

**Q1**  
2021



INTERIM REPORT  
JAN–MAR 2021

# Rising prices and strong demand for market pulp

EBIT 11 MSEK

Cold winter – challenge  
for production

Good liquidity



ROTTNEROS

PURE POSSIBILITIES

# Rising prices and strong demand for market pulp

## Q1 2021 COMPARED WITH (Q1 2020)

- **SOLD VOLUME** was 112,0 (110,0) thousand tonnes due to strong demand for market pulp.
- **PRODUCED VOLUME** was 102,5 (109,4) thousand tonnes. It was mainly the cold winter that had a negative impact on production.
- **THE CORONA PANDEMIC** entails continued measures to minimise the risk of spreading the infection in the Group's facilities. Production was not affected by the pandemic during the quarter. However, the development at Packaging has been delayed.
- **NET TURNOVER** decreased by 7 percent to 542 (585) MSEK. The higher list prices are reflected in invoiced prices with some delay. Higher sales volumes contributed positively.
- **THE LIST PRICE** of NBSK pulp was 16 percent higher in USD compared with the first quarter of 2020. A weaker USD against the SEK meant that the increase in SEK was only 1 percent. The list price has risen sharply over the last half year, from 840 to 1 030 USD/t.
- **EBIT** (operating profit) for the first quarter of 2021 was 11 (48) MSEK. Lower sales prices and lower production had a negative impact on earnings. At the same time, lower variable and fixed costs contributed positively.
- **NET PROFIT** for the first quarter of 2021 was 5 (32) MSEK. Earnings per share for the quarter were 0,03 (0,21) SEK.
- **THE BALANCE SHEET** remains strong. The equity/assets ratio is 57 percent (54) and available liquidity amounts to 513 (569) MSEK.

## THE QUARTER AND YEAR IN FIGURES

	Jan-Mar 2021	Jan-Mar 2020	change, %	rolling 12 month	Jan-Dec 2020
Net turnover, MSEK	542	585	-7	2 050	2 093
EBITDA, MSEK	40	80	-50	37	77
EBIT, MSEK	11	48	-77	-79	-42
Profit after financial items, MSEK	7	43	-84	-97	-61
Net income, MSEK	5	32	-84	-77	-50
Earnings per share, SEK	0,03	0,21	-86	-0,50	-0,33
Cash flow from operating activities, MSEK	13	48	-73	50	85
Return on capital employed (rolling 12 months), %	-5,7	12,1		-5,7	-3,0
Production, thousand tonnes	102,5	109,4	-6	405,7	412,6
Deliveries, thousand tonnes	112,0	110,0	2	418,5	416,5



**Lennart Eberleh**  
President and CEO

## Comments from the CEO

The performance for the quarter was not satisfactory but shows a positive development. Compared with the first quarter of 2020, a weaker USD had the main impact. At the same time, lower variable costs had a positive impact, clearly influenced by the good availability of wood. The pulp market continues to improve, with a strong trend in list prices. The unusually cold winter impacted production volumes. Our focus on continuously higher production and cost control will remain in 2021, at the same time as we maintain our solid balance sheet.

Production fell by 6 percent to 102 500 tonnes, mainly as a result of the unusually cold winter weather. At the same time, our deliveries increased by two percent to 112 000 tonnes. Net turnover decreased by seven percent during the quarter compared with the same quarter last year. EBIT fell 37 MSEK to 11 MSEK. The decline can mainly be explained by lower sales prices denominated in SEK because of the weaker USD. The average SEK/USD exchange rate for Q1 was 13 percent lower than in Q1 2020. The supply of pulp wood remains at a healthy level and clearly affected our purchasing costs.

Since our prices are affected with some lag in relation to list prices, second-quarter earnings should benefit to a larger extent than was the case for Q1. In March, the production rate was back to normal levels.

The Swedish electricity market was more balanced during the quarter than previously, which reduced the differences between the system price and the price we pay locally. Consequently, our electricity futures, which are linked to the system price, had the intended effect of reducing exposure to the electricity price.

### THE CORONA PANDEMIC

After more than a year of the corona pandemic, we can say that our extensive measures have largely kept the infection out of our facilities. The safety and well-being of our employees always come first and we work systematically to minimise the impact of the pandemic. For example, we address the psychosocial consequences that can arise when employees must work from home to a large extent.

### STRONG DEVELOPMENT FOR LIST PRICES

The strong market recovery, driven mainly by China, continues. The NBSK list price per tonne increased during the first quarter by 150 USD, to 1 030 USD at the end of March. The upturn continued at the beginning of the second quarter to 1 120 USD and announcements of further price increases of 100 USD have been made for May.

During the quarter, we further defined the Group's vision, "Always make a difference", by adding environmental targets to the sustainability targets. Emissions to water (COD) and fossil free production (CO<sub>2</sub>) have thereby been added as long-term target. The ambition is to continuously reduce environmental impact and to achieve completely fossil free production by 2030.

### ENVIRONMENTAL INVESTMENT DECISIONS RAISE THE LEVEL IN 2021

In January the Board approved a number of investments to reduce emissions to water from Vallvik Mill. The investments total 33 MSEK and are linked to the mill's recently updated environmental permit. At the beginning of April, the Board of Directors decided to invest an additional 40 MSEK in the biomass boiler at Rottneros Mill in order to increase availability and thereby minimise the need for fossil fuels for drying the pulp. Taken together, this means that the Group's investments this year will total around 140 MSEK. The long-term base level required to maintain our facilities while increasing production levels by at least three percent annually remains at around SEK 100 MSEK.

### PACKAGING'S NEW PRODUCTION LINE DOUBLES CAPACITY

Rottneros Packaging's new production line went into operation at the beginning of April, thereby doubling our capacity in Sunne. We have also entered into a cooperation agreement with a Central European paper manufacturer with the aim of achieving industrial scale tray production in the European market.

In closing, once again I would like to warmly thank all of our employees for the considerable efforts they have made to take the Group to another level despite the major challenges we have faced since the start of the pandemic. I would also like to thank both customers and suppliers for their good cooperation.

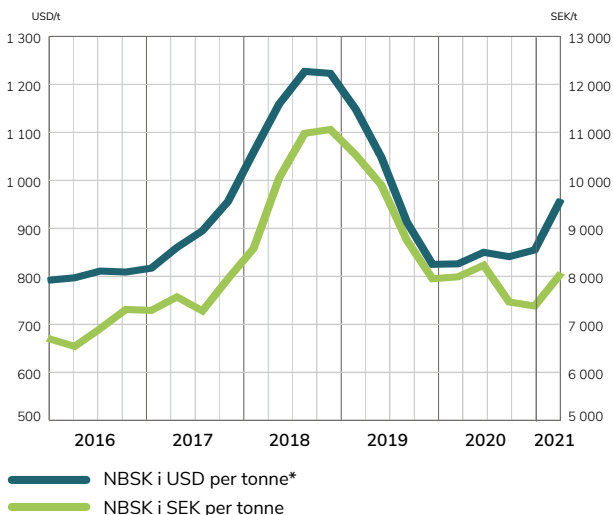
## The pulp market

The world economy is still characterised by the corona pandemic and its aftermath. According to IMF forecasts, the recovery in 2021 will be strongest in emerging markets with a robust recovery and GDP growth of 8,4 percent in China and 12,5 percent in India, while the GDP growth in developed countries will be somewhat more subdued. The US, which has launched several large stimulus packages, is recovering the strongest of the developed economies with GDP growth of 6,4 percent, while the Eurozone, whose stimulus packages have been slowed by national parliaments, is forecast to achieve growth of 4,4 percent. The impact of the third wave, the easing of restrictions, the opening up of society and the vaccination pace will determine the growth rate.

