



Rottneros year-end report January-December 2021

Very strong performance in the end of the year

- **NET TURNOVER** increased by 22 percent to 598 (490) MSEK. Higher sales prices denominated in SEK were offset by lower sales volumes.
- **THE LIST PRICE** of NBSK pulp in Europe was 53 percent higher in USD and 57 percent higher in SEK compared with the fourth quarter of 2020. The USD strengthened against the SEK by 3 percent during the same period.
- **PRODUCED VOLUME** amounted to 91,4 (95,3) thousand tonnes. Production for the full year decreased by 4 percent year-on-year to 395,3 (412,6) thousand tonnes.
- **SOLD VOLUME** amounted to 95,5 (106,5) thousand tonnes. Demand remained strong in Europe, but sales were negatively impacted by lower production. Sales for the full year totalled 403.2 (416.5) thousand tonnes.
- **EBIT** (operating profit/loss) for the fourth quarter of 2021 was 58 (-95) MSEK. The stronger USD and good market prices were the main reasons for the positive performance. EBIT for the full year was 267 (-42) MSEK.
- **NET INCOME** for the fourth quarter of 2021 was 49 (-77) MSEK. Earnings per share for the quarter were 0,32 (-0,50) SEK and 1,30 (-0,33) SEK for the full year.
- **THE BALANCE SHEET** remains strong. The equity/assets ratio was 64 (58) percent and available liquidity totalled 443 (512) MSEK. Net cash amounted to 16 MSEK.
- **DIVIDEND** The strong performance allows for an ordinary dividend of 0,40 SEK and an extra dividend of 0,20 SEK, thus the Board proposes a total dividend of 0,60 SEK per share.

Comments from the CEO

The continued robust pulp market meant that we were able to show a strong performance for both the fourth quarter and the full year, even though both production and deliveries decreased compared with the previous year. Our long-term efforts to continuously improve the factors we can influence will continue unabated in 2022. Net turnover grew by 22 percent and EBIT improved by 153 MSEK during the quarter, despite a decrease in both production and deliveries of 4 percent and 10 percent, respectively. The higher prices were the main explanation. Production in Vallvik was negatively impacted by some temporary disruptions and the mill's annual maintenance shutdown, which took place in part in October. At Rottneros Mill, high electricity prices continued to affect production.

We have taken additional important steps in our long-term effort to continuously improve efficiency by strengthening our production organisation both structurally and in terms of skills. We created and filled the new executive position of Chief Operating Officer for both pulp mills, with a clear focus on ensuring that production should be optimally run and developed over the long term. We also strengthened the level of expertise through external recruitment of some key personnel.

THE PULP MARKET HAS LEVELLED OFF STILL STRONG

Our main market, the European pulp market, continues to be strong, although the list price for NBSK is down slightly, to USD 1 260 in December, compared with the peak of USD 1 340 in October. Meanwhile, demand for one of our most important products, unbleached sulphate pulp (UKP), continues to be very strong.

Our niches have performed well, with growing demand over the course of the year. We saw significant growth in packaging and UKP. As a result, tissue paper and printing and writing paper accounted for a smaller share of sales. Customers appreciate both our high level of service and the high quality of our pulp.

CONTINUED STRONG BALANCE SHEET

Like income, cash flow from operating activities was very strong in Q4, at 93 MSEK. With our strong balance sheet and substantial liquidity, we continue to be well-prepared if any negative changes should occur in our world. The equity ratio is robust and stood at 64 percent at year-end, up six percentage points from the beginning of the year. Consolidated cash and cash equivalents, together with unutilised credits, also remained at a reassuring level, at 443 MSEK. Interest-bearing net cash was 16 MSEK.

PREPARATIONS ARE IN FULL SWING FOR THE PACKAGING INITIATIVE IN POLAND

We are working hard to prepare for Packaging's large-scale venture in Poland, where we signed a letter of intent with Arctic Paper for a joint venture in October. We are currently working on more detailed technical studies and preparations for financing. We expect to make a final decision in the first half of the year. The facility will add significant capacity to meet the huge demand in the market.

ELECTRICITY MARKET PROBLEMATIC

The electricity market continues to pose problems for the electricity-intensive operations at Rottneros Mill. Our electricity hedges are highly effective at neutralising the impact on earnings, but the periodically very high spot price at which we buy for production meant that we had to curtail production. In total, just over 7 000 tonnes were affected during the quarter, corresponding to a production loss of around 17 percent of the mill's production. During the autumn, we initiated an analysis of the potential to take a more long-term and structural approach to reduce our exposure to volatile electricity prices, in addition to electricity price hedging. In short, we always have to achieve maximum cost efficiency and an optimal structure to create long-term profitability.

The pandemic had only a limited impact on our business in the fourth quarter. However, at the time of writing, we are fully focused on protecting our operations from the impact of the infection as much as possible. This is undeniably a challenge, given the extent of the outbreak in the society.

In conclusion, we continue to be successful in our ongoing efforts to improve the factors we can influence, regardless of external conditions. Rottneros' positive performance over the past five years is clear confirmation of this achievement. I would therefore like to thank my colleagues once again for their efforts to grow our business. I would also like to express our appreciation to our customers, suppliers and the Board for their excellent cooperation during the year.

(for a full report, see appendix)

This information is such information that Rottneros AB is obliged to publish in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted, through the care of the contact person below, for publication on February 4, 2022 at 08.00. This report has been prepared in both a Swedish and an English version. In the event of deviations between the two, the Swedish version shall apply.

The interim report for the fourth quarter will be presented on February 4, 2022 at 13.00.

All participants can follow the presentation via the link: <https://www.finwire.tv/webcast/rottneros/q4-presentation-2021/> Anyone who wants can ask questions via the link in advance or during the presentation. You can also watch the presentation afterwards via Rottneros Youtube channel or website: <https://www.rottneros.se/investerare/presentationer/>

This disclosure contains information that Rottneros AB is obliged to make public pursuant to the EU Market Abuse Regulation (EU nr 596/2014). The information was submitted for publication, through the agency of the contact person, on 04-02-2022 08:00 CET.

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Rottneros is an independent producer of market pulp. The Group comprises the parent company Rottneros AB, listed on Nasdaq Stockholm, and its subsidiaries Rottneros Bruk AB and Vallviks Bruk AB with operations involving the production and sale of market pulp. The Group also includes Rottneros Packaging AB, which manufactures fibre trays, the wood procurement company Rottneros Baltic SIA in Latvia and the forest operator Nykvist Skogs AB. The Group has about 316 employees and had a turnover of approximately 2,3 billion SEK in the 2021 financial year.