

Rottneros AB

# Year-end report Jan-Dec 2023

+

Production rose by  
3 percent to 351,700  
tonnes in 2023

121 MSEK

Net profit 2023



Focus on efficiency and  
cost control to offset cost  
inflation



Proposed dividend  
0.50 SEK per share



# Earnings impacted by planned maintenance shutdown

## Q4 2023 compared with (Q4 2022)

**NET TURNOVER** decreased by 13 percent to 637 (730) MSEK. Excluding groundwood pulp, turnover fell by 1 percent. Turnover declined compared with the third quarter of 2023 as a result of lower delivery volumes.

**THE LIST PRICE** of NBSK pulp was 19 percent lower in both USD and SEK compared with the fourth quarter of 2022. The list price in USD rose by 1 percent compared with the third quarter of 2023 but remained unchanged in SEK.

**PRODUCED VOLUME** excluding groundwood pulp totalled 80.1 (76.6) thousand tonnes, an increase of 5 percent. The Vallvik Mill had its annual maintenance shutdown during the quarter.

**SOLD VOLUME** of sulphate pulp and CTMP totalled 84.5 (75.5) thousand tonnes.

**EBIT** (operating loss) was -100 (1) MSEK. Compared with the same quarter in 2022, pulp prices were lower, while wood costs were higher. The result was also due to the maintenance shutdown at Vallvik Mill.

**NET PROFIT/LOSS** for the quarter was -64 (9) MSEK and for the full year 121 (565) MSEK. Earnings per share for 2023 totalled 0.79 (3.70) SEK.

**THE BALANCE SHEET** remains strong. The equity/assets ratio was 66 (66) percent and available liquidity totalled 528 (747) MSEK. Net cash amounted to 105 MSEK.

**DIVIDEND** In light of the profit for the year and the robust balance sheet, the Board of Directors proposes a dividend of 0.50 SEK per share.

	Oct-Dec 2023	Oct-Dec 2022	change	July-Sept 2023	change Q4-Q3/23	Jan-Dec 2023	Jan-Dec 2022	change
Net turnover	637	730	-93	693	-56	2,755	2,980	-225
EBITDA, MSEK	-76	31	-107	79	-155	252	691	-439
EBIT, MSEK	-100	1	-101	49	-149	139	550	-411
Profit/loss after financial items, MSEK	-81	11	-92	42	-123	153	714	-561
Net profit, MSEK	-64	9	-73	33	-97	121	565	-444
Earnings per share, SEK	-0.42	0.06	-0.48	0.22	-0.64	0.79	3.70	-2.91
Cash-flow from current operations, MSEK	-77	91	-168	60	-137	104	541	-437
Return on capital employed (rolling 12 months), %	–	–	–	–	–	7.9	32.2	–
Production*, thousand tonnes	80.1	76.6	3.5	88.8	-8.7	351.7	340.9	10.8
Deliveries*, thousand tonnes	84.5	75.5	9.0	102.3	-17.8	352.2	332.9	19.3

\* Excluding groundwood pulp

# 637 MSEK

Net turnover for comparable units declined by 1 percent to 637 MSEK in the fourth quarter.

# -19%

The list price for market pulp dropped by 19 percent denominated in both USD and SEK compared with the same quarter in 2023.

# -100 MSEK

EBIT for the fourth quarter of 2023 was -100 MSEK.

# 139 MSEK

EBIT for the full year totalled 139 MSEK.

# 66%

The equity/assets ratio was 66 percent and available liquidity totalled 528 MSEK.

# +3%

Production of sulphate pulp and CTMP rose 3 percent to 351.7 thousand tonnes in 2023.



### Comments by the CEO

## The result in Q4 was impacted by low pulp prices and planned maintenance shutdown

The result in the fourth quarter of -100 EBIT was a disappointment impacted by lower pulp prices in USD, higher variable costs and the annual maintenance shutdown at Vallvik. For full-year 2023, we delivered a satisfactory performance despite challenging external circumstances, primarily driven by strong volume growth and sound cost management. This achievement confirms that our methodical approach towards growth and development is yielding results. Our commitment to ongoing efficiency improvements, addressing customer needs and developing long-term growth niches, combined with our strong financial position, provide us with the confidence to ensure the continued growth of Rottneros in 2024, despite the uncertain global landscape.

The year 2023 was eventful, as Rottneros continued on its transformation journey at a rapid pace, with a focus on sustainable and profitable growth coupled with financial stability. 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.

In the fourth quarter, earnings continued to be impacted by lower pulp prices in USD and higher variable costs. In addition, the annual maintenance shutdown at Vallvik affected profitability in line with the normal seasonal pattern. Net turnover decreased by 1 percent for comparable units compared with the same quarter last year, to 637 MSEK. EBIT stood at -100 MSEK, leading to EBIT for full-year 2023 of 139 MSEK, which translates to a margin of 5.0 percent. The outcome confirms that our

commitment to growth and development at Rottneros is yielding results, while offsetting the substantial cost inflation, especially for our primary input, wood.

### Stable flow of raw materials

Our pulp wood flows remained stable throughout the quarter, 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. With good availability of pulp wood locally during the fourth quarter, import volumes from the Baltics were kept low, contributing to favourable margins.

Production developed well during the quarter, with a growth of 5 percent, excluding groundwood pulp. The shift towards CTMP specialisation at Rottneros Mill has clearly resulted in a robust consolidation of efforts. CTMP production grew an impressive 23 percent in the quarter. At the same time, the Group's total deliveries increased by a robust 12 percent for comparable units, reflecting our steadfast focus on allocating volumes to our

**“Despite a weak result in Q4 the full-year results confirm that our long-term efforts to develop Rottneros are paying off.”**

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2,755 MSEK

Net turnover  
January–December

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139 MSEK

EBIT January–December

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528 MSEK

Available liquidity

selected niches while also attracting new customers, despite challenging conditions in our main market, Europe. Our strategic focus on custom products designed to meet the needs of our customers, along with the highest level of service, is crucial in a challenging market environment.

#### Relatively stable pulp market

The pulp market remained relatively stable during the quarter, although it continued to be marked by significant uncertainty. Demand saw a upswing in the third quarter, attributed to lower prices and a reduction in supply. This trend largely paused during the fourth quarter, apart from the list prices that continued to rise. Our customers returned with stronger demand and increased their orders for pulp in line with their contracts, compared with earlier in 2023. The list price for NBSK bottomed at 1,145 USD at the beginning of the third quarter and has strengthened to 1,300 USD in January 2024.

#### New CEO for Rottneros Packaging

Anna Jonhed was appointed CEO of Rottneros Packaging during the quarter. She will assume the position on 1 March 2024 and will be included in Rottneros Group Management. With her broad competence she will lead Rottneros Packaging into the next phase as the foremost supplier of high-quality fibre-based packaging. This involves an intensified focus on developing the market position and reaching the right customers with full force, while enhancing production capacity.

Work on Rottneros Packaging's investment in Poland together with Arctic Paper is underway. However, long delivery times for

the equipment have impacted the timetable and we therefore expect production to begin in the third quarter of 2024.

In December, we became stakeholders in Blue Ocean Closures, a Swedish startup specialising in development of proprietary fibre-based packaging materials. They are pioneers in an exciting new field; dry formed, fibre-based closures like corks and caps. The aim is to replace current plastic solutions in the global market. The technology and material could potentially be used in many more applications that are currently based on fossil materials. We see this as a potential complement to our strong offering in wet-formed fibre trays.

#### Our robust finances are crucial to the Group's long-term development

Our strong balance sheet provides us with the foundation and peace of mind to focus on the long-term development of Rottneros and generate value on multiple levels. The equity/assets ratio at the close of the quarter was 66 percent. The available liquidity was a reassuring 528 MSEK.

I would like to extend my heartfelt thanks to all colleagues for their great dedication to Rottneros and our customers throughout the year, as well as to our customers, suppliers, owners, and the Board for a rewarding and close collaboration.

Lennart Eberleh  
President and CEO

**“Our strategic focus on special products adapted to our customers’ needs is of great importance in a tough market situation.”**

Market overview/Pulp market

# Relatively unchanged market in the fourth quarter

The economic development across the globe differs. While Europe saw a 0.1 percent decline in GDP in the third quarter of 2023, the trend in the US has been positive, with year-on-year growth of 4.9 percent compared with the previous year. China also experienced good GDP growth at 4.9 percent in the third quarter. The downward trend in inflation has continued, driven primarily by declining energy prices. In November, inflation was 2.4 percent in the eurozone and 3.1 percent in the US. However, inflation is expected to rise again in December, driven by higher food and service prices. Consensus holds that central banks' policy rates have reached their peak for this cycle. The European Central Bank is expected to introduce its first rate cut in April to spur the weak economy, with the US counterpart, the Fed, following suit in May. The Chinese government has rolled out measures to facilitate financing and stimulate the property market. Historically, the pulp market and pulp prices have shown a strong correlation with general economic developments worldwide.

The market pulp market remained relatively stable during the fourth quarter. Demand saw an upswing in the third quarter, attributed to lower prices and a reduction in supply. Although this trend largely paused during the fourth quarter, list prices continued to rise to bridge the gap with net prices, which often respond more swiftly to market shifts. Regular customers came back with stronger demand and placed more extensive orders for pulp according to their contracts in the fourth quarter compared with earlier in the year.

While the paper market in Europe saw some improvement in the second half, it remained weak. Up until October, production was down 15.5 percent year-on-year, though a comparison between the second and third quarters shows a modest improvement of 1.3 percent. Up until October, graphic paper was down 28.8 percent, packaging paper was down 11.4 percent, while tissue paper and hygiene products were down 4.5 percent. Some of Rottneros' niche markets have continued to enjoy healthy demand.

In China, the world's largest market for market pulp, albeit insignificant for Rottneros, the strong trend that began in the summer continued. Until November, deliveries to China were up by 25.3 percent. Newly installed board capacity in China continues to drive demand for CTMP.

The list price for NBSK in Europe thereby rose from 1,150 USD to 1,250 USD in the fourth quarter. During the quarter, net prices increased from USD 650 to approximately USD 740. Correspondingly, NBSK net prices in China rose from 700 USD to approximately 740 USD. Global net prices for BCTMP rose from 470 USD to around 540 USD during the quarter.

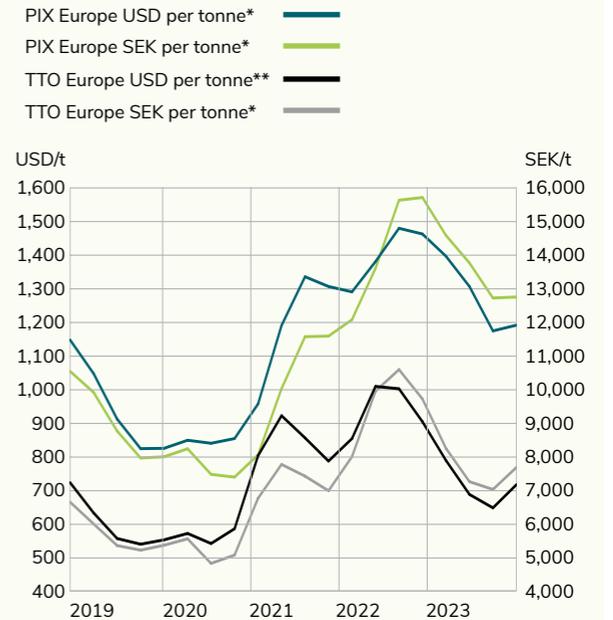
Production of tissue paper in the main markets (excl. China) up to October show a decline of 2.3 percent compared with 2022. Although tissue paper is not a major market for Rottneros, its share increased during the fourth quarter due to changes in market demand. Tissue paper is the largest area of use globally for market pulp, with more than 40 percent of the market.

Deliveries of printing and writing papers continued in a very weak downward trend that began in the second half of 2022. In the year to October, deliveries fell by 21.5 percent in the most important markets (excluding China) compared with 2022. Rottneros withdrew from the printing and writing papers segment in 2022, but it is still the second largest end use for market pulp globally.

Until November 2023, global demand for market pulp was up 3.5 percent compared with 2022, split between short fibre pulp +7.4 percent and long fibre pulp +0.4 percent. Demand for unbleached pulp (UKP) fell by 18.6 percent compared with 2022, which was an extremely strong year for unbleached pulp. Almost the entire increase in global demand is attributable to China.

In November, manufacturers' global stocks of long fibre pulp were 36 days and short fibre pulp 41 days, down 4 days for long fibre and 3 days for short fibre pulp compared with August 2023. Stocks of both grades can now be characterised as within the range of a well-balanced market.

## NBSK PRICES 2019–2023, QUARTERLY



\*Average gross prices per quarter for NBSK in Europe  
 \*\*Average net prices per quarter for NBSK in Europe

Sales and earnings, October–December

# Maintenance shutdown and low prices

**-19 %**

Lower list price for market pulp in SEK

**-2 MSEK**

Higher variable costs\*

**+22 MSEK**

Lower fixed costs

Turnover amounted to 637 (730) MSEK, a decline of 13 percent. Adjusted for groundwood pulp, which has not been included in the product portfolio since the second quarter of 2023, sales fell by 1 percent. Lower market prices offset the impact of high sales volumes. Excluding groundwood pulp, the sales volume was 84.5 (75.5) thousand tonnes, which is 12 percent higher than the previous year.

Compared with the fourth quarter of 2022, the list price of NBSK fell by 19 percent in both USD and SEK. The list price in USD rose by 1 percent compared with the third quarter, but remained unchanged in SEK.