The recovery in the pulp market that began in late 2020 accelerated dramatically at the beginning of 2021. Clearly lower inventory levels combined with a recovery in demand, reduced supply due to pulp mill maintenance shutdowns, challenges in container logistics and speculative behaviour on the Shanghai commodity exchange clearly tipped the market balance to the sellers' side. Net prices in China rose by a record 55 percent during the period December to March.

In a global market, prices should find a balance over time and the effect of this is reflected in the rise in list prices in other markets to close the gap with China, which averaged 200 USD/t net in the first quarter. The NBSK list price per tonne in Europe was 880 USD at the end of 2020 and at the end of the first quarter of 2021 it was 1 030 USD, rising further in April to 1 120 USD. Price increase announcements of 100 USD have been issued for May, but the outcome depends on the continued price trend in China, as well as the general demand situation. The limited increase in supply, along with a favourable macroeconomy, suggest that the market will remain tight, but high prices tend to dampen demand historically.

NBSK QUARTERLY GROSS PRICES 2016–2021



\* Average gross prices for softwood sulphate pulp deliveries in Europe.

In 2020, global demand for chemical pulp increased by 3 percent compared with 2019. Demand for short fibre pulp increased by 6 percent, unbleached pulp by 9 percent, while demand for long fibre bleached pulp fell by 1.5 percent. Demand in China increased by 8 percent, North America rose by 6 percent, while demand in Western Europe fell by 6 percent.

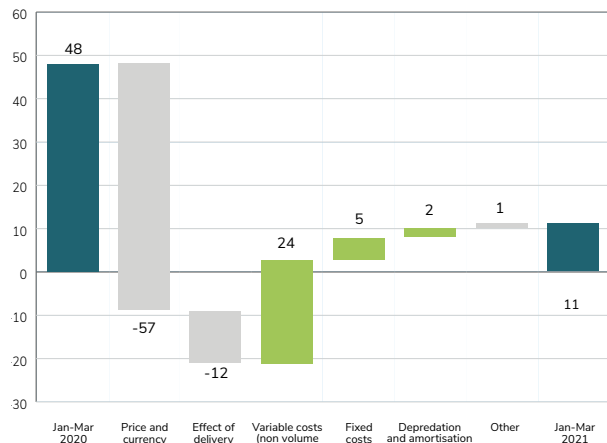
In the first two months of 2021, demand for chemical pulp has fallen by 4 percent (long fibre pulp -8 percent, short fibre pulp -2 percent) compared with the same period last year. The positive exception at the beginning of the year was unbleached pulp, where demand increased by 21 percent due to a shortage of recycled paper for the production of corrugated packaging, but also thanks to a strong market for electrotechnical applications and fibre cement.

Demand for tissue paper, which grew strongly during the initial phase of the pandemic, has stabilised. The global manufacturing volume in January 2021 was at the same level or slightly below the level at the end of 2020. The year-on-year increase is 2 percent. Rising raw material costs and the difficulty of passing on cost increases to customers are putting pressure on margins, and some manufacturers have chosen to limit production in China and Europe. The return to more open societies favours tissue paper used in public settings over at-home products, which are usually based on market pulp. Tissue paper is the largest end use for market pulp globally, accounting for more than 40 percent of consumption.

Pressure on the market for printing and writing papers continued in the first quarter. Capacity rationalisation in the industry has improved the balance between supply and demand, and cost increases could be shifted downstream to some extent. The comparative figure for January shows a year-on-year decline of 18 percent and preliminary data for February showed no improvement.

Manufacturers' global stocks in February were 36 days for long fibre pulp and 35 days for short fibre pulp. These levels are normal or slightly below normal, indicating that the pulp market is in good balance.

DIFFERENCE IN EBIT Q1 2021 COMPARED WITH Q1 2020 (MSEK)



\* Variable costs are excluding costs that are related to higher or lower production and delivery volumes. Instead, such costs are included in the "volume effect", together with the volume increase/decrease in net turnover.

## Sales and results, Q1

Turnover in the first quarter of 2021 amounted to 542 (585) MSEK, a decline of 7 percent. Turnover was impacted negatively by lower sales prices and positively by higher volumes. The list price of NBSK rose during the quarter from 880 USD to 1 030 USD per tonne. The higher list prices are reflected in invoiced prices with a slight lag. The increase was offset by a weaker USD exchange rate. The list price in SEK was 1 percent higher than in the first quarter of 2019. Sales of products other than pulp were unchanged at SEK 37 (37) MSEK. Sales of wood increased, while lower prices for by-products reduced turnover. Pulp price hedging yielded a positive outcome of 4 (3) MSEK.

The winter of 2021 was significantly colder than 2020. This was also reflected in higher spot prices. The average price of electricity on the Nord Pool electricity exchange in the first quarter of 2021 was 0,46 (0,20) SEK per kWh in electricity area SE3, at the same time as the system price was 0,43 (0,16) SEK per kWh. Rottneros hedges most of its electricity consumption. Realised gain on electricity price hedges was 12 (-4) MSEK. The average price for the Group after the hedging result was 0,29 (0,25) SEK/kWh.

The supply of pulp wood continued on a good level during the quarter. The strong sawmill industry benefits the availability of woodchips for pulp producers. In all, the variable costs (based on cost per tonne) had a positive impact on earnings of 24 MSEK.

As a result of the continued focus on costs, the fixed costs for the quarter were 7 MSEK lower than in the first quarter of 2020.

Depreciation according to plan amounted to 29 (32) MSEK. EBIT for the first quarter of 2021 was 11 (48) MSEK. Lower invoiced prices and lower production had a negative impact on earnings, while lower variable and fixed costs contributed positively.

First quarter 2021 compared to first quarter 2020	Jan-Mar 2021	Jan-Mar 2020	change, %
NBSK, USD	958	826	16
SEK/USD	8,40	9,67	-13
NBSK, SEK	8044	7 988	1
Net turnover, MSEK	542	585	-7
EBIT, MSEK	11	48	-77



### OTHER INCOME STATEMENT ITEMS

Net financial expenses totalled 4 (5) MSEK for January – March and mainly relate to the 400 MSEK bond that Rottneros issued in August 2017.

