

2024

ANNUAL AND
SUSTAINABILITY REPORT



Rottneros is a global supplier of premium market pulp for selected niches. At Rottneros Packaging, we develop and sell climate-smart packaging. Through our products and our commitment, we can help shape a brighter tomorrow. Through our close customer relationships, technical excellence, and innovation, we continuously enhance our offering in alignment with market needs – all while prioritising environmental stewardship. Placing the employee at the core allows us to foster a safe, stimulating, and attractive workplace.



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This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

OVERVIEW & STRATEGY

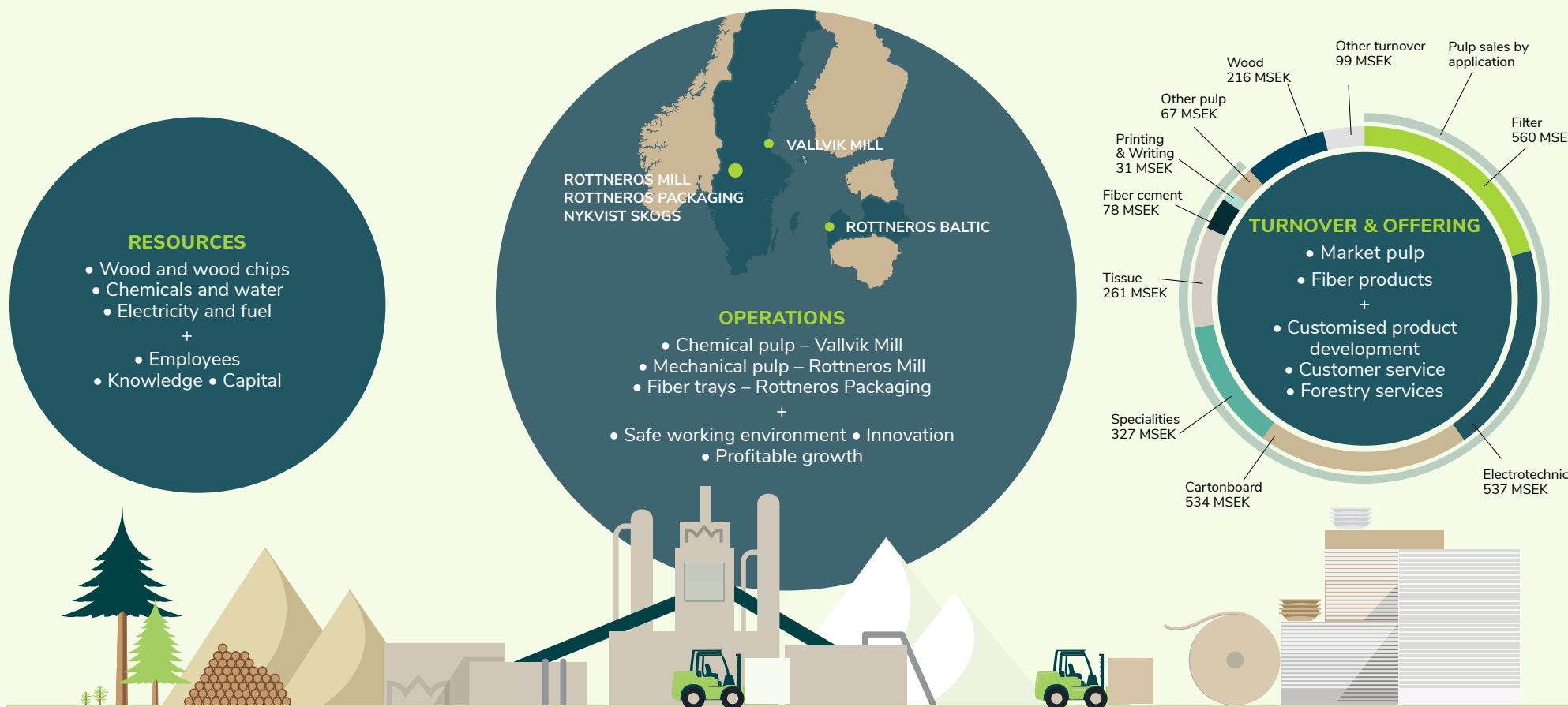


ROTTNEROS IN BRIEF

Rottneros in brief

Rottneros has been developing and producing chemical and mechanical market pulp for more than 100 years. Our quality pulp is delivered to niche markets in Europe, Asia and North America. Most of the production goes to the growing market for board and packaging and our strongest positions are in pulp for filters and electrotechnical applications. A newer area for Rottneros is the development and production of fiber trays and packaging solutions.

- **ROTTNEROS MILL** produces the mechanical pulp CTMP, which has a very high yield from the wood raw material.
 - **VALLVIK MILL** produces an exceptionally pure chemical sulphate pulp.
 - **NYKVIST SKOGS** in Värmland and **ROTTNEROS BALTIC** in Latvia supply the mills with pulp wood from certified and sustainable forestry.
- ROTTNEROS PACKAGING** produces and develops climate-smart fiber trays.

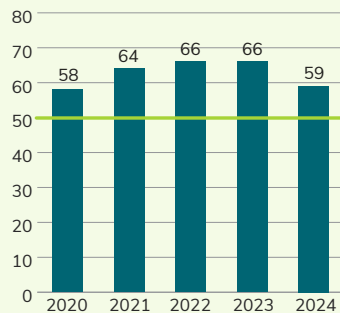


THE YEAR IN BRIEF

Several key investments commissioned

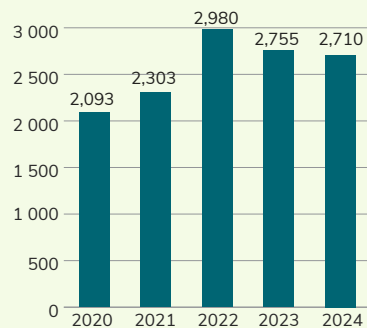
Several major investments that are key pieces for Rottneros' strategic development were brought into operation during the year. The project for sustainable packaging solutions in Poland is progressing, with production set to start in 2025. Pulp wood prices continued to rise, which, along with production disruptions during the first quarter, negatively affected the earnings trend in 2024. At the same time, sustainability efforts continued at a rapid pace, driven by the overarching goal of achieving fossil-free production by 2030.

EQUITY/ASSETS RATIO (%)



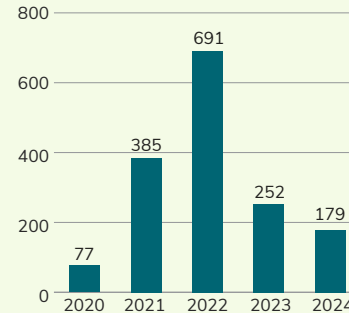
Target: over 50 percent. The balance sheet remains strong with an equity/assets ratio of 59 percent and available liquidity of 392 MSEK.

NET TURNOVER (MSEK)



Net turnover for 2024 totalled 2,710 MSEK. Excluding groundwood pulp, turnover was unchanged.

EBITDA (MSEK)



Higher sales prices did not compensate for the increased costs of pulp wood.



2,710
NET TURNOVER, MSEK
-2%

2%
EBIT MARGIN
(5 percent in 2023)



20
NET INCOME, MSEK
(121 MSEK IN 2023)

341
PRODUCTION, THOUSAND TONNES, +3%

MSEK UNLESS OTHERWISE STATED	2024	2023	Change
EBIT (operating profit/loss)	47	139	-92
Profit/loss after financial items	27	153	-125
Net income	20	121	-101
Earnings per share, SEK	0.13	0.79	-0.66
Cash flow from operating activities	15	104	-89
Production, thousand tonnes	341	352	-11
Deliveries, thousand tonnes*	333	352	-19

* The volume refers to sulphate pulp and CTMP, but excludes groundwood pulp, which was discontinued in 2022 but was included in sales in 2023.

THE YEAR IN BRIEF

SIGNIFICANT EVENTS DURING THE YEAR



SAFETY ALWAYS COMES FIRST

Employee safety is always at the top of the Group's agenda. The staff systematically addresses these issues every day, with a zero vision as the overarching goal for the number of accidents resulting in sick leave. These efforts yielded results, as the number of accidents resulting in sick leave decreased in 2024. However, a serious workplace accident occurred in June at Rottneros Mill, where two people sustained serious injuries while working on a transformer. The accident has been thoroughly investigated, and all indications suggest it was due to a manufacturing defect in the transformer.

PROGRESS IN THE PACKAGING FACTORY PROJECT IN POLAND IS UNDERWAY

Rottneros Packaging's sustainable packaging solutions project in collaboration with Arctic Paper in Poland progressed throughout the year, with production set to start in 2025. This is an important milestone for the Group's investment in high-quality fossil-free packaging solutions. The factory confirms first-class product quality as well as scalable and competitive production at full industrial scale. Rottneros fiber trays are environmentally superior to the plastic-based products that currently dominate the market, highlighting the considerable long-term market potential.



KEY INVESTMENTS WERE COMMISSIONED

During the year, several important investments for the future were completed, notably the significant expansion of CTMP capacity and renewable energy production with associated energy storage at Rottneros Mill. CTMP production capacity will thus increase from the current 125,000 tonnes to approximately 165,000 tonnes, thereby enhancing our expansion potential in the long-term growing packaging market. The investment in a new tall oil plant at Vallvik Mill was also completed in the autumn. The investment replaced older existing equipment.