Pulp price hedging gave a positive outcome of 3 (-15) MSEK. Sales of products other than pulp were 64 (69) MSEK, corresponding to 10 percent of turnover. The decline is attributable to a lower proportion of wood sold externally.

Variable costs remain high, especially the cost of wood. Nevertheless, the supply of wood has been adequate during the quarter and imports from the Baltic states have remained at a normal level.

A comparison of variable costs, calculated in SEK per produced tonne, for the fourth quarter of 2023 with the same period in 2022 showed a marginal increase. A turbine failure at Vallvik Mill, which resulted in high costs for purchased electricity, had a negative impact on costs in 2022, offsetting the high cost of wood in 2023.

Electricity prices have been high during the quarter. The system price was 0.66 (1.48) SEK per kWh. Rottneros' consumption takes place primarily in electricity area SE3, where the price was 0.65 (1.60) SEK per kWh. Rottneros hedges most of its electricity consumption. The realised outcome for electricity price hedges was 16 (86) MSEK. The net cost of the Group's electricity consumption in the fourth quarter was 0.34 (0.43) SEK per kWh.

The fixed costs were at a lower level than in the fourth quarter of 2022. The impact of inflation was offset by a lower cost level at Rottneros Mill due to the closure of the groundwood line.

Vallvik Mill carried out its annual maintenance shutdown during the quarter. The shutdown is expected to have a negative impact on profit of approximately 70 MSEK in direct and indirect costs. The indirect costs are attributable to loss of production for the shutdown days.

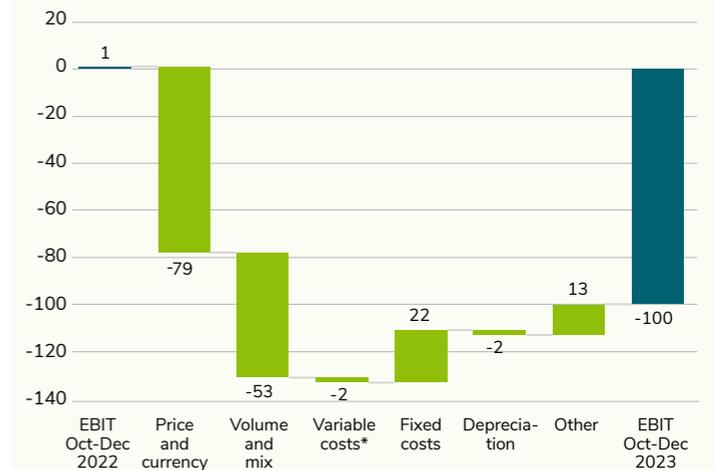
Profit was impacted by scheduled depreciation of 29 (30) MSEK. During the quarter, 6 MSEK related fixed assets was reversed and is recognised in the chart under Other.

EBIT was -100 (1) MSEK. The weak pulp market, continued high prices for raw materials and the maintenance shutdown at Vallvik Mill had a negative impact on profit. A turbine breakdown at Vallvik Mill during the fourth quarter of 2022 had a negative impact on profit of approximately 50 MSEK. Higher sales volumes contributed positively.

## QUARTERLY COMPARISON

	Oct-Dec 2023	Oct-Dec 2022	change, %	July-Sept 2023	change, %
NBSK, USD	1,192	1,463	-19	1,175	1
SEK/USD	10.69	10.72	0	10.81	-1
NBSK, SEK	12,706	15,693	-19	12,706	0
Net turnover, MSEK	637	730	-13	693	-8
EBIT, MSEK	-100	1	-	49	-304

## DIFFERENCE IN EBIT FOURTH QUARTER 2023 COMPARED WITH THE SAME PERIOD IN 2022 (MSEK)



\* Variable costs exclude costs attributable to increased or decreased production and delivery volumes. Such costs are instead included in the 'volume effect' along with the increase/decrease in volume of net turnover.

**Production and deliveries**

# Higher annual production

As in the previous year, production during the quarter was affected by the maintenance shutdown at Vallvik Mill. The volume was 80,100 tonnes, compared with 76,600 tonnes the year before when excluding groundwood pulp, an increase in volume of 5 percent. Production for January–December was 351,700 (340,900) tonnes, a 3 percent increase that is in line with the long-term target. 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.

Customer deliveries of sulphate pulp and CTMP increased by 12 percent to 84,500 (75,500) tonnes. The market situation has been more favourable for order intake, though this did not result in higher turnover for the quarter. For January–December, deliveries increased by 6 percent to 352,200 (332,900) tonnes.

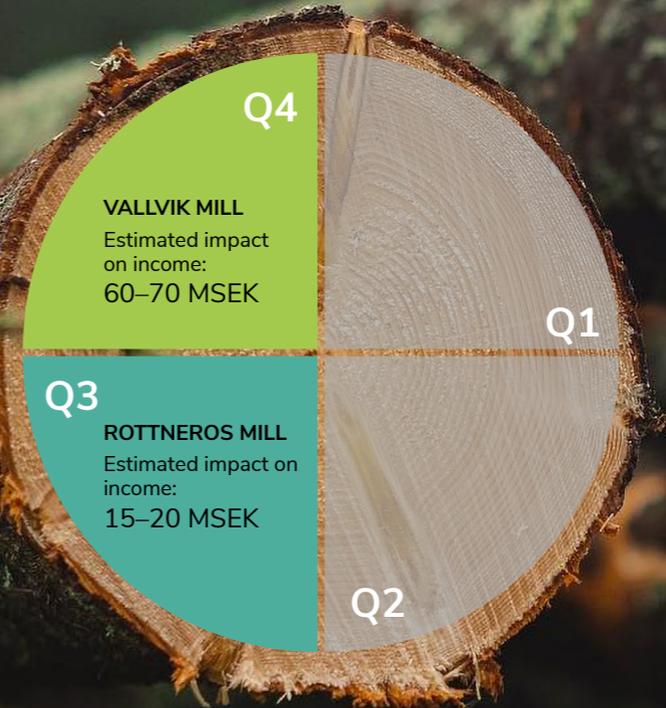
**Maintenance shutdowns and seasonal variations**

In 2023, the annual maintenance shutdown was held in the third quarter at Rottneros Mill and in the fourth quarter at Vallvik Mill.

The direct costs relating to maintenance shutdowns are recognised in the period during which the shutdown takes place, in accordance with generally accepted accounting practice. The maintenance shutdown also involves a certain loss of production, which affects turnover and income for the quarter in which the shutdown takes place. The estimated cost of the shutdown includes both direct costs and the indirect effect of loss of production. It represents an assessment of the impact of a normal annual maintenance shutdown on income in relation to a quarter without any maintenance shutdown.

Otherwise, the Rottneros Group is not affected by seasonal variations to any appreciable extent.