The Group's result after financial items declined to 7 (43) MSEK.

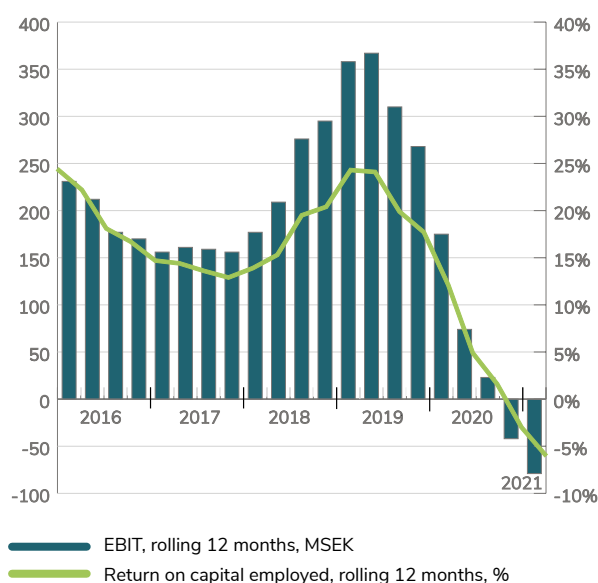
Income tax expense for the period was 2 (11) MSEK.

Net profit declined to 5 (32) MSEK and earnings per share to 0,03 (0,21) SEK.

Return on capital employed for the 12 month rolling period was -5,7 (12,1) percent.

Return on equity after tax for the 12 month rolling period was -6,0 (8,4) percent.

### EBIT, ROLLING 12 MONTHS



## Production and deliveries

Production volume for the first quarter of 2021 was 102 500 (109 400) tonnes, a decline of 6 percent compared with the corresponding quarter last year. The cold winter impacted production especially in February, when both mills were forced to reduce production rates.

Customer deliveries increased by 2 percent to 112 000 (110 000) tonnes in the first quarter thanks to strong demand for market pulp. Combined with lower production, finished goods inventories are at a low level. The pandemic has caused imbalances in trade flows, with shortages of container capacity. This has primarily affected deliveries to Asia.

PRODUCTION, TONNES	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 month	Jan-Dec 2020
	Sulphate pulp	57 500	62 100	228 100
Groundwood pulp	16 500	20 000	69 200	72 700
CTMP	28 500	27 300	108 400	107 200
<b>TOTAL</b>	<b>102 500</b>	<b>109 400</b>	<b>405 700</b>	<b>412 600</b>

DELIVERIES, TONNES	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 month	Jan-Dec 2020
	Sulphate pulp	62 000	62 100	236 700
Groundwood pulp	20 700	17 500	74 900	71 700
CTMP	29 300	30 400	106 900	108 000
<b>TOTAL</b>	<b>112 000</b>	<b>110 000</b>	<b>418 500</b>	<b>416 500</b>

### ANNUAL VOLUMES AND ANNUAL GROWTH



## MAINTENANCE SHUTDOWNS AND SEASONAL VARIATIONS

In 2021 the annual maintenance shutdown at Rottneros Mill is planned for the third quarter. In 2020 the shutdown was exceptionally held in the second quarter. At Vallvik Mill the maintenance shutdown is planned for September/October.

The direct costs relating to maintenance shutdowns are recognised in the period during which the shutdown takes place. The maintenance shutdown also involves a certain loss of production, affecting turnover and income for the quarter in which the shutdown takes place.

	Maintenance shutdown period		Estimated cost of shutdown
	2021	2020	2021 (MSEK)
Rottneros Mill	Q3	Q2	15
Vallvik Mill	Q3/Q4	Q4	61

The estimated cost of the shutdowns includes both direct costs and the indirect effect from the loss of production, and it represents an assessment of the impact of a typical annual maintenance shutdown on earnings in relation to a quarter without a maintenance shutdown.

Generally, the Rottneros Group is not substantially affected by seasonal variations.

## Investments

The Group's investments in fixed assets during the first quarter 2021 amounted to 12 (39) MSEK of which 12 (24) MSEK in tangible assets relating to re-investments to maintain the technical standard achieved through last years' major investments.

Total investments for 2021 are expected to amount to 140 MSEK. The investments include environmental investments at Vallvik Mill connected to the recently updated environmental permit. The investments are mainly aimed at reducing the emissions to water by increasing the proportion of emissions treated in the mill's biological treatment plant, as well as improving the efficiency of the fiberline and thereby minimizing emissions from the bleaching process.

The year's investments also include a rebuild of the biofuel boiler at Rottneros Mill in order to increase availability and thereby minimize the need for fossil fuels in the drying process.

The normal level for replacement investments, elimination of bottlenecks, efficiency enhancements and environmental improvements is approximately 100 MSEK per year.

## Rottneros Packaging

Rottneros Packaging focuses on high quality food packaging with properties that meet extremely high demands. Such properties are purity, barrier properties to achieve long shelf life, surface quality and traceability. The moulded fibre trays that Rottneros produces have a renewable raw material content of 80–95 percent.

In October, moulded virgin fibre trays for ready-made meals with long shelf life were launched. Rottneros now has commercial deliveries and the end product is available in grocery stores in Sweden and other countries in Europe.

The latest generation wet forming machine is installed and is now operational. As a consequence, the production capacity for moulded fibre trays has doubled.

Rottneros participates in EU's innovation project "Pulpacktion" as the only Swedish industrial partner. The goal is to develop a completely renewable biobased packaging solution for a competitive price and thus contribute to a more sustainable development in the packaging industry. Rottneros is coordinating the project which ends in autumn 2020.

## Financial position

Rottneros AB has an unsecured bond of 400 MSEK, issued in August 2017 to primarily Nordic institutional investors. The bond bears variable interest of STIBOR 3m + 4,15 percent and shall be repaid in September 2022. The bond has a framework amount of 600 MSEK, which allows for an additional bond issue of 200 MSEK. The bond is listed on Nasdaq Stockholm. The bond terms contain the following standard covenants, and are so called incurrence covenants:

	Covenant	Outcome Q1 2021
Net debt to EBITDA ratio	Under 3,5	2,1
Equity/ Assets	Over 50 %	57 %
Divident/ Net income	Max 50 %	0 %

The Group's cash and cash equivalents amounted to 331 MSEK at the end of the first quarter 2021, compared with 330 MSEK at year-end 2020. Interest bearing liabilities amounted to 411 MSEK at the end of the first quarter 2020. Net debt totalled 80 MSEK, compared with 81 MSEK at the end of 2020. Total granted and unused credit facilities amounted to 182 MSEK at the end of the first quarter 2021.

The equity/assets ratio amounted to 57 (54) per cent. Equity per share totalled 8,34 (8,51) SEK at the end of the first quarter.

## Cash flow

Cash flow from operating activities for the first quarter 2021 amounted to 13 (48) MSEK.

