

If, on an ongoing basis, there is a risk that the value of an asset has decreased, the asset is tested for impairment. For intangible assets that are not yet ready for use, the recoverable amount is calculated annually.

If it is not possible to identify substantially independent cash flows for an individual asset, the assets should be grouped for impairment testing to the lowest level at which significant dependent cash flows can be identified (a cash-generating unit). An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds

its recoverable amount. An impairment charge is recognised in the income statement.

Impairment of assets is calculated in proportion to the assets included in the unit. The recoverable amount is the higher of the asset's net realisable value and its value in use. Value in use is the present value of future cash flows discounted at a rate based on the risk-free rate adjusted for the risk associated with the specific asset. For an asset that does not generate cash flows, the recoverable amount of the cash-generating unit to which the asset belongs is calculated.

At each reporting period it is determined whether there are indications that a previous impairment of an asset, wholly or partially, is no longer justified. If such indications are present the recoverable amount of the asset is calculated.

A previous impairment of an asset is reversed only if there has been a change in the assumptions that formed the basis for the determination of the recoverable amount when the most recent impairment was charged. If so, the carrying amount of the asset is increased to the recoverable amount. This increase is a reversal of an impairment.

PROVISIONS

A provision is recognised in the balance sheet where: there is a legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required in order to settle the obligation; and a reliable estimate can be made of the amount. Provisions for restructurings are made when there is a detailed formal plan for the restructuring and a valid expectation has been raised in those affected.

In cases where it is not expected that the provisions will be utilised within a twelve-month period, they are measured at the present value of the amount expected to be required to settle the obligation. A pre-tax discount rate is used in the calculations that reflects the current market assessment of the time value of money and those risks specific to the provision. The increase in the provision due to the passage of time is recognised as an interest expense.

TAXES

Income taxes recognised include tax that will be paid or received for the current period, adjustments for current tax for prior periods, as well as changes in deferred tax.

Tax assets/liabilities are measured at nominal amounts and in accordance with the tax provisions and tax rates established or where notice has been given and there is a high degree of certainty that they will be confirmed.

For items recognised in the income statement, any related tax effects are also recognised in the income statement. Tax effects of items credited directly to shareholders' equity are also recognised as equity. Tax relating to items reported in other comprehensive income is also reported in other comprehensive income.

Deferred tax is calculated and recognised according to the balance sheet liability method for all temporary differences arising between the tax base and the carrying amount of assets and liabilities, and also accumulated tax loss carryforwards. Deferred tax is calculated using the tax rates (and laws) that have been established or where notice has been given as of the reporting date and that are expected to apply when the relevant deferred tax asset is realised or the deferred tax liability is settled.

Estimated current tax liabilities are recognised in the balance sheet as current liabilities. Deferred tax liabilities/assets are recognised as non-current. Deferred tax assets are recognised as long-term receivables to the extent it is likely that a future tax surplus will be available.

REMUNERATION OF EMPLOYEES

With the exception of the ITP (supplementary pensions for salaried employees) plan, the Group only has defined contribution plans. The Group's payments in respect of defined contribution plans are recognised as a cost during the period when the employees performed the services to which the contribution relates.

The commitments for the retirement and family pensions of salaried office workers in Sweden are guaranteed through an insurance policy with Alecta, an ITP plan which according to a statement from the Swedish Financial Accounting Standard Council (UFR 3), is a defined benefit plan covering a number of employees. However, a disclosure in accordance with the provisions of Item 29 of IAS 19 cannot be made as the insurance provider is unable to provide the necessary information. Accordingly the ITP plan is recognised as a defined contribution plan in accordance with Item 30 of IAS 19. This year's pension insurance premiums according to ITP that are contracted with Alecta amount to 2 (4) MSEK. Alecta's surplus can be distributed to the policyholders and/or the insured parties. Alecta's surplus in the form of the collective consolidation level amounted to 178 percent (172 percent) at the end of 2023. The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial assumptions, which are not in line with IAS 19.

Rottneros has no share-related payment transactions with employees where the company receives services from employees as consideration for the Group's equity instrument.

EMISSION ALLOWANCES

Emission allowances received are recognised in accordance with the rules for government grants. Upon allocation, emission allowances are recognised as current receivables at cost, which are deemed to correspond to the market value of the emission allowances at the time of allocation. A corresponding amount is recognised as deferred income. The deferred income is taken up as other operating income in pace with recorded receivables reducing and emissions being carried as an expense as raw materials and consumables. Revenue from emission allowances is recognised for emissions made at the value at which they were recognised on allocation. Any remaining emission allowances (not required to cover own emissions) are taken up as revenue when sold.

CASH FLOW STATEMENT

The cash flow statement is prepared in accordance with the indirect method. The reported cash flow only covers transactions involving cash receipts or payments. This means that there may be variances when compared with changes to individual items in the balance sheet.

FINANCIAL INSTRUMENTS

All financial instruments are initially measured at fair value plus transaction costs, except for those financial instruments that are measured at fair value through profit or loss for which the transaction costs are charged to expense when incurred. For these assets, transaction costs are expensed as incurred.

Financial assets are removed from the balance sheet when the right to receive cash flows from the asset has expired or been transferred and the Group has transferred substantially all risks and rewards associated with ownership.

Classification of financial assets

In accordance with IFRS 9, financial assets are classified and accounted for as either debt instruments, equity instruments or derivative instruments.

Financial assets and liabilities

The classification and measurement of financial assets and liabilities depends on the type of business model Rottneros applies regarding how the financial assets or liabilities are managed and administered. They are valued at either:

- Amortised cost
- Fair value through other comprehensive income
- Fair value through profit or loss

Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

Since the Group's accounts receivable are the significant financial assets that are liabilities to the counterparty and since the Group's business model for these is to receive principal, judgements of this type are normally not critical.

Equity instruments

All equity instruments are recognised at their respective fair values in the balance sheet and changes in fair value are recognised under financial income and expenses in the income statement. Holdings of instruments that represent equity for the counterparty (e.g. shareholdings) are classified at fair value through profit or loss if they are held for trading. Otherwise, an initial choice is made to recognise the instrument at fair value through profit or loss or through other comprehensive income.

Impairment of financial assets

The Group has no expected credit losses in all material respects on accounts receivable. The Group has no holdings in debt instruments recognised at fair value through other comprehensive income and for assets other than accounts receivable measured at amortised cost, potential expected credit losses are considered negligible. In the case of a loss allowance for trade receivables, they are always valued at an amount equal to the expected credit loss over the life of the receivable. Impaired accounts receivable are based on expected credit losses and consist of an individual assessment. The individual assessment takes into account the customer's current situation and other relevant circumstances such as credit insurance status, historical situation, geographical/political situation. An impairment loss is recognised as an expense in the income statement.

Accounts payable

Accounts payable are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

Borrowing

Borrowing, including utilised credit facilities, is initially recognised at fair value, net after transaction costs. Borrowing is subsequently recognised at amortised cost, and any difference between the amount received (net after transactions costs) and the amount repaid is recognised in the income statement over the term of the loan applying the effective interest method.

Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least twelve months after the reporting date.

Derivatives

Derivative instruments are recognised in the balance sheet on the contract date and are measured at fair value both initially and when they are subsequently revalued. The method for recording the gain or

loss resulting from revaluation depends on whether the derivative has been designated as a hedging instrument. The Group uses derivatives to hedge the risk of exchange rate fluctuations and changes in pulp prices, and to hedge its exposure to changes in electricity prices. All types of hedging are used from time to time to protect the value of future cash flows. When the transaction is entered, the Group documents the relationship between the hedging instrument and the hedged item as well as the Group's risk management objectives and risk management strategy for such hedging. The Group also documents its assessment – both at the inception of the hedge and in subsequent periods – of whether the derivative instruments used in hedging transactions are effective as regards cash flows attributable to the hedged items.

A disclosure about a fair value for the various derivative instruments used for hedging purposes can be found in Note 6. The entire fair value of a derivative that constitutes a hedging instrument is classified as a fixed asset or long-term liability when the remaining term for the hedged item exceeds twelve months, and as a current asset or current liability when the remaining term for the hedged item is less than twelve months.

The effective portion of the changes in fair value of a derivative instrument that has been identified as a cash flow hedge and that meets the conditions for hedge accounting is recognised in other comprehensive income. Changes in the hedging reserve in shareholders' equity are shown in Note 18. The gain or loss relating to realised hedges is recognised in the income statement under the item "Net turnover" for pulp futures, "Other income" for currency futures and under the item "Raw materials and consumables" for electricity futures. The ineffective portion of a derivative instrument is recognised under financial income and expenses in the income statement.

IMPORTANT ESTIMATES AND ASSUMPTIONS

When preparing financial statements, a number of important estimates must be made for accounting purposes, and the management team needs to make certain judgments when applying the Group's accounting policies. Estimates and judgments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations for future events that are deemed reasonable in the prevailing circumstances.

The Group makes estimates and assumptions about the future. The resulting estimates for accounting purposes, by definition, seldom correspond to the actual outcome. Valuation of property, plant and equipment and valuation of finished goods are areas that involve a high level of judgment on the part of Rottneros and where assumptions and estimates are of material importance for the consolidated accounts.

Valuation of property, plant and equipment

Significant assumptions and estimates related to property, plant and equipment include judgment of whether amounts are to be expensed as maintenance or capitalised as an asset, assessment of the expected useful lives, the recoverable amount of the assets, identification of cash-generating units, the discount rate used in present value calculations, as well as assessing whether there is any indication that an asset may be impaired or that a previous impairment is no longer justified.

Valuation of finished goods

Inventories are measured at the lower of cost and net realisable value. The cost of finished goods also includes a reasonable share of indirect costs, based on normal production capacity. Incorrect assumptions in the calculation model would result in an incorrect cost allocation, affecting the valuation of finished goods and the recognised cost for goods sold.

NOTE 1. NET TURNOVER

Net turnover consists of the following:

	2023	2022
Sales of pulp	2,492	2,762
Results from pulp price hedging	-2	-58
Sales of by-products and other	120	96
Sales of wood	145	180
Total	2,755	2,980

Revenue from the sales of Rottneros products is recognised at a specific point in time when control of the product is transferred to the customer. For each sales transaction there is only one performance obligation: delivery of the product in accordance with the terms of the sale.