**MAINTENANCE SHUTDOWN, 2023**



**PRODUCTION**

Production tonnes	Oct-Dec 2023	Oct-Dec 2022	July-Sept 2023	Jan-Dec 2023	Jan-Dec 2022
Sulphate pulp	48,200	50,600	60,000	229,600	225,500
CTMP	31,900	26,000	28,800	122,100	115,400
<b>TOTAL</b>	<b>80,100</b>	<b>76,600</b>	<b>88,800</b>	<b>351,700</b>	<b>340,900</b>
Groundwood pulp	0	14,800	0	0	56,200

**DELIVERIES**

Deliveries tonnes	Oct-Dec 2023	Oct-Dec 2022	July-Sept 2023	Jan-Dec 2023	Jan-Dec 2022
Sulphate pulp	56,300	52,100	63,400	231,400	219,700
CTMP	28,200	23,400	38,900	120,800	113,200
<b>TOTAL</b>	<b>84,500</b>	<b>75,500</b>	<b>102,300</b>	<b>352,200</b>	<b>332,900</b>
Groundwood pulp	0	20,000	0	4,700	55,500

Sales and earnings, January–December

# Increased costs for pulp wood and chemicals

2,755 MSEK

Turnover

Turnover amounted to 2,755 (2,980) MSEK, a decline of 8 percent. Excluding groundwood pulp, sales were up 4 percent as a result of higher deliveries of sulphate pulp and CTMP. The list price of NBSK market pulp dropped by 10 percent during the period in USD, and by 5 percent in SEK.

139 MSEK

EBIT

Sales of products other than pulp totalled 265 (276) MSEK, corresponding to 10 percent of turnover. The realised loss for pulp price hedges was -2 (-58) MSEK.

7.9 %

Return on capital employed

Variable costs were significantly higher than the previous year. The cost, based on SEK per tonne produced, increased by about 363 MSEK for the comparative period. The increase is mainly attributable to higher pulp wood costs, though the cost of chemicals has also been high. The supply of wood chips and round wood has been volatile during the year. At the beginning of the year, this led to a higher than normal level of wood imports from the Baltic states. In the second half of the year, supply has been good and the share of imports has been normal.

The average electricity price on the Nord Pool electricity exchange (electricity area SE3) was 0.59 (1.38) SEK per kWh. The system price for the period was 0.64 (1.45) SEK per kWh. Rottneros' consumption takes place primarily in electricity area SE3. Rottneros hedges most of its electricity consumption and the realised profit on electricity price hedges was 54 (300) MSEK. The net cost of the Group's electricity consumption for the year was 0.28 (0.21) SEK per kWh.

Fixed costs decreased by 62 MSEK compared with 2022. The impact of inflation was offset by a lower cost level at Rottneros Mill due to the closure of the groundwood line.

The item "Other" includes a provision of 16 MSEK for the reorganisation of Vallvik Mill in 2023. In the comparison year, 52 MSEK is allocated to personnel and other fixed costs for the closure of the groundwood line, as well as an impairment charge of 19 MSEK for fixed assets.

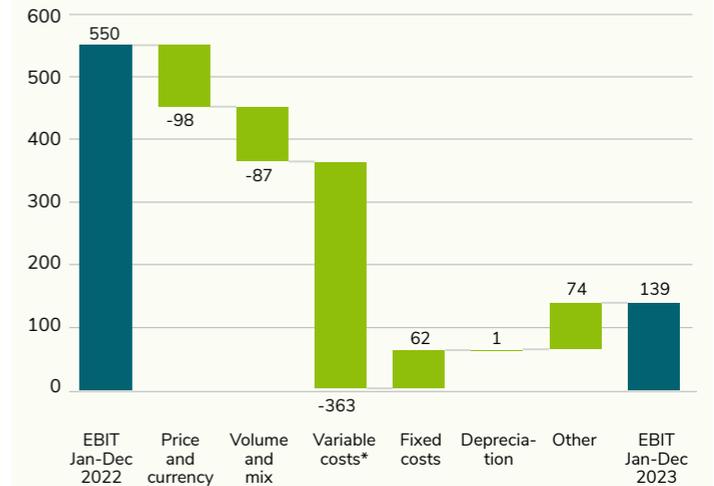
Profit was impacted by scheduled depreciation of 113 (122) MSEK. An impairment of fixed assets amounting to 21 MSEK was recorded in 2022. Of this 6 MSEK was reversed in 2023.

EBIT for January–December 2023 was 139 (550) MSEK. The sluggish pulp market and higher costs for wood and other inputs affected the period. The result was positively impacted by good sales and production volumes, cost control and a weak SEK.

## JANUARY–DECEMBER 2023 COMPARED WITH THE SAME PERIOD IN 2022

	Jan-Dec 2023	Jan-Dec 2022	change, %
NBSK, USD	1,268	1,404	-10
SEK/USD	10.61	10.12	5
NBSK, SEK	13,455	14,213	-5
Net turnover MSEK	2,755	2,980	-8
EBIT MSEK	139	550	-75

## DIFFERENCE IN EBIT JANUARY–DECEMBER 2023 COMPARED WITH THE SAME PERIOD 2022 (MSEK)



\* Variable costs exclude costs attributable to increased or decreased production and delivery volumes. Such costs are instead included in the 'volume effect' along with the increase/decrease in volume of net turnover.

## Group performance

# Other items

## Financial items in the income statement

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

Since the groundwood line was closed in 2022, a portion of electricity price hedges for 2023 and 2024 exceed future cash flows and have now been classified as financial derivatives. The effect was 156 MSEK in 2022 and was included in financial items. Most of the value of the hedges is locked in through the sale of matching electricity price hedges. The change in value of the contracts that are not locked in is recognised under financial items. As of 31 December 2023, additional electricity price hedges for 2024 were classified as financial derivatives to correspond to estimated electricity consumption. The effect of 9 MSEK is included in financial items.

## Financing

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.

As before, the 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. The link is part of Rottneros' continuous focus on sustainable development.

The Group's cash and cash equivalents amounted to 196 MSEK at the end of the year, compared with 465 MSEK at the end of 2022. Interest-bearing liabilities were 91 MSEK at the end of the year. Net cash was 105 MSEK, compared with 354 MSEK at the end of 2022. Total granted and unused credit facilities amounted to 332 MSEK.

The equity/assets ratio was 66 (66) percent as of 31 December 2023. Equity per share totalled 12.18 (14.78) SEK at the end of the year.

## Cash flow

Cash flow from operating activities for January–December 2023 was 104 (539) MSEK. Tax payments of 113 (32) MSEK are included in this item.

Cash flow after investments for the year was -197 (427) MSEK.

Cash flow from current financial investments, 154 MSEK, relates to realised electricity price hedges classified as financial derivatives.

During the period, 214 (91) MSEK were distributed to shareholders.

Net cash flow for the period was -269 (302) MSEK.

## Investments

Group investments in property, plant and equipment amounted to 205 (112) MSEK for January–December 2023. 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.