NEW LONG-TERM FINANCING AGREEMENT

A robust balance sheet was maintained throughout the year despite the high rate of investment. In December, the Group refinanced its long-term credit facilities, totalling 550 MSEK. As before, the three-year 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.



FOCUS ON SUSTAINABILITY

The shift towards sustainable products, away from fossil-based ones, becomes increasingly important every day. Long-term sustainability and the goal of achieving fossil-free production are also key components for the development of Rottneros' strategic position as a leading niche player. This permeated the Group's investments throughout the year. The plan to phase out fossil fuels by 2030 is an important part of this effort.

Several key investments completed, but rising competition for wood raw material continued to negatively affect profitability

Our step-by-step systematic efforts to develop and improve Rottneros continued throughout 2024. Several major investments that are key pieces in our strategic development journey were brought into operation. At the same time, our sustainability efforts made rapid progress towards the overarching goal of achieving fossil-free production by 2030. The sustainable packaging solutions project in Poland, in collaboration with Arctic Paper, will commence production in 2025. We will then be able to validate our production technology at full industrial scale and move towards our goal of becoming a leading player in sustainable food packaging. Pulp wood prices continued to rise, which, along with weather-related production disruptions during the first quarter, negatively affected the earnings trend in 2024.

Safety is always a top priority

Employee safety is always at the top of our agenda. We are committed to addressing these issues systematically and with determination on a daily basis, striving toward our zero vision target for accidents leading to sick leave. It is therefore both significant and deeply satisfying that our efforts paid off, leading to a reduction in the number of accidents causing sick leave in 2024. However, a serious workplace accident occurred in June at Rottneros Mill, where two people were seriously injured while working on a transformer. The incident was deeply regrettable and something we view with great concern. The cause of the accident has been thoroughly investigated, and all indications suggest it was due to a manufacturing defect in the transformer.

Underlying conditions in our industry are changing

From a long-term perspective, it is evident that the underlying conditions in our industry have undergone significant change in recent years, especially given the rising competition for pulp wood. This is due in part to society's clear focus on combating global warming, which affects the willingness to harvest trees. Another reason is the increased use of wood for energy production. In addition to these factors, wood exports from Russia have ceased for obvious reasons, thereby reducing the supply of wood in Scandinavia.

The growing competition for wood has led to a significant increase in our raw material costs since 2021, which clearly limits our profitability. As a result, the supply of softwood pulp is also limited, which has increased the price differential between our pulp and the eucalyptus-based counterpart. Another factor behind the increased price difference is that the production capacity and supply of eucalyptus pulp have steadily grown in recent years. As there are opportunities to substitute softwood pulp with



eucalyptus in certain applications, this may increasingly impact the market balance in our markets in the future.

Despite the rising competition for wood, our raw material supply remained strong throughout the year. The long-term efforts to build close relationships with our suppliers, primarily sawmills and timber companies, thus achieved further success. We expanded the number of suppliers to secure the need for pulp wood for the increased production capacity at Rottneros Mill.

COMMENTS BY THE CEO

“The pulp market is well positioned for long-term growth.”

Several key investments commissioned

During the year, we completed several key investments for the future. At Rottneros Mill, this included renewable energy production with associated energy storage and significantly expanded CTMP capacity. Our CTMP production capacity will increase from the current 125,000 tonnes to approximately 165,000 tonnes, thereby enhancing our expansion potential in the long-term growing packaging market, which is the primary focus for CTMP. We also completed the investment in a new tall oil plant at Vallvik Mill, which began operations in the autumn. The investment replaced older existing equipment. At the same time, we maintained a higher than normal rate of ongoing maintenance investments to ensure good availability in our mills and thus stable production. For the year as a whole, investments totalled approximately 450 MSEK.

Focus on sustainability efforts

The shift towards sustainable products, from fossil-based ones, is a high priority for society and is becoming more important every day. This trend reveals not only a growing need for competitive packaging solutions, but also that the pulp market is well positioned for long-term growth. Long-term sustainability and the goal of achieving fossil-free production are key components for the

development of Rottneros' strategic position as a leading niche player. We adopted a plan for phasing out the remaining fossil fuels. These volumes are very limited, primarily involving replacement of fuels used during start-up after production shutdowns, mainly at Vallvik Mill. This work progressed as planned over the course of the year.

The market was largely stable, with our niche customers requesting increased volumes

Demand for chemical softwood market pulp was relatively stable in our main markets during the year. Customers in our niche segments, especially in E-pulp and filters, continued to show strong interest in increasing their volumes. However, the CTMP market was relatively weak, with prices falling due to reduced demand in China and in packaging board in general.

The single largest market for market pulp, China, was relatively weak throughout the year, while Europe and the US showed a stronger trend. During the first half of the year, the pulp market was generally characterised by a sense of optimism and price increases. Production losses, particularly due to a strike in Finland, constrained supply. This, combined with increased demand among European paper manufacturers, led to gradually rising pulp prices.

However, the market slowed down in the third quarter, primarily weighed down by weak demand in China. Despite a post-summer slowdown in our primary market in Europe, overall consumption for full-year 2024 showed noticeable growth over the previous year.

New packaging factory in Poland

Rottneros Packaging's sustainable packaging solutions project in collaboration with Arctic Paper in Poland will commence production in 2025. This marks an important milestone for our investment in high-quality fossil-free packaging solutions. The factory verifies our premium product quality, as well as a scalable and competitive production process operating at full industrial scale. Our fiber trays are environmentally superior to the plastic-based products that currently dominate the market, highlighting the considerable long-term market potential.

To preserve the strength of the balance sheet, no dividend is proposed for 2024

The Group's financial position must be characterised by a strong equity/assets ratio for good resilience in challenging times. To protect the company's strong balance sheet, the Board therefore proposes to the Annual General Meeting that no dividend be paid to shareholders for 2024. The background is the weak performance, primarily stemming from high raw material costs and an uncertain pulp market in China, which weighed on the CTMP market. The equity/assets ratio at the end of the year was a reassuring 59 percent and available liquidity totalled 392 MSEK.

In December, we refinanced our long-term credit facilities, which now total 550 MSEK. As before, the three-year financing agreement includes a sustainability link whereby the interest terms are linked to certain environmental and work environment criteria in the Group's long-term targets.

Finally, I would like to emphasise how pleased and proud I am of my staff and their wholehearted commitment throughout the year. I would like to take this opportunity to warmly thank them. I would also like to express my warmest thanks to our customers, suppliers, shareholders and the Board of Directors for their close and fruitful cooperation. Being part of the solution to global warming, alongside the rest of the forestry industry, gives us confidence for the future.

Lennart Eberleh
CEO and President

Rottneros as an investment

The Rottneros share has been listed on Nasdaq Stockholm since November 1987 and is classified as a company in the Basic Resources segment on the Mid Cap list. Rottneros combines long-term profitability and sustainability with strong finances and innovative investments for the future. With a focus on pulp for attractive niches, a broadened revenue base, and stable returns to shareholders over time, Rottneros is well positioned to meet the growing global demand for sustainable solutions.

PART OF THE GREEN TRANSITION

Rottneros, together with the entire forest industry, is part of the green transition to a circular economy with solutions that have a positive impact on both the climate and the environment.

Pulp replaces fossil-based raw materials and is used to manufacture renewable products. Rottneros' goal is to have fossil-free production by 2030.

LONG-TERM PROFITABILITY

Rottneros' strategy is to focus on applications where our products create added value. Increased volumes counteract cost inflation.

The focus on molded fiber trays provides a broader revenue base, which in the long term reduces exposure to the pulp market.

In 2024, EBIT was 47 MSEK, corresponding to an EBIT margin of 2 percent.

STRONG FINANCES

The Group has a strong equity/assets ratio and a low debt/equity ratio. The equity/assets ratio for 2024 was 59 percent.

Net debt was 393 MSEK and available liquidity totalled 392 MSEK. Robust financials allow for substantial strategic investments in both the pulp mills and new projects to diversify revenue streams.

SHAREHOLDER RETURN

Rottneros' policy is to distribute 30–50 percent of net profit to shareholders.

For 2024, the Board proposes that no dividend be paid based on the year's financial performance and the uncertain global situation. During the year, 0.50 SEK/share was distributed to shareholders. The total return (value increase plus dividend paid) for 2024 was -22 percent.

MARKET POISED FOR LONG-TERM GROWTH

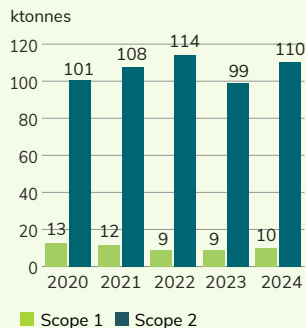
Rottneros holds a strong position in the pulp market through production of both chemical and mechanical pulp. Our product quality and service ensure good, long-term customer relationships.

The pulp market is well positioned for long-term growth according to several global trends. One example is the transition from plastic to fiber-based packaging.

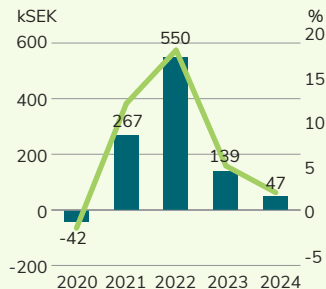
The potential for expansion in our selected niches is great and already today Rottneros is the world leader in E-pulp and filter pulp, and has leading expertise in the development of environmentally friendly fiber-based food trays.

Rottneros is engaged in several innovative projects and feasibility studies aimed at developing new products made from forest resources. The objective is to diversify the revenue streams, thereby reducing exposure to the pulp market.

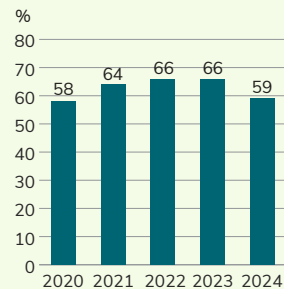
CARBON DIOXIDE EMISSIONS CO₂



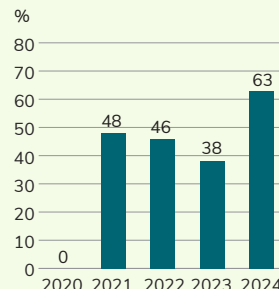
EBIT AND EBIT MARGIN



EQUITY/ASSETS RATIO



DISTRIBUTION OF NET INCOME*



This information is a general description of Rottneros as an investment and is not a recommendation to invest in Rottneros and should not be relied upon as a basis for an investment in Rottneros. Investing in shares is associated with risk. When assessing Rottneros' future development, it is important to consider the risk factors associated with Rottneros and its share. All investments in equities are associated with risks of both a general and more sector or company-specific nature. An investor considering investing in shares in Rottneros should read the relevant information about Rottneros carefully before making an investment. Rottneros does not accept any responsibility for an investor's decision to invest in Rottneros on the basis of the above information and therefore does not accept responsibility for any loss that an investor may suffer as a result of investing in Rottneros.

* Dividend paid in relation to the previous year's earnings. For 2021, the dividend is related to the combined earnings of 2020 and 2019.

Trends and markets

TRENDS AFFECTING THE PULP MARKET



HIGHER STANDARD OF LIVING

Global economic expansion, with rising population growth and a higher standard of living, are the main drivers for the steadily growing use of pulp in the world.

Demand for market pulp is expected to increase by 1–2 percent per year. Asia accounts for the largest growth and is becoming increasingly important for the distribution of Rottneros' products. Tissue is the area of application demonstrating the fastest growth, accounting for more than 40 percent of market pulp consumption worldwide.



DIGITALISATION

The pervasive digitalisation of media continues to drive changes in the structure of the market.

Demand is gradually moving from pulp for printing and writing papers towards pulp for other applications such as packaging, tissue and specialty paper. At the same time, the steady growth of e-commerce increases the need for packaging.



SUSTAINABLE PACKAGING SOLUTIONS

Sustainability is becoming increasingly important to consumers, who are often aware of the impact of food production, food packaging and food waste on the environment.

The advantage of cartonboard as a fossil-free and sustainable packaging material is also confirmed by several studies. Rottneros is actively participating in this transition as a supplier and has a high level of expertise in pulp for cartonboard. The Group also has a growing production of fiber-based trays entirely free of harmful chemical additives.



ELECTRICITY INFRASTRUCTURE

The massive transition to new and renewable energy sources is increasing the need for new electricity infrastructure, especially in Europe and the US, while existing electricity grids are in need of maintenance. This trend is leading to increased demand for E-pulp, which is used for electrical insulation in transformers and is a niche in which Rottneros is the world leader.

The strong economic and industrial expansion in Asia is also driving increased demand for E-pulp.

TRENDS AND MARKETS

Positive market in first half of 2024 followed by some slowdown in second half

The first half of 2024 was characterised by rising prices and growing demand for pulp. This was partly due to the negative impact on supply following a 15-day strike in Finland. However, in the second half of the year, the market balance shifted in favour of buyers, and the price trend turned downward, influenced in part by weak demand from China. Demand for chemical pulp in Rottneros' market niches remained robust throughout the year. The CTMP market was weighed down by overcapacity, resulting in declining prices.

World fiber demand nearly half met by newly produced cellulose

The amount of cellulose fiber used for production of paper, cartonboard, textiles and hygiene products totals about 393 million tonnes per year. Just over half consists of recycled fiber. The rest is "fresh fiber" from coniferous and deciduous trees, about 181 million tonnes annually. Around 57 percent of this is produced and used in integrated paper and board mills. The remainder, around 77 million tonnes, consists of market pulp. Here, chemical pulp dominates, about 39 percent of which is softwood pulp. Mechanical pulp accounts for only about 3 million tonnes. Rottneros' main market, Europe, uses around 17 million tonnes of market pulp annually, corresponding to about 24 percent of global consumption. About half of the world's market pulp, around 38 million tonnes, is used in Asia, including 27 million tonnes in China. The North American market, which is dominated by hygiene products and specialty paper, amounts to about 8 million tonnes.

Asian engine for global growth

Rising living standards and a growing population are the key factors driving the long-term increase in global pulp usage. Consumption of fresh fiber continues to grow in Asian markets in particular, while overall demand is stagnating or declining

in mature industrial countries in the West. China is the world's largest market for pulp and has increased its share of the global market from just over 20 percent to approximately 40 percent since 2010.

The largest application is tissue

The long-term trend continues towards an increasing share of pulp used for the fastest-growing applications, such as tissue and hygiene products, as well as packaging and specialty papers. Tissue is the largest application for market pulp, and accounts for around 40 percent of global consumption. China is the world's largest tissue market, followed by the US. Tissue is mainly produced in non-integrated paper mills. For Rottneros, tissue represents a minor share of deliveries, about 11 percent.

Graphic paper, referred to below as printing and writing papers, is steadily declining due to the ongoing digitalisation in society. The latter has entailed major efforts to adapt production to the gradually declining demand. Over the past 10 years, the share of the world's market pulp used for the production of printing and writing papers has more than halved to approximately 18 percent. For pulp producers, the transition to other customer segments and product niches will continue in the coming years.



181 MILLION TONNES

Almost half of the world's pulp supply is newly produced, known as fresh fiber from softwood and hardwood. It amounts to around 181 million tonnes annually.

TRENDS AND MARKETS

Strong market in the first half of the year, followed by a downturn; China remained weak throughout the year

Demand for market pulp rose at the beginning of 2024 but then gradually turned and showed a decline of 2 percent for the full year. The single largest market, China, was relatively weak throughout the year, while Europe and the US showed a stronger trend. However, several of Rottneros' niche markets continued to enjoy healthy demand throughout 2024.

During the first half of the year, the pulp market was generally characterised by a sense of optimism and price increases. Production losses at pulp mills in the northern hemisphere reduced the availability of pulp, particularly due to a strike in Finland that decreased the supply of market pulp by 400,000 tonnes. This, combined with increased demand among European paper manufacturers, led to gradually rising pulp prices. However, the market slowed down in the third quarter, primarily weighed down by weak demand in China. Despite a slowdown in the European market after the summer, the full year showed clear growth here compared to 2023. Demand in North America remained relatively strong throughout 2024. The global market for CTMP was relatively weak throughout the year, leading to declining prices due to overcapacity. The negative factors were primarily due to decreased demand in China and for packaging board in general.

Deliveries to China decrease significantly in 2024

Deliveries of pulp to China decreased by 11 percent in 2024. China has significantly increased its capacity for integrated pulp production by several million tonnes in recent years. Meanwhile, the downturn in the construction industry has resulted in a larger volume of forest raw materials being redirected to pulp production, which has had a positive effect on raw material costs. At the same time, overcapacity in cartonboard production in China has grown significantly, which has kept cartonboard prices low and increased exports to other Asian countries. China's contribution to global growth in demand for market pulp is expected to decline in the coming years compared to historical trends. The reason is the extensive domestic capacity expansion and an expected lower rate of economic growth.

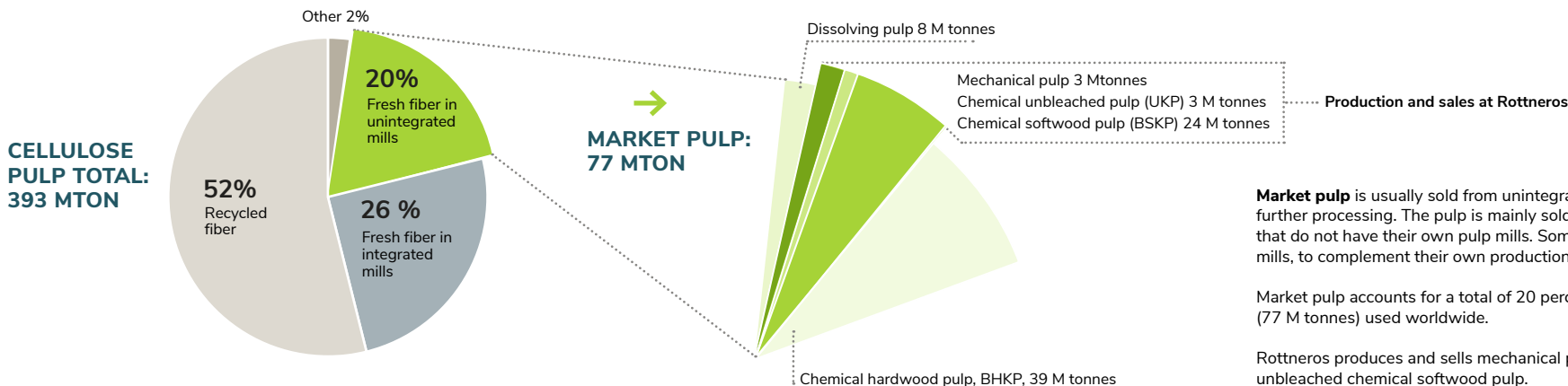
Record-high price premium for long fiber compared to short fiber

The price difference between the softwood chemical pulp produced by Rottneros and hardwood pulp increased to record levels during the year. The latter is largely based on fast-growing eucalyptus forests with low production costs. An increasing supply, both in the short and long term, negatively affected the market balance and, consequently, the price trend. At the same time, the supply of softwood pulp was hindered by certain capacity reductions, primarily due to higher raw material costs.

Focus on niches where Rottneros has competitive advantages

Rottneros' strategy focuses on achieving market leadership in several existing niches, as well as developing new ones. The share of sales to markets that demonstrate profitable growth will continue to increase. The Group is strategically focused on identifying and establishing a market presence in new growing segments where it can leverage its competitive advantages. One of the prioritised growth areas is pulp for cartonboard and packaging production. Moreover, the market position here is already strong from the outset. The market for pulp for air and liquid filters is also expected to show stable demand, and Rottneros will further strengthen its global leading position. E-pulp is yet another important product that is ideal for purposes such as electrical insulation in transformers. Here, the continued economic expansion in Asia and Latin America is a significant factor driving the growing demand. The transition to renewable energy sources is another important driver, resulting in a growing demand for transformers and thereby increasing the need for E-pulp. Wind turbines are often located far from electricity consumers. Consequently, completely new infrastructure must be built. The expansion of electric vehicles also requires new infrastructure to ensure access to charging on a broad scale. Fiber cement is a new area for the Group. Rottneros' unbleached sulphate pulp is ideally suited as reinforcement material in cement-based building boards.

GLOBAL USE OF CELLULOSE PULP



Market pulp is usually sold from unintegrated pulp mills, with no in-house further processing. The pulp is mainly sold to paper or board manufacturers that do not have their own pulp mills. Some is also purchased by integrated mills, to complement their own production.

Market pulp accounts for a total of 20 percent of cellulose fiber (77 M tonnes) used worldwide.

Rottneros produces and sells mechanical pulp, as well as bleached and unbleached chemical softwood pulp.

TRENDS AND MARKETS

Packaging for food and beverages requires the highest quality

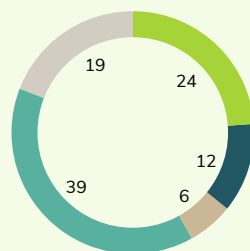
The Group's pulp is characterised by its superior quality with very high purity. For example, it does not affect the taste and odour of packaged goods, which makes it ideal for food and drink packaging. The unbleached sulphate pulp produced in Vallvik Mill is thus very well suited for the growing application of brown liquid packaging board. The mill's high washing capacity creates the conditions for a very pure unbleached pulp, which provides important competitive advantages and thus a strong market position. The fiber tray initiative within Rottneros Packaging is another important piece of the puzzle for the company's long-term development potential. Rottneros' main competitive advantages are its extensive experience and expertise in fiber trays for food, as well as its leading position in the market for mechanical pulp, the main raw material for the trays.

Close customer relationships and in-depth knowledge of users' needs

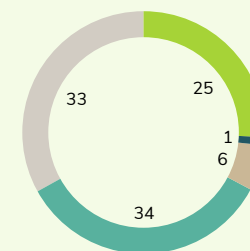
The Group places great importance on consolidating and further developing its positions within the selected niches by leveraging its expertise in both technology and production. This requires close, long-term customer relationships and in-depth knowledge of their business and needs. Here, a strong sales organisation is crucial, especially in the main market Europe, to get as close to customers as possible and thus provide the best possible service. By leveraging its expertise in both technology and production, the Group works deliberately to develop and strengthen its market positions in the selected niches.

Around one third of the Group's sales are to markets outside Europe, mainly in Asia and the northeastern US. There is demand in North America for the chemical specialty pulps that Rottneros produces, despite significant domestic pulp production.

GLOBAL DEMAND BY PULP QUALITY

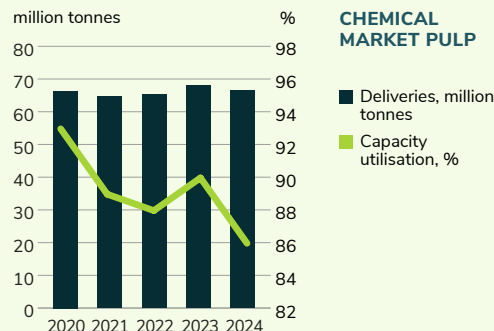


CHEMICAL MARKET PULP, %
 Europe
 North America
 South America
 China
 Other markets

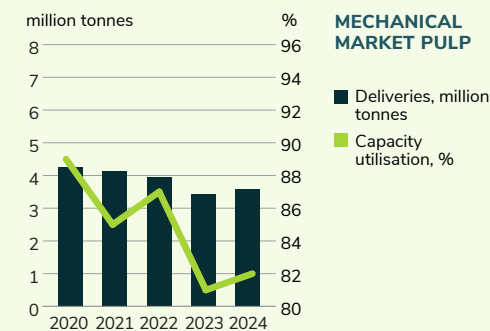


MECHANICAL MARKET PULP, %
 Europe
 North America
 South America
 China
 Other markets

GLOBAL DELIVERIES AND CAPACITY UTILISATION

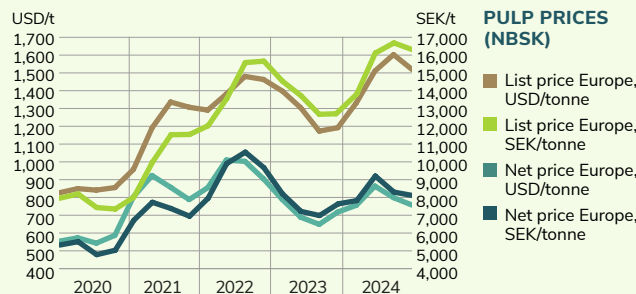


CHEMICAL MARKET PULP
 Deliveries, million tonnes
 Capacity utilisation, %

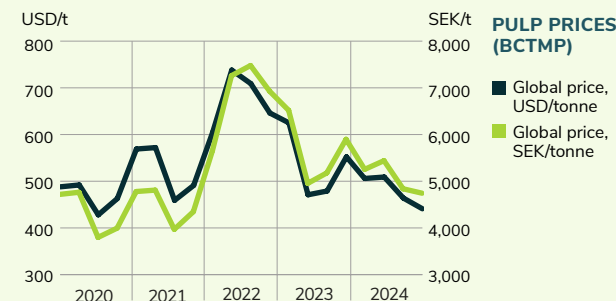


MECHANICAL MARKET PULP
 Deliveries, million tonnes
 Capacity utilisation, %

PULP PRICES



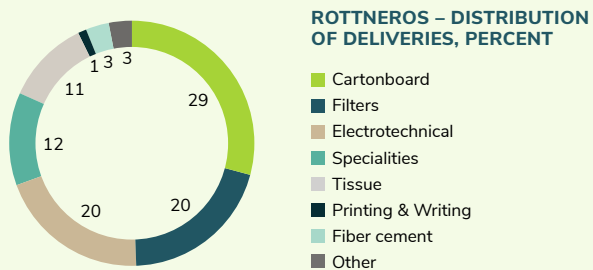
PULP PRICES (NBSK)
 List price Europe, USD/tonne
 List price Europe, SEK/tonne
 Net price Europe, USD/tonne
 Net price Europe, SEK/tonne



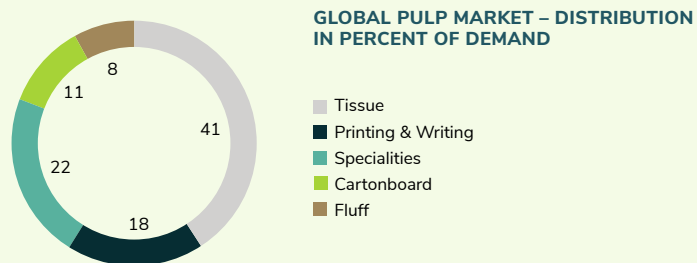
PULP PRICES (BCTMP)
 Global price, USD/tonne
 Global price, SEK/tonne

TRENDS AND MARKETS

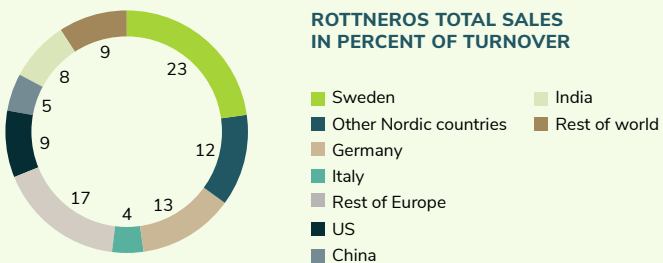
DELIVERIES BY APPLICATION



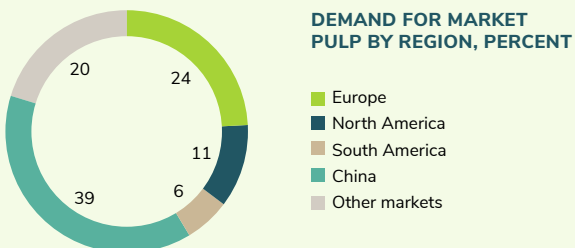
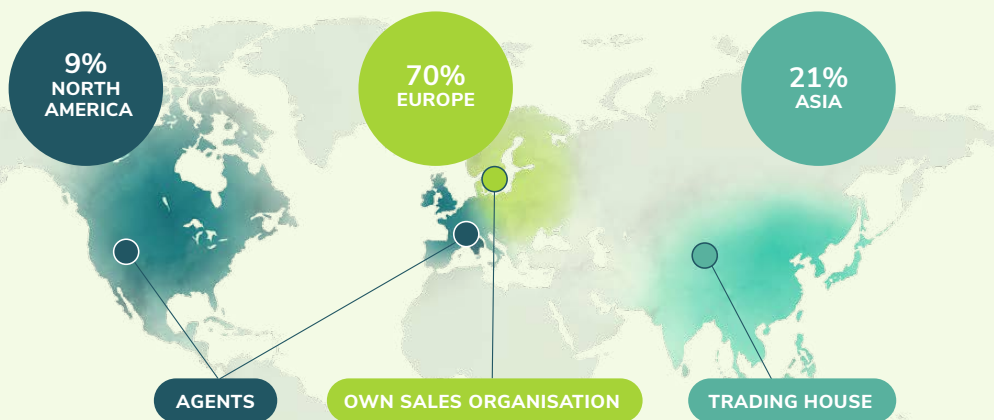
GLOBAL DEMAND



DELIVERIES BY GEOGRAPHIC MARKET



ROTTNEROS' DELIVERIES AND SALES ORGANISATION, BASED ON TURNOVER



Sources for the market section. PPPC, Fastmarkets/FOEX, TTO/Brian McClay, Hawkins Wright, Riksbanken.

APPLICATIONS AND BRANDS

Rottneros' range of products

The Group focuses on the development and production of market pulp for selected niches. For example, Rottneros is a world-leading supplier of pulp for the production of air and liquid filters, as well as pulp for electrotechnical applications.

Customer needs are changing at an increasingly rapid pace within the context of a changing world. Rottneros ensures growth within its existing niches by consistently monitoring the market and developing both proprietary and customised products.

The Group also works diligently to identify other growing segments where the company can leverage its competitive advantages. Pulp for fiber cement is one such example and is an application that has emerged in recent years.

Overall, Rottneros has good long-term growth potential thanks to the availability of both chemical and mechanical pulp, a recognised high level of technical know-how, close cooperation with customers and in-depth knowledge of their processes and end-use areas.

The renewable properties of pulp make it a natural and more sustainable alternative to plastic, which is often used in the

production of food packaging. Thus, packaging solutions are an important and growing part of Rottneros' offering.

Our brands

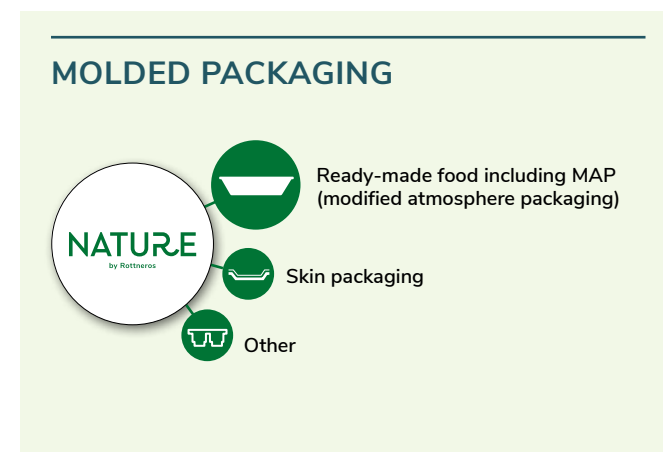
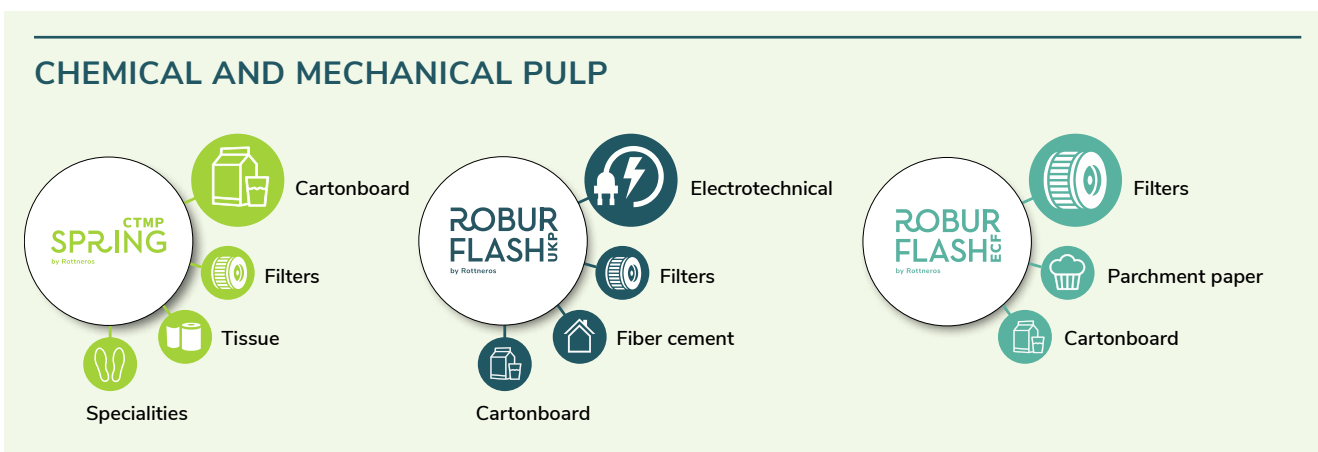
Rottneros has complemented the established brands Robur Flash for chemical pulp and Nature for fiber-based trays. The new brand, Spring by Rottneros, represents our mechanical pulp from Rottneros Mill.

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 cartonboard production. It is worth noting that the excellent properties of our pulps naturally benefit a variety of other applications.

Nature by Rottneros is the brand for molded fiber packaging solutions. The product has been developed over 20 years and is manufactured using proprietary tools. It is renewable, recyclable, high-quality, safe, and meets high performance requirements. Barrier solutions are developed in collaboration with leading research institutes. Its versatility opens up endless possibilities for different packaging solutions.



APPLICATIONS AND BRANDS



CARTONBOARD



High-quality pulp adapted for board and packaging is a long-term and clearly growing market. Both mills produce competitive grades of pulp with properties well suited to this area, which is also one of Rottneros' prioritised customer segments.

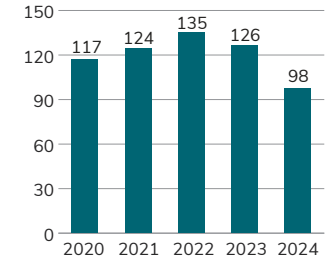
Rottneros Mill produces CTMP pulp optimised for the highest possible bending stiffness, an important property for packaging board. The Group's various grades of pulp are also characterised by a high degree of purity, which means that they do not affect the taste or smell of packaged goods.

They therefore fulfil the high requirements for food packaging, such as milk and juice cartons. Vallvik Mill produces bleached and unbleached sulphate pulp with high strength and convertibility. The large washing capacity of the mill allows it to produce a very pure pulp.

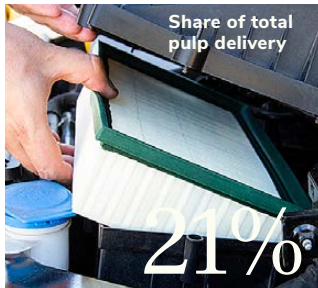
A number of different factors are driving growth in cartonboard, at the same time that there is a shortage of recycled fiber. Environmentally friendly and bio-based solutions are in global demand as replacements for fossil-based options, such as packaging for food or consumer products.

The steady expansion of e-commerce is increasing the demand for cartonboard.

PULP DELIVERIES, KTONNES



FILTERS



Rottneros is one of the global market leaders in pulp for the production of various types of filters. Several of the Group's pulp grades are characterised by high porosity and strength. This makes them ideal for air and liquid filters, both for the food and automotive industries. Specialised pulp grades for filters are produced at both Rottneros and Vallvik Mill.

The Group holds a competitive advantage over other pulp suppliers in the global automotive industry. The reason is that the company's pulps

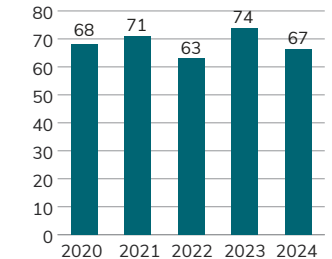
for filters can be combined in various formulations, thereby providing a wide range of desired properties. Rottneros is also among the global market leaders in pulp for coffee filters, where the very high purity and filtration capability of the pulp play a crucial role in delivering a maximum flavor experience.

Filters continue to be in demand despite increased electrification

The need for filters in the automotive industry is expected to continue for at least another decade,

despite the increasing popularity of electric vehicles. Moreover, the aftermarket will continue for up to 30 years as cars running on fossil fuels regularly need new filters. Heavy vehicles and gas turbines represent another market where demand for filters is expected to remain stable. The trend for our filter customers remained stable in 2024 despite the growing share of electric vehicles.

PULP DELIVERIES, KTONNES



ELECTROTECHNICAL APPLICATIONS



Rottneros is a global market leader in pulp for use in electrical insulation materials, transformer board, and condenser paper, often referred to as E-pulp.

The E-pulp produced by the Group is extremely pure and well-washed. It has been developed over more than 25 years to achieve today's uniquely low conductivity. E-pulp is available in various customised grades for use in the most demanding insulation materials such as condenser paper,

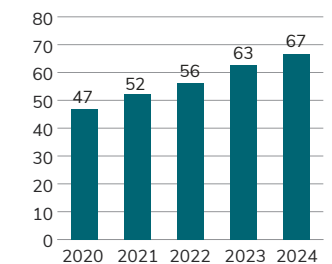
insulation in transformers and high-voltage cables on the seabed.

Infrastructure development drives E-pulp growth

With the growth in the share of electric cars, new infrastructure must be installed to meet the need for charging. E-pulp is used as electrical insulation material, for example in charging posts. The transition to renewable energy sources is also driving demand. Wind turbines

are often located far from electricity consumers, which means that a whole new infrastructure needs to be built, including new transformers. The market is otherwise characterised by stability and long-term customer relationships. There are only a few suppliers of E-pulp in the world.

PULP DELIVERIES, KTONNES



APPLICATIONS AND BRANDS



SPECIALITIES



Rottneros pulps are used in many specialised applications. Through its access to many different grades of pulp, both mechanical and chemical, the Group can help customers find the right combination of grades to achieve the required properties.

As a result, Rottneros' pulps are used in a variety of specialised applications, such as jeans labels, shoe soles, wallpaper, laminate flooring, baking paper, thin specialty papers, and oil and pigment absorbent materials.

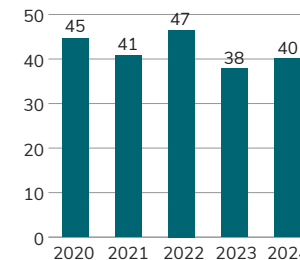
Even the molded fiber applications, which are manufactured at Rottneros Packaging, can be considered a customised product.

High rate of innovation

Fiber-based products that can replace fossil-based options are characterised by a high rate of innovation. The specialities segment is therefore steadily growing. The market for thin specialty papers is also gradually expanding. The growing demand is being met by manufacturers who previously produced printing and

writing papers and have shifted their production to various specialty applications.

PULP DELIVERIES, KTONNES



TISSUE



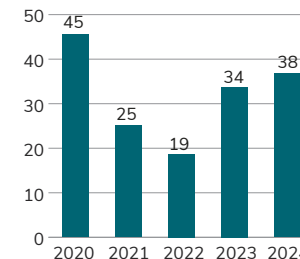
The demands on the properties of pulp for tissue are often numerous and set at a high standard. This includes factors such as appearance, absorbency, airiness, weight, stiffness and brightness. The fact that all pulp types produced by Rottneros can be used for the production of tissue is therefore a mark of quality.

Tissue is mainly used for napkins, paper towels and toilet paper.

Steadily expanding market

Tissue is the single largest area of use for market pulp, with more than 40 percent of the market. Demand is also relatively independent of fluctuations in the economy. Global economic growth with progressively higher living standards, especially in Asia, is driving growth.

PULP DELIVERIES, KTONNES



FIBER CEMENT



Rottneros' unbleached chemical pulp is perfect for the building material fiber cement. The pulp makes the material healthy, sustainable and environmentally friendly. It often replaces harmful materials such as asbestos.

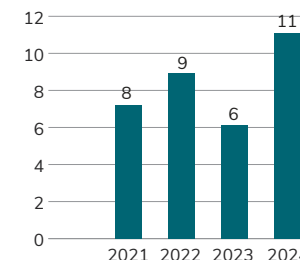
Rottneros' unbleached sulphate pulp has high purity, the right lignin content or kappa number, which together make it very suitable for fiber cement. Fiber cement is a building material made from cement, cellulose fiber and water. It is used

for cladding facades, roofs and interiors. Using unbleached pulp, building boards can be produced without the harmful substance asbestos. The fibers have a reinforcing function and the boards become light, strong and require minimal maintenance. They are also long-lasting, cost-effective, fire-resistant and have a low sensitivity to moisture.

Market for cellulose-based fiber cement is steadily growing

The use of fiber cement based on cellulose fiber is growing steadily due to its many attractive properties. Rottneros has been supplying unbleached chemical pulp from Vallvik Mill for the production of fiber cement for some years, mainly in Southeast Asia.

PULP DELIVERIES, KTONNES



STRATEGIC PRIORITIES

Strategic priorities

Rottneros' strategy is defined by our cornerstones, focus areas, and long-term targets. The strategy guides us in our decisions towards our vision.

Rottneros makes a difference and creates sustainable value for our stakeholders by focusing on our prioritized areas and long-term targets, which guide our decisions.

Rottneros' long-term market strategy is specialisation in growing segments. We continuously develop our products and are a reliable supplier of high-quality market pulp to selected niches in the market.

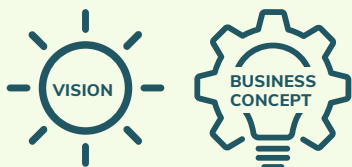
Rottneros' responsibility encompasses both the safety and security of our employees, as well as maintaining a long-term responsible and attractive workplace. We ensure a safe, secure, and healthy work environment with a high level of inclusion and diversity, which is fundamental to our success and to creating value for both our employees and our stakeholders.

We achieve long-term profitability through satisfied customers, flexibility, stable annual growth in production volume, effective cost control and active diversification of our offerings. These factors are crucial for securing the resources we need to develop and broaden our product range.

A clean environment is central to Rottneros. Our products come from sustainably managed forests and can replace fossil-based products on the market. We actively work to reduce our environmental impact, aiming to achieve fossil-free production by 2030 and continuously decrease emissions to air and water.

OUR CORNERSTONES, VALUES, AND FOCUS AREAS

OUR CORNERSTONES



Our vision is to always make a difference!

Our business concept is to use our curiosity and experience to create products and services close to our customers.

OUR VALUES

**WE ARE COMMITTED,
WE RESPECT EVERYONE,
WE ARE PROFESSIONALS**

Rottneros' fundamental values shape our company culture, the way we interact and how we build relationships with each other. It's through our behaviour and actions that we can make a difference.

- We are committed to each other, to the community and to operating with the lowest impact on the environment that we can achieve.
- We respect all people and treat everyone equally. Diversity is encouraged.
- We place high demands on ourselves and each other. We always act to ensure our own safety and that of others.
- We love solutions that combine research, technological development and eco-friendly products.
- We want to understand, propose and implement in practice.

FOCUS AREAS

SUSTAINABLE PROFITABILITY

Sustainable growth, strong profitability, and solid finances are cornerstones of Rottneros' long-term development.

HEALTH AND SAFETY

A safe and secure working environment is always the top priority.

EQUALITY AND DIVERSITY

Engaged employees, diversity and innovative thinking drive long-term success.

CUSTOMER SATISFACTION

First-class products, a high level of service and long-term, close customer relationships maximise customer value.

FOSSIL-FREE PRODUCTION AND ENVIRONMENT

The environment and the goal of fossil-free production are top priorities.

Read more about focus areas on pages 35-43.

GOALS AND OUTCOMES

Rottneros' targets and outcomes

Rottneros manages and monitors its operations in three areas – financial targets, social targets and environmental targets. Targets are formulated based on the key requirements of our stakeholders.

FINANCIAL TARGETS

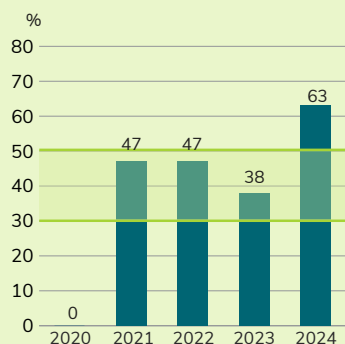
DISTRIBUTION OF NET INCOME*

TARGET: 30–50%

The goal is a good return to shareholders, with a target of 30 to 50 percent of net income.

OUTCOME:

Based on the financial performance and the continued uncertain global situation, the Board proposes that no dividend be paid for 2024. For 2023, Rottneros distributed 0.50 SEK per share.



* Dividend paid in relation to the previous year's earnings. For 2021, the dividend is related to the combined earnings of 2020 and 2019.

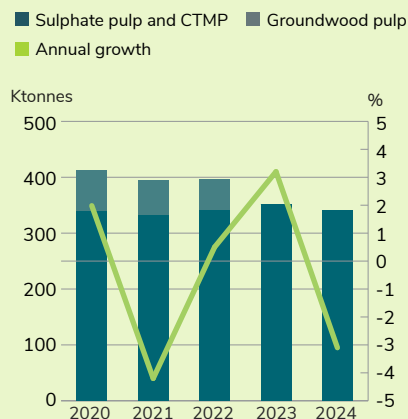
PULP PRODUCTION**

TARGET: 3% ANNUAL GROWTH

Offset inflation within fixed costs through annual growth of production volume.

OUTCOME:

Production decreased by 3 percent, with production disruptions at the beginning of the year affecting sulphate pulp.



** From 2023, the change in production of sulphate pulp and CTMP is measured.

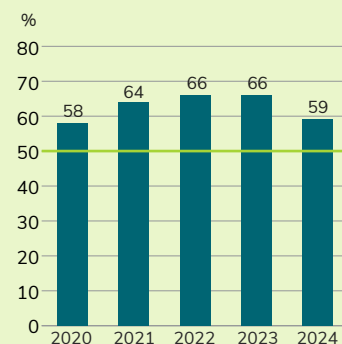
EQUITY/ASSETS RATIO

TARGET: >50%

Maintain the strong equity/assets ratio and low debt/equity ratio.

OUTCOME:

The balance sheet remains strong, with an equity ratio of 59 percent. During the year, the Group invested 450 MSEK and secured long-term financing until 2027.



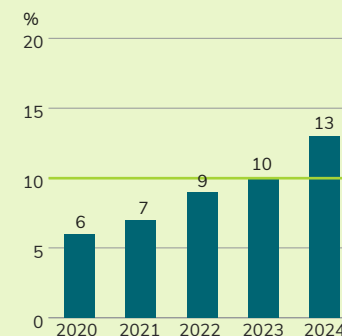
SHARE OF REVENUE, NON-PULP

TARGET: OVER 10%

By increasing the share of revenue that does not come from pulp sales, the Group can diversify its revenue base and create conditions for long-term growth.

OUTCOME:

The share of revenue from products other than pulp increased to 13 percent, thanks to higher sales of externally sold wood.



GOALS AND OUTCOMES

SOCIAL TARGETS

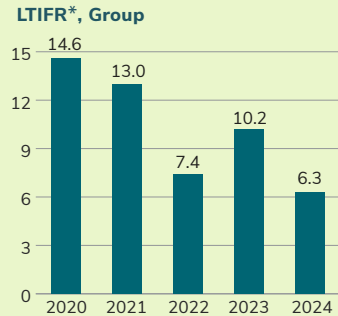
ACCIDENTS WITH SICK LEAVE

TARGET: ANNUAL REDUCTION

Rottneros has a zero vision approach to workplace accidents leading to sick leave. The aim is for the LTIFR* to decrease each year.

OUTCOME:

The number of accidents with sick leave decreased from 5 to 3, which also caused a decrease in the LTIFR. Constantly eliminating risks before they arise permeates daily operations.



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

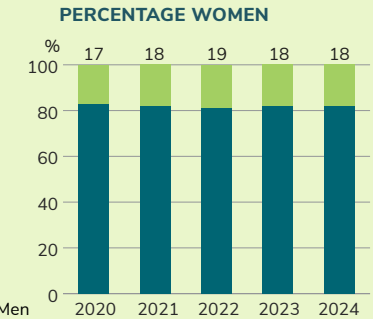
PROPORTION FEMALE EMPLOYEES

TARGET 2025: 30%

The aim is to increase the share of female employees to 30 percent.

OUTCOME:

The share of women at Rottneros was 18 percent, remaining at the same level as in previous years. Focus on the social and organisational work environment continues, with the goal of making Rottneros an attractive employer where everyone feels valued and welcome.



ENVIRONMENTAL TARGETS

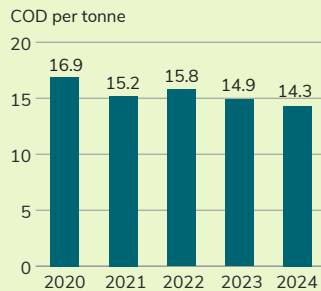
EMISSIONS TO AIR AND WATER

TARGET: ANNUAL REDUCTION

Annually reduce emissions of oxygen-demanding substances to water by a good margin to the set conditions, measured in COD/tonne pulp.

OUTCOME:

The outcome for Vallvik Mill was in line with previous years. Rottneros Mill reduced its emissions as significant measures were taken to improve the process, partly due to the decommissioning of the groundwood line.



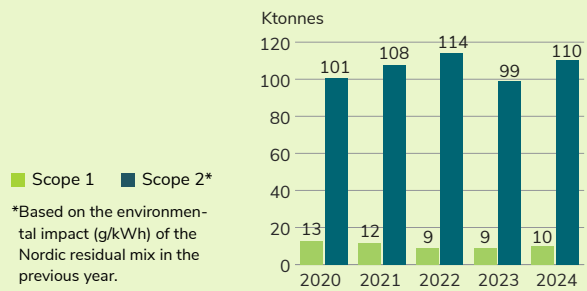
CARBON DIOXIDE EMISSIONS CO₂

TARGET 2030: 0

Annually reduce fossil carbon dioxide emissions. The target is fossil-free production by 2030 according to GHG Scope 1 & 2.

OUTCOME:

Scope 1: The outcome is at the same level as in 2022. From 2023, emissions from internal transports and company cars are also included. **Scope 2:** The share of fossil carbon dioxide in purchased electricity continues to increase. As in 2023, the amount of electricity purchased totalled 211 GWh.



*Based on the environmental impact (g/kWh) of the Nordic residual mix in the previous year.

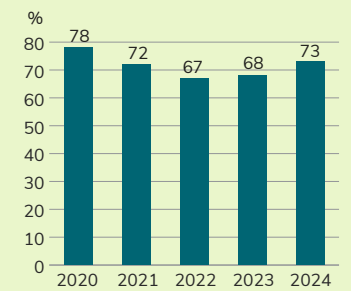
SUSTAINABLY MANAGED FORESTS

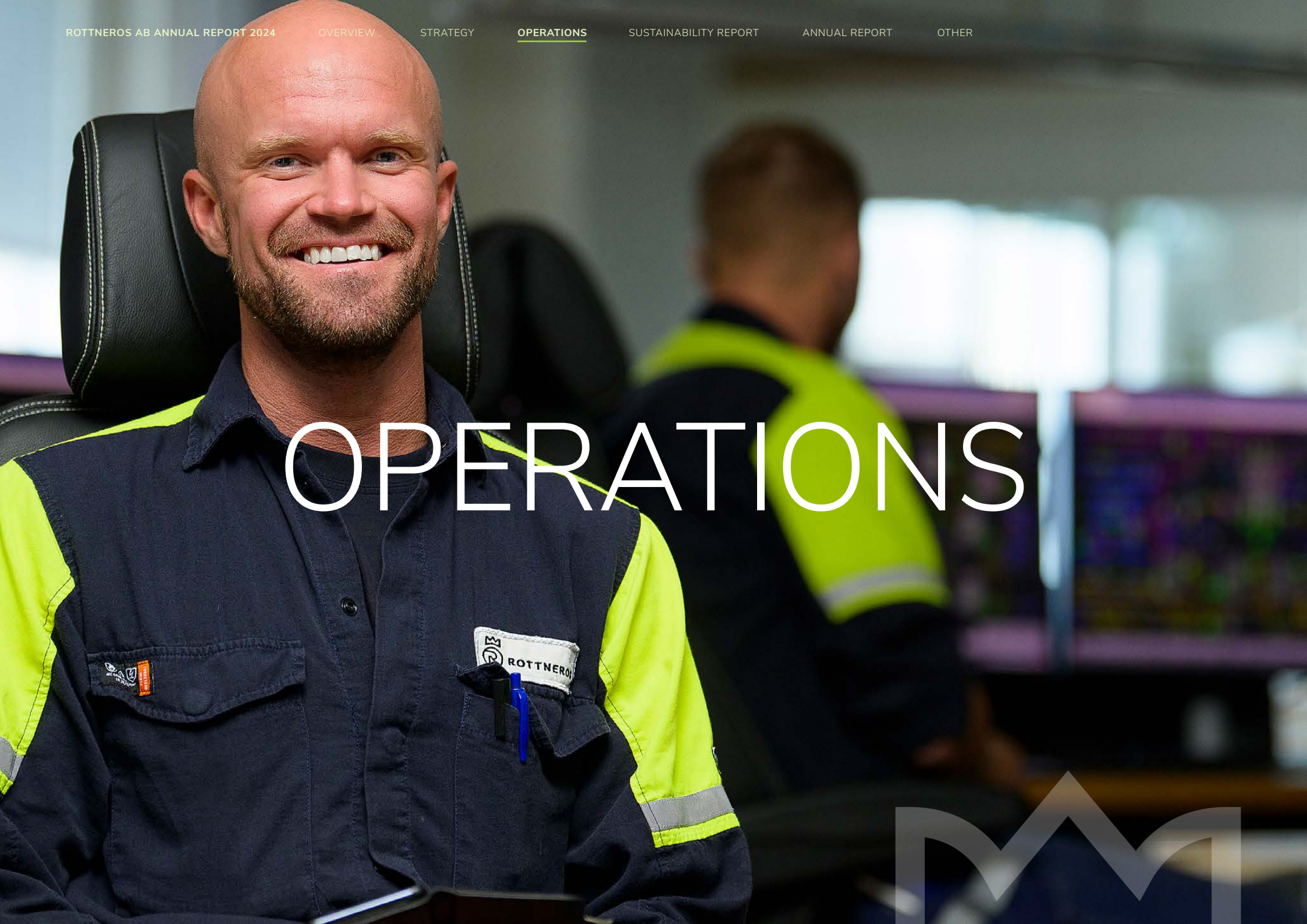
AMBITION: 100%

The ambition is for 100 percent of forest raw material procured to be certified according to FSC® or PEFC.

OUTCOME:

The availability of certified pulp wood is not sufficient to achieve this ambition. Purchased raw material that is not certified meets the requirements according to FSC® Controlled Wood.





OPERATIONS

 ROTTNEROS



Multiple divisions – one company

The Group's core business is the production of high-quality market pulp for selected niches. Chemical sulphate pulp is produced at Vallvik Mill and mechanical pulp at Rottneros Mill. The subsidiaries Nykvist Skogs and Rottneros Baltic supply the mills with raw material from spruce and pine trees. Several functions are common to the Group, such as marketing, HR and finance. One growth area for the Group is the development and manufacture of wet-formed fiber packaging at its subsidiary Rottneros Packaging.



INPUT MATERIALS

Agile and efficient organisation for the supply of input material

Pulp wood is the input material that has the most significant impact for Rottneros. The supply ran smoothly during 2024 despite a periodically challenging market balance, similar to the previous year. The Group's close and long-term relationships with wood suppliers are a crucial success factor. The company's strategy of hedging its electricity supply led to a slight increase in electricity costs.

Supply of pulp wood

Rottneros has an agile and efficient organisation for wood procurement from sawmills and roundwood suppliers in close proximity to the respective mills. Short transport distances are of great importance for limiting transportation costs. Roundwood is mainly supplied by the forest owners' association Mellanskog and the state-owned Sveaskog, with supplementation from Nykvist Skogs, which is part of the Rottneros Group.

Pulp wood is clearly the most important input good for Rottneros, accounting for approximately 70 percent of the Group's variable costs. It is always traceability certified, thereby ensuring that the pulp wood has no controversial origin. The raw material inventory at each mill should normally cover two to three weeks of production.

Wood market remains challenging

The market for pulp wood continued to be volatile and periodically challenging during 2024. Strong demand resulted in price increases. Competition for the raw material escalated mainly as a consequence of growing demand in the energy sector. At the same time, Rottneros' supply of pulp wood was good, benefitting from the Group's close and long-term relationships with wood suppliers. The high production rate in the sawmill industry continued to benefit the supply of both pulp wood and chips.

As in the previous year, the proportion of imported pulp wood was normal and amounted to approximately 12 percent. Imports are largely via ships from Rottneros Baltic in Latvia to the port at Vallvik Mill.

The Group used approximately 1.4 million cubic metres of pulp wood and chips at a total cost of about 1,120 MSEK.

The forest is both a sustainable and a renewable raw material

The forest is a sustainable and renewable raw material that must meet the needs of various stakeholders concurrently, despite the limited supply. The need to substitute fossil-based products with climate-friendly alternatives is resulting in a continual expansion of the number of applications for forest raw materials. The energy sector is also emerging as a major consumer of forest resources. The forest should also serve as a carbon sink, storing carbon dioxide to address climate change. Meanwhile, growing demand for biodiversity also requires more land to be allocated for this purpose. Collectively, these factors lead to heightened competition for forest resources, thereby driving up prices for Rottneros' main input.

Chemicals account for 20 percent of variable costs

Chemicals account for about 20 percent of Rottneros' variable costs. In the sulphate process, the chemicals are recycled to minimise environmental impact. The recovery rate is around 97 percent. In 2024, the chemicals market continued to be characterised by uncertainty due to the prevailing external situation. Prices for the chemicals used by the Group in production decreased slightly following the high levels of the previous year. Rottneros uses a number of major suppliers with sustainable production processes to ensure delivery, sustainability and competitive prices.



INPUT MATERIALS

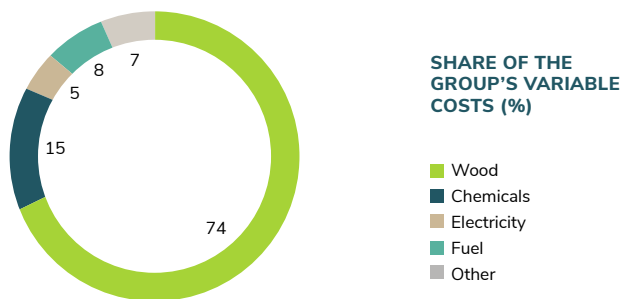
Electricity is a major cost item

Electricity is the Group's third largest variable cost item. In 2024, all electricity obtained from external providers, around 220 GWh, was purchased at prevailing market rates through the Nord Pool electricity marketplace. Market prices continued to fall slightly. The company uses electricity hedges to reduce its exposure to electricity prices. The hedged price in 2024 was slightly higher than in 2023, so the Group's electricity cost increased. However, the impact on financial performance was negligible.

To achieve stable electricity costs, future prices are hedged according to an adopted strategy. At the end of the 2024 financial year, Rottneros had hedged 33 percent of its electricity consumption for 2025–2033. The Group is also actively working to reduce its long-term exposure to electricity price movements. Consequently, to secure access to long-term renewable energy, in June 2023 a long-term agreement was signed with German EnBW through a Power Purchase Agreement (PPA), including guarantees of origin. The agreement covers just over 30 GWh per year of pure wind power energy, settled against a fixed price in electricity area SE3, and runs for an 8.5-year period starting in 2025. The agreement is also an important component of the effort to achieve fossil-free production in the long term.

In autumn 2024, Rottneros' own solar cell park started producing electricity and an energy storage facility was put into operation. The solar cells are expected to generate almost 3 GWh annually, which can be compared with the Group's annual need for purchased electricity of around 220 GWh. The purpose of energy storage is primarily to contribute to improved balance in the electricity market, which also generates revenue from Svenska Kraftnät, resulting in an attractive return on investment.

RAW MATERIALS PURCHASED



Nykvist Skogs: Continued good profitability despite growing competition

Nykvist Skogs is a comprehensive and independent forestry operator that is part of the Rottneros Group. The operation is based in Värmland and contributes to securing Rottneros' pulp wood supply, primarily within the important group of private forest owners. It accounts for about half of all forest ownership in Sweden.

Nykvist Skogs supports a total of approximately 1,000 forest owners, many of whom return year after year. Proximity to customers, long-term business relationships, and high expertise comprise important competitive advantages for the operations. Private forest owners often value personal service characterised by a strong commitment, expertise, a holistic perspective and high flexibility. It is also common for customers to focus on other values, beyond the purely financial, such as leaving behind a beautiful and thriving forest.

Nykvist Skogs' customer offering is comprehensive, encompassing all conceivable services within forest management, harvesting, consulting and administration. Timber trading accounts for approximately 95 percent of the company's turnover. Some of the deliveries go to the Group's two mills, in Rottneros and Vallvik. In addition, Nykvist Skogs delivers to sawmills and industries across most of Värmland, as well as to southern Sweden and Norway.

Developments in 2024

Volume and profitability developed steadily in 2024, despite increased competition. The supply of regeneration felling decreased, partly because the large-scale bark beetle infestation in 2022 resulted in significantly increased harvesting at that time, which affected the supply in 2023–2024. The entry of several new operators in Värmland also contributed to the increased competition.



VALLVIK MILL

Vallvik Mill produces pulp for niches that require world-leading quality

Vallvik Mill produces chemical pulp of the highest possible quality. The mill is one of the global market leaders in filter pulp and E-pulp for electrotechnical applications. Because the production process is designed as an advanced ecocycle, the environmental impact of the mill is low. This year's investments primarily focused on a new tall oil plant for the production of fossil-free tall oil.



Production for the year

The same production line produces bleached (ECF) and unbleached (UKP) chemical sulphate pulp in campaigns at Vallvik Mill. The proportion of ECF and UKP can be partially adjusted based on what is optimal under current market conditions. The mill has a production capacity of about 240,000 tonnes per year with the current product mix. In 2024, production amounted to 219,000 tonnes, which was a decrease of approximately 5 percent from 2023. The decline was primarily due to the severe winter weather conditions during the first quarter, which caused disturbances in the production.

In 2024, 112,000 tonnes of ECF and 107,000 tonnes of UKP were produced. To further increase the focus on long-term production growth at the mill, two process engineers and one reliability engineer were added to the organisation.

Market and product development

Through Vallvik Mill, Rottneros ranