

The Board of Director's statement in accordance with chapter 18, section 4 of the Swedish Companies Act

With reference to the Board's proposal for dividend, the Board hereby submits the following statement pursuant to chapter 18, section 4 of the Swedish Companies Act.

Proposed dividend (item 10 on the AGM agenda)

As stated in the proposal for dividend, the Board proposes an ordinary dividend of SEK 0.30 per share and an extra dividend of SEK 0.07 per share, in total SEK 0.37 per share.

The record date for receiving the dividend shall be Friday, 18 May 2018. With the proposed record date, the dividend is expected to be paid out through Euroclear Sweden AB on Wednesday, 23 May 2018. The last day of trading in the company's shares to be included in the right to dividend is Wednesday, 16 May 2018.

The Board's statement regarding whether the proposed dividend is justified

According to Rottneros' dividend policy, dividends shall be adapted to Rottneros' performance level, debt/equity ratio, financial status, future development opportunities and investment needs. The capacity to pay dividends shall be viewed over an entire business cycle rather than for an individual year. Dividends may consequently be restrained in good years so that it is possible to pay dividends in years where results are weaker. Rottneros' financial goal imply that the company must have an available liquidity corresponding to ten percent of the group's annual turnover.

The Board is of the opinion that the proposed dividend to the shareholders does not constitute an obstacle for the company to meet its short or long-term obligations, while the company's financial position allows for continued investments and expansion of the business.

The proposed dividend of in total SEK 0.37 per share, equivalent to MSEK 56.5¹, which is 50 percent of the result for 2017 after tax, represents 5.8 percent of the parent company's equity and 4.7 percent of the group's equity at the balance sheet date of 31 December 2017. The dividend reduces the parent company's equity ratio from 65 percent to 63 percent and the group's equity ratio from 60 percent to 59 percent. The equity ratio is considered to be sufficient.

Both the parent company and group companies are deemed to be able to maintain good liquidity even after dividend in accordance with the Board's proposal.

The Board is, in the light of the above, of the opinion that the proposed dividend is justified with regards to the requirements that the nature, scope and risks of the business place upon the size of the company's and group's equity and upon the company's and group's consolidation needs, liquidity and financial position in general.

The proposed dividend of in total SEK 0.37 per share can be justified by reference to what is stated in chapter 17, section 3, paragraphs 2-3 of the Swedish Companies Act.

Vallvik, April 2018

The Board of Directors Rottneros AB

¹ No dividend is paid on the company's holding of treasury shares. The amount indicated is thus calculated on the total number of shares in the less treasury shares.