Vallvik Mill is investing in a new tall oil plant. The total investment is estimated at 93 MSEK and runs over 2023 and 2024. A tall oil plant is part of the chemical recovery process in a sulphate pulp mill, where soap is separated and refined into tall oil. Tall oil is a valuable by-product that can replace fossil oils and be a raw material in other products.

An investment of 180 MSEK is ongoing to significantly increase CTMP production at the Rottneros Mill from the current 125 thousand tonnes to approximately 165 thousand tonnes. The additional volume is mainly destined for the growing market segments of board

and packaging, as well as tissue paper. The increased capacity will be commissioned in autumn 2024.

The Board has also decided to invest a total of 93 MSEK related to renewable energy at Rottneros Mill. The investments include a solar park and batteries for energy storage and are part of a long-term effort to reduce exposure to the electricity market. Start-up is planned for 2024.

The Group's investments in financial assets amounted to 96 MSEK and included a capital contribution of 67 MSEK to the joint venture company within Packaging in Poland and an investment in Blue Ocean Closures.

## Parent Company

Profit after financial items for January–December 2023 was 259 (439) MSEK. The electricity price hedges classified as financial derivatives and realised during the year are recognised as financial income in the parent company and amounted to 154 MSEK. The outcome does not affect the Group's profit or loss for the period.

# Long-term targets

Rottneros' vision is "Always make a difference". This has been translated into long-term targets for financial, social and environmental sustainability. Follow-up is primarily carried out on an annual basis, but also quarterly.

## LONG-TERM TARGETS AND TARGET ACHIEVEMENT 2023

FINANCIAL TARGETS	Target	Outcome 2023
Distribution of net profit	30–50 percent	Board of Directors' proposal: 63 percent
Average growth, produced tonne pulp*	3 percent/year	+3 percent
Revenue, non-pulp	At least 10 percent by 2023	10 percent
Equity/assets ratio	Over 50 percent	66 percent
SOCIAL TARGETS	Target	Outcome 2023
Safety, accidents with sick leave	Annual improvement of LTIFR**	10.2 (outcome 2022: 7.4)
Proportion female employees	At least 30 percent by 2025	18 percent
ENVIRONMENTAL TARGETS	Target	Outcome 2023
Fossil emissions according to GHG scope 1	Fossil free production 2030	8,979 tonnes*** (outcome 2022: 8,982 tonnes)
Fossil emissions according to GHG scope 2	Fossil free production 2030	98,809 tonnes (outcome 2022: 114,383 tonnes)
COD emissions/tonne pulp	Annual improvement	14.9 kg/tonne (outcome 2022: 15.8 kg/tonne)

\* Excluding groundwood pulp

\*\* LTIFR – Lost Time Injury Frequency Rate: Number of accidents with sick leave per 1 million hours worked, measured over a rolling 12-month period.

\*\*\* The outcome for 2023 is preliminary. The volume includes 1,752 tonnes for internal transports and company cars. These items are not included in the outcome for 2022.

# Innovation and development

## Rottneros Packaging

Rottneros Packaging focuses on developing and optimising the production of moulded fibre trays. One focus area is high-barrier packaging with extended shelf life for food. Packaging with simpler functional requirements is also under development. Rottneros trays can withstand high heat and are excellent for frozen or chilled foods. The raw material is pulp from Rottneros Mill.

## Associated companies

### Joint venture in Poland

As part of its development strategy, the Group has formed a jointly owned company in Packaging in Poland together with Arctic Paper. The purpose of the company is to build and operate a factory for the production of moulded fibre trays on a large industrial scale. The investment in the factory is estimated to total the equivalent of approximately 230 MSEK and will largely be financed through long-term loans. Production capacity is expected to reach approximately 80 million packages per year, which is significantly more compared with the current 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.

### Blue Ocean Closures

Rottneros became a stakeholder of Blue Ocean Closures in December 2023. Blue Ocean Closures is developing a unique dry forming technology to produce fibre based closures for consumer packages at a large scale. The innovative technology and material has the potential for many more high-volume and high-impact applications, effectively reducing plastic pollution and its climate impact.



# 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.

## Currency exposure, USD and 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 just over 60 percent of the inflow and of EUR about 30 percent. 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–December 2023 was 5 percent higher compared with the same period in 2022.

## Pulp price

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in SEK. As of 30 September 2023, the Group held pulp price hedges of 12,000 tonnes with a maturity between January and December 2024 at an average price of 13,284 SEK per tonne. The fair value of these unrealised price hedges was 7 MSEK as of 31 December 2023.

## Electricity

All external electricity for the mills, about 200 GWh annually, is purchased directly via the Nord Pool electricity exchange. Electricity consumption will rise in line with increased CTMP

production by about 40 GWh per year. Beginning in 2025, exposure to Nord Pool will be reduced by approximately 30 GWh per year as a result of the PPA agreement described below.

At the end of December 2023, electricity prices were hedged as shown in the following table. The table shows the hedged proportion of forecasted total consumption less the volume of the PPA agreement, as well as the average hedged price in SEK per kWh. The fair value of these unrealised electricity hedges was 68 MSEK as of 31 December 2023. The amount excludes the volume in excess of electricity demand where the value is hedged by the sale of matching instruments. These hedges are classified as financial instruments.

The high level of hedging protects Rottneros against sharp price fluctuations. Because of the large imbalance between electricity price areas a certain percentage of the contracts are hedged in relation to area SE3. The average price level for electricity at Nord Pool (area SE3) during January–December 2023 was 0.59 (1.38) SEK per kWh.

In June 2023, Rottneros entered into a long-term agreement to purchase electricity in the form of a Power Purchase Agreement (PPA) including Guarantees of Origin (GOs). The agreement covers over 30 GWh/year of clean wind energy that will be delivered over an 8.5-year period starting in 2025 to fixed price in SE3.

See pages 65–71 of the 2022 Annual Report for further information on risks.

## ELECTRICITY HEDGES AS OF 31 DECEMBER 2023

Year	Proportion hedged, %	SEK per kWh
2024	99	0,342
2025	81	0,346
2026	30	0,536
2027	26	0,521
2028	19	0,559

80 percent of the hedged volume is against the system price and 20 percent against electricity area SE3.

# The share and shareholders

## 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 shares. No change in treasury shares occurred in 2023.

## Share price development January–December 2023

At the end of 2023, the share price was 12.18 (12.22 at the end of 2022) SEK. The average price during the period was 13.71 (13.40) SEK.

## LARGEST SHAREHOLDERS ON 31 DECEMBER 2023

Shareholders	Number of shares (=votes)	Percent 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
The Bank of New York Mellon SA/NA, W8IMY	950,565	0.6
SEB Investment Management	832,565	0.5
<b>Total 10 largest shareholders by holdings</b>	<b>111,369,895</b>	<b>72.6</b>
Other shareholders	41,202,030	26.9
Rottneros AB (treasury stock from buy-back)	821,965	0.5
<b>TOTAL</b>	<b>153,393,890</b>	<b>100.0</b>

## SHARE PRICE 2019-2023



## 2024 ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday 20 April 2024 in Sunne.

The customary notice documents are published at least 4 weeks in advance on Rottneros' website, [www.rottneros.com](http://www.rottneros.com).

### Forthcoming financial information

- 28 February 2024 Annual Report 2023
- 25 April 2024 Interim report January–March 2024
- 24 July 2024 Interim report January–June 2024
- 23 October 2024 Interim report January–September 2024

For more information, please visit Rottneros' website, [www.rottneros.com](http://www.rottneros.com).

# Declaration

The Board of Directors and the CEO certify that the quarterly report gives a true and fair summary of the Group's and parent company's operations, financial position and results and describes significant risks and uncertainties faced by the company and the companies included in the Group.

Vallvik on 1 February 2024

**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

**Mika Palmu**  
Employee representative

**Jerry Sohlberg**  
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 company's auditors have not reviewed this report.

This information was submitted for publication, through the agency of the contact persons set out below, on 1 February 2024 at 8:00 a.m. A Swedish and an English version of this report have been drawn up. The Swedish version shall prevail in the event of differences between the two reports.

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## CONSOLIDATED INCOME STATEMENT

AMOUNTS IN MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
<b>NET TURNOVER</b>	<b>637</b>	<b>730</b>	<b>2,755</b>	<b>2,980</b>
Change in finished goods inventories	-40	27	9	88
Other operating income	-1	-12	35	44
<b>Operating income, total</b>	<b>596</b>	<b>745</b>	<b>2,799</b>	<b>3,112</b>
Raw materials and consumables	-390	-406	1,661	-1,415
Other external costs	-191	-223	-573	-649
Employee benefit expenses	-81	-85	-302	-357
Other operating expenses	-10	0	-11	0
<b>EBITDA (operating profit/loss before depreciation/amortisation and impairment)</b>	<b>-76</b>	<b>31</b>	<b>252</b>	<b>691</b>
Depreciation/amortisation and impairment losses	-24	-30	-113	-141
<b>EBIT (operating profit/loss)</b>	<b>-100</b>	<b>1</b>	<b>139</b>	<b>550</b>
Financial income	14	12	24	169
Financial expenses	5	-2	-10	-5
<b>Total financial items</b>	<b>19</b>	<b>10</b>	<b>14</b>	<b>164</b>
<b>PROFIT/LOSS AFTER FINANCIAL ITEMS</b>	<b>-81</b>	<b>11</b>	<b>153</b>	<b>714</b>
Tax on income for the period	17	-2	-32	-149
<b>NET INCOME</b>	<b>-64</b>	<b>9</b>	<b>121</b>	<b>565</b>
Average number of shares outstanding (thousands) <sup>1</sup>	152,572	152,572	152,572	152,572
Earnings per share, SEK <sup>1</sup>	-0.42	0.06	0.79	3.70

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

## STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	2022
<b>NET INCOME</b>	<b>-64</b>	<b>9</b>	<b>121</b>	<b>565</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that have been or may be transferred to profit or loss for the period				
Changes in value of cash flow hedges	11	-293	-385	319
Income tax effect on changes in value	-3	60	79	-66
Translation differences	-1	0	0	0
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>7</b>	<b>-233</b>	<b>-306</b>	<b>253</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD <sup>2</sup></b>	<b>-57</b>	<b>-224</b>	<b>-185</b>	<b>818</b>

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

## CONSOLIDATED BALANCE SHEET, SUMMARY

AMOUNTS IN MSEK	31 Dec 2023	31 Dec 2022
Intangible assets	21	21
Property, plant and equipment	1,274	1,190
Financial assets	175	290
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,470</b>	<b>1,501</b>
Inventories	493	436
Current receivables	658	1,020
Cash and cash equivalents	196	465
<b>TOTAL CURRENT ASSETS</b>	<b>1,347</b>	<b>1,921</b>
<b>TOTAL ASSETS</b>	<b>2,817</b>	<b>3,422</b>
<b>Shareholders' equity</b>	<b>1,858</b>	<b>2,256</b>
Long-term liabilities		
Interest-bearing liabilities	59	111
Deferred tax liability	158	268
Other non-interest-bearing liabilities	65	57
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>282</b>	<b>436</b>
Current liabilities		
Interest-bearing liabilities	32	–
Non-interest-bearing liabilities	645	730
<b>TOTAL CURRENT LIABILITIES</b>	<b>677</b>	<b>730</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>2,817</b>	<b>3,422</b>
<b>Shareholders' equity per share</b>	<b>12.18</b>	<b>14.79</b>

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, SUMMARY

AMOUNTS IN MSEK	Share capital	Other injected capital	Repurchased treasury shares	Other reserves		Retained earnings, incl. profit/loss for the year	Total shareholders' equity
				Hedging reserve	Translation difference		
<b>Opening balance, 1 January 2022</b>	<b>153</b>	<b>730</b>	<b>-69</b>	<b>113</b>	<b>-8</b>	<b>608</b>	<b>1,527</b>
Net income Jan-Dec						565	565
Other comprehensive income, Jan-Dec				253	2		255
Total comprehensive income for Jan-Dec				253	2	565	820
Dividends to shareholders, Jan-Dec						-91	-91
<b>Closing balance, 31 December 2022</b>	<b>153</b>	<b>730</b>	<b>-69</b>	<b>366</b>	<b>-6</b>	<b>1,082</b>	<b>2,256</b>
Net income Jan-Dec						121	121
Other comprehensive income, Jan-Dec				-306	0		-306
Total comprehensive income for Jan-Dec				-306	0	121	-185
Dividends to shareholders, Jan-Dec						-213	-213
<b>Closing balance, 31 December 2023</b>	<b>153</b>	<b>730</b>	<b>-69</b>	<b>60</b>	<b>-6</b>	<b>990</b>	<b>1,858</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

AMOUNTS IN MSEK	Jan-Dec 2023	Jan-Dec 2022
<b>EBIT</b>	<b>139</b>	<b>550</b>
Adjustment for items not included in cash flow	-4	-
Depreciation/amortisation and impairment losses	118	140
<b>EBIT adjusted for items not affecting cash flow</b>	<b>253</b>	<b>690</b>
Received/paid financial items	4	-2
Received/paid taxes	-113	-32
<b>Cash flow from operating activities before changes in working capital</b>	<b>144</b>	<b>656</b>
Change in working capital	-40	-117
<b>Cash flow from operating activities</b>	<b>104</b>	<b>539</b>
Investments in tangible and intangible assets	-205	-112
Investments in financial assets	-96	-
Sale of non-current assets	7	-
Change in current financial investments	154	-
<b>Cash-flow from investing activities</b>	<b>-140</b>	<b>-112</b>
Borrowings, long-term loans	100	-
Amortisation, long-term bank loans	-120	-34
Dividend paid	-213	-91
<b>Cash flow from financing activities</b>	<b>-233</b>	<b>-125</b>
<b>Net cash flow for the period</b>	<b>-269</b>	<b>302</b>
Cash and cash equivalents at start of period	465	161
Net cash flow for the period	-269	302
Exchange rate difference in cash and cash equivalents	0	2
Closing cash and cash equivalents	196	465

## CHANGES IN INTEREST-BEARING LIABILITIES

AMOUNTS IN MSEK	Jan-Dec 2023	2022
<b>Interest-bearing liabilities on the balance sheet at the beginning of the period</b>	<b>111</b>	<b>145</b>
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	-34
<b>Total</b>	<b>-20</b>	<b>-34</b>
Other changes:		
Via acquisition	-	-
Accrual of direct costs related to the issuance of bonds that are amortised over the term of the loan	-	-
<b>Interest-bearing liabilities on the balance sheet at the end of the period</b>	<b>91</b>	<b>111</b>

## PARENT COMPANY INCOME STATEMENT

AMOUNTS IN MSEK	Jan-Dec 2023	Jan-Dec 2022
<b>NET TURNOVER</b>	<b>18</b>	<b>8</b>
Other operating income	11	16
<b>OPERATING INCOME, TOTAL</b>	<b>29</b>	<b>24</b>
Result from hedging activities	-2	-58
Other external costs	-38	-36
Employee benefit expenses	-40	-42
<b>EBITDA (operating profit/loss before depreciation/amortisation and impairment)</b>	<b>-51</b>	<b>-112</b>
Depreciation/amortisation and impairment losses	0	-3
<b>EBIT (operating profit/loss)</b>	<b>-51</b>	<b>-115</b>
Profit from participations in Group companies	133	534
Financial income	187	24
Financial expenses	-10	-4
<b>TOTAL FINANCIAL ITEMS</b>	<b>310</b>	<b>554</b>
<b>PROFIT/LOSS AFTER FINANCIAL ITEMS</b>	<b>259</b>	<b>439</b>
Tax on income for the period	-53	-92
<b>NET INCOME</b>	<b>206</b>	<b>347</b>

PARENT COMPANY STATEMENT OF  
COMPREHENSIVE INCOME

AMOUNTS IN MSEK	Jan-Dec 2023	Jan-Dec 2022
<b>NET INCOME</b>	<b>206</b>	<b>347</b>
Other comprehensive income	-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>206</b>	<b>347</b>

## BALANCE SHEET – PARENT COMPANY

AMOUNTS IN MSEK	31 Dec 2023	31 Dec 2022
Intangible assets	0	0
Property, plant and equipment	3	1
Financial assets <sup>1</sup>	758	664
<b>TOTAL NON-CURRENT ASSETS</b>	<b>761</b>	<b>665</b>
Current receivables <sup>2</sup>	825	637
Cash and cash equivalents	158	428
<b>TOTAL CURRENT ASSETS</b>	<b>983</b>	<b>1,065</b>
<b>TOTAL ASSETS</b>	<b>1,744</b>	<b>1,730</b>
Shareholders' equity	1,080	1,088
Long-term liabilities		
Interest-bearing	51	102
Non-interest-bearing	54	57
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>105</b>	<b>159</b>
Current liabilities		
Interest-bearing	32	-
Non-interest-bearing <sup>3</sup>	527	483
<b>TOTAL CURRENT LIABILITIES</b>	<b>559</b>	<b>483</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,744</b>	<b>1,730</b>

<sup>1</sup> Including receivables of 283 MSEK (283) from subsidiaries.<sup>2</sup> Includes receivables from subsidiaries of 801 (568) MSEK.<sup>3</sup> Includes liabilities to subsidiaries of 486 (443) MSEK.

# Supplementary disclosures, notes in summary and other information

## 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.

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

## Net turnover

The vast majority of Rottneros revenue flows derives from 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. 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 balance sheet 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.

As a result of the 16 August 2022 decision to close the groundwood line at Rottneros Mill, the Group has electricity hedges that exceed the estimated consumption for 2023 and 2024. In accordance with IFRS 9, the portion of the hedge that is not matched by future cash flows is classified as financial items. Changes in value of the part that does not correspond to future cash flows are recognised in net financial items and amounted to 10 MSEK for the period January–December 2023.

The financial derivatives as of 31 December 2023 consist of a purchase position of 7 MW. Cash flow from the realised financial derivatives totalled 154 MSEK for the period January–December 2023.

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. As before, the 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.

The nature of other financial assets and liabilities is in all essential respects the same as on 31 December 2022. The carrying amounts are deemed to be equal to actual values, which was also the case at the end of 2022, since the effect of discounting is not of material significance. Accounts receivables 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.

## AVERAGE NUMBER OF EMPLOYEES

The average number of employees was 293 (319) for the period January–September.

## TRANSACTIONS WITH RELATED PARTIES

During January–December 2023, Rottneros sold pulp to the related party Arctic Paper S.A. Group amounting to 9 (0) MSEK. Outstanding operating receivables for Arctic Paper as of 31 December 2023 totalled 0 (0) MSEK. The transactions took place on market terms.

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events to report.

## CHANGES IN GROUP MANAGEMENT

Anna Jonhed was appointed to serve as CEO of Rottneros Packaging. She will assume the position on 1 March 2024 and will be part of the Group Management.

## ROTTNEROS' NET TURNOVER

AMOUNTS IN MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Rolling 12 months	Full year 2022
Sales of pulp	570	676	2,492	2,762	2,492	2,762
Results from pulp price hedging	3	-15	-2	-58	-2	-58
Sales of by-products and other	28	25	120	96	120	96
Sales of wood	36	44	145	180	145	180
<b>TOTAL NET TURNOVER</b>	<b>637</b>	<b>730</b>	<b>2,755</b>	<b>2,980</b>	<b>2,755</b>	<b>2,980</b>

## NET TURNOVER BY GEOGRAPHIC MARKET

AMOUNTS IN MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Rolling 12 months	Full year 2022
Sweden	169	225	605	680	605	680
Other Nordic countries	60	79	285	274	285	274
Germany	74	108	370	457	370	457
Italy	36	107	150	391	150	391
Rest of Europe	91	20	392	271	392	271
North America	54	43	221	244	221	244
Asia	149	148	719	663	719	663
Rest of world	3	0	12	0	12	0
<b>TOTAL NET TURNOVER</b>	<b>637</b>	<b>730</b>	<b>2,755</b>	<b>2,980</b>	<b>2,755</b>	<b>2,980</b>

## BREAKDOWN OF PULP TURNOVER BY USE

AMOUNTS IN MSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022	Rolling 12 months	Full year 2022
Board and packaging	160	189	729	880	729	880
Printing and writing papers	13	70	67	266	67	266
Filters	114	120	593	542	593	542
Electrotechnical applications	116	120	489	410	489	410
Tissue paper	66	27	229	114	229	114
Special applications	71	110	298	399	298	399
Fibre cement	15	65	40	65	40	65
Other	14	-25	46	86	46	86
<b>TOTAL PULP TURNOVER</b>	<b>570</b>	<b>676</b>	<b>2,492</b>	<b>2,762</b>	<b>2,492</b>	<b>2,762</b>

## FAIR VALUE FOR DERIVATIVES, 31 DECEMBER 2022

Hedging	Hedged volume	Maturity	Hedging level	Fair value (SEK m)
Pulp, futures sold	12,000 tonnes	2023	13,638 SEK/tonne	6
Electricity, forward purchase, cash flow hedge	640,200 MWh	2023-2025	0.345 SEK/kWh	454
Electricity, forward, financial	105,120 MWh	2023-2024	–	165
<b>TOTAL FAIR VALUE</b>				<b>625</b>

## FAIR VALUE FOR DERIVATIVES, 31 DECEMBER 2023

Hedging	Hedged volume	Maturity	Hedging level	Fair value (SEK m)
Pulp, futures sold	12,000 tonnes	2024	13,284 SEK/tonne	7
Electricity, forward purchase, cash flow hedge	561,336 MWh	2024-2028	401 SEK/kWh	68
Electricity, forward, financial	61,488 MWh	2024	–	20
<b>TOTAL FAIR VALUE</b>				<b>95</b>

## GROUP PERFORMANCE IN SUMMARY

	2023	2022	2021	2020	2019
<b>Income statement, MSEK</b>					
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
<b>Profit/loss after financial items</b>	<b>153</b>	<b>714</b>	<b>246</b>	<b>-61</b>	<b>247</b>
<b>Net income</b>	<b>121</b>	<b>565</b>	<b>198</b>	<b>-50</b>	<b>194</b>
<b>Statement of cash flow, MSEK</b>					
Cash flow from operating activities	104	541	288	85	462
Cash low investing activities	-140	-112	-123	-128	-109
Cash flow after investments in non-current assets	-36	429	165	-43	353
Cash flow from financing activities	-233	-125	-334	-3	-214
<b>Net cash flow</b>	<b>-269</b>	<b>304</b>	<b>-169</b>	<b>-46</b>	<b>138</b>
<b>Balance sheet items, MSEK</b>					
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	325	207	150	176
Current interest-bearing liabilities	32	-	-	-	-
Current non-interest-bearing liabilities	645	730	503	395	406
Capital employed	1,753	1,902	1,511	1,382	1,415
<b>Total shareholders' equity and liabilities</b>	<b>2,817</b>	<b>3,422</b>	<b>2,382</b>	<b>2,257</b>	<b>2,373</b>

	2023	2022	2021	2020	2019
<b>Key performance indicator</b>					
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 (rolling 12 months), %	6.5	29.9	14.0	-3.7	13.7
Return on capital employed (rolling 12 months), %	7.9	32.2	18.5	-3.0	17.7
Equity/assets ratio, %	66	66	64	58	58
Debt/equity ratio, %	-6	-16	-1	6	3
<b>Other</b>					
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 <sup>1</sup>	1,268	1,404	1,198	843	984
SEK/USD <sup>2</sup>	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

<sup>1</sup> Source: Market quotation gross price once a week. Average for each period.

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

## QUARTERLY DATA GROUP

	2023				2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Income statement, MSEK</b>												
Net turnover	637	693	681	744	730	806	784	660	598	570	593	542
EBITDA	-76	79	71	178	31	233	254	174	88	130	127	40
Depreciation/amortisation and impairment losses	-24	-30	-30	-29	-30	-49	-34	-29	-30	-29	-30	-29
EBIT	-100	49	41	149	1	185	220	145	58	101	97	11
Financial items (net financial items)	19	-7	3	-1	10	156	-1	-1	-1	-11	-4	-4
Profit/loss after financial items	-81	42	44	148	11	341	219	144	57	90	93	7
Tax on income for the period	17	-9	-10	-30	-2	-71	-46	-30	-8	-19	-19	-2
<b>Net income</b>	<b>-64</b>	<b>33</b>	<b>34</b>	<b>118</b>	<b>9</b>	<b>270</b>	<b>172</b>	<b>114</b>	<b>49</b>	<b>71</b>	<b>74</b>	<b>5</b>
<b>Per share</b>												
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
<b>Other</b>												
Pulp production, 1,000 tonnes	80	88.8	93.2	89.6	87.2	96.2	110.5	103.2	91.4	92.2	109.2	102.5
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
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

SHARE DATA<sup>1</sup>

		2023	2022	2021	2020	2019
Shares outstanding at the beginning of the period <sup>2</sup>	Number	152,572	152,571	152,572	152,572	152,572
Shares outstanding at the end of the period <sup>2</sup>	Number	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
Repurchased treasury shares <sup>2</sup>	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 <sup>3</sup>	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 <sup>4</sup>						
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
Total shareholder return	%	11	23	33	-29	55
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

<sup>1</sup> None of the key performance indicators are affected by any dilution effect.<sup>2</sup> Number of shares in thousands, excluding Rottneros' treasury shares.<sup>3</sup> Cash flow from operating activities less investments in non-current assets, divided by average number of shares outstanding.<sup>4</sup> Refers to dividends paid in each year.

# Alternative key performance indicators

Alternative ratios 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 key indicators P/E ratio, Earnings per share and Operating profit/loss per share, 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 margin

EBIT as a percentage of net turnover.

### Profit margin

Profit/loss after financial items as a percentage of net turnover.

### 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.

### 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 (rolling 12 months)

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

### Return on equity (rolling 12 months)

Net income for the last 12 months, as a percentage of average equity (average of 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.

### Liquidity

Cash in hand, deposits with banks and similar institutions and short-term and liquid investments readily convertible into a known amount.

### Available liquidity

Cash and cash equivalents and available credit from banks and equivalent institutions.

### 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 after tax (rolling 12 months).

### Operating profit/loss per share

Profit before financial items and income taxes divided by the average number of shares outstanding.

# Glossary

## **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).

## **BEK**

Bleached Eucalyptus Kraft pulp.

## **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.

## **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.

## **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)**

Mechanical pulp based on roundwood as a raw material.

## **High-yield pulp**

Groundwood pulp, TMP and CTMP/BCTMP.

## **LTIFR**

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

## **Long-fibre pulp**

Pulp where the raw material is softwood, which has longer cellulose fibre 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 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.

## **NBSK**

Northern Bleached Softwood Kraft: bleached long-fibre sulphate pulp. The leading indicator of world market prices.

## **Short-fibre pulp**

Pulp where the raw material is hardwood, which has shorter cellulose fibre than softwood.

## **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.

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, and the wood procurement company SIA Rottneros Baltic in Latvia and the forest operator Nykvist Skogs AB. The Group has approximately 290 employees and a turnover of approximately SEK 2,8 billion.



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