Cash flow after investments in non-current assets was 1 (24) MSEK, excluding the acquisitions.

Net cash flow for the quarter was 1 (11) MSEK.

## Parent Company

Profit after financial items for the parent company for the first quarter of 2021 amounted to -1 (-13) MSEK.

## Changes in management

During the quarter Monica Pasanen, CFO, announced that she intends to resign in the autumn of 2021. Pia Ohlson has been appointed new CFO of the Group. She will take office in mid August.

## Average number of employees

The average number of employess was 323 (314).

## Risk management

Operationally, the Company uses a number of measures and strategies – for example, focusing on niches and various specific customer segments – aimed at reducing the Group's dependency on market pulp list prices and at moderating fluctuations in profitability over a business cycle. The factors that have the greatest impact on the Group's results are linked to exchange rates and the price of pulp, timber and electricity.

### IMPACT OF THE CORONA PANDEMIN

The Corona pandemic and the subsequent economic slow-down impacted the market during 2020. The market recovered towards the end of the year, and in the first quarter 2021 demand has been high and prices rising. Despite this there is still uncertainty regarding the balance of supply and demand. Rottneros continuously monitors risks related to the corona pandemic and takes measures to minimize its impact on the Group.

### CURRENCY EXPOSURE USD OCH EUR

Although Rottneros issues invoices in different currencies, the underlying currency for the pulp price is predominantly USD. The underlying exposure to USD is thus high. The direct inflow of USD corresponds to about 50 % of the inflow and of EUR to about 33 %. However, the impact of exchange rate fluctuations on indirect exposure is delayed, as the normal duration of a customer contract is between one and three months.

The average USD exchange rate for January-March 2021 was 13 percent lower compared with the same period 2020.

### PULP PRICE

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in SEK. As of 31 March 2021 the Group held pulp price hedges of 18 000 tonnes with a maturity

between April 2021 and June 2022 at an average price of 9 450 SEK per tonne. The fair value of these unrealized price hedges was -2 MSEK as of 31 March 2021.

### ELECTRICITY

All external electricity for the mills, about 300 GWh annually, is purchased directly via the Nord Pool electricity exchange. Electricity prices are quoted in EUR. At the end of the first quarter 2021, electricity prices were hedged as shown in the following table.

The table shows the hedged proportion of forecasted consumption and the average hedged price in SEK/kWh. The fair value of these unrealized electricity hedges was -20 MSEK as of 31 March 2021.

### ELECTRICITY PRICE HEDGES AS OF 31 MARCH 2021\*

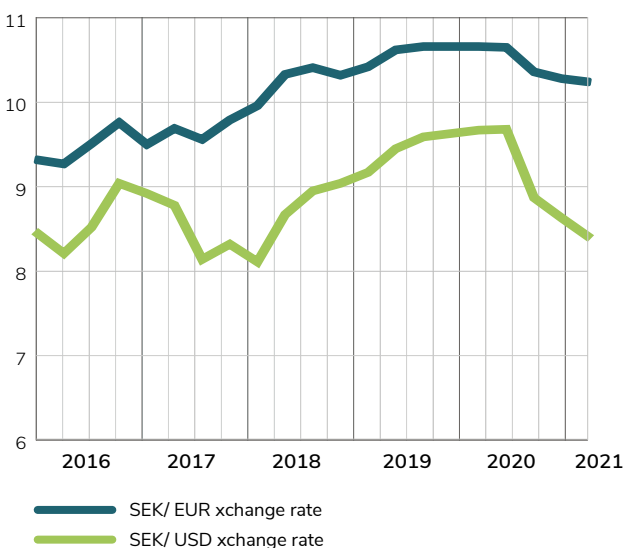
Year	Proportion hedged	SEK/kWh
2021	100 %	0,263
2022	91 %	0,327
2023	86 %	0,314
2024	57 %	0,337
2025	57 %	0,319

\* Of the total hedged volume 63 % is against the system price and 37 % against electricity area SE3.

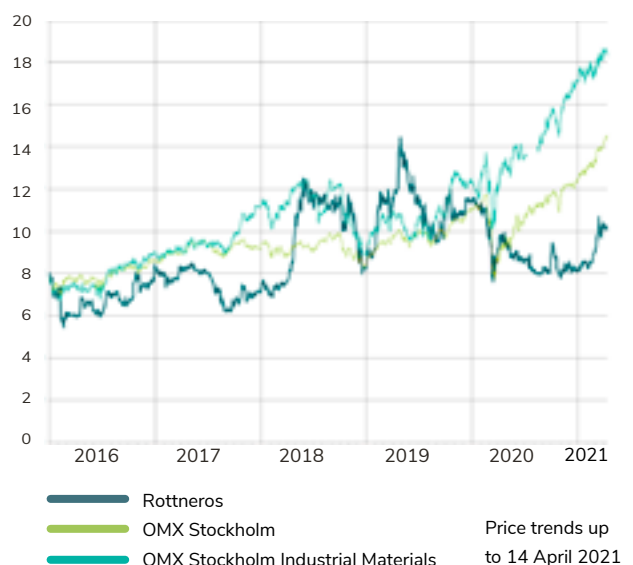
The high level of hedging protects Rottneros' future electricity costs against sharp price fluctuations. Due to a larger imbalance between electricity price areas a certain percentage of the contracts are hedged against electricity price area SE3. The average price level for electricity at Nord Pool (electricity price area SE3) during January-March 2021 was 0,46 (0,20) SEK per kWh.

See pages 61-67 of the Annual Report for 2020 for further information on risks.

### EXCHANGE RATE TREND 2016-2021



### PRICE TREND FOR ROTTNEROS SHARES AND STOCKHOLM STOCK EXCHANGE 2016-2021





## Share information

### NUMBER OF SHARES AND TREASURY SHARES

The number of shares in Rottneros totals 153 393 890. Rottneros' holding of treasury shares amounts to 821 965. No change in treasury shares occurred in 2021.

### SHARE PRICE DEVELOPMENT DURING THE FIRST QUARTER 2021

At the end of the first quarter 2021 the share price was 10,28 SEK (8,15 at the end of 2021). The average price for the period was 9,08 (9,98) SEK.

### TRANSACTIONS WITH RELATED PARTIES

During the first quarter 2021, Rottneros sold pulp to the related party Arctic Paper S.A. Group amounting to 18 (27) MSEK. Outstanding operating receivables from Arctic Paper as of 31 March 2021 totalled 8 (20) MSEK. The transactions took place at market conditions.

### LARGEST SHAREHOLDERS ON 31 MARS 2021

Shareholders	Number of shares (= votes)	Percent of capital
Arctic Paper S.A.	78 230 883	51,0
PROAD AB	11 110 223	7,2
UBS Switzerland AG, W8IMY	4 750 950	3,1
Försäkringsaktiebolaget Avanza Pension	3 721 888	2,4
Caceis Bank, Switzerland Branch, W8IMY	2 500 000	1,6
CBNY-DFA-INT SML CAP V	1 431 676	0,9
BNY Mellon NA (Former Mellon), W9	1 241 961	0,8
Caceis Bank Spain SAU, W8IMY	1 155 113	0,8
Clearstream Banking S.A., W8IMY	1 086 014	0,7
Nordnet Pensionsförsäkring AB	973 438	0,6
<b>TOTAL For 10 largest owners - by size of holding</b>	<b>106 202 146</b>	<b>69,2</b>
Other shareholders	46 369 779	30,2
Rottneros AB (treasury shares from buy-back)	821 965	0,5
<b>TOTAL</b>	<b>153 393 890</b>	<b>100,0</b>

## Annual General Meeting 2021

Rottneros AB (publ) has called for the Annual General Meeting to be held on Wednesday 28 April 2021. The AGM will be carried out through advance voting (postal voting) pursuant to temporary legislation.

Shareholders who wish to participate at the AGM shall:

- be entered in the share register maintained by Euroclear Sweden AB no later than on Tuesday 20 of April 2021, and
- give notice of their intention to participate in the AGM by casting its advance votes, so that the advance voting form is received by the company no later than on Tuesday 27 of April 2021, by sending it to the address: Rottneros AB, AGM 2021, c/o Advokatfirman Vinge KB, Box 110 25, SE-404 21 Gothenburg or via e-mail to: rottneros@vinge.se.

The form and information on how it shall be submitted to the company is available on the home page [www.rottneros.com](http://www.rottneros.com). The advance voting form is valid as notification.

## Key events after the close of the financial year

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

## Forthcoming dates

28 April 2021	Annual General Meeting, Karlstad through advance voting
22 July 2021	Interim report January-June
21 October 2021	Interim report January-September

For further information, please visit the Rottneros website, [rottneros.com](http://rottneros.com).

The Board of Directors and the Chief Executive Officer certify that the half-year report gives a true and fair summary of the development of the Group's operations, financial position and results of operations and describes significant risks and uncertainties faced by the company and the companies included in the Group.

Sunne, 22 April 2021

**Per Lundeen**  
Chairman of the Board

**Marie S. Arwidson**  
Board Member

**Ulf Carlson**  
Board Member

**Roger Mattsson**  
Board Member

**Conny Mossberg**  
Board Member

**Gun-Marie Nilsson**  
Employee Representative

**Mika Palmu**  
Employee Representative

**Lennart Eberleh**  
President and CEO

This information is information that Rottneros AB is obliged to publish under the EU Market Abuse Regulation and the Securities Market Act. The information was submitted via the contact person below for publication on 22 April 2021 at 8 a.m. CET. This report has been drawn up in both a Swedish and an English version. The Swedish version shall prevail in the event of differences between the two reports.

For further information, please contact:

Lennart Eberleh, President and CEO, Rottneros AB, +46 270 622 65  
Rottneros AB (publ), Corp. ID no. 556013-5872, Box 144, 826 23 Söderhamn, tel. +46-270-622 00  
[www.rottneros.com](http://www.rottneros.com), [info@rottneros.com](mailto:info@rottneros.com)

## CONSOLIDATED INCOME STATEMENT

AMOUNTS IN MSEK	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 months	Full year 2020
Net turnover	542	585	2 050	2 093
Change in inventories, finished goods	-41	-7	-65	-31
Other operating income	14	16	12	14
<b>OPERATING INCOME, TOTAL</b>	<b>515</b>	<b>594</b>	<b>1 997</b>	<b>2 076</b>
Raw materials and consumables	-298	-325	-1 173	-1 200
Other external expenses	-108	-121	-500	-513
Employee benefit expenses	-69	-68	-268	-267
Other operating expenses	0	0	-19	-19
<b>EBITDA (operating profit before depreciation, amortisation and impairment)</b>	<b>40</b>	<b>80</b>	<b>37</b>	<b>77</b>
Depreciation/amortisation and impairment	-29	-32	-116	-119
<b>EBIT (operating profit)</b>	<b>11</b>	<b>48</b>	<b>-79</b>	<b>-42</b>
Financial income	0	0	0	0
Financial expenses	-4	-5	-18	-19
<b>TOTAL FINANCIAL ITEMS</b>	<b>-4</b>	<b>-5</b>	<b>-18</b>	<b>-19</b>
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>7</b>	<b>43</b>	<b>-97</b>	<b>-61</b>
Tax on profit/loss for the period	-2	-11	20	11
<b>NET INCOME</b>	<b>5</b>	<b>32</b>	<b>-77</b>	<b>-50</b>
Average number of shares (thousand) <sup>1</sup>	152 572	152 572	152 572	152 572
<b>EARNINGS PER SHARE (SEK) <sup>1</sup></b>	<b>0,03</b>	<b>0,21</b>	<b>-0,50</b>	<b>-0,33</b>

<sup>1</sup> No share-based programmes exist that result in dilution.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN MSEK	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 months	Full year 2020
<b>NET TURNOVER</b>	<b>5</b>	<b>32</b>	<b>-77</b>	<b>-50</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items that have been or may be transferred to profit or loss for the period</b>				
Changes in fair value of cash flow hedges	-43	-144	65	-36
Income tax effect on changes in fair value	9	30	-13	8
Translation differences	0	1	-2	-1
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-34</b>	<b>-113</b>	<b>50</b>	<b>-29</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD <sup>2</sup></b>	<b>-29</b>	<b>-81</b>	<b>-27</b>	<b>-79</b>

<sup>2</sup> The entire comprehensive income is attributable to the parent company's shareholders.

## CONSOLIDATED BALANCE SHEET, SUMMARY

AMOUNTS IN MSEK	31 Mar 2021	31 Mar 2020	31 Dec 2020
Intangible non-current assets	29	32	30
Property, plant and equipment	1 187	1 196	1 203
Financial assets	50	68	52
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1 266</b>	<b>1 296</b>	<b>1 285</b>
Inventories	309	380	355
Current receivables	335	350	287
Cash and cash equivalents	331	387	330
<b>TOTAL CURRENT ASSETS</b>	<b>975</b>	<b>1 117</b>	<b>972</b>
<b>TOTAL ASSETS</b>	<b>2 241</b>	<b>2 413</b>	<b>2 257</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>1 272</b>	<b>1 299</b>	<b>1 301</b>
Interest-bearing liabilities	411	413	411
Deferred tax liabilities	97	125	105
Other non-interest-bearing liabilities	73	111	45
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>581</b>	<b>649</b>	<b>561</b>
Interest-bearing liabilities	-	1	-
Non-interest-bearing liabilities	388	464	395
<b>TOTAL CURRENT LIABILITIES</b>	<b>388</b>	<b>465</b>	<b>395</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>2 241</b>	<b>2 413</b>	<b>2 257</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, SUMMARY

AMOUNTS IN MSEK	Share capital	Other contributed capital	Other reserves		Translation difference	Retained earnings, incl. profit for the year	Total equity
			Treasury shares	Hedging reserve			
Opening balance per 1 January 2020	153	730	-69	46	-8	528	1 380
Net income, Jan-Mar						32	32
Other comprehensive income, Jan-Mar				-114	1		-113
Total comprehensive income, Jan-Mar				-114	1	32	-81
Closing balance 31 March 2020	153	730	-69	-68	-7	560	1 299
Net income, Apr-Dec						-82	-82
Other comprehensive income, Apr-Dec				85	-1		84
Total comprehensive income Apr-Dec				85	-1	-82	2
Closing balance 31 December 2020	153	730	-69	17	-8	478	1 301
Net income, Jan-Mar						5	5
Other comprehensive income, Jan-Mar				-34	0		-34
Total comprehensive income, Jan-Mar				-34	0	5	-29
Closing balance 31 March 2021	153	730	-69	-17	-8	483	1 272



<b>SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS</b>				
AMOUNTS IN MSEK	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 months	Jan-Dec 2020
<b>EBIT</b>	<b>11</b>	<b>48</b>	<b>-79</b>	<b>-42</b>
Adjustment for items not included in the cash flow			0	
Depreciation/amortisation and impairment	29	32	115	118
<b>EBIT adjusted for non-cash flow affecting items</b>	<b>40</b>	<b>80</b>	<b>36</b>	<b>76</b>
Received/paid financial items	-4	-5	-18	-19
Received/paid tax	-25	-2	-21	2
<b>Cash flow from operating activities before changes in working capital</b>	<b>11</b>	<b>73</b>	<b>-3</b>	<b>59</b>
Change in working capital	2	-25	53	26
<b>Cash flow from operating activities</b>	<b>13</b>	<b>48</b>	<b>50</b>	<b>85</b>
Investments in fixed assets	-12	-39	-104	-131
Sale of fixed assets	-	2	1	3
Change in current loan receivables	-	-	-	-
<b>Cash flow from investing activities</b>	<b>-12</b>	<b>-37</b>	<b>-103</b>	<b>-128</b>
Repayment of long-term loans	-	-	-3	-3
Dividend paid	-	-	-	-
<b>Cash flow from financing activities</b>	<b>0</b>	<b>-</b>	<b>-3</b>	<b>-3</b>
<b>PERIOD'S NET CASH FLOW</b>	<b>1</b>	<b>11</b>	<b>-56</b>	<b>-46</b>
Cash and cash equivalents at the beginning of the period	330	376	387	376
Net cash flow for the period	1	11	-56	-46
Cash and cash equivalents at the end of the period	331	387	331	330

<b>CHANGES IN INTEREST-BEARING LIABILITIES</b>				
AMOUNTS IN MSEK	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 months	Jan-Dec 2020
<b>Interest-bearing liabilities in the balance sheet at the beginning of the period</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>
<b>Changes that are included in cash flow from financing activities</b>				
Repayment of long-term loans from banks	-	-	-3	-3
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-3</b>	<b>-3</b>
<b>Other changes</b>				
Through acquisitions	-	2	1	3
Accrual of direct costs in connection with the issue of bond loans that are accrued over the loan period.	-	-	-	-
<b>Interest-bearing liabilities in the balance sheet at the end of the period</b>	<b>411</b>	<b>413</b>	<b>409</b>	<b>411</b>

## PARENT COMPANY INCOME STATEMENT

AMOUNTS IN MSEK	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net turnover	2	2	8
Other operating income	4	3	16
<b>OPERATING INCOME, TOTAL</b>	<b>6</b>	<b>5</b>	<b>24</b>
Results from hedging activities	4	-1	-7
Other expenses	-4	-4	-17
Employee benefit expenses	-7	-7	-24
<b>EBITDA (operating loss before depreciation, amortisation and impairment)</b>	<b>-1</b>	<b>-7</b>	<b>-24</b>
Depreciation/amortisation and impairment	-1	-1	-4
<b>EBIT (operating loss)</b>	<b>-2</b>	<b>-8</b>	<b>-28</b>
Profit from participations in Group companies	0	0	87
Financial income	5	0	0
Financial expenses	-4	-5	-19
<b>TOTAL FINANCIAL ITEMS</b>	<b>1</b>	<b>-5</b>	<b>68</b>
<b>LOSS/ PROFIT AFTER FINANCIAL ITEMS</b>	<b>-1</b>	<b>-13</b>	<b>40</b>
Tax on loss/ profit for the period	0	-1	-11
<b>NET INCOME</b>	<b>-1</b>	<b>-14</b>	<b>29</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN MSEK	jan-mar 2021	jan-mar 2020	jan-dec 2020
<b>NET TURNOVER</b>	<b>-1</b>	<b>-14</b>	<b>29</b>
Other comprehensive income	-	-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-1</b>	<b>-14</b>	<b>29</b>

## PARENT COMPANY BALANCE SHEET, SUMMARY

AMOUNTS IN MSEK	31 Mar 2021	31 Mar 2020	31 Dec 2020
Intangible non-current assets	7	11	8
Equipment	0	1	0
Financial assets <sup>1</sup>	652	293	652
<b>TOTAL NON-CURRENT ASSETS</b>	<b>659</b>	<b>305</b>	<b>660</b>
Current receivables <sup>2</sup>	461	567	470
Cash and cash equivalents	320	493	317
<b>TOTAL CURRENT ASSETS</b>	<b>781</b>	<b>1 060</b>	<b>787</b>
<b>TOTAL ASSETS</b>	<b>1 440</b>	<b>1 365</b>	<b>1 447</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>808</b>	<b>807</b>	<b>809</b>
Long-term liabilities – Interest-bearing	398	396	398
Long-term liabilities – Non-interest-bearing	45	38	45
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>443</b>	<b>434</b>	<b>443</b>
Non-interest-bearing current liabilities <sup>3</sup>	189	124	195
<b>TOTAL CURRENT LIABILITIES</b>	<b>189</b>	<b>124</b>	<b>195</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1 440</b>	<b>1 365</b>	<b>1 447</b>

<sup>1</sup> Includes claims against subsidiaries of 283 (283) MSEK

<sup>2</sup> Includes claims against subsidiaries of 460 (469) MSEK.

<sup>3</sup> Includes claims against subsidiaries of 179 (158) MSEK.

## Supplementary disclosures and notes, summary

### ACCOUNTING POLICIES

This report has been prepared in accordance with IAS 34, 'Interim Financial Reporting', which complies with Swedish law through the application of the Swedish Financial Reporting Board's Recommendation RFR 1 'Supplementary Accounting Rules for Groups' together with RFR 2 'Accounting for Legal Entities', in respect of the parent company.

The accounting policies, definitions of key ratios and calculation methods are the same as those used in the last annual report.

Unless otherwise stated, all amounts in this report are in MSEK. Rounding-off differences may occur.

### NET TURNOVER

The clear majority of Rottneros' revenues is derived from the sales of pulp. 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. Net 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.

### FINANCIAL INSTRUMENTS

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

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 maximum exposure for credit risk on the reporting date is the fair value of the derivative instruments recognised as assets in the balance sheet.

In August 2017, Rottneros AB issued an unsecured bond of 400 MSEK with a term of 5 year. The loan bears variable interest of STIBOR 3m + 4,15 percent and must be repaid in September 2022. Direct costs in connection with the issue amounted to approximately 7 MSEK and will be reported as interest costs over the bond period. The bond, which has a framework amount of 600 MSEK, is listed on Nasdaq Stockholm. The bond terms contain standard covenants in the form of net debt to EBITDA of a maximum of 3,5, minimum equity/assets ratio of 50%, and a maximum dividend of 50 percent of the previous year's net profit. These covenants were fulfilled on the balance sheet day.

The nature of other financial assets and liabilities is in all essential respects the same as on 31 December 2020. The carrying amounts are deemed to be equal to fair values, which was also the case at the end of 2020, since the effect of discounting is not of material significance. Accounts receivable are covered by credit insurance, which reimburses most of any bad debt losses. The Company has long-term relationships with its customers and credit losses have historically been low.

### ROTTNEROS' NET TURNOVER CONSISTS OF THE FOLLOWING

Amount in MSEK	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 month	Full year 2020
Sales of pulp	501	545	1 906	1 950
Results from pulp price hedging	4	3	23	22
Sales of by-products and other	11	15	37	41
Sales of pulp wood	26	21	85	80
<b>NET TURNOVER TOTAL</b>	<b>542</b>	<b>585</b>	<b>2 051</b>	<b>2 093</b>

### FAIR VALUE FOR DERIVATIVES ON 31 MARCH 2021

Hedging	Hedged volume	Maturity	Hedging level	Fair value (MSEK)
Pulp, forward sell	18 000 ton	Apr 2021-Jun 2022	9 450 SEK/tonne	-2
Electricity, forward buy	1 125 000 MWh	2021-2025	0,311 SEK/kWh	-20
<b>Total fair value</b>				<b>-22</b>

### FAIR VALUE FOR DERIVATIVES ON 31 DECEMBER 2020

Hedging	Hedged volume	Maturity	Hedging level	Fair value (MSEK)
Pulp, forward sell	6 000 ton	Jan 2021-Jun 2021	8 870 SEK/tonne	8
Electricity, forward buy	1 200 600 MWh	2021-2025	0,308 SEK/kWh	13
<b>Total fair value</b>				<b>21</b>

## GROUP PERFORMANCE IN SUMMARY

	Jan-Mar 2021	Jan-Mar 2020	Rolling 12 month	2020	2019	2018	2017	2016
<b>Income statement MSEK</b>								
Net turnover	542	585	2 050	2 093	2 376	2 260	1 912	1 730
EBITDA	40	80	37	77	374	394	247	221
Depreciation/amortisation and impairment	-29	-32	-116	-119	-106	-99	-91	-51
EBIT	11	48	-79	-42	268	295	156	170
Financial items (net financial items)	-4	-5	-18	-19	-21	-19	-9	-7
Profit/loss after financial items	7	43	-97	-61	247	276	147	163
Net income	5	32	-77	-50	194	221	114	128
<b>Cash flow statement, MSEK</b>								
Cash flow from operating activities	13	48	50	85	462	223	222	187
Investments in non-current assets	-12	-39	-104	-128	-109	-255	-237	-278
Cash flow after investments	1	9	-54	-43	353	-32	-15	-91
Cash used in/provided by financing activities	0	0	-3	-3	-214	-56	325	-62
Net cash flow	1	11	-56	-46	138	-88	310	-153
<b>Balance sheet items, MSEK</b>								
Non-current assets	1 266	1 296	1 255	1 285	1 280	1 290	1 078	905
Inventories	309	380	284	355	375	389	279	278
Current receivables	335	350	272	287	342	484	324	290
Cash and cash equivalents	331	387	274	330	376	238	326	16
Net debt (+) / net cash (-)	80	26	135	81	35	157	68	-2
Equity	1 272	1 299	1 274	1 301	1 380	1 460	1 207	1 151
Long-term interest-bearing liabilities	411	413	409	411	411	395	394	-
Long-term non-interest-bearing liabilities	170	236	84	150	176	137	52	14
Current interest-bearing liabilities	-	1	-	-	-	-	1	14
Current non-interest-bearing liabilities	388	464	319	395	406	409	354	310
Capital employed	1 352	1 326	1 408	1 382	1 415	1 617	1 275	1 149
Total equity and liabilities	2 241	2 413	2 085	2 257	2 373	2 401	2 007	1 489
<b>Key ratios</b>								
EBITDA-margin, %	7,4	13,7	-2,6	3,7	15,7	17,4	12,9	12,8
EBIT-margin, %	2,0	8,2	-8,2	-2,0	11,3	13,1	8,2	9,8
Return on shareholders' equity (rolling 12 months), %	-6,0	8,4	-6,0	-3,8	13,7	16,6	9,7	11,6
Return on capital employed (rolling 12 months), %	-5,7	12,1	-5,7	-3,0	17,7	20,4	12,9	16,7
Equity ratio,%	57	54	60,6	58	58	61	60	77
Debt / equity ratio,%	6	2	10,5	6	3	11	6	0
<b>Others</b>								
Average no. of employees	323	314	320,0	318	303	303	301	282
Pulp production, 1 000 tonne	102,5	109,4	405,7	412,6	406,0	393,6	401,2	374,1
Pulp deliveries, 1 000 tonne	112,0	110,0	418,5	416,5	408,3	382,5	395,9	374,1
List price of NBSK pulp, USD per tonne <sup>1</sup>	958	826	974,6	843	984	1 167	882	802
SEK/USD <sup>2</sup>	8,40	9,67	7,9	9,21	9,46	8,69	8,54	8,56
List price of NBSK pulp, SEK per tonne	8 044	7 988	7 821	7 765	9 304	10 144	7 530	6 867

<sup>1</sup> Source: Market listing of gross prices once a week. Average for each period.

<sup>2</sup> Source: Riksbanken's daily quotations. Average for each period.



## QUARTERLY DATA, GROUP

	2021	2020				2019				2018			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Income statement, MSEK</b>													
Net turnover	542	490	508	510	585	546	617	582	630	580	567	576	537
EBITDA	40	-65	31	31	80	-5	81	131	167	39	136	118	101
Depreciation/amortisation and impairment	-29	-30	-28	-29	-32	-25	-27	-28	-26	-27	-25	-24	-23
EBIT	11	-95	3	2	48	-30	54	103	141	12	111	94	78
Financial items (net financial items)	-4	-4	-5	-5	-5	-7	-5	-5	-5	-5	-5	-4	-5
Profit/loss after financial items	7	-99	-2	-3	43	-37	49	98	136	7	106	90	73
Tax on profit/loss for the period	-2	22	0	0	-11	8	-10	-21	-28	2	-24	-17	-16
Net income	5	-77	-2	-3	32	-29	39	77	108	9	82	73	57
<b>Per share</b>													
Earnings per share SEK	0,03	-0,50	-0,01	-0,02	0,21	-0,19	0,25	0,51	0,71	0,06	0,54	0,48	0,37
<b>Other</b>													
Pulp, production 1 000 tonne	103	95	110	98	109,4	100,4	100,3	107,7	97,6	93,6	100,0	100,1	99,9
Pulp, deliveries 1 000 tonne	112	107	107	93	110,0	103,2	110,8	95,2	99,1	94,3	92,5	97,5	98,2
List price of NBSK pulp SEK per tonne	8 044	7 382	7 465	8 226	7 988	7 950	8 753	9 900	10 527	11 056	10 983	10 047	8 584

SHARE DATA<sup>1</sup>

		Jan-Mar 2021	Jan-Mar 2020	Rolling 12 month	2020	2019	2018	2017	2016
Shares outstanding, opening <sup>2</sup>	Number	152 572	152 572	152 572	152 572	152 572	152 572	152 572	152 572
Shares outstanding, closing <sup>2</sup>	Number	152 572	152 572	152 572	152 572	152 572	152 572	152 572	152 572
Average number of shares outstanding <sup>2</sup>	Number	152 572	152 572	152 572	152 572	152 572	152 572	152 572	152 572
Treasury shares <sup>2</sup>	Number	822	822	822	822	822	822	822	822
Earnings per share	SEK	0,03	0,21	-0,51	-0,33	1,27	1,45	0,75	0,84
Cash flow after investments/share <sup>3</sup>	SEK	0,01	0,07	-0,36	-0,30	2,30	-0,21	-0,10	-0,60
Equity per share	SEK	8,34	8,51	8,35	8,53	9,05	9,57	7,91	7,54
<b>Dividend <sup>4</sup></b>									
Ordinary dividend	SEK	-	-	-	-	-	0,40	0,30	0,30
Extra dividend	SEK	-	-	-	-	-	1,00	0,07	0,10
Total	SEK	-	-	-	-	-	1,40	0,37	0,40
Dividend/equity per share	%	-	-	-	-	-	14,6	4,7	5,3
Share price at end of period	SEK	10,28	9,08	9,35	8,15	11,40	8,24	7,15	8,05
Market price/equity/share	ggr	1,2	1,1	1,1	1,0	1,3	0,9	0,9	1,1
P/E ratio per share	ggr	301,2	43,2	-18,5	-24,7	9,0	5,7	9,5	9,6

<sup>1</sup> None of the key ratios are affected by any dilution effect.

<sup>2</sup> The number of shares is in thousands and excluding Rottneros' treasury shares.

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

<sup>4</sup> For 2020, the proposed dividend is stated.

## Alternative performance measures

Alternative performance measures (APM) are financial measures that are not defined in IFRS and are presented outside the financial statements. Rottneros uses the following APMs: 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 key indicators P/E ratio and Direct yield, which the Company believes are relevant for investors and other readers. APMs can be defined in different ways by other companies and therefore may not be comparable with similar measures used by other companies. som används av andra företag.

## Definitions of IFRS key ratios and Alternative performance measures

### EBITDA

Earnings before depreciation/amortisation and impairment, financial items and income taxes (operating profit before depreciation, amortisation and impairment).

### EBIT

Earnings before financial items and income taxes (operating profit).

### EBIT MARGIN

EBIT as a percentage of net turnover.

### PROFIT MARGIN

Profit after financial items as a percentage of net turnover.

### EARNINGS PER SHARE

Net income divided by the average number of shares outstanding.

### SHAREHOLDERS' 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.

### CAPITAL EMPLOYED

Shareholders' equity plus interest-bearing liabilities minus cash and cash equivalents.

### NET DEBT/NET CASH

Interest-bearing liabilities minus cash and cash equivalents.

### RETURN ON CAPITAL EMPLOYED (ROLLING 12 MONTHS)

EBIT for the past 12 months, as a percentage of average capital employed (average of capital employed at the beginning of the period and at the end of the period).

### RETURN ON SHAREHOLDERS' EQUITY (ROLLING 12 MONTHS)

Net income for the past 12 months, as a percentage of average shareholders' equity (average of shareholders' equity at the beginning of the period and at the end of the period).

### EQUITY/ASSETS RATIO

Equity as a percentage of the sum of shareholders' equity and liabilities.

### DEBT/EQUITY RATIO

Net debt/cash as a percentage of shareholders' equity.

### P/E RATIO

Share price at the end of the period in relation to earnings per share (rolling 12 months).

### DIRECT YIELD

Dividend as a percentage of the share price at the end of the period.

## GLOSSARY

<b>Market pulp</b>	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.
<b>BCTMP</b>	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).
<b>BEK</b>	Bleached Eucalyptus Kraft pulp.
<b>CTMP</b>	Chemi-Thermo-Mechanical Pulp. Development of TMP, where the mechanical pulp is impregnated with chemicals. Stronger than TMP. The term is used in Europe for both bleached and unbleached pulp.
<b>ECF</b>	Elemental Chlorine Free. Sulphate pulp bleached using chlorine dioxide, not chlorine.
<b>High-yield pulp</b>	Groundwood pulp, TMP and CTMP/BCTMP.
<b>Chemical pulp</b>	Pulp produced by boiling wood raw material 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.
<b>Short-fibre pulp</b>	Pulp where the raw material is hardwood, which has shorter cellulose fibre than softwood.
<b>Long-fibre pulp</b>	Pulp where the raw material is softwood, which has longer cellulose fibre than hardwood.
<b>Mechanical pulp</b>	Pulp produced using a mechanical process for fibre separation and processing. Has a higher level of bulk, stiffness and opacity than chemical pulp. Groundwood pulp, TMP and CTMP/BCTMP are types of mechanical pulp.
<b>NBSK</b>	Northern Bleached Softwood Kraft: bleached long-fibre sulphate pulp. The leading indicator of world market prices.
<b>Groundwood pulp (SGP)</b>	Mechanical pulp based on roundwood as a raw material.
<b>TMP</b>	Thermo-Mechanical Pulp: mechanical pulp produced using a technique in which the chips are preheated with steam, but without chemicals.
<b>UKP</b>	Unbleached Kraft Pulp, unbleached sulphate pulp.

Every care has been taken to ensure the accuracy of the information in this report, but Rottneros cannot accept any liability for any possible loss or damage as a consequence of using information in this report. The report was originally written in Swedish and translated into English.



Rottneros AB (publ)  
P.O. Box 144, SE-826 23 Söderhamn, Sweden  
Visiting address: Vallviks Bruk, SE-826 79 Vallvik, Sweden  
+46 (0)270 620 00 info@rottneros.com rottneros.com Corp. ID no. 556013-5872