Net turnover broken down by geographic markets:

	2023	%	2022	%
Sweden	606	23	680	20
Other Nordic countries	285	10	274	10
Germany	370	13	457	15
Italy	150	5	391	14
Rest of Europe	392	14	271	10
North America	221	8	244	10
Asia	719	26	663	21
Rest of world	12	0	0	0
Total	2,755	99	2,980	100

In 2023, the Group's largest customer accounted for 7 (10) percent of turnover.

Breakdown of pulp turnover by use:

	2023	%	2022	%
Board and packaging	729	29	880	26
Printing and writing papers	67	3	266	17
Filters	593	24	542	21
Electrotechnical applications	489	20	410	15
Tissue paper	229	9	114	6
Specialty paper	298	12	399	14
Fiber cement	40	2	65	0
Other	47	2	86	1
Total	2,492	101	2,762	100

NOTE 2. TRANSACTIONS WITH RELATED PARTIES

Arctic Paper S.A. (parent company of Rottneros AB) owned 51 percent of the shares in Rottneros AB at the end of the year. Arctic Paper S.A. is a parent company in the Arctic Paper S.A. Group, which includes the following customers of Rottneros and is thus reported as a related party to Rottneros:

- Arctic Paper Grycksbo AB
- Arctic Paper Kostrzyn S.A.
- Arctic Paper Munkedals AB

The following table shows the total amount of transactions with the above-mentioned related parties that occurred in 2023 and 2022 respectively. Goods are sold on the same terms as for non-related parties.

Related party	Sales 2023	Sales 2022	Accounts receivable 31 Dec 23	Accounts receivable 31 Dec 22
Arctic Paper S.A. Group	7	0	0	0

Receivables for related parties derive in full from sales transactions, and no provisions have been made for doubtful receivables for related parties.

Transactions with persons discharging managerial responsibilities

Information on salaries, remuneration and other benefits to senior management can be found in note 7.

NOTE 3. OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

	2023	2022
Other operating income		
Licences	8	–
Currency return	0	37
Sale of green electricity certificates	0	0
Revenue from emission allowances	6	7
Insurance compensation	5	0
Electricity subsidy	11	
Other	5	0
Total	35	44
	2023	2022
Other operating expenses		
Currency return	-11	–
Total	-11	–

NOTE 4. RAW MATERIALS AND CONSUMABLES

	2023	2022
Pulp wood	-1,076	-830
Chemicals	-279	-272
Electricity	-126	-383
Loss/gain from electricity price hedging contracts	54	300
Fuel	-128	-125
Other costs for raw materials and consumables	-106	-106
Total	-1,661	-1,416

NOTE 5. AUDIT EXPENSES

	2023	2022
Audit engagement, PwC	1.5	0.0
Audit activities other than the audit assignment, PwC	0.2	0.0
Audit engagement, KPMG	0.0	1.2
Audit activities other than the audit assignment, KPMG	0.0	0.0
Total	1.7	1.2

The accounting firm PwC has been Rottneros' auditor since the Annual General Meeting on 28 April 2023. Rottneros has not purchased any material services beyond the audit engagement from the accounting firm elected by the AGM.

NOTE 6. FINANCIAL INSTRUMENTS

Financial instruments for each category

	2023	2022
Assets		
Financial assets		
Other shares and participating interests	37	8
Derivatives		
Derivative instruments used for hedging purposes	117	679
Financial receivables and cash and cash equivalents		
Accounts receivable	406	451
Cash and cash equivalents	196	465
Total assets	756	1,603
Liabilities		
Financial liabilities		
Interest-bearing liabilities	92	111
Accounts payable	284	284
Derivatives		
Derivative instruments used for hedging purposes	–	–
Total liabilities	376	395

Financial instruments that are measured at fair value

The table below shows financial instruments measured at fair value, including how the fair value hierarchy was classified. The various levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2).
- Inputs for assets or liabilities that are not based on observable market inputs (i.e., unobservable inputs) (Level 3). Remeasurement is recognised through other comprehensive income.

	2023	Fair value 2022	Classification in the fair value hierarchy
Assets			
Other shares and participating interests	37	8	Level 3
Derivative instruments used for hedging purposes	75	460	Level 2
Derivative instruments classified as financial positions	20	165	Level 2
Total assets	132	633	
Liabilities			
Derivative instruments used for hedging purposes	–	–	Level 2
Total liabilities	–	–	

Financial instruments that are measured at amortised cost

The table below show fair value for such financial instruments that are measured at amortised cost.

	2023		2022	
	Book value	Fair value	Book value	Fair value
Assets				
Accounts receivable	406	406	451	451
Derivative instruments used for hedging purposes	22	22	54	54
Cash and cash equivalents	196	196	465	465
Total assets	624	624	970	970
Liabilities				
Interest-bearing liabilities	92	92	111	111
Accounts payable	284	284	284	284
Total liabilities	376	376	395	395

Financial risks and risk management

The factors that have the greatest impact on the Group's result are associated with the price of pulp in USD, exchange rates and pulp wood and electricity prices.

Financial risk is managed at a Group level in accordance with guidelines defined in the Group's Financial Policy and approved annually by the Board of Directors. The Board of Directors makes decisions on overall mandates and limits for restricting the Group's financial risk exposures and also makes decisions on all long-term financing.

The Board of Directors approves hedging levels based on proposals from senior management. The management continually assesses whether factors such as the USD exchange rate, pulp price or electricity price present attractive opportunities for strategic hedging. Financial hedging instruments are not used speculatively, but solely to hedge transactions and costings in accordance with the approved financial policy.

A more detailed description of opportunities and risks, together with a sensitivity analysis, can be found on pages 51–58.

Pulp price risk

The setting of prices in the pulp market is governed by international price levels that depend on demand and the global economy. Pulp price hedging is used when the price levels in long-term contracts are economically advantageous or when the market price is so low that further reductions may threaten the survival of the company. As a main rule, pulp prices are hedged in Swedish kronor.

Foreign currency risk

Invoices are mainly denominated in USD, EUR and SEK. The direct inflow of USD corresponds to just over 60 percent and of EUR about 30 percent of revenue. Because purchases are denominated in EUR, net exposure is very low. No currency hedging occurred in 2023, exchange to SEK is ongoing and the exposure and exchange rate risk for balance sheet items denominated in USD is deemed to be low.

Credit risk

Credit risk arises through cash and cash equivalents, derivative instruments and deposits at banks and financial institutions. The Board of Directors also approves financial counterparties. Credit risk also arises through credit exposures in relation to customers. This risk is insured by credit insurance, with few exceptions. Rottneros' maximum credit risk exposure corresponds to the fair value of the financial assets according to the table "Financial instruments by category".

Pulp wood price risk

The Group does not hedge against market price fluctuations, but long-term supply agreements provide some stability to prices.

Electricity price risk

All external electricity for the mills is purchased directly via the Nord Pool electricity exchange. Electricity prices are quoted in EUR. In order to protect Rottneros' future electricity costs against sharp fluctuations and to achieve a predictable electricity price, future electricity prices are hedged in advance in Swedish kronor (SEK) according to a defined strategy.

Interest rate risk

In June 2023, Rottneros AB refinanced its existing long-term loan agreements. The new agreement includes a loan of 100 MSEK with 32 MSEK in annual amortisation, as well as revolving credits of up to 150 MSEK. The loan agreement has a term of two years with a one-year extension option. The Group's borrowing is shown in Note 19 on page 88. Interest rate risk is mainly related to the variable interest rate of the bank loan and the return on cash and cash equivalents.

Liquidity and refinancing risk

The financing risk shall be minimised as far as possible by the due dates for loans and other credit facilities being well-diversified and evenly spread over time. Outstanding credit facilities shall be refinanced no later than three months before they fall due.

The Group's target for the liquidity reserve to be at least 10 percent of the Group's 12-month rolling turnover and to be available within 30 days. The Group continuously produces liquidity forecasts.

Rottneros' credit agreements are considered to be sufficient for normal operating and investment cash flow for the next few years.

Both the liquidity and refinancing risks are therefore considered to be low at this time.

The Group shall maintain an optimal capital structure to keep capital costs down while ensuring that it is able to continue its activities.

To maintain or adjust the capital structure, the Group may raise new debt, change the dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Derivatives

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges				
Currency forwards	–	–	–	–
Pulp price forwards	7	–	6	–
Electricity price forwards	88	–	619	–
Total	95	–	625	–
Minus non-current portion:				
Electricity price forwards	-18	–	-228	–
Current portion	77	–	397	–

The full fair value of a derivative instrument that constitutes a hedging instrument is classified as a non-current asset or non-current liability if the remaining maturity of the hedged item exceeds twelve months, and as a current asset or current liability if the remaining maturity of the hedged item is less than twelve months.

The ineffective portion, which is recognised in the income statement, was 10 (165) MSEK in respect of cash flow hedges.

Derivative instruments, 31 December 2023

Hedging	Hedged volume	Maturity	Hedging level	Fair value
Currency USD, futures sold	–	–	–	–
Currency EUR, futures sold	–	–	–	–
Pulp price, hedge sold	12,000 tonnes	2024	13,284 SEK/tonne	7
Electricity price, forward purchase cash flow hedge	561,336 MWh	2024-2028	401 SEK/kWh	68
Electricity price, forward, financial	61,488 MWh	2024		20
Total fair value				95

Derivative instruments, 31 December 2022

Hedging	Hedged volume	Maturity	Hedging level	Fair value
Currency USD, futures sold	–	–	–	–
Currency EUR, futures sold	–	–	–	–
Pulp price, hedge sold	12,000 tonnes	2023	13,638 SEK/tonne	6
Electricity price, forward purchase cash flow hedge	640,200 MWh	2023-2025	0.345 SEK/kWh	454
Electricity price, forward, financial	105,120 MWh	2023-2024		165
Total fair value				625

The valuation is based on directly observable price quotations on 31 December that are classified at level 2 in the fair value hierarchy described in IFRS 13.

Liquidity risk, as at 31 December 2023

	Less than 3 months	3-12 months	1-5 years	Over 5 years
Interest-bearing liabilities	9	27	59	–
Accounts payable	284			
Total	293	27	59	0

Liquidity risk, as at 31 December 2022

	Less than 3 months	3-12 months	1-5 years	Over 5 years
Interest-bearing liabilities	9	27	80	–
Accounts payable	284			
Total	293	27	80	0

NOTE 7. PERSONNEL AND REMUNERATION

	2023		2022	
	Average no. of employees	of whom women %	Average no. of employees	of whom women %
Parent Company	22	45	15	40
Subsidiaries	271	16	304	18
Group, total	293	18	319	19
Of which				
Sweden	290	18	316	18
Latvia	3	67	3	67

Pay and other remuneration plus social security contributions:

	2023			2022		
	Pay and other remuneration	Social security contributions	(of which pension expenses)	Pay and other remuneration	Social security contributions	(of which pension expenses)
Parent Company	30	13	5	24	11	5
Subsidiaries	179	70	15	182	72	16
Group, total ¹	209	83	20	206	83	21

1) Aof the Group's pension expenses, 3.6 (3.5) MSEK relate to CEOs and other senior executives.

Salaries and other remuneration broken down between the Board of Directors and CEOs, and other employees:

	2023			2022		
	Board of Directors, CEO and other senior executives	(of which variable remuneration)	Other employees	Board of Directors, CEO and other senior executives	(of which variable remuneration)	Other employees
Parent Company	15	2	16	16	3	8
Subsidiaries	2	0	176	1	0	181
Group, total	17	2	192	17	3	189

REMUNERATION OF SENIOR EXECUTIVES**Principles**

The Chairman and members of the Board of Directors receive a fee as determined by the AGM. This fee is also for Board committee work. Employee representatives receive a fee as determined by the AGM for the time needed to read materials prior to meetings.

Remuneration for the CEO and other senior executives complies with the guidelines for the remuneration of senior executives adopted by the AGM. Remuneration consists of a fixed salary, any variable component of pay, other benefits and pension. The total remuneration package must be in line with market rates and competitive in the market in which the executives work. Fixed salary and variable remuneration are related to the responsibilities and powers held by each executive. "Other senior executives" currently means the eight people who make up Group management together with the CEO. See page 63 for the composition of Group management. 63.

See page 48 in the Directors' Report for the Board's proposal to the 2023 AGM regarding "Guidelines for remuneration for senior executives".

Variable remuneration

The variable component of pay, which is cash, is based on outcomes in relation to defined and measurable targets and is capped in relation to fixed salary. These targets are broken down into specified quantitative objectives, mainly directed at financial objectives, results and cash flow of the Group, but also – in relation to Heads of Units – the respective business unit, as well as qualitative personal objectives, which mean that variable remuneration is related to the individual's efforts and performance.

Variable remuneration for the CEO is capped at 50 per cent of fixed salary. Variable remuneration for other senior executives is capped at 30 per cent of fixed salary.

The Board of Directors can impose conditions, restrict or decline to make variable remuneration payments in exceptional financial circumstances if the Board considers such measures to be reasonable and compatible with the duties of the company in relation to shareholders, employees and other interested parties.

Pensions

The retirement age for the CEO is 65 years. The pension premium amounts to 30 percent of the basic salary. Other senior executives are covered by current collective bargaining agreements between the Confederation of Swedish Enterprise and the Federation of Salaried Employees in Industry and Services (PTK) and have a retirement age of 65.

The CEO and certain other senior executives have chosen to take out a portion of their compensation in the form of capital pension through a so-called salary exchange. The balance sheets for the Group and the Parent Company include a long-term receivable consisting of premiums paid to the insurance company and a corresponding non-interest bearing liability. The recognised liability is expected to fall due later than 5 years after the balance sheet date.

Severance payments

The period of notice is six months if notice is given by the CEO. If notice is given by the Company, the CEO of the parent company is entitled to 18 monthly salaries. A period of notice of six months applies for other senior executives if notice is given by the employee. If notice is given by the Company, the period of notice is twelve months.

Decision-making process

All matters relating to the remuneration of the executive management are dealt with by the Remuneration Committee, except in respect of the CEO and the principles for remuneration for the executive management, which are decided by the Board of Directors. If the company in a particular case assigns an individual Board member tasks on behalf of the company over and above their regular board and committee duties, the Board shall determine the level of remuneration, which must be reasonable and in line with market rates.

Remuneration and other benefits in 2023 (MSEK)	Basic salary/Directors' fees	Variable remuneration	Other benefits	Pension expenses	Other remuneration	TOTAL
Chairman of the Board Per Lundeen	0.7	–	–	–	–	0.7
Board members:						
Marie S. Arwidson (4 months)	0.1	–	–	–	–	0.1
Magnus Wikström (8 months)	0.2	–	–	–	–	0.2
Roger Mattsson	0.3	–	–	–	–	0.3
Conny Mossberg	0.3	–	–	–	–	0.3
Johanna Svanberg	0.3	–	–	–	–	0.3
Julia Onstad	0.3	–	–	–	–	0.3
Chief Executive Officer Lennart Eberleh	3.5	1.0	0.2	1.3	0.0	6.0
Other senior executives (eight people)	8.8	1.3	0.7	2.3	0.1	13.2
Total	14.5	2.3	0.9	3.6	0.1	21.4

Remuneration and other benefits in 2022 (MSEK)	Basic salary/Directors' fees	Variable remuneration	Other benefits	Pension expenses	Other remuneration	TOTAL
Chairman of the Board Per Lundeen	0.6	–	–	–	–	0.6
Board members:						
Marie S. Arwidson	0.3	–	–	–	–	0.3
Ulf Carlson (4 months)	0.1	–	–	–	–	0.1
Roger Mattsson	0.3	–	–	–	–	0.3
Conny Mossberg	0.3	–	–	–	–	0.3
Johanna Svanberg (8 months)	0.2	–	–	–	–	0.2
Julia Onstad (8 months)	0.2	–	–	–	–	0.2
Chief Executive Officer Lennart Eberleh	3.4	1.0	0.2	1.2	0.0	5.8
Other senior executives (eight people)	8.7	1.6	0.5	2.2	0.1	13.1
Total	14.1	2.6	0.7	3.4	0.1	20.9

Comments on the table

- Variable remuneration refers to what was charged to profit/loss for 2023 and 2022 respectively.
- Other benefits relate mainly to company cars and health insurance.
- There are two employee representatives and two deputies for the employees on the Board of Directors. The two representatives are Jerry Sohlberg and Mika Palmu and the two alternates are Jimmy Thunander and Jörgen Wasberg. The four representatives each received a fee of SEK 31,000 (29,000) per person for the time needed to read materials prior to meetings.
- The group of senior executives at the end of the year, totalling eight people, consisted of six men and two women. At the end of the year, the Board, with a total of eight members, consisted of six men and two women.

NOTE 8. FINANCIAL INCOME AND EXPENSES

	2023	2022
Financial income		
External interest income	13	4
Dividends from external companies	1	–
Loss/gain from electricity price hedging contracts	10	165
Total	24	169
Financial expenses		
Interest expenses	-10	-5
Total	-10	-5

NOTE 9. INCOME TAXES

	2023	2022
Current tax	-60	-99
Deferred tax	28	-50
Total	-32	-149

Difference between reported tax expense and tax expense based on the applicable tax rate:

	2023	2022
Income for the year before tax	153	714
Tax at applicable tax rate	-32	-147
Tax effect of non-deductible items	-4	-2
Tax effect of non-taxable items	4	0
Tax attributable to previous years	0	0
Reported tax expense	-32	-149

Tax rate

The applicable tax rate for 2023 was 20.6 percent (20.6).

Temporary differences

Temporary differences exist when the carrying amounts of assets or liabilities are different from their tax bases. Temporary differences relating to the following items have resulted in deferred tax assets (+) and deferred tax liabilities (-):

Group	Other temporary differences	Derivative instruments	Excess depreciation	Long-term liabilities	TOTAL
As at 1 January 2022	4	-29	-127	0	-152
Recognised in income statement	-1	-34	-15	0	-50
Recognised in other comprehensive income	–	-66	–	–	-66
As of 31 December 2022	3	-129	-142	0	-268
Recognised in income statement	0	30	1	0	31
Recognised in other comprehensive income	–	79	–	–	79
As at 31 December 2023	3	-20	-141	0	-158

The following table presents a summary of deferred tax assets and deferred tax liabilities. There are no current deferred tax assets or liabilities.

	2023	2022
Deferred tax assets, non-current	0	0
Deferred tax liabilities, long-term	-158	-268
Total	-158	-268

Deferred tax assets and tax liabilities are offset where there is a legal right to offset the tax assets and liabilities in question and when the deferred tax relates to the same tax authority. The following amounts resulted from such offset and have been recognised in the balance sheet:

	2023	2022
Deferred tax assets	2	3
Deferred tax liabilities	-160	-271
Total	-158	-268

The following table presents a summary of current tax assets and liabilities.

	2023	2022
Current tax assets	–	–
Current tax liabilities	-22	-75
Total	-22	-75

NOTE 10. INTANGIBLE ASSETS

Group	2023						2022					
	Software	Trademarks	Licences	Assets under development	Goodwill	Total	Software	Trademarks	Licences	Assets under development	Goodwill	Total
Opening cost	42	25	–	–	21	88	42	25	0	0	21	88
Acquisitions for the year	0	–	–	–	–	0	–	–	–	–	–	–
Acquisitions during the year ¹	–	–	–	–	–	–	–	–	–	–	–	–
Items transferred during the year	–	–	–	–	–	–	–	–	–	–	–	–
Closing accumulated cost	43	25	–	–	21	89	43	25	0	0	21	89
Opening depreciation/amortisation and impairment	-43	-25	–	–	–	-68	-39	-25	–	–	0	-64
Depreciation for the year	0	–	–	–	–	0	-4	–	–	–	–	-4
Items transferred during the year	–	–	–	–	–	–	–	–	–	–	–	–
Closing accumulated depreciation/amortisation and impairment losses	-43	-25	–	–	–	-68	-43	-25	–	–	–	-68
Closing residual value according to plan	0	–	–	–	21	21	0	–	–	–	21	21

1) Goodwill that is expected to be tax deductible amounts to 0.0 KSEK. No significant transaction costs have been incurred for this acquisition.

Impairment testing

Goodwill is tested annually for impairment. If an impairment loss is required, it is recognised in the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of net realisable value and value in use. Value in use is the present value of the estimated future cash flows. The cash flows have been based on financial plans established by group management and approved by the Board of Directors, normally covering a period of five years. Cash flows beyond this period have been extrapolated using an estimated growth rate. Wherever possible, Rottneros uses external sources of information, however, the element of past experience is also significant as in some cases there are no external sources that can be used as a basis for assumptions and judgements without processing.

The calculation of the value in use is based on assumptions and judgements. The most significant assumptions relate to organic growth, operating margin development, the level of operating capital employed and the weighted average cost of capital (WACC), which is used to discount future cash flows. The discount rate used is pre-tax and reflects risks specific to the cash-generating unit.

The assumptions and judgements used in the impairment assessment are summarised below:

	2023	2022
WACC	13%	11%
Estimated growth rate beyond the forecast period	2%	2%
Average growth rate over the forecast period	4%	7%
Operating margin over the forecast period	3.8 – 4.1%	3,7–4,2%

The result of the impairment assessment for goodwill indicates that there was no need for impairment of goodwill.

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

Group	2023							2022						
	Land	Land improvements	Buildings	Machinery	Equipment	Const. in progress/ advances	Total	Land	Land improvements	Buildings	Machinery	Equipment	Const. in progress/ advances	Total
Opening cost	3	116	275	2,496	99	62	3,051	3	105	252	2,369	93	116	2,938
Acquisitions for the year	–	12	8	53	13	117	203	–	3	14	24	5	67	113
Sales/disposals	–	–	–6	–20	–1	–8	–35	–	–	–	0	–	–	–
Through acquisitions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Items transferred during the year	–	0	39	65	2	–24	82	–	8	9	103	1	–121	0
Closing accumulated cost	3	128	316	2,594	113	147	3,301	3	116	275	2,496	99	62	3,051
Opening depreciation	–	–37	–118	–1,593	–71	–	–1,819	–	–32	–106	–1,504	–63	–	–1,705
Sales/disposals	–	–	8	14	0	–	22	–	–	–	–	–	–	0
Depreciation for the year	–	–6	–15	–89	–8	–	–118	–	–5	–12	–89	–8	–	–114
Items transferred during the year	–	–	–37	–49	–2	–	–88	–	–	–	–	–	–	–
Closing accumulated depreciation	–	–43	–162	–1,717	–81	–	–2,003	–	–37	–118	–1,593	–71	–	–1,819
Opening impairment losses	–	–	–	–31	–11	–	–42	–	–	–	–10	–10	–	–20
Impairment loss for the year	–	–	–	8	1	–	9	–	–	–	–21	–1	–	–22
Sales/disposals	–	–	–	3	–	–	3	–	–	–	–	–	–	–
Items transferred during the year	–	–	–	6	–	–	6	–	–	–	–	–	–	–
Closing accumulated impairment losses, net	–	–	–	–14	–10	–	–24	–	–	–	–31	–11	–	–42
Closing residual value according to plan	3	85	154	863	22	147	1,274	3	79	157	872	17	62	1,190

1) Impairment for 2023 is positively affected by a reversal related to 2022. Impairment for 2022 relates to fixed assets associated with the grinding line in Rottneros Bruk AB and to assets in Rottneros Packaging AB.

Property, plant and equipment are mainly located in Sweden. Fixed assets in Latvia amount to SEK 0 (0) million.

NOTE 12. PARTICIPATING INTERESTS IN ASSOCIATED COMPANIES

	2023	2022
Carrying amount at beginning of the year	–	–
Acquisition of associated companies	67	–
Share in associate's profit after tax	-1	–
Carrying amount at year-end	66	–

Associated companies

2023	Land	Owned share, percent	Book value
Kostrzyn Packaging Spolka Z O.O	Poland	50	66
Total			66

2022	Land	Owned share, percent	Book value
–	–	–	–
Total			–

2023	Revenue	Profit/loss	Assets	Liabilities	Shareholders' equity
Kostrzyn Packaging Spolka Z O.O	0	-1	143	12	131

NOTE 13. PLEDGED ASSETS

	2023	2022
Floating charges		
Pledged to Danske Bank	285	285
Shares in associated companies		
Pledged to Bank Polska Kasa Opieki S.A.	66	–
Deeds of trust		
Pledged to Danske Bank	–	–
Total	351	285

As at 31 December 2023, a part of the Group's and the parent company's mortgages were pledged to Danske Bank as security for the Group's bank credit facilities (182 MSEK and 150 MSEK), loans (91 MSEK) and the Group's liabilities relating to derivative contracts for which Danske Bank is the counterparty. Shares in the associated company Kostrzyn Packaging Spolka Z O.O. have been pledged as collateral for loans with Bank Polska Kasa Opieki S.A.

As at 31 December 2022, a part of the Group's and the parent company's mortgages were pledged to Danske Bank as security for the Group's credit facilities (182 MSEK and 100 MSEK), loans (102 MSEK) and for the Group's liabilities relating to derivative contracts for which Danske Bank is the counterparty.

NOTE 14. INVENTORIES

	2023	2022
Raw materials and consumables	131	91
Spare parts, etc.	111	107
Finished goods inventories	287	266
Impairment, spare parts	-22	-28
Impairment, finished goods inventories	-14	0
Total	493	436

NOTE 15. ACCOUNTS RECEIVABLE

	2023	2022
Accounts receivable, gross	406	451
Expected credit losses	–	–
Accounts receivable, net	406	451

Changes in the provision for expected credit losses are as follows:

	2023	2022
Opening balance	–	–
Receivables written off over the year as uncollectable	–	–
Closing balance	–	–

The book values of accounts receivable are the same as the fair values and correspond to nominal amounts. No receivables have been provided as collateral for liabilities or contingent liabilities.

As at 31 December 2023, accounts receivable amounting to 66 (59) MSEK were overdue, although no need for impairment was present. These refer to a number of independent customers that have previously not had any difficulties in meeting their payment obligations. These receivables are also covered by credit insurance, which recovers most of any bad debt losses. The ageing analysis of these accounts receivable is as follows:

	2023	2022
Accounts receivable that are not due	340	392
Less than 30 days from due date	63	57
2 to 3 months from due date	2	1
3 to 9 months from due date	1	1
Total	406	451

Carrying amounts, by currency, for accounts receivable are as follows:

	2023	2022
USD	233	258
EUR	80	75
SEK	93	118
Other currencies	0	0
Total	406	451

NOTE 16. OTHER CURRENT RECEIVABLES

	2023	2022
Emission allowances	85	68
Other receivables	53	44
Prepaid expenses and accrued income:		
Prepaid insurance premiums	2	2
Other prepaid expenses	12	4
Accrued income	0	0
Total prepaid expenses and accrued income	14	6
Total	152	118

NOTE 17. CASH AND CASH EQUIVALENTS

	2023	2022
Cash and bank balances	196	465

None of the cash and cash equivalents were blocked or pledged at the end of the year.

NOTE 18. SHAREHOLDERS' EQUITY**Management of capital risk**

Rottneros' objective in respect of capital structure is to ensure that the Group is able to continue its operation so that it can continue to generate returns for its shareholders while creating benefits for other stakeholders, and to maintain an optimal capital structure as a means of keeping the cost of capital down.

To maintain or adjust the capital structure, the Group may raise new debt, change the dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

In the same way as other companies in the industry, the Group estimates its capital on the basis of its debt/equity ratio. This key ratio is defined as interest-bearing net debt/cash divided by shareholders' equity.

The Group's debt/equity ratio was -5.6 (-15.7) percent as at 31 December 2023.

Hedging reserve in consolidated shareholders' equity

	2023	2022
Opening balance	365	112
Cash flow hedging:		
Changes in value	-313	726
Income tax effect on changes in value	65	-150
Realised pulp price hedges	3	58
Tax effect of realised pulp price hedges	-1	-12
Realised electricity price hedges	-54	-311
Tax effect of realised electricity price hedges	11	64
Hedging reserve transferred from equity to the income statement	-20	-154
Tax effect on transferred hedge reserve	4	32
Closing balance	60	365

NOTE 19. INTEREST-BEARING LIABILITIES

	2023	2022
Bank loans	83	102
Lease liability	8	9
Due for payment:		
Within one year	34	1
Later than one year but within five years	57	109
Later than five years	0	1
Changes in interest-bearing liabilities		
Opening balance	111	145
Changes included in cash flow from financing activities:		
Long-term loans taken out from banks	100	–
Amortisation of long-term loans taken out from banks	-119	-32
Change in credit facilities	–	–
Total changes included in cash flow from financing activities	-19	-32
Other changes:		
Lease liability	-1	-2
Accrual of direct costs	–	–
Total other changes	-1	-2
Closing balance	91	111

Bank loans

In June 2023, Rottneros AB refinanced its existing long-term loan agreements. The new agreement includes a loan of 100 MSEK with 32 MSEK in annual amortisation, as well as revolving credits of up to 150 MSEK. The loan agreement has a term of two years with a one-year extension option.

The loan terms contain customary covenants in the form of a net debt to operating profit before depreciation and amortisation ratio of up to 3.25 and a dividend of up to 50 percent of the previous year's net profit. Moreover, loans and utilised overdrafts may not exceed the value of the collateral base, which is 75 percent of the nominal value of trade receivables and 70 percent of the value of inventories. These covenants were fulfilled at the balance sheet date.

The market value of the loan amounts to 83 MSEK at the balance sheet date.

Credit facilities

As at 31 December 2023 and 2022, the Group had not used its overdraft facilities. Unused overdraft facility amounted to 182 (182) MSEK as of 31 December 2023.

As at 31 December 2023 and 2022, the parent company had not used its overdraft facilities. Unused overdraft facility amounted to 90 (90) MSEK as at 31 December 2023.

Bank overdraft facilities are available denominated in the currencies SEK, USD and EUR. Interest rate on balance sheet date was as follows:

	2023			2022		
Percent	SEK	USD	EUR	SEK	USD	EUR
Bank overdraft facilities	5.15	6.60	5.20	3.77	5.65	3.15

NOTE 20. ACCOUNTS PAYABLE

Carrying amounts, by currency, for accounts payable are as follows:

	2023	2022
SEK	221	231
EUR	62	52
USD	1	1
Total	284	284

The book values of accounts payable are the same as the fair values and correspond to nominal amounts.

NOTE 21. OTHER NON-INTEREST-BEARING LIABILITIES

	2023	2022
Other liabilities	23	31
Accrued expenses and deferred income:		
Holiday pay liability	31	28
Social security contributions	18	18
Payroll liability ¹	13	15
Raw material cost and input goods	102	98
Emission allowances	85	69
Other accrued expenses	67	97
Future costs of grinding line ²	0	15
Total accrued expenses and deferred income	316	340
Total	339	371

1) Includes 6 MSEK related to personnel costs for the decommissioning of the grinding line in 2022.

2) Future costs for demolition and restoration of the grinding line area.

NOTE 22. CONTINGENT LIABILITIES

The Group has contingent liabilities for guarantees amounting to 141 (10) MSEK.

NOTE 23. RESTRUCTURING

Decommissioning costs	2022
Impairment inventories	-9
Impairment of fixed assets	-10
Severance payments to employees	-33
Demolition and restoration	-15
Total	-67

Reclassification of electricity futures

Derivative instruments classified as financial items	165
--	-----

With the decision to close the grinding line at Rottneros Bruk AB, the Group had electricity futures that exceeded the estimated consumption for the years 2023 and 2024. The portion of the futures that is not matched by future cash flows is classified as financial items under profit or loss for 2022.

2023

In 2023, a restructuring cost of 16 MSEK was recognised in Vallvik Mill relating to severance payments to employees. The restructuring had no other effect on the result for the year.

In 2023, an impairment loss related to the closure of the grinding line amounting to 6 MSEK was reversed.

NOTE 24. EVENTS AFTER THE END OF THE PERIODS AND OTHER DISCLOSURES

No significant events after the end of the financial year have been noted that would affect the financial statements as at 31 December 2023.

See the "Opportunities and Risk" section on pages 51 to 58 for disclosures about risks faced by the company.

Statements of income – parent company

PARENT COMPANY INCOME STATEMENT 1 JANUARY–31 DECEMBER

Amounts in MSEK	Note	2023	2022
NET TURNOVER	25	18	8
Other operating income	26	11	17
Operating income, total		29	25
External costs	27	-38	-37
Employee benefit expenses	7	-40	-42
Other operating expenses	26	-2	-59
EBITDA (operating profit/loss before depreciation/amortisation and impairment)		-51	-113
Depreciation/amortisation and impairment losses		0	-3
EBIT (operating profit/loss)		-51	-116
Profit from participations in Group companies	28	133	534
Financial income	28	187	24
Financial expenses	28	-10	-4
Total financial items		310	554
PROFIT/LOSS AFTER FINANCIAL ITEMS		259	438
Tax on profit for the year	29	-53	-92
NET INCOME		206	346

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME 1 JANUARY–31 DECEMBER

Amounts in MSEK	Note	2023	2022
NET INCOME		206	346
Other comprehensive income		–	–
COMPREHENSIVE INCOME		206	346

Balance sheet – parent company

PARENT COMPANY ASSETS, 31 DECEMBER

Amounts in MSEK	Note	2023	2022
Non-current assets			
Intangible assets	30	0	0
Property, plant and equipment		3	1
Other financial assets	31	758	664
Total non-current assets		761	665
Current assets			
Current receivables	33	825	637
Cash and cash equivalents	34	158	428
Total current assets		983	1,065
TOTAL ASSETS		1,744	1,730

PARENT COMPANY SHAREHOLDERS' EQUITY AND LIABILITIES, 31 DECEMBER

Amounts in MSEK	Note	2023	2022
Shareholders' equity			
Share capital	35	153	153
Statutory reserve		440	440
Share premium reserve		268	268
Retained earnings, incl. net income for the year		219	227
Total shareholders' equity		1,080	1,088
Long-term liabilities			
Interest-bearing liabilities	36	51	102
Non-interest-bearing liabilities		54	57
Total long-term liabilities		105	159
Current liabilities			
Accounts payable	37	0	2
Interest-bearing liabilities	36	32	0
Current tax liability	29	32	73
Other non-interest-bearing liabilities	38	495	408
Total current liabilities		559	483
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,744	1,730

Statement of changes in shareholders' equity – parent company

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY, 2022

Amounts in MSEK	Share capital	Statutory reserve	Share premium reserve	Retained earnings, incl. profit/loss for the year	TOTAL SHAREHOLDERS' EQUITY
Opening balance as at 1 January 2022	153	440	268	-28	833
Comprehensive income				346	346
Dividends to shareholders				-91	-91
CLOSING BALANCE AS AT 31 DECEMBER 2022	153	440	268	227	1,088

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY, 2023

Amounts in MSEK	Share capital	Statutory reserve	Share premium reserve	Retained earnings, incl. profit/loss for the year	TOTAL SHAREHOLDERS' EQUITY
Opening balance as at 1 January 2023	153	440	268	227	1,088
Comprehensive income				206	206
Dividends to shareholders				-214	-214
CLOSING BALANCE AS AT 31 DECEMBER 2023	153	440	268	219	1,080

Statements of cash flows – parent company

PARENT COMPANY STATEMENTS OF CASH FLOWS 1 JANUARY–31 DECEMBER

Amounts in MSEK	Note	2023	2022
EBIT		-51	-116
Adjustment for items not included in cash flow			
Depreciation/amortisation and impairment losses		0	4
Adjustment for other items not included in cash flow		-2	0
EBIT adjusted for items not affecting cash flow		-53	-112
Interest received		32	24
Interest paid		-10	-4
Received/paid taxes		-94	-30
Cash flow from operating activities before changes in working capital		-125	-122
Change in working capital			
Change in current receivables		-588	175
Change in current liabilities (non-interest-bearing)		85	172
Total changes in working capital		-503	347
CASH FLOW FROM OPERATING ACTIVITIES		-628	225
Investments in intangible assets	30	–	–
Investments in property, plant and equipment		-2	–
Acquired subsidiary		–	–
Investments in financial assets	31	-95	–
Group contributions received	28	534	162
Realised derivatives	28	154	21
CASH FLOW FROM INVESTING ACTIVITIES		591	183

Amounts in MSEK	Note	2023	2022
Repayment of loans	36	-120	-32
Borrowings	36	100	0
Dividend paid		-213	-91
CASH FLOW FROM FINANCING ACTIVITIES		-233	-123
NET CASH FLOW		-270	285
Cash and cash equivalents at the beginning of the year		428	143
Cash and cash equivalents at the end of the year	34	158	428
Granted and unutilised credit facilities		240	190

Supplementary Disclosures and Notes – Parent Company

ACCOUNTING POLICIES AND VALUATION PRINCIPLES

The parent company applies the same accounting policies as the Group, with the following exceptions. Derivatives are recognised during the term of the contract at the lower of cost and fair value. Participating interests in subsidiaries are carried at cost less any impairment losses.

Group contributions that the parent company receives from a subsidiary are recognised in the parent company as ordinary dividends from subsidiaries in accordance with RFR 2. This means that the group contribution is recognised as financial income. Tax on group contributions are reported in the income statement in accordance with RFR 2.

Group contributions made by the parent company to subsidiaries are recognised according to the main approach in RFR 2 as an increase in participating interests in subsidiaries. At the same time, a review is conducted to determine whether a need for impairment is present relating to the participating interests in subsidiaries that have received group contributions. The tax effect is reported in accordance with IAS 12, i.e., in the income statement. All lease agreements are recognised as operating leases.

NOTE 25. NET TURNOVER

Net turnover consists of the following:

	2023	2022
Results from pulp price hedging	–	–
Management fees received	18	8
Total	18	8

NOTE 26. OTHER OPERATING INCOME AND EXPENSES

	2023	2022
Other operating income		
Exchange rate effects	2	–
Other income group companies	9	17
Other	0	–
Total	11	17

	2023	2022
Other operating expenses		
Currency return	–	-2
Loss/gain from currency hedging contracts	–	–
Loss/gain from pulp price hedging contracts	-2	-57
Total	-2	-59

NOTE 27. AUDIT EXPENSES

	2023	2022
Audit engagement, PwC	0.8	0.0
Audit activities other than the audit assignment, PwC	0.0	0.0
Audit engagement, KPMG	0.0	0.5
Audit activities other than the audit assignment, KPMG	0.0	0.0
Total	0.8	0.5

The accounting firm PwC has been Rottneros' auditor since the Annual General Meeting on 28 April 2023. Rottneros has not purchased any material services other than the audit engagement from the accounting firm elected by the AGM.

NOTE 28. FINANCIAL INCOME AND EXPENSES

	2023	2022
Financial income		
External interest income	12	3
Interest income from subsidiaries	21	21
Dividends from external companies	–	–
Loss/gain from electricity price hedging contracts	154	–
Group contributions received/paid, net	133	534
Total	320	558
Financial expenses		
Interest expenses	-10	-4
Total	-10	-4

NOTE 29. INCOME TAXES

	2023	2022
Current tax	-53	-92
Deferred tax	0	0
Total	-53	-92

Difference between reported tax expense and tax expense based on the applicable tax rate:

	2023	2022
Income for the year before tax	259	438
Tax at applicable tax rate	-53	-90
Tax effect of non-deductible items	-4	-2
Tax effect of non-taxable items	4	0
Tax attributable to previous years	0	0
Reported tax expense	-53	-92

The following table presents a summary of current tax assets and liabilities.

	2023	2022
Current tax assets	–	–
Current tax liabilities	-32	-73
Total	-32	-73

NOTE 30. INTANGIBLE ASSETS

	2023			2022		
	Software	Assets under development	Total	Software	Assets under development	Total
Opening cost	18	0	18	18	0	18
Acquisitions for the year	0	–	–	–	–	–
Items transferred during the year	–	–	–	–	–	–
Closing accumulated cost	18	0	18	18	0	18
Opening depreciation/amortisation and impairment losses	-18	0	-18	-14	0	-14
Depreciation for the year	0	–	0	-4	–	-4
Items transferred during the year	–	–	–	–	–	–
Closing accumulated depreciation/amortisation and impairment losses	-18	0	-18	-18	0	-18
Closing residual value according to plan	0	–	0	0	–	0

NOTE 31. OTHER FINANCIAL ASSETS

	2023	2022
Participating interests in Group companies	327	327
Share of joint venture	66	–
Share in joint venture	28	
Other long-term receivables	54	54
Receivables from Group companies	283	283
Closing residual value according to plan	758	664

Participating interests in Group companies are specified below for the parent company.

Parent company holdings	Corp. ID no.	Reg. office	No. of participating interests	Votes/share of equity %	Book value	
					2023	2022
Vallviks Bruk AB	556445-8163	Söderhamn	415,000	100	101	101
Rottneros Bruk AB	556014-4502	Sunne	2,100,000	100	89	89
Rottneros Packaging AB	556307-5356	Stockholm	10,000	100	26	26
Utansjö Bruk AB	556012-7994	Härnösand	500,000	100	79	79
SIA Rottneros Baltic	319,171	Latvia	100	100	6	6
Nykvist Skogs AB	556378-8735	Gräsmark	1,000	100	26	26
Total					327	327

	2023	2022
Participating interests in Group companies	872	872
Opening cost	–	–
Acquisitions and capital injections during the year	–	–
Closing accumulated cost	872	872
Opening impairment losses	-545	-545
Closing accumulated impairment losses, net	-545	-545
Closing book value	327	327

NOTE 32. PLEDGED ASSETS

	2023	2022
Floating charges		
Pledged to Danske Bank	50	50
Shares in associated companies		
Pledged to Bank Polska Kasa Opieki S.A.	66	–
Deeds of trust		
Pledged to Danske Bank	–	–
Held by the company	–	–
Total	116	50

NOTE 33. OTHER CURRENT RECEIVABLES

	2023	2022
Receivables from subsidiaries	801	580
Emission allowances	–	–
Other receivables	0	1
Prepaid expenses and accrued income:		
Prepaid insurance premiums	1	1
Other prepaid expenses	1	1
Accrued income	22	54
Total prepaid expenses and accrued income	24	56
Total	825	637

NOTE 34. CASH AND CASH EQUIVALENTS

	2023	2022
Cash and bank balances	158	428

NOTE 35. SHAREHOLDERS' EQUITY

Share capital and number of shares

Group and parent company	Number of shares ¹	Share capital
As at 31 December 2022	152,571,925	153
As at 31 December 2021	152,571,925	153

1) Excluding the parent company's holding of treasury shares.

Average number of shares outstanding 2023	152,571,925
Average number of shares outstanding 2022	152,571,925

All shares are of the class 'ordinary shares' and have a quota value of SEK 1 per share. All shares are fully paid up.

The parent company's holding of treasury shares amounts to 821,965 (821,965) ordinary shares, with a total nominal value of 822,000 SEK.

Share-related incentive programmes

There were no share-related incentive plans for the Group on 31 December 2023 and 2022.

Dividend for financial year 2022

The Annual General Meeting on 28 April 2023 resolved on an ordinary dividend of 0.50 SEK and an extraordinary dividend of 0.90 SEK, in total 1.40 SEK per share, amounting to a total of 213,600,695 SEK.

Proposed appropriation of profits

The Board of Directors will propose to the Annual General Meeting that a dividend be paid for the 2023 financial year.

Proposed appropriation of profits:

Retained earnings	281,484,787
Net profit for the year	205,587,115
Total SEK	487,072,163

The Board of Directors Proposes:

To be distributed to shareholders	76,285,963
To be carried forward	410,786,201
Total SEK	487,072,163

The Board of Directors has considered the company's financial position, cash flows and future prospects in its proposal for the appropriation of profits. A detailed account regarding the Board's proposed dividend is available on the Company's website, www.rottneros.com.

NOTE 36. INTEREST-BEARING LIABILITIES

	2023	2022
Bank loans	83	102
Lease liability		
Due for payment:		
Within one year	32	–
Later than one year but within five years	51	102
Later than five years	–	–
Changes in interest-bearing liabilities		
	2023	2022
Opening balance	102	133
Changes included in cash flow from financing activities:		
Long-term loans taken out from banks	100	–
Amortisation of long-term loans taken out from banks	-120	-32
Change in credit facilities	–	–
Total changes included in cash flow from financing activities	-20	-32
Other changes:		
Lease liability	–	–
Accrual of direct costs	–	–
Total other changes	0	0
Closing balance	83	102

NOTE 37. ACCOUNTS PAYABLE

Carrying amounts, by currency, for accounts payable are as follows:

	2023	2022
SEK	0	2
EUR	–	–
USD	–	–
Total	0	2

NOT 38. OTHER NON-INTEREST BEARING LIABILITIES

	2023	2022
Liabilities to subsidiaries	487	388
Other liabilities	1	1
Accrued expenses and deferred income:		
Holiday pay liability	4	4
Social security contributions	1	1
Payroll liability	–	–
Other accrued expenses	2	14
Total accrued expenses and deferred income	7	19
Total	495	408

Declaration by the Board of Directors

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the Group's financial position and performance. The Annual Report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the parent company's financial position and results of operations. The Directors' Report for the Group and the Parent Company gives a true and fair view of the development of the Group's and the Parent Company's operations, financial position and results, and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Sunne on 27 February 2024

Rottneros AB (publ) corporate identity number 556013-5872

Per Lundeen

Chairman of the Board

Roger Mattsson

Board member

Conny Mossberg

Board member

Julia Onstad

Board member

Johanna Svanberg

Board member

Magnus Wikström

Board member

Jerry Sohlberg

Employee representative

Mika Palmu

Employee representative

Lennart Eberleh

President and CEO

Our audit report was issued on 27 February 2024

PricewaterhouseCoopers AB

Bo Karlsson

Authorised Public Accountant

Auditor in charge

Tomas Rahm

Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of Rottneros AB (publ) corporate identity number 556013-5872

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Rottneros AB (publ) for the year 2023 except for the corporate governance report on pages 61-67. The annual accounts and consolidated accounts of the company are included on pages 46-49, 51-59 and 61-100 of this document.

In our opinion, the annual 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 as of 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 61-67. 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 adopt the income statement and balance sheet of the parent company and the Group. Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report submitted to the parent company's audit committee in accordance with Article 11 of the Audit Regulation (537/2014).

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 these 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. This includes that, to the best of our knowledge and belief, no prohibited services as referred to in Article 5(1) of the Audit Regulation (537/2014) have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risk of material misstatement in the financial statements. In particular, we considered the areas where the Chief Executive Officer and the Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all audits, we also considered the risk of the Board of Directors and the Managing Director overriding internal control, including whether there is evidence of systemic deviations giving rise to a risk of material misstatement due to irregularities.

We tailored our audit to perform an appropriate audit to express an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Materiality

The scope of the audit was influenced by our assessment of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures, and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

REVENUE RECOGNITION

KEY AUDIT MATTER

Rottneros' description and disclosures regarding revenue recognition can be found in note 1 Net sales and in Accounting policies and valuation principles. Consolidated turnover for 2023 amounted to 2,755 MSEK. Revenue from the sale of goods is recognised in the income statement when control over the significant risks and rewards of ownership of the goods has been transferred to the buyer, which occurs upon delivery in accordance with the applicable shipping terms. Shipping conditions may differ between customers and therefore ownership may be transferred before or after actual delivery of the goods. Rottneros' main revenue streams arise from the sale of pulp, as well as by-products and wood. Revenue is recognised at fair value of the consideration received or receivable. Turnover in the income statement consists of revenues from the sale of goods and invoiced freight, net of returns, discounts, pulp price hedges and VAT. Thus, we consider the cutoff of revenue to be a particularly important area in our audit.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Our audit included the following elements.

- We identified and assessed selected systems and processes for revenue recognition, including the recognition of accounts receivable, and the controls in place to address the risk of revenue being recognised at the wrong time.
- We assessed whether the company's accounting policies are consistent with IFRS.
- We also conducted random checks to ensure that recognised revenue is reported in accordance with the Group's policies and is consistent with underlying documents such as invoices, shipping terms and bills of lading.
- We analysed the company's revenue recognition procedures in order to identify abnormal fluctuations or unreasonable conditions.
- We examined the information provided in the annual report in relation to the accounting records and other accounting information.

MEASUREMENT OF FINISHED GOODS INVENTORIES

KEY AUDIT MATTER

Rottneros' description and disclosures regarding revenue recognition can be found in note 14 Inventories and in Accounting policies and valuation principles, particularly under Important estimates and judgements.

As stated in note 14 of the annual report, stocks of finished products are reported at 287 MSEK in the consolidated balance sheet as of 31 December 2023. Inventories are measured at the lower of cost and net realisable value. The cost of finished goods inventory is recognised at production cost less any obsolescence. Valuation at production cost is done using calculation models where direct and indirect production-related costs are allocated to manufactured products. An incorrect calculation of the cost of production would affect the valuation of the inventory and the recognised cost of goods sold during the financial year. When determining whether the net realisable value is less than the acquisition value, Rottneros needs to make assessments of the price levels for which the reported inventory can be sold. Thus, we consider the valuation of finished goods inventories to be a key audit matter.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Our audit included the following elements.

- Identified and evaluated selected systems and processes for inventory accounting and tested a selection of key controls for determining inventory volumes and for determining carrying amounts. We assessed the inventory process as a whole, focusing on valuation principles and the company's controls to address associated risks.
- Randomly tested raw material stocks against actual purchase prices and evaluated the reasonableness of product calculations for finished goods stocks.
- Participated in inventories at warehouses.
- We examined the company's control over the application of the lowest value principle.
- We conducted random detailed examinations to ensure that inventory items were sold at a value equal to or greater than their book value.
- We also examined the cost of production through spot checks against purchase invoices and production costings.
- We conducted an analytical examination of the inventory in order to identify abnormal fluctuations or unreasonable conditions.
- We examined the information provided in the annual report in relation to the accounting records and other accounting information.

Other information

The audit of the annual accounts and consolidated accounts for the 2022 financial was conducted by a different auditor, who submitted an audit report dated 20 March 2023 with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Information other than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts, which can be found on pages 2–45, 50, 60 and 105–111. The other information also consists of the remuneration report which we obtained prior to the date of this audit report. The Board and the Managing Director are responsible for this other information.

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

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this review, we also consider the knowledge we have otherwise obtained during the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work carried out on this information, conclude that the other information contains a material misstatement, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director 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 and, concerning the consolidated accounts, in accordance with IFRS, as adopted by the EU, and the Annual Accounts Act. The Board of Directors and the Managing Director 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 Managing Director 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. However, the going concern assumption is not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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 the annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts can be found on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisorsansvar. This description is part of the audit report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The auditor's audit of the administration of the company and the proposed appropriations of the company's profit or loss

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 Managing Director of Rottneros AB (publ) for the year 2023 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 Director's and the Managing Director 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 audit opinions.

Responsibilities of the Board of Directors and the Managing Director

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' 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 organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil 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 Managing Director 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 Swedish 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 may 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.

A further description of our responsibilities for the audit of the administration can be found on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisorsansvar. This description is part of the audit report.

AUDITOR'S REVIEW OF THE ESEF REPORT

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Rottneros AB (publ) for 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Rottneros AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the

Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef-report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director. The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of

the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE REPORT

The Board of Directors is responsible for that the corporate governance statement on pages 61–67 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance report has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Rottneros AB (publ) by the general meeting on 27 April 2023.

Stockholm 27 February 2024

PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Auditor in charge

Tomas Rahm
Authorised Public Accountant

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the annual meeting of the shareholders of Rottneros AB (publ) corporate identity number 556013-5872

Engagement and responsibility

The Board of Directors is responsible for the sustainability report for the year 2023 on pages 29–42 and that it has been prepared in accordance with the Annual Accounts Act.

Scope of the audit

Our examination was conducted in accordance with FAR's recommendation RevR 12 The auditor's opinion on the statutory sustainability report. This means that our examination of the sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Statement

A sustainability report has been prepared.

Stockholm 27 February 2024

PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
Auditor in charge

Tomas Rahm
Authorised Public
Accountant

Environmental data

EMISSIONS TO WATER AND AIR							
		Permit 2023	2023	2022	2021	2020	2019
PRODUCTION							
Rottneros Mill	tonnes	200,000	122,100	171,600	172,900	179,900	178,400
Vallvik Mill	tonnes	255,000	229,600	225,500	222,400	232,700	227,600
SULPHUR							
Rottneros Mill	tonnes/year	–	2.4	2.2	1.6	6	16
Vallvik Mill – excl. diffuse emissions	tonnes/year	80	15	10	17	12	17
Vallvik Mill – diffuse emissions	tonnes/year	0.18	0.15	0.15	0.15	0.15	0.16
NOX							
Rottneros Mill	tonnes/year	–	31	33	36	31	28
Vallvik Mill	tonnes/year	420	306	309	341	346	362
SUSPENDED SUBSTANCES							
Rottneros Mill	tonnes/year	325/375*	122	148	148	222	135
Vallvik Mill	tonnes/day	2.0	1.1	0.9	1.2	1.3	1.4
COD							
Rottneros Mill	tonnes/year	4,000	2,418	3,678	2,936	3,755	3,213
Vallvik Mill, ECF	tonnes/day	14.0	11.0	10.3	11.9	12.4	14.0
Vallvik Mill, UKP	tonnes/day	5.2	4.4	4.0	4.6	4.8	6.7
AOX							
Vallvik Mill, ECF	kg/tonne	0.12	0.08	0.09	0.09	0.11	0.10
FOSFOR							
Rottneros Mill	tonnes/year	1.5/2.2*	0.4	0.4	0.7	1.6	0.7
Vallvik Mill, ECF	kg/day	14	9	9	12	15	14
Vallvik Mill, UKP	kg/day	26	28	24	27	24	24

EMISSIONS TO WATER AND AIR							
		Permit 2023	2023	2022	2021	2020	2019
NITROGEN							
Rottneros Mill	tonnes/year	35/42*	17	23	22	25	26
Vallvik Mill, ECF	kg/day	110	70	63	83	105	113
Vallvik Mill, UKP	kg/day	76	50	43	63	62	70
CHLORATE							
Vallvik Mill, ECF	tonnes/day	0.25	0.19	0.41	0.24	0.17	0.20
ENERGY CONSUMPTION EXCL. ELECTRICITY							
		2023	2022	2021	2020	2019	
ROTTNEROS MILL							
Biofuels	GWh	93	90	79	85	81	
Fossil fuels	GWh	7	25	34	32	36	
Total	GWh	100	115	113	117	118	
Proportion of biofuels	%	93	78	70	73	69	
VALLVIK MILL							
Biofuels, incl. black liquor	GWh	1,623	1,615	1,635	1,689	1,673	
Fossil fuels	GWh	21	14	17	21	32	
Total	GWh	1,644	1,629	1,652	1,710	1,705	
Proportion of biofuels	%	99	99	99	99	98	
GROUP							
Biofuels, incl. black liquor	GWh	1,716	1,705	1,714	1,774	1,754	
Fossil fuels	GWh	28	39	51	53	68	
Total	GWh	1,744	1,744	1,765	1,827	1,823	
Proportion of biofuels	%	98	98	97	97	96	

*The lower criterion is for production up to 170,000 tonnes, and the higher criterion is for production 170,000 - 200,000 tonnes.

Environmental data

ENERGY CONSUMPTION						
		2023	2022	2021	2020	2019
ROTTNEROS MILL						
Electricity purchased	GWh	166	254	261	267	265
- of which fossil-free electricity		60	114	124	143	171
VALLVIK MILL						
Electricity generated at mills	GWh	130	118	134	146	138
- of which fossil-free electricity	GWh	129	117	132	144	135
Electricity purchased	GWh	45	54	39	30	36
- of which fossil-free electricity		16	24	18	16	23
Total	GWh	175	172	173	176	174
- share produced in mill	%	74	69	78	83	79
GROUP						
Electricity generated at mills	GWh	130	118	134	146	138
- of which fossil-free electricity	GWh	129	117	132	144	135
Electricity purchased	GWh	211	307	300	297	301
- of which fossil-free electricity	GWh	76	138	141	159	194
Total	GWh	341	425	434	443	439
- of which fossil-free electricity	%	60	60	63	68	75
- share produced in mill	%	38	28	31	33	31

CARBON DIOXIDE EMISSIONS						
		2023	2022	2021	2020	2019
ROTTNEROS MILL						
Fossil fuels	tonnes/year	1,483	5,113	6,927	7,299	9,989
Biofuels	tonnes/year	40,466	35,348	30,875	33,630	31,433
- proportion of biofuels	%	96	87	81	82	76
VALLVIK MILL						
Fossil fuels	tonnes/year	5,737	3,826	4,679	5,604	8,723
Biofuels	tonnes/year	557,154	557,667	560,217	656,581	646,212
- proportion of biofuels	%	99	99	99	99	99
GROUP						
Fossil fuels	tonnes/year	7,220	8,982	11,606	12,903	18,712
Biofuels	tonnes/year	597,620	593,015	591,092	690,211	677,645
- proportion of biofuels	%	99	99	98	98	97
FOSSIL CARBON DIOXIDE EMISSIONS, GHG SCOPE 1						
Rottneros Mill	tonnes/year	1,974	5,113	6,927	7,299	9,989
Vallvik Mill	tonnes/year	6,943	3,826	4,679	5,604	8,723
Group	tonnes/year	8,972	8,939	11,606	12,903	18,712
FOSSIL CARBON DIOXIDE EMISSIONS, GHG SCOPE 2*						
Rottneros Mill	tonnes/year	77,730	94,445	93,570	90,385	66,451
Vallvik Mill	tonnes/year	21,079	19,939	14,117	10,156	9,053
Group	tonnes/year	98,809	114,383	107,687	100,540	75,505

* Based on the environmental impact (g/kWh) of the Nordic residual mix in the previous year.

Other sustainability data

OTHER SUSTAINABILITY DATA

SAFETY	2023	2022	2021	2020	2019
Number of fatal accidents	0	0	0	0	
Number of accidents with sick leave	5	4	7	8	
LTIFR	10.2	7.4	13.0	14.6	
Number of risk observations	487	323	223	296	

EMPLOYEES

Governing bodies 2023		Women	Male	< 30 years	30-50 years	> 50 years
Board of Directors	%	33	67	0	33	67
Group management	%	25	75	0	50	50

Employees by gender 2023	Women	Male	Total
Number of employees	54	239	293
Number of permanent employees	51	236	287
Number of fixed-term employees	3	3	6
Number of full-time employees	51	236	287
Number of part-time employees	0	0	0

GENDER EQUALITY	2023	2022	2021	2020	2019	
Proportion of female managers	%	22	22	19	16	17
Proportion of male managers	%	78	78	81	84	83

SICKNESS ABSENCE	2023	2022	2021	2020	2019	
Short-term absence	%	1.53	2.64	2.72	3.07	1.80
Long-term absence	%	1.03	1.85	1.80	0.96	0.72

TRADE UNION COLLABORATION	2023	2022	2021	2020	2019	
Proportion of employees working in a unit with a collective bargaining agreement	%	99	99	99	99	99

Multi-year review

GROUP PERFORMANCE IN SUMMARY					
	2023	2022	2021	2020	2019
INCOME STATEMENT, MSEK					
Net turnover	2,755	2,980	2,303	2,093	2,376
EBITDA	252	691	385	77	374
Depreciation/amortisation and impairment losses	-113	-141	-118	-119	-106
EBIT	139	550	267	-42	268
Financial items (net financial items)	14	164	-21	-19	-21
Profit/loss after financial items	153	714	246	-61	247
Tax on income for the period	-32	-149	-48	11	-53
Net income	121	565	198	-50	194
STATEMENT OF CASH FLOW, MSEK					
Cash flow from operating activities	104	541	288	85	462
Investments in non-current assets	-140	-112	-125	-128	-109
Cash flow after investments in non-current assets	-36	429	165	-46	353
Sale of non-current assets	–	–	2	3	0
Cash flow from financing activities	-233	-125	-334	-3	-214
Net cash flow	-269	304	-169	-46	138
BALANCE SHEET ITEMS, MSEK					
Non-current assets	1,470	1,501	1,339	1,285	1,280
Inventories	493	436	327	355	375
Current receivables	658	1,020	555	287	342
Cash and cash equivalents	196	465	161	330	376
Net debt (+) / net cash (-)	-105	-354	-16	81	35
Shareholders' equity	1,858	2,256	1,527	1,301	1,380
Long-term interest-bearing liabilities	59	111	145	411	411
Long-term non-interest-bearing liabilities	223	323	207	150	176
Current interest-bearing liabilities	32	–	–	–	–
Current non-interest-bearing liabilities	645	732	503	395	406
Capital employed	1,753	1,902	1,511	1,382	1,415
Total shareholders' equity and liabilities	2,817	3,422	2,382	2,257	2,373

GROUP PERFORMANCE IN SUMMARY					
	2023	2022	2021	2020	2019
KEY PERFORMANCE INDICATOR					
EBITDA margin, %	9.1	23.2	16.7	3.7	15.7
EBIT margin, %	5.0	18.5	11.6	-2.0	11.3
Profit margin, %	5.6	24.0	10.7	-2.9	10.4
Return on equity, %	5.9	29.9	14.0	-3.8	13.7
Return on capital employed, %	7.6	32.2	18.5	-3.0	17.7
Equity/assets ratio, %	66	66	64	58	58
Debt/equity ratio, %	-6	-16	-1	6	3
OTHER					
Average number of employees	293	319	316	318	303
Pulp production, 1,000 tonnes	351.7	397.1	395.3	412.6	406.0
Pulp deliveries, 1,000 tonnes	356.9	388.4	403.2	416.5	408.3
Pulp price of NBSK pulp, USD per tonne ¹	1,268	1,404	1,198	843	984
SEK/USD ²	10.61	10.12	8.58	9.21	9.46
Pulp price of NBSK pulp, SEK per tonne	13,455	14,213	10,280	7,765	9,304

1) Source: Market quotation once a week. Annual average of weekly records.

2) Source: The Riksbank's yearly average.

Quarterly data and alternative performance indicators

	2023				2022				2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
INCOME STATEMENT, MSEK																
Net turnover	637	693	681	744	730	806	784	660	598	570	593	542	490	508	510	585
EBITDA	-76	79	71	178	31	233	254	174	88	130	127	40	-65	32	31	80
Depreciation/amortisation and impairment losses	-24	-30	-30	-29	-30	-49	-34	-29	-30	-29	-30	-29	-30	-28	-29	-32
EBIT	-100	49	41	149	1	185	220	145	58	101	97	11	-95	4	2	48
Financial items (net financial items)	19	-7	3	-1	10	156	-1	-1	-1	-11	-4	-4	-4	-5	-5	-5
Profit/loss after financial items	-81	42	44	148	11	341	219	144	57	90	93	7	-99	-2	-3	43
Tax on income for the period	17	-9	-10	-30	-2	-71	-46	-30	-8	-19	-19	-2	22	0	0	-11
Net income	-64	33	34	118	9	270	172	114	49	71	74	5	-77	-1	-3	-32
PER SHARE																
Earnings per share, SEK	-0.42	0.22	0.22	0.77	0.06	1.77	1.13	0.75	0.32	0.47	0.48	0.03	-0.50	-0.01	-0.02	0.21
OTHER																
Pulp production, 1,000 tonnes	80.0	88.8	93.2	89.6	87.2	96.2	110.5	103.2	91.4	92.2	109.2	102.5	95.3	110.2	97.7	109.4
Pulp deliveries, 1,000 tonnes	84.5	102.3	82.9	87.2	86.5	95.9	106.0	100.0	95.5	92.5	103.2	112.0	106.5	106.9	93.1	110.0
Pulp price of NBSK pulp, SEK per tonne	12,736	12,706	13,749	14,568	15,693	15,613	13,589	12,063	11,573	11,557	10,012	8,044	7,382	7,465	8,226	7,988

ALTERNATIVE KEY PERFORMANCE INDICATORS

Alternative performance indicators are financial measures that are not defined in IFRS and are presented outside the financial statements. Rottneros uses the alternative performance indicators Cash flow after investments, Net debt/net cash, Capital employed, Return on capital employed, Return on equity, Equity/assets ratio and Debt/equity ratio. The Company believes that these key ratios are useful for readers of the financial statements as a complement to other key performance indicators to assess the Rottneros Group's financial position and profitability. Rottneros also uses the alternative indicators P/E ratio and Direct yield, which the Company believes are relevant for investors and other readers. Alternative key ratios can be defined in different ways by other companies and therefore may not be comparable with similar measures used by other companies.

DEFINITIONS FOR IFRS AND ALTERNATIVE KEY PERFORMANCE INDICATORS

EBITDA: Earnings before interest, taxes, depreciation, and amortization (Operating profit before depreciation/amortisation and impairment losses).

EBIT: Earnings before interest and taxes (operating profit).

EBIT-MARGINAL: EBIT as a percentage of net sales.

PROFIT MARGIN: Profit/loss after financial items as a percentage of net turnover.

EARNINGS PER SHARE: Net profit/loss divided by the average number of shares outstanding.

EQUITY PER SHARE: Shareholders' equity divided by number of shares.

CASH FLOW AFTER INVESTMENTS: Cash flow from operating activities less investments in non-current assets.

NET DEBT/NET CASH: Interest-bearing liabilities less cash and cash equivalents.

CAPITAL EMPLOYED: Shareholders' equity plus interest-bearing liabilities less cash and cash equivalents.

RETURN ON CAPITAL EMPLOYED: EBIT as a percentage of average capital employed for the year (average of capital employed at the beginning and end of the year).

RETURN ON EQUITY (ROLLING 12 MONTHS): Net income as a percentage of average equity for the year (average of equity at the beginning and end of the year).

SOLIDITY: Equity as a percentage of total equity and liabilities.

DEBT/EQUITY RATIO: Net debt/cash as a percentage of equity.

P/E ratio: Share price at the end of the period in relation to earnings per share.

OPERATING PROFIT/LOSS PER SHARE: Profit before financial items and income taxes divided by the average number of shares outstanding.

Glossary

ANAEROBIC WATER TREATMENT: One of Rottneros Mill's four treatment stages for outgoing wastewater. In the anaerobic stage, materials in the wastewater are broken down and methane gas is produced by bacteria in an oxygen-free environment.

BCTMP: Bleached Chemi-Thermo-Mechanical Pulp: bleached mechanical pulp where the raw material is impregnated with chemicals. Stronger than TMP. The term is common in North America and Asia (see CTMP).

BENDING STIFFNESS: The ability of the board to resist deformation when bending. Measured in mNm.

BEK: Bleached Eucalyptus Kraft pulp.

BSKP: Bleached Softwood Kraft Pulp, bleached long fiber sulphate pulp.

BULK: How thick a paper is in relation to its weight. Paper bulk is affected by whether the paper is glossy, coated, or uncoated and by the grammage.

CHEMICAL PULP: Pulp produced by boiling pulp wood with chemicals. The pulp can be bleached to a higher brightness and a higher strength than mechanical pulp. Chemical pulp is usually sulphate pulp, but can also be sulphite pulp.

CIRCULAR FORESTRY INDUSTRY: Growing forests convert sunlight, carbon dioxide and water into wood. The carbon dioxide is bound in the growing trees. When the trees are fully grown, they are harvested. At least two new trees is planted for every tree that is harvested. A use is found for 100 % of the tree. The highest possible added value determines what is made of the different parts of the tree.

Rottneros' raw material consists of pulp wood from forestry and woodchips from different sawmills.

COD: Chemical Oxygen Demand, chemical method for measuring oxygen-demanding substances.

CTMP: Chemi-Thermo-Mechanical Pulp. Development of TMP, mechanical pulp where the raw material is impregnated with chemicals. Stronger than TMP. The term is used in Europe for both bleached and unbleached pulp.

ECF: Elemental Chlorine Free. Sulphate pulp bleached using chlorine dioxide, not chlorine.

E-PULP: Pulp used in electrical engineering applications. The Rottneros product name for E-pulp is Robur Flash E-grade.

FSC®: Forest Stewardship Council®. Certification for sustainable forest management.

GHG SCOPE 1: Carbon dioxide emissions from fossil fuels during production in own operations.

GHG SCOPE 2: Carbon dioxide emissions from electricity and other energy purchased for operations.

GROUNDWOOD PULP (SGP): Stone Groundwood Pulp. Mechanical pulp based on roundwood as a raw material.

HIGH-YIELD PULP: Groundwood pulp, TMP and CTMP/BCTMP.

LIGNIN: Polymer compound consisting mainly of phenylpropane units; the main binding agent for wood fiber. It accounts for about 1/3 of the wood.

LTIFR, Lost Time Injury Frequency Rate: Indicates the number of accidents with sick leave per million hours worked.

LONG-Fiber PULP: Pulp where the raw material is softwood, which has longer cellulose fiber than hardwood.

MARKET PULP: Pulp sold on the market and transported to the customer. Market pulp accounts for about one third of pulp production worldwide. The remaining two thirds are produced at integrated paper and board mills, or used internally within a group.

MECHANICAL PULP: Pulp produced using a mechanical process for fiber separation and processing. Has a higher level of bulk, stiffness and opacity than chemical pulp. Groundwood pulp, CTMP and CTMP/BCTMP are types of mechanical pulp.

NBSK: Northern Bleached Softwood Kraft, bleached long-fiber sulphate pulp.

NORD POOL: Nordic electricity exchange launched in 1996 by Sweden and Norway. Member countries now include Denmark, Finland and Estonia.

OPACITET: Lacking transparency.

PEFC: Programme for the Endorsement of Forest Certification. Certification for sustainable forest management.

PFAS: Collective name for fluorinated substances.

PIX: Pulp price index.

POROSITY: Measure of the permeability of gas or liquid through a material. Used as a measure of the filtering properties of the pulp.

RESIDUAL MIX: The mix of electricity produced, divided into renewable electricity, nuclear electricity and fossil-fuelled electricity remaining after sales of electricity with guarantees of origin. The environmental impact of the residual mix is measured as CO₂ per kWh.

SHIVES CONTENT: Proportion of unseparated fibers found in the pulp.

SHORT FIBER PULP: Pulp where the raw material is hardwood, which has shorter cellulose fiber than softwood.

SULPHATE: Method for producing chemical pulp.

SULPHITE: Like sulphate, but with different cooking techniques, different chemicals and different chemical recovery.

TCF: Totally Chlorine Free: totally chlorine-free bleached sulphate pulp.

TMP: Thermo-Mechanical Pulp: mechanical pulp produced using a technique in which the chips are preheated with steam, but without chemicals.

UKP: Unbleached Kraft Pulp. Unbleached sulphate pulp.

Annual General Meeting

Rottneros AB (publ), org. no. 556013-5872, with registered office in Sunne, has convened the Annual General Meeting on Wednesday 20 March 2024 in Sunne. The complete notice is published in Post- och Inrikes Tidningar and is available on the company's website, www.rottneros.com.

Entitlement to attend, registration and postal voting

To be entitled to participate in the meeting, shareholders musta) be entered in the share register maintained by Euroclear Sweden AB on 12 March 2024, and b) have notified the company of their intention to participate so that the company receives notification no later than 14 March 2024. The notification, and, where applicable, a completed postal voting form, shall be sent to Rottneros AB (publ), c/o Setterwalls Advokatbyrå AB, Box 11235, 404 25 Göteborg.

The above may also be submitted electronically and should be sent to: rottneros@setterwalls.se.

The notification must state the shareholder's full name, personal identification number or corporate identification number, shareholding, address and daytime telephone number. If the shareholder is to be represented by a proxy, the number (maximum two) must be stated. A postal voting form is valid as registration for the general meeting.

Proxy and authorisation

If shareholders intend to be represented by a proxy, a power of attorney and other authorisation documents should be attached to the notification. If they have not been sent in advance, they must be produced at the meeting on request.

Nominee-registered shares

In order to be entitled to participate in the Annual General Meeting, shareholders with nominee-registered shares must temporarily re-register their shares in their own name. Shareholders who wish to re-register their voting rights must notify their nominee well in advance of 14 March 2024. The re-registration must be completed with Euroclear Sweden AB on 14 March 2024.

Postal voting and proxy forms are available on the company's website.

