

Rottneros AB

# Interim report Jan - Sep 2024

**40** MSEK

EBIT for Q3 2024



Stable demand in  
selected niches



High raw material costs

**319** MSEK

Invested in  
assets during the year





# Higher raw material costs impact profit

## Q3 2024 compared with (Q3 2023)

**NET TURNOVER** decreased by 1 percent to 686 (693) MSEK. Compared with the second quarter of 2024, turnover decreased by 4 percent due to lower sales volumes.

**THE LIST PRICE** of NBSK pulp was 36 percent higher compared with the third quarter of 2023. Compared with the second quarter of 2024, the list price rose 6 percent. The market price of CTMP decreased by 3 percent compared with the third quarter of 2023 and by 9 percent from the second quarter of 2024.

**PRODUCED VOLUME** amounted to 90.6 (88.7) thousand tonnes, which is 2 percent higher than in the third quarter of 2023.

**VOLUME SOLD** amounted to 82.1 (102.3) thousand tonnes, a decline of 20 percent. The sales volume was higher than normal in the third quarter of 2023.

**EBIT** (operating profit) was 40 (49) MSEK. Higher selling prices were offset by lower sales volumes and higher costs.

**NET INCOME** for the quarter amounted to 28 (33) MSEK. Earnings per share totaled 0.18 (0.22) SEK.

**THE BALANCE SHEET** remains strong. The equity/assets ratio was 60 (66) percent. Available liquidity amounted to 258 (696) MSEK. Net debt was 202 MSEK.

**INVESTMENTS** in the ongoing investment program are in the final phase and amounted to 319 (172) MSEK for the period January – September.

	Jul-Sep 2024	Jul-Sep 2023	change	Apr-Jun 2024	change Q3-Q2/24	Jan-Sep 2024	Jan-Sep 2023	change	rolling 12 months	Jan-Dec 2023
Net turnover	686	693	-7	711	-25	2,084	2,117	-33	2,722	2,755
EBITDA, MSEK	70	78	-8	65	5	169	328	-158	93	252
EBIT, MSEK	40	49	-9	30	10	74	239	-164	-25	139
Profit/loss after financial items, MSEK	35	42	-7	30	5	62	234	-172	-20	153
Net income, MSEK	28	33	-6	22	6	48	185	-137	-17	121
Earnings per share, SEK	0.18	0.22	-0.04	0.15	0.03	0.31	1.21	-0.90	-0.11	0.79
Cash-flow from current operations, MSEK	14	60	-46	6	8	80	181	-101	3	104
Return on capital employed (rolling 12 months), %	-	-	-	-	-	-1.4	14.5	-15.9	-1.4	7.6
Production, thousand tonnes	90.6	88.8	1.8	91.0	-0.4	265.9	271.7	-5.8	346.0	351.7
Deliveries*, thousand tonnes	82.1	102.3	-20.2	88.6	-6.5	260.5	267.7	-7.2	344.9	352.2

\* Excluding groundwood pulp

**686** MSEK

Net sales were held back by lower sales volumes.

**40** MSEK

EBIT for the third quarter of 2024 rose from 30 MSEK in the second quarter of 2024.

**60** %

The equity/assets ratio was 60 percent and available liquidity totaled 258 MSEK.

**319** MSEK

The ongoing investments amounted to 319 MSEK in January – September 2024.





**“Our three major investment projects will be commissioned in the autumn after an intensive year.”**

### Comments by the CEO

## Earnings negatively impacted by higher raw material costs

Our production remained relatively stable in the third quarter, but rising raw material costs continued to negatively impact our earnings. Although the chemical pulp market experienced a slight slowdown, our customers continue to show interest in expanding volumes in our chosen niches. All three major investment projects at our mills are starting up this fall. As before, safety, efficiency, and high availability at our mills are of the utmost importance to ensure that our employees feel safe in their workplace and can achieve optimal results despite external challenges.

The serious workplace accident at Rottneros Mill in June is deeply regrettable, and we take this matter very seriously. The safety of our employees is always at the top of our agenda. We, along with the relevant authorities, are conducting a thorough investigation into the cause of the accident. We have completed our part of the investigation and submitted it to the authorities. Our employee, who sustained the most severe injuries, is now recovering at home following an extended hospital stay.

Total production for the group increased by 2 percent compared with the same quarter last year. EBIT fell by 9 MSEK to 40 MSEK, mainly due to higher wood costs, which increased by about 40 MSEK. Gradually rising competition for pulp wood is driving prices upward. Meanwhile, our own supply of wood and wood chips remains strong, largely due to our long-term efforts to foster close relationships with our suppliers, which are mainly sawmills and timber companies.

## Comments by the CEO

686 MSEK

Net turnover

40 MSEK

EBIT

258 MSEK

Available liquidity

The quarter was also impacted by some costs associated with the annual maintenance shutdown in Vallvik, although most of the shutdown occurs in the fourth quarter. The annual production shutdown at Rottneros Mill will also occur in the fourth quarter this year, in contrast to last year when it was held in September.

### **Our major investment projects are in the final phase**

All three major investment projects at our mills will gradually start up this fall. They include the expanded CTMP capacity, set to be commissioned at the end of October, as well as solar panels with battery storage at Rottneros Mill and the tall oil plant in Vallvik, both of which are already up and running. At the same time, we are keeping up a fast pace of ongoing maintenance investments to ensure stable and reliable production. Investments in the first nine months totaled 319 MSEK. Total Investments for the year are estimated to be approximately 460 MSEK.

### **The market has experienced a slight slowdown**

The market for pulp softened slightly in the third quarter. The weak demand trend in China, which started in the previous quarter, continued, and by summer Europe had also experienced a slowdown.

The list price for bleached chemical softwood pulp dropped from 1,620 USD per tonne at the end of June to 1,560 USD by the end of the quarter. Inventory levels rose after weak demand in August. Customers in our niches, such as e-pulp and filters, remain interested in increasing volumes. The CTMP market remains relatively weak, largely because of declining demand in China and in the packaging board segment as a whole. Our profitability in CTMP is also impacted by lower global market prices and higher raw material costs. As a result, we implemented some minor limits on production at Rottneros Mill during the quarter.

### **Packaging: production start in Poland planned for the fourth quarter**

Our project for large-scale production of molded fiber trays in Poland in partnership with Arctic Paper has been slightly delayed by longer than expected transport times for the equipment. Production is now scheduled to begin in the fourth quarter. Interest in our fossil-free and climate-friendly packaging solutions is steadily growing.

### **Our strong finances allow for strategic flexibility**

Despite the high pace of investment this year, our balance sheet remains strong. It represents one of the strategic cornerstones in our long-term efforts to expand and grow the business. At the end of September, the equity ratio was 60 percent and available liquidity was 258 MSEK.

In closing, I would like to thank all of our employees for their continuous hard work to take Rottneros to the next level. I also wish to extend my sincere thanks to our customers, suppliers, owners, and the Board for their valuable cooperation.

Lennart Eberleh  
President and CEO

“Continued stable demand in selected niches.”



Market overview – Pulp market

# China's expansion in pulp and board changes the dynamics

The global economy is experiencing moderate growth. Global GDP is projected to grow by 3.2 percent in both 2024 and 2025. China's growth is expected to decline from 4.9 percent to 4.2 percent next year, the US from 2.6 percent to 1.6 percent, while the EU's is forecasted to rise from 0.7 percent to 1.3 percent. India leads the major economies in growth, expected to reach 6.7 percent this year and 6.8 percent next year.

While inflation has continued to fall, it still remains higher than the levels of the last decade. Various trade barriers, such as tariffs and sanctions arising from the geopolitical landscape, may have a negative impact on growth. Further interest rate cuts by central banks are expected to stimulate the economy.

The market for pulp softened in the third quarter. The weak trend in China, which started in the previous quarter, continued, and by summer, Europe had also experienced a slowdown in demand. Meanwhile, demand in North America remained relatively strong in the third quarter.

Deliveries of pulp to China have gradually declined so far this year. As of August, deliveries have decreased by 12 percent. China has increased its integrated pulp production capacity by several million tonnes in recent years, and weakness in the construction industry has allowed raw materials from the forest to be redirected to pulp production, which helps keep these costs down. Overcapacity in board manufacturing in China has also become significant, driving board prices down and increasing exports to other Asian countries.

The list price for NBSK in Europe fell from 1,620 USD to 1,560 USD in the third quarter. Net prices fell from 860 USD to 760 USD during the quarter. Net prices for NBSK in China fell from 820 USD to 750 USD. The net price of hardwood pulp in Europe declined from 810 USD to 630 USD during the third quarter. Global net prices for BCTMP fell from 510 USD to around 450 USD during the quarter.

Paper and board production in Europe was 8 percent higher through July compared to the previous year. However, the trend was strongest in the first half of the year, with the rate of increase gradually slowing as summer approached.

Tissue production in the main markets (excl. China) until July shows an increase of 3.0 percent compared to 2023. Globally, tissue paper is the largest end use for market pulp with more than 40 percent of the market. For this application Rottneros sells primarily CTMP.

Deliveries of printing and writing papers January to July rose by 3.6 percent in the most important markets (excl. China), compared with 2023. Europe, in particular, showed a strong recovery during the first half of the year and remains 10 percent above last year's level, although the pace has slowed since the summer. Rottneros withdrew from the printing and writing papers segment in 2022, but it is still the second largest use of market pulp globally.

Demand for market pulp has slowed down during the year. The rise earlier in the year reversed in August to

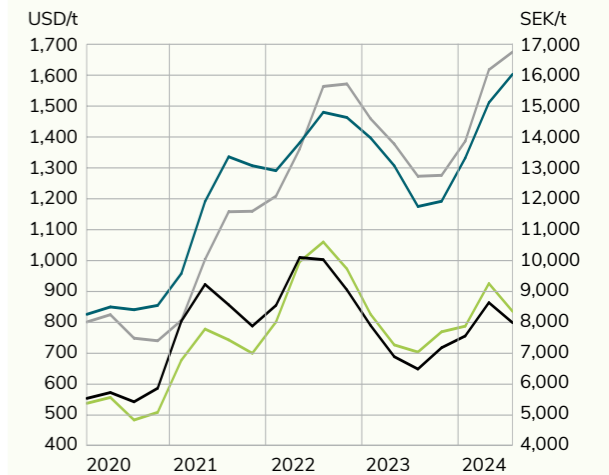
a cumulative decline of 1.0 percent compared to 2023, with hardwood pulp up 0.5 percent and softwood pulp down 3.1 percent. Demand for unbleached pulp (UKP) decreased by 2.4 percent compared with 2023. CTMP demand fell sharply in August, down 8.4 percent, but is still 6.0 percent above last year's level year-to-date.

Manufacturers' global stocks of softwood pulp stood at 44 days in August, an increase of 8 days compared to May, while hardwood pulp stocks reached 48 days, up by 3 days compared to May. Stocks of both qualities indicate an oversupply.

Demand in Rottneros' niche markets has remained stable level throughout the year.

## NBSK PRICES 2020–2024

PIX Europe USD per tonne\* —  
 PIX Europe SEK per tonne\* —  
 TTO Europe USD per tonne\*\* —  
 TTO Europe SEK per tonne\*\* —



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

Performance July – September

# Stable activity but higher costs

**+120** MSEK

Impact on EBIT from higher selling prices

**-46** MSEK

Higher variable costs

Turnover amounted to 686 (693) MSEK, a decline of 1 percent. Demand for sulphate pulp was robust, while the market for CTMP softened. Sales volume decreased by 20 percent to 82.1 (102.3) thousand tonnes. The volume in the third quarter of 2023 was unusually high and is not representative of a normal quarter.

Compared with the third quarter of 2023, the list price of NBSK rose by 36 percent in USD. The development of Rottneros' sales prices lags behind list prices, as reflected in the comparison with the same quarter of 2023. Compared with the second quarter of 2024, the list price of NBSK rose by 6 percent. The market price of CTMP rose by 3 percent compared with the second quarter of 2023 and decreased by 9 percent compared with the second quarter of 2024.

Pulp price hedging gave a negative outcome of -10 (3) MSEK. Sales of products other than pulp totaled 83 (55) MSEK, corresponding to 12 percent of turnover.

Variable costs remain high, though the upward trend has flattened. The supply of pulp wood in Sweden has been affected by lower harvesting than in previous years. Nevertheless, Rottneros has had a good supply of pulp wood during the period and Baltic State imports have been at a normal level.

The variable costs, based on SEK per tonne produced, increased by 46 MSEK for the third quarter of 2024 compared with the same quarter in 2023.

Electricity prices have been low during the quarter. The system price was 0.23 (0.33) SEK per kWh. Rottneros' consumption takes place primarily in electricity area SE3, where the price has been 0.15 (0.33) SEK per kWh. Rottneros hedges most of its electricity consumption. The realized outcome for electricity price hedges was 9 (-2) MSEK. The net cost of the Group's electricity consumption was 0.33 (0.35) SEK per kWh in the third quarter.

Fixed costs were higher compared with the third quarter of 2023 and increased by 25 MSEK. A portion of the maintenance costs for the annual shutdowns in the fourth quarter was recognized in the third quarter.

Depreciation and amortization for the period was 30 (30) MSEK.

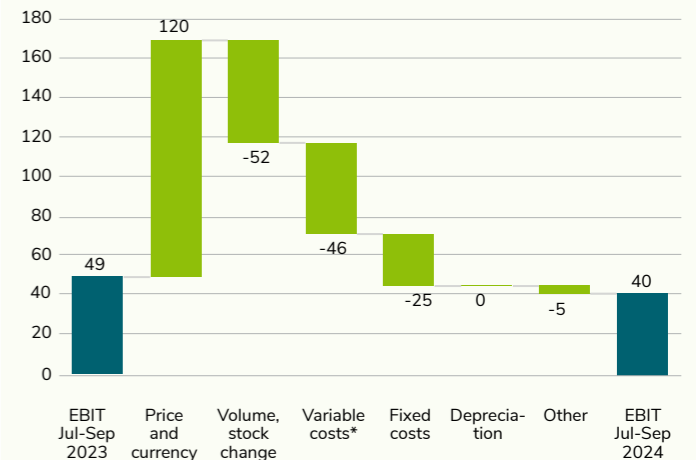
The item "other" in the chart includes the results of activities other than the sale of pulp, as well as currency revaluation effects. During the quarter emission rights were sold totaling 11 MSEK.

EBIT for the quarter was 40 (49) MSEK. Higher selling prices were offset by lower sales volumes and increased variable and fixed costs.

## QUARTERLY COMPARISON

	July-Sep 2024	July-Sep 2023	change, %	Jan-Sep 2024	change, %
NBSK, USD	1,603	1,175	36	1,511	6
SEK/USD	10.43	10.81	-4	10.69	-2
NBSK, SEK	16,727	12,706	32	16,150	4
Net turnover, MSEK	686	693	-1	711	-4
EBIT, MSEK	40	49	-19	30	31

## DIFFERENCE IN EBIT THIRD QUARTER 2024 COMPARED WITH SAME PERIOD 2023 (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

# Stable production

The production volume of sulphate pulp at Vallvik Mill was 59,600 (60,000) tonnes for the third quarter. The production level of CTMP remains high at Rottneros Mill. However, production was adjusted to market conditions during the quarter and amounted to 31,000 (28,700) tonnes. The annual maintenance shutdown at Rottneros Mill impacted production in the third quarter of 2023.

The Group's total production for the third quarter was 90,600 (88,700) tonnes, representing a 2 percent increase over the previous year. For the period January – September, production decreased 2 percent to 266,000 (271,500) tonnes due to production issues at Vallvik at the beginning of the year.

Customer deliveries of sulphate pulp and CTMP decreased by 20 percent to 82,100 (102,300) tonnes. Cumulatively, deliveries fell by 3 percent to 260,500 (267,800) tonnes. During the period, demand for sulphate pulp has been robust, while the market for CTMP has been weak.

## PRODUCTION AND DELIVERIES

Production, tonnes	July-Sep 2024	July-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Rolling 12 months	Jan-Dec 2023
Sulphate pulp	59,600	60,000	169,500	181,400	217,800	229,600
CTMP	31,000	28,800	96,400	90,300	128,200	122,100
<b>TOTAL</b>	<b>90,600</b>	<b>88,800</b>	<b>265,900</b>	<b>271,700</b>	<b>346,000</b>	<b>351,700</b>

Deliveries, tonnes	July-Sep 2024	July-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Rolling 12 months	Jan-Dec 2023
Sulphate pulp	54,000	63,400	165,200	175,100	221,500	231,400
CTMP	28,100	38,900	95,300	92,600	123,400	120,800
<b>TOTAL</b>	<b>82,100</b>	<b>102,300</b>	<b>260,500</b>	<b>267,700</b>	<b>344,900</b>	<b>352,200</b>
Groundwood pulp	0	0	0	4,700	0	4,700

### Maintenance shutdowns and seasonal variations

The annual maintenance shutdown at Rottneros Mill has been moved from September to October. In 2023, the shutdown was held in the third quarter. As planned and as in previous years, Vallvik Mill will hold its maintenance shutdown in the fourth quarter.

The direct costs relating to maintenance shutdowns are recognized 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, 2024

### VALLVIK MILL

Estimated impact on income:  
70–80 MSEK

### ROTTNEROS MILL

Estimated impact on income:  
15–20 MSEK

## TIMING OF MAINTENANCE SHUTDOWN

	2024	2023
VALLVIK MILL	Q4	Q4
ROTTNEROS MILL	Q4	Q3





Performance January – September

# Higher raw material costs squeeze margins

74 MSEK

EBIT for the period

-75 MSEK

Higher variable costs

Turnover amounted to 2,084 (2,117) MSEK, a decline of 2 percent. Adjusted for groundwood pulp, which has not been included in the product portfolio since the second quarter of 2023, sales remained unchanged. Excluding groundwood pulp, sales volume decreased by 3 percent to 260.5 (267.7) thousand tonnes.

The list price of NBSK rose by 15 percent in USD compared with the period January-September 2023. The change in the list price will affect Rottneros' sales prices with a time lag. Weak global demand for CTMP resulted in lower market prices for the product. Taken together, price and currency effects had a negative impact on profit of -25 MSEK.

Pulp price hedging gave a negative outcome of -21 (-5) MSEK. Sales of products other than pulp increased to 263 (201) MSEK, corresponding to 13 percent of turnover.

Variable costs were at a higher level and increased by 75 MSEK, based on SEK per tonne produced. Wood and fuel prices are higher, but chemical costs have fallen from last year's high levels.

The price of electricity was lower than in the same period in 2023. The system price was 0.43 (0.64) SEK per kWh. Rottneros' consumption takes place primarily in electricity area SE3, where the price has been 0.38 (0.57) SEK per kWh. Rottneros hedges most of its electricity consumption. The realized outcome for electricity price hedges was 6 (38) MSEK. The net cost of the Group's electricity consumption was 0.33 (0.27) SEK per kWh during the period.

Fixed costs were higher than in 2023. Employee benefit expenses were lower due to fewer employees, while the cost of maintenance and other external items rose.

Depreciation and amortization for the period was 95 (89) MSEK. In addition to scheduled depreciation of 90 MSEK, an impairment charge for non-current assets of 5 MSEK was recognized.

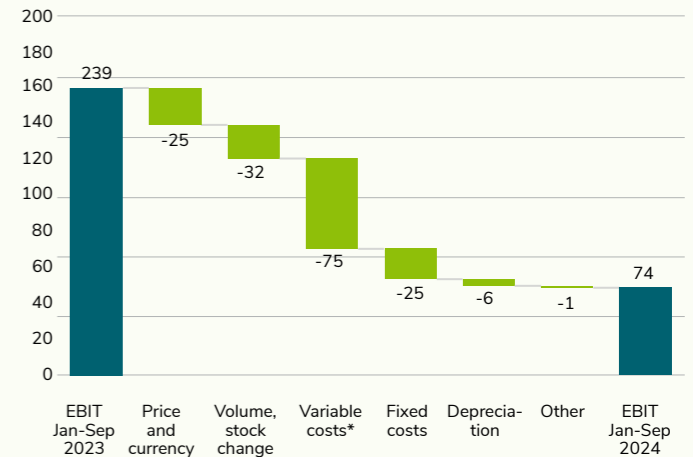
The item "other" in the chart includes the results of activities other than the sale of pulp, as well as currency revaluation effects. During the period emission rights were sold totaling 11 MSEK.

EBIT was 74 (239) MSEK. Earnings gradually improved over the year following a very weak pulp market in late 2023 and early 2024. Compared with the period January – September 2023, selling prices were lower and variable costs were higher. The production volume was lower due to winter-related production problems at Vallvik Mill at the beginning of the year. In addition to lower volume and lost revenue, the problems contributed to higher variable costs per tonne and increased fixed costs.

JANUARY–SEPTEMBER 2024

	Jan–Sep 2024	Jan–Sep 2023	change %
NBSK, USD	1,482	1,293	15
SEK/USD	10.50	10.59	-1
NBSK, SEK	15,561	13,692	14
Net turnover, MSEK	2,084	2,117	-2
EBIT, MSEK	74	239	-69

DIFFERENCE IN EBIT  
JANUARY – SEPTEMBER 2024 COMPARED  
WITH THE SAME IN PERIOD 2023 (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.



# Other items

## Financial items in the income statement

Financial items (net) totaled -13 (-5) MSEK for the period January – September 2024. 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, electricity price hedges for 2024 exceed future cash flows and have now been classified as financial derivatives. The change in value of the contracts recognised under financial items was -8 MSEK.

## 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 amortization, as well as revolving credits of up to 150 MSEK. The loan agreement has a term of two years with a one-year extension option. The extension option was exercised so that the loan matures in June 2025.

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.

In July 2024, Rottneros took out a long-term loan amounting to a maximum of 100 MSEK to finance solar panels and batteries for energy storage. The loan has a 5-year term with straight-line amortization. The loan was secured under EKN's green credit guarantee, which is granted for businesses and investments that support climate transition.

The Group's cash and cash equivalents amounted to 68 MSEK at the end of September, compared with 196 MSEK at the end of 2023. Interest-bearing liabilities were 270 MSEK. Net debt was 202 MSEK, compared with net cash of 105 MSEK at the end of 2023. Total granted and unused credit facilities amounted to 258 MSEK.

The equity/assets ratio amounted to 60 (66) percent as of 30 September 2024. Equity per share amounted to 11.45 (12.55) SEK.

## Cash flow

Cash flow from operating activities for January – September 2024 was 88 (181) MSEK.

Cash flow after investments in fixed assets was -230 (4) MSEK.

During the period, 76 (213) MSEK were distributed to shareholders.

Net cash flow for the period was -128 (-101) MSEK.

## Investments

Group investments in property, plant and equipment amounted to 319 (110) MSEK for the period January – September 2024. Most of the investments relate to major ongoing projects. Total investments are expected to reach 460 MSEK for 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 220 MSEK is being made 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. The increased capacity will be commissioned in autumn 2024.

Rottneros Mill is investing 80 MSEK in renewable energy. 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 will occur gradually in the fall of 2024.

## Parent Company

Loss after financial items for January – September 2024 was -51 (profit: 59) MSEK. The result was negatively affected by the revaluation of electricity and pulp price derivatives of SEK -17 (0) million, recognized as other operating expenses. This revaluation relates to derivative contracts with negative values that are recognized according to the lowest value principle. The valuation 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 climate-related sustainability. Follow-up is primarily carried out on an annual basis, but also quarterly.

## LONG-TERM TARGETS AND TARGET ACHIEVEMENT 2024

FINANCIAL TARGETS	Target	Outcome September 2024
Distribution of net income	30–50 percent	63 percent of net income in 2023
Average growth, produced tonne pulp	3 percent/year	-3 percent
Revenue, non-pulp	At least 10 percent	13 percent
Equity/assets ratio	Over 50 percent	60 percent
SOCIAL TARGETS	Target	Outcome September 2024
Safety, accidents with sick leave	Annual improvement of LTIFR**	10.4 (outcome 2023: 10.2)
Proportion female employees	At least 30 percent by 2025	18 percent
ENVIRONMENTAL TARGETS	Target	Outcome 2023 (measured per year)**
Fossil CO <sub>2</sub> emissions according to GHG scope 1	Fossil-free production 2030	8,972 tonnes*** (outcome 2022: 8,982 tonnes)
Fossil CO <sub>2</sub> 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)

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



# Areas of development

## Rottneros Packaging

Rottneros Packaging focuses on developing and optimising the production of molded fiber 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.

## Joint ventures

### Rottneros Packaging's investment 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 molded fiber 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 utilization.

### Blue Ocean Closures

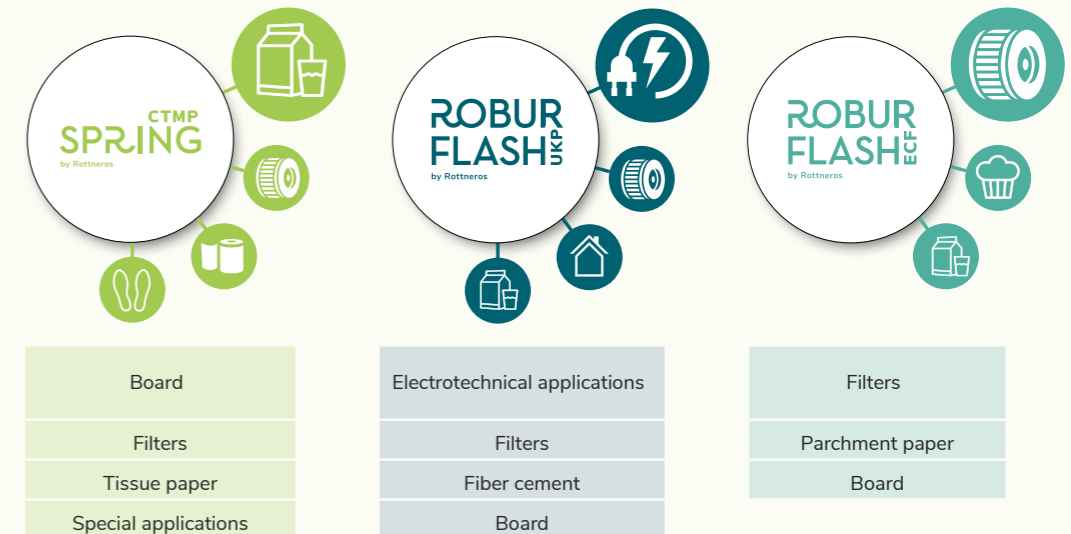
Rottneros became a stakeholder of Blue Ocean Closures in December 2023. Blue Ocean Closures is developing a unique dry forming technology to produce fiber-based closures for consumer packaging on a large scale. The aim is to replace current plastic solutions in a global market. The innovative technology and material has the potential for many more high-volume and high-impact applications, effectively reducing plastic pollution and carbon dioxide emissions.

## New brand and clearer positioning for optimal customer value

Rottneros has complemented the established brands Robur Flash for chemical pulp and Nature for fiber-based trays. The new brand, Spring by Rottneros, represents our mechanical pulp from Rottneros Mill.

The launch of Spring coincides with the expansion of new CTMP manufacturing capacity, investments in renewable energy production at Rottneros Mill and the new business opportunities and products that this facilitates.

In connection with the launch of the new brand, Rottneros has also initiated an external positioning strategy in niche markets where our products generate optimal customer value. Over the past five years, our sales have been concentrated with increasing precision on three application areas where we now boast world-leading positions: Robur Flash ECF for filter production, Robur Flash UKP for electrotechnical insulation materials and Spring for board production. It is worth noting that the excellent properties of our pulps naturally benefit a variety of other applications.



# 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 with about 65 percent of the inflow and of EUR about 25 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 SEK/USD exchange rate for the period January – September 2024 was 10.50 SEK, while in the same period in 2023 it was 10.59.

The Group has hedged SEK/USD with a “Risk Reversal,” where the sale of USD takes place within an interval. At the end of the quarter, 28 MUSD was hedged with monthly maturities until May 2025 in the range of 9.94-11.05 SEK/USD.

## Pulp price

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in SEK. At the end of September 2024, the Group held pulp price hedges of 3,000 tonnes maturing between October and December 2024 at an average price of 13,284 SEK per tonne. The fair value of these unrealised price hedges was -6 MSEK as of 30 September 2024.

## 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 September 2024, 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 hedged share includes the PPA described below until 2028. The fair value of these unrealised electricity price hedges was -22 MSEK as of 30 September 2024. 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 imbalance between electricity price areas a certain percentage of the contracts are hedged in relation to area SE3. The average price level for electricity on the Nord Pool exchange (area SE3) amounted to SEK 0.38 (0.57) per kWh for January – September 2024.

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 at a fixed price in SE3.

See pages 51–58 of the 2023 Annual Report for further information on risks.

## ELECTRICITY PRICE HEDGES AS OF 30 SEPTEMBER 2024

Year	Proportion hedged, %	SEK per kWh
2024	100	36
2025	86	38
2026	40	54
2027	36	52
2028	33	56

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



# The share and shareholders

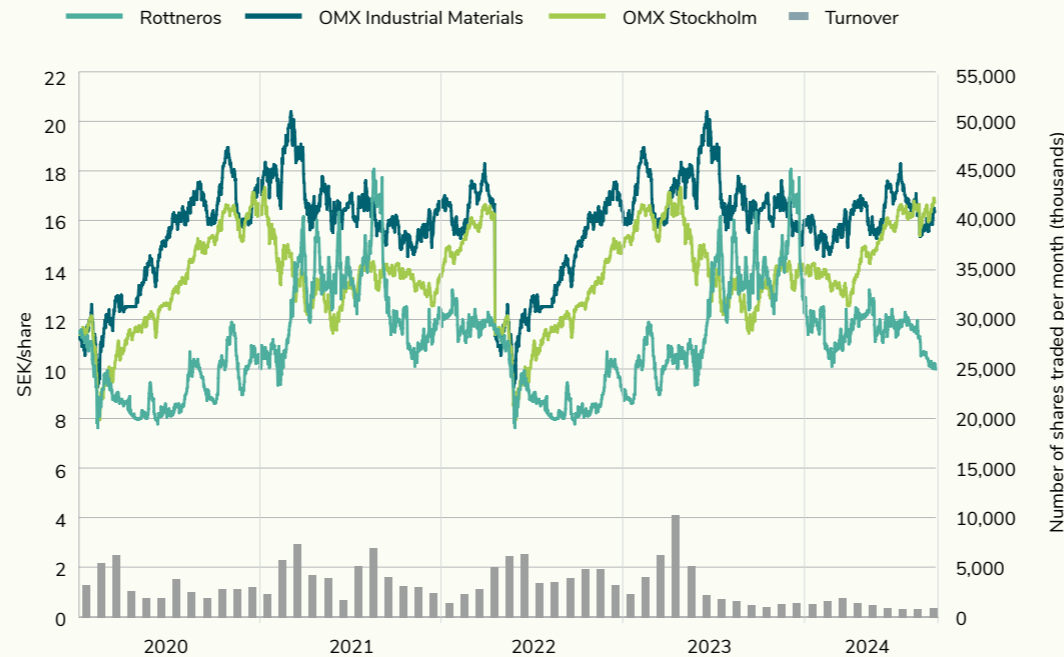
## NUMBER OF SHARES AND TREASURY SHARES

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 2024.

## SHARE PRICE DEVELOPMENT JANUARY – SEPTEMBER 2024

At the end of September 2024, the share price was 10.04 (12.18 at the end of 2023) SEK. The average exchange rate during the period January – September was 11.60 (13.91) SEK.

## SHARE PRICE 2020 TO 30 SEPTEMBER 2024



## LARGEST SHAREHOLDERS AT 30 SEPTEMBER 2024

Shareholders	Number of shares (=votes)	Percent of capital
Arctic Paper S.A.	78,230,883	51.0
PROAD AB	11,713,249	7.6
UBS Switzerland AG, W8IMY	7,447,397	4.9
Caceis Bank, Switzerland Branch, W8IMY	5,900,000	3.8
Dimensional Fund Advisors	2,799,728	1.8
Avanza Pension	2,531,497	1.7
SEB AB, Luxembourg Branch, W8IMY	2,204,000	1.4
Caceis Bank Spain SAU, W8IMY	1,155,113	0.8
Handelsbanken Fonder	969,128	0.6
SEB Investment Management	832,565	0.5
<b>Total for ten largest owners – in terms of holding</b>	<b>113,783,560</b>	<b>74.2</b>
Other shareholders	38,788,365	25.3
Rottneros AB (treasury stock from buy-back)	821,965	0.5
<b>TOTAL</b>	<b>153,393,890</b>	<b>100.0</b>

# Nomination Committee ahead of the 2025 Annual General Meeting

The Annual General Meeting will be held on Thursday 10 April 2025 in Sunne. In accordance with the guidelines decided at Rottneros' Annual General Meeting 2024, a Nominating Committee has been appointed for the Annual General Meeting 2025.

The Nominating Committee shall comprise the Chairman of the Board and two additional members. The Chairman of the Board may not be Chairman of the Committee. One of these two members, in addition to the Chairman of the Board, must be appointed by the company's largest shareholder and the other shall be appointed by one of the company's other four largest shareholders. Neither of these two members may be a Board member at the same time.

The Nomination Committee for the 2025 AGM includes: Michal Jarczynski, appointed by Arctic Paper S.A., Stefan Sundh, appointed by PROAD AB, and Per Lundeen, Chairman of the Board of Rottneros AB.

The Nomination Committee has appointed Michal Jarczynski to serve as Chairman. The two owner representatives on the Nomination Committee represent approximately 59 percent of the total number of votes in Rottneros.

The tasks of the Nominating Committee are to prepare and submit proposals for the Annual General Meeting 2025 regarding the election of the Chairman and other members of the Board, the Board's fees divided among the Chairman, other members and fees for committee work, election and fees for the auditor, election of the Chairman of the AGM and, where appropriate, changes to the instructions for the Nominating Committee.

Shareholders who wish to submit proposals to the Nomination Committee may do so by e-mail to [rottneros@allians.se](mailto:rottneros@allians.se) or by letter to the Nomination Committee, Rottneros AB (publ), c/o Advokatfirman Allians, Våxnäsgatan 4, SE-653 40 Karlstad, Sweden, no later than 17 December 2024.

## FORTHCOMING FINANCIAL INFORMATION

<b>6 February 2025</b>	Year-end report 2024
<b>13 March 2025</b>	Annual Report 2024
<b>10 April 2025</b>	2025 Annual General Meeting
<b>29 April 2025</b>	Interim report January – March 2025
<b>24 July 2025</b>	Interim report January – June 2025
<b>30 October 2025</b>	Interim report January – September 2025

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 22 October 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 person set out below, on 23 October 2024 at 8:00 a.m. A Swedish and an English version of this report have been prepared. The Swedish version shall prevail in the event of differences between the two reports.

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For further information, please contact:  
Lennart Eberleh, President and CEO

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Tel: +46 (0)270 622 00  
[www.rottneros.com](http://www.rottneros.com)

## CONSOLIDATED INCOME STATEMENT

AMOUNTS IN MSEK	July-Sep 2024	July-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Rolling 12 months	Full year 2023
<b>NET TURNOVER</b>	<b>686</b>	<b>693</b>	<b>2,084</b>	<b>2,117</b>	<b>2,722</b>	<b>2,755</b>
Change in finished goods inventories	55	-42	52	49	13	9
Other operating income	-1	4	30	36	28	35
<b>Operating income, total</b>	<b>740</b>	<b>655</b>	<b>2,166</b>	<b>2,202</b>	<b>2,763</b>	<b>2,799</b>
Raw materials and consumables	-463	-393	-1,380	-1,271	-1,770	-1,661
Other external costs	-138	-129	-404	-383	-594	-573
Employee benefit expenses	-69	-55	-212	-221	-293	-302
Other operating expenses	0	0	-2	0	-13	-11
<b>EBITDA (operating profit/loss before depreciation/ amortization and impairment)</b>	<b>70</b>	<b>78</b>	<b>169</b>	<b>328</b>	<b>93</b>	<b>252</b>
Depreciation/amortization and impairment losses	-30	-30	-95	-89	-118	-113
<b>EBIT (operating profit/loss)</b>	<b>40</b>	<b>49</b>	<b>74</b>	<b>239</b>	<b>-25</b>	<b>139</b>
Financial income	0	3	3	10	17	24
Financial expenses	-4	-9	-15	-15	-12	-10
<b>Total financial items</b>	<b>-4</b>	<b>-6</b>	<b>-13</b>	<b>-5</b>	<b>5</b>	<b>14</b>
<b>PROFIT/LOSS AFTER FINANCIAL ITEMS</b>	<b>35</b>	<b>42</b>	<b>62</b>	<b>234</b>	<b>-20</b>	<b>153</b>
Tax on income for the period	-8	-9	-14	-49	3	-32
<b>NET INCOME<sup>1</sup></b>	<b>28</b>	<b>33</b>	<b>48</b>	<b>185</b>	<b>-17</b>	<b>121</b>
Average number of shares outstanding (thousands)	152,572	152,572	152,572	152,572	152,572	152,572
Average number of shares outstanding after dilution (thousands)	152,572	152,572	152,572	152,572	152,572	152,572
Earnings per share (SEK)	0.18	0.22	0.31	1.21	-0.11	0.79
Earnings per share, diluted (SEK)	0.18	0.22	0.31	1.21	-0.11	0.79

<sup>1</sup> The entire net income is attributable to the shareholders of the parent company.

## STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN MSEK	July-Sep 2024	July-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Rolling 12 months	Full year 2023
<b>NET INCOME</b>	<b>28</b>	<b>33</b>	<b>48</b>	<b>185</b>	<b>-17</b>	<b>121</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	-8	-153	-104	-396	-93	-385
Income tax effect on changes in value	1	32	21	82	18	79
Translation differences	0	1	0	1	-1	0
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-7</b>	<b>-120</b>	<b>-83</b>	<b>-313</b>	<b>-76</b>	<b>-306</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD <sup>2</sup></b>	<b>21</b>	<b>-87</b>	<b>-35</b>	<b>-128</b>	<b>-93</b>	<b>-185</b>

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

## CONSOLIDATED BALANCE SHEET, SUMMARY

AMOUNTS IN MSEK	30 Sep 2024	30 Sep 2023	31 Dec 2023
Intangible assets	21	21	21
Property, plant and equipment	1,498	1,206	1,274
Financial assets	119	189	175
<b>Total non-current assets</b>	<b>1,638</b>	<b>1,415</b>	<b>1,470</b>
Inventories	556	534	493
Current receivables	664	610	658
Cash and cash equivalents	68	364	196
<b>Total current assets</b>	<b>1,288</b>	<b>1,508</b>	<b>1,347</b>
<b>TOTAL ASSETS</b>	<b>2,926</b>	<b>2,923</b>	<b>2,817</b>
<b>Shareholders' equity</b>	<b>1,746</b>	<b>1,915</b>	<b>1,858</b>
Long-term liabilities			
Interest-bearing liabilities	96	68	59
Deferred tax liability	134	159	158
Other non-interest-bearing liabilities	57	57	65
<b>Total long-term liabilities</b>	<b>287</b>	<b>284</b>	<b>282</b>
Current liabilities			
Interest-bearing liabilities	174	32	32
Non-interest-bearing liabilities	718	693	645
<b>Total current liabilities</b>	<b>892</b>	<b>725</b>	<b>677</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>2,926</b>	<b>2,923</b>	<b>2,817</b>

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

AMOUNTS IN MSEK	Share capital	Other injected capital	Repur- chased treasury shares	Other reserves		Retained earnings, incl. profit/loss for the year	Total share- holders' equity
				Hedging reserve	Translation difference		
<b>Opening balance, 1 January 2023</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–Sep						185	185
Other comprehensive income, Jan–Sep				-314	1		-313
Total comprehensive income, Jan–Sep				-314	1	185	-128
Dividends to shareholders, Jan–Sep						-213	-213
<b>Closing balance, 30 September 2023</b>	<b>153</b>	<b>730</b>	<b>-69</b>	<b>52</b>	<b>-5</b>	<b>1,054</b>	<b>1,915</b>
Net income Oct–Dec						-64	-64
Other comprehensive income, Oct–Dec				8	-1		7
Total comprehensive income, Oct–Dec				8	-1	-64	-57
Dividends to shareholders, Oct–Dec							0
<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>
Net income Jan–Sep						48	48
Other comprehensive income, Jan–Sep				-83	0		-83
Total comprehensive income, Jan–Sep				-83	0	48	-35
Dividends to shareholders, Jan–Sep						-76	-76
<b>Closing balance at 30 September 2024</b>	<b>153</b>	<b>730</b>	<b>-69</b>	<b>-23</b>	<b>-6</b>	<b>961</b>	<b>1,746</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

AMOUNTS IN MSEK	Jan-Sep 2024	Jan-Sep 2023	Rolling 12 months	Full year 2023
<b>EBIT</b>	<b>74</b>	<b>239</b>	<b>-26</b>	<b>139</b>
Adjustment for items not included in cash flow	4	13	-8	-4
Depreciation/amortization and impairment losses	94	89	117	118
Other items not affecting cash flow	0	0	0	0
<b>EBIT adjusted for items not affecting cash flow</b>	<b>172</b>	<b>341</b>	<b>83</b>	<b>253</b>
Received/paid financial items	-5	3	-4	4
Received/paid taxes	-36	-102	-47	-113
<b>Cash flow from operating activities before changes in working capital</b>	<b>131</b>	<b>242</b>	<b>32</b>	<b>144</b>
Change in working capital	-51	-61	-29	-40
<b>Cash flow from operating activities</b>	<b>80</b>	<b>181</b>	<b>3</b>	<b>104</b>
Investments in property, plant and equipment and intangible assets	-320	-177	-348	-205
Investments in financial assets	-	-	-96	-96
Sale of non-current assets	1	5	3	7
Change in current financial investments	9	115	48	154
<b>Cash-flow from investing activities</b>	<b>-310</b>	<b>-57</b>	<b>-393</b>	<b>-140</b>
Borrowings, long-term loans	63	100	63	100
Amortization, long-term bank loans	-26	-112	-34	-120
Change in current financial liabilities	142	0	142	0
Dividend paid	-76	-213	-76	-213
<b>Cash flow from financing activities</b>	<b>102</b>	<b>-225</b>	<b>94</b>	<b>-233</b>
<b>NET CASH FLOW FOR THE PERIOD</b>	<b>-128</b>	<b>-101</b>	<b>-296</b>	<b>-269</b>
Cash and cash equivalents at start of period	196	465	364	465
Net cash flow for the period	-128	-101	-296	-269
Exchange rate difference in cash and cash equivalents	0	0	0	0
Closing cash and cash equivalents	68	364	68	196

## CHANGES IN INTEREST-BEARING LIABILITIES

AMOUNTS IN MSEK	Jan-Sep 2024	Jan-Sep 2023	Rolling 12 months	Full year 2023
<b>Interest-bearing liabilities on the balance sheet at the beginning of the period</b>	<b>91</b>	<b>111</b>	<b>99</b>	<b>111</b>
Changes included in cash flow from financing activities	-	-	-	-
Long-term loans taken out from banks	63	100	63	100
Change in current financial liabilities	142	0	142	0
Amortization of long-term loans taken out from banks	-26	-112	-34	-120
<b>Total</b>	<b>179</b>	<b>-12</b>	<b>29</b>	<b>-20</b>
Other changes:				
Recognition of interest-bearing lease liability in accordance with IFRS 16	-	-	-	-
Via acquisition	-	-	-	-
Accrual of direct costs related to the issuance of bonds that are amortized over the term of the loan	-	-	-	-
<b>Interest-bearing liabilities on the balance sheet at the end of the period</b>	<b>270</b>	<b>99</b>	<b>128</b>	<b>91</b>

## PARENT COMPANY INCOME STATEMENT

AMOUNTS IN MSEK	July-Sep 2024	July-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Rolling 12 months	Full year 2023
<b>NET TURNOVER</b>	<b>6</b>	<b>5</b>	<b>17</b>	<b>14</b>	<b>22</b>	<b>18</b>
Other operating income	-1	3	2	10	3	12
<b>Operating income, total</b>	<b>4</b>	<b>8</b>	<b>19</b>	<b>24</b>	<b>25</b>	<b>30</b>
Pulp price hedges	-10	3	-21	-5	-18	-3
Other external costs	-7	-10	-30	-28	-40	-38
Employee benefit expenses	-10	-9	-31	-29	-43	-40
Other operating expenses	12	0	-17	0	-17	0
<b>EBITDA (operating profit/loss before depreciation/ amortization and impairment)</b>	<b>-11</b>	<b>-9</b>	<b>-80</b>	<b>-38</b>	<b>-93</b>	<b>-51</b>
Depreciation/amortization and impairment losses	0	0	-1	0	-1	0
<b>EBIT (operating profit/loss)</b>	<b>-11</b>	<b>-9</b>	<b>-80</b>	<b>-38</b>	<b>-93</b>	<b>-51</b>
Profit from participations in Group companies	0	0	0	0	133	133
Financial income	6	47	26	140	73	187
Financial expenses	-3	-2	-6	-7	-9	-10
<b>Total financial items</b>	<b>3</b>	<b>44</b>	<b>21</b>	<b>133</b>	<b>198</b>	<b>310</b>
<b>PROFIT/LOSS AFTER FINANCIAL ITEMS</b>	<b>-9</b>	<b>35</b>	<b>-60</b>	<b>95</b>	<b>104</b>	<b>259</b>
Tax on income for the period	-3	0	3	0	-51	-53
<b>NET INCOME</b>	<b>-11</b>	<b>35</b>	<b>-57</b>	<b>95</b>	<b>54</b>	<b>206</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN MSEK	July-Sep 2024	July-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Rolling 12 months	Full year 2023
<b>NET INCOME</b>	<b>-11</b>	<b>35</b>	<b>-57</b>	<b>95</b>	<b>54</b>	<b>206</b>
Other comprehensive income						
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-11</b>	<b>35</b>	<b>-57</b>	<b>95</b>	<b>54</b>	<b>206</b>

## BALANCE SHEET – PARENT COMPANY

AMOUNTS IN MSEK	30 Sep 2024	30 Sep 2023	31 Dec 2023
Intangible assets	0	0	0
Property, plant and equipment	3	3	3
Financial assets <sup>1</sup>	707	731	758
<b>Total non-current assets</b>	<b>710</b>	<b>734</b>	<b>761</b>
Current receivables <sup>2</sup>	886	633	825
Cash and cash equivalents	49	300	158
<b>Total current assets</b>	<b>935</b>	<b>933</b>	<b>983</b>
<b>TOTAL ASSETS</b>	<b>1,645</b>	<b>1,667</b>	<b>1,744</b>
<b>Shareholders' equity</b>	<b>947</b>	<b>969</b>	<b>1,080</b>
Long-term liabilities			
Interest-bearing	86	59	51
Non-interest-bearing	11	56	54
<b>Total long-term liabilities</b>	<b>97</b>	<b>116</b>	<b>105</b>
Current liabilities			
Interest-bearing	82	32	32
Non-interest-bearing <sup>3</sup>	520	550	527
<b>Total current liabilities</b>	<b>602</b>	<b>582</b>	<b>559</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,645</b>	<b>1,667</b>	<b>1,744</b>

<sup>1</sup> Includes receivables of 283 (283) MSEK from subsidiaries.

<sup>2</sup> Includes receivables from subsidiaries of 871 (601) MSEK.

<sup>3</sup> Includes liabilities to subsidiaries of 495 (538) 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 recognized 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 recognized as assets in the balance sheet.

With the decision to close the groundwood line at Rottneros Mill, the Group had electricity hedges that exceeded the estimated consumption for 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 recognized in net financial items and amounted to -8 MSEK for the period January – September 2024.

The financial derivatives as of 31 December, 2023 consist of a purchase position of 7 MW. Cash flow from the realized financial derivatives totaled 9 MSEK for the period January – September 2024.

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 amortization, as well as revolving credits of up to 150 MSEK. The loan agreement has a term of two years with a one-year extension option. The option was exercised so that the loan matures in June 2025. 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.

In July 2024, Rottneros AB took out a long-term loan amounting to a maximum of 100 MSEK to finance solar panels and batteries for energy storage. The loan has a 5-year term with straight-line amortization. The loan was secured under EKN's green credit guarantee, which is granted for businesses and investments that support climate transition.

The nature of other financial assets and liabilities is in all essential respects the same as on 31 December 2023. The carrying amounts are deemed to be equal to actual values, which was also the case at the end of 2023, 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.

## RELATED PARTY TRANSACTIONS

During the period January – September 2024, Rottneros had sales to the related party Arctic Paper S.A. group amounting to 11 (7) MSEK. Outstanding operating receivables for Arctic Paper as of 30 September 2024 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.

## AVERAGE NUMBER OF EMPLOYEES

The average number of employees was 279 (291) for the period January – September.

## CHANGES IN GROUP MANAGEMENT

No changes in Group management occurred during the third quarter of 2024.



## ROTTNEROS' NET TURNOVER

AMOUNTS IN MSEK	July-Sep 2024	July-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Rolling 12 months	Full year 2023
Sales of pulp	612	635	1,842	1,922	2,412	2,492
Results from pulp price hedging	-10	3	-21	-5	-18	-2
Sales of by-products and other	33	28	101	92	129	120
Sales of wood	50	27	161	109	197	145
<b>TOTAL NET TURNOVER</b>	<b>686</b>	<b>693</b>	<b>2,084</b>	<b>2,118</b>	<b>2,721</b>	<b>2,755</b>

## NET TURNOVER BY GEOGRAPHIC MARKET

AMOUNTS IN MSEK	July-Sep 2024	July-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Rolling 12 months	Full year 2023
Sweden	186	135	491	436	660	605
Other Nordic countries	81	58	226	225	286	285
Germany	81	91	273	296	347	370
Italy	27	27	87	114	123	150
Rest of Europe	118	108	374	301	465	392
US	58	50	181	167	235	221
China	28	92	98	209	144	255
India	40	82	174	214	235	275
Rest of world	67	50	180	156	226	202
<b>TOTAL NET TURNOVER</b>	<b>686</b>	<b>693</b>	<b>2,084</b>	<b>2,118</b>	<b>2,721</b>	<b>2,755</b>

## BREAKDOWN OF NET TURNOVER FOR PULP BY USE

AMOUNTS IN MSEK	July-Sep 2024	July-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Rolling 12 months	Full year 2023
Board and packaging	143	196	448	569	608	729
Printing and writing papers	7	8	21	54	34	67
Filters	135	154	429	479	543	593
Electrotechnical applications	134	128	388	373	504	489
Tissue paper	68	65	214	163	280	229
Special applications	83	68	231	227	302	298
Fiber cement	21	2	56	25	71	40
Other	21	14	55	32	69	46
<b>TOTAL PULP TURNOVER</b>	<b>612</b>	<b>635</b>	<b>1,842</b>	<b>1,922</b>	<b>2,412</b>	<b>2,492</b>

## FAIR VALUE FOR DERIVATIVES AS AT 31 DECEMBER 2023

Hedging	Hedged volume	Maturity	Hedging level	Fair value (MSEK)
Pulp, futures sold	12,000 tonnes	2024	13,284 SEK/tonne	7
Electricity, forward purchase, cash flow hedge	561,336 MWh	2024–2028	0.4010 SEK/kWh	68
Electricity, forward, financial	61,488 MWh	2024	–	20
<b>TOTAL FAIR VALUE</b>				<b>95</b>

## FAIR VALUE FOR DERIVATIVES, 30 SEPTEMBER 2024

Hedging	Hedged volume	Maturity	Hedging level	Fair value (MSEK)
Pulp, futures sold	3,000 tonnes	2024	13,284 SEK/tonne	-6
Currency, forward sell/buy (corridor)	28 MUSD	2024-10–2025-05	9.94-11.05 SEK/USD	0
Electricity, forward purchase, cash flow hedge	704,188 MWh	2024–2033	496 SEK/kWh	-22
Electricity, forward, financial	15,456 MWh	2024		4
<b>TOTAL FAIR VALUE</b>				<b>-24</b>

## GROUP PERFORMANCE IN SUMMARY

AMOUNTS IN MSEK	Jan-Sep 2024	Jan-Sep 2023	Rolling 12 months	2023	2022	2021	2020
<b>Income statement</b>							
Net turnover	2,084	2,117	2,722	2,755	2,980	2,303	2,093
EBITDA	169	328	93	252	691	385	77
Depreciation/amortization and impairment losses	-95	-89	-118	-113	-141	-118	-119
EBIT	74	239	-25	139	550	267	-42
Financial items (net financial items)	-13	-5	5	14	164	-21	-19
<b>Profit/loss after financial items</b>	<b>62</b>	<b>234</b>	<b>-20</b>	<b>153</b>	<b>714</b>	<b>246</b>	<b>-61</b>
<b>Net income</b>	<b>48</b>	<b>185</b>	<b>-17</b>	<b>121</b>	<b>565</b>	<b>198</b>	<b>-50</b>
<b>Statement of cash flow, MSEK</b>							
Cash flow from operating activities	80	181	3	104	541	288	85
Investments in non-current assets	-310	-57	-393	-140	-112	-123	-128
Cash flow after investments in non-current assets	-230	124	-390	-36	429	165	-43
Cash flow from financing activities	102	-225	94	-233	-125	-334	-3
<b>Net cash flow</b>	<b>-128</b>	<b>-101</b>	<b>-296</b>	<b>-269</b>	<b>304</b>	<b>-169</b>	<b>-46</b>
<b>Balance sheet items</b>							
Non-current assets	1,638	1,415	1,638	1,470	1,501	1,339	1,285
Inventories	556	534	556	493	436	327	355
Current receivables	664	610	664	658	1,020	555	287
Cash and cash equivalents	68	364	68	196	465	161	330
Net debt (+) / net cash (-)	202	-265	202	-105	-354	-16	81
Shareholders' equity	1,746	1,915	1,746	1,858	2,256	1,527	1,301
Long-term interest-bearing liabilities	96	68	96	59	111	145	411
Long-term non-interest-bearing liabilities	192	216	192	223	325	207	150
Current interest-bearing liabilities	174	32	174	32	-	-	-
Current non-interest-bearing liabilities	718	693	718	645	730	503	395
Capital employed	1,837	1,651	1,837	1,753	1,902	1,511	1,382
<b>Total shareholders' equity and liabilities</b>	<b>2,926</b>	<b>2,923</b>	<b>2,926</b>	<b>2,817</b>	<b>3,422</b>	<b>2,382</b>	<b>2,257</b>

	Jan-Sep 2024	Jan-Sep 2023	Rolling 12 months	2023	2022	2021	2020
<b>Key performance indicator</b>							
EBITDA margin, %	8.1	15.5	3.4	9.1	23.2	16.7	3.7
EBIT margin, %	3.6	11.3	-0.9	5.0	18.5	11.6	-2.0
Profit margin, %	3.0	11.1	0.7	5.6	24.0	10.7	-2.9
Return on equity (rolling 12 months), %	-0.9	10.1	-0.9	5.9	29.9	14.0	-3.7
Return on capital employed (rolling 12 months), %	-1.4	14.5	-1.4	7.6	32.2	18.5	-3.0
Equity/assets ratio, %	60	66	60	66	66	64	58
Debt/equity ratio, %	12	-14	12	-6	-16	-1	6
<b>Other</b>							
Average number of employees	279	291	281	293	319	316	318
Pulp production, 1,000 tonnes	266	272	346	352	397	395	413
Pulp deliveries, 1,000 tonnes	261	268	345	352	388	403	417
Pulp price of NBSK pulp, USD per tonne <sup>1</sup>	1,482	1,293	1,457	1,268	1,404	1,198	843
SEK/USD <sup>2</sup>	10.50	10.59	10.52	10.61	10.12	8.58	9.21
Pulp price of NBSK pulp, SEK per tonne	15,561	13,692	15,324	13,455	14,213	10,280	7,765

<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

	2024			2023				2022				2021			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Income statement, MSEK</b>															
Net turnover	686	711	688	637	693	681	744	730	806	784	660	598	570	593	542
EBITDA	70	65	35	-76	79	71	178	31	233	254	174	88	130	127	40
Depreciation/amortization and impairment losses	-30	-35	-30	-24	-30	-30	-29	-30	-49	-34	-29	-30	-29	-30	-29
EBIT	40	30	5	-100	49	41	149	1	185	220	145	58	101	97	11
Financial items (net financial items)	-4	0	-8	19	-7	3	-1	10	156	-1	-1	-1	-11	-4	-4
Profit/loss after financial items	35	30	-3	-81	42	44	148	11	341	219	144	57	90	93	7
Tax on income for the period	-8	-8	1	17	-9	-10	-30	-2	-71	-46	-30	-8	-19	-19	-2
<b>Net income</b>	<b>28</b>	<b>22</b>	<b>-2</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	0.18	0.15	-0.02	-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	91	91	84	80	89	93	90	87	96	111	103	91	92	109	103
Pulp deliveries, 1,000 tonnes	82	89	90	85	102	83	87	87	96	106	100	96	93	103	112
Pulp price of NBSK pulp, SEK per tonne	16,727	16,150	13,839	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>

		Jan-Sep 2024	Jan-Sep 2023	Rolling 12 months	2023	2022	2021	2020
Shares outstanding at the beginning of the period <sup>2</sup>	Number	152,572	152,572	152,572	152,572	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	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
Buy-back of treasury shares <sup>2</sup>	Number	822	822	822	822	822	822	822
Earnings per share	SEK	0.31	1.21	-0.11	0.79	3.70	1.28	-0.33
Cash flow after investments/share <sup>3</sup>	SEK	-1.57	0.03	-2.89	-1.29	2.80	1.07	-0.30
Equity per share	SEK	11.45	12.55	11.31	12.18	14.78	9.99	8.53
Dividend <sup>4</sup>								
Ordinary dividend	SEK	0.50	0.50	0.50	0.50	0.40	–	–
Extra dividend	SEK	–	0.90	–	0.90	0.20	0.45	–
Total	SEK	0.50	1.40	0.50	1.40	0.60	0.45	–
Share price at end of period	SEK	10.04	10.80	10.04	12.18	12.22	10.42	8.15
Direct yield <sup>5</sup>	%	4	11	5	11	6	6	0
Total return <sup>5</sup>	%	-13	0	-2	11	23	33	-29
Market price/equity/share	times	0.9	0.9	1.0	1.0	0.8	1.0	1.0
P/E ratio per share	times	32.4	8.9	-91.3	15.4	3.3	8.1	-24.7

<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.<sup>5</sup> Return in relation to the share price at the beginning of the period.

# 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/amortization 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

## Market pulp

A term in Swedish used synonymously with market pulp.

## 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.

## 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.

## High-yield pulp

Groundwood pulp, TMP and CTMP/BCTMP.

## 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.

## Hardwood pulp

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

## LTIFR

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

## Softwood 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.

## Groundwood pulp (SGP)

Mechanical pulp based on roundwood as a raw material.

## 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 consists of the parent company Rottneros AB, listed on Nasdaq Stockholm, with the subsidiaries Rottneros Bruk AB and Vallviks Bruk AB, active in the production and sale of market pulp. The Group also includes Rottneros Packaging AB, which manufactures fibre trays, the raw material procurement company SIA Rottneros Baltic in Latvia and the forestry company Nykvist Skogs AB. The Group has approximately 290 employees and had sales of approximately SEK 2.8 billion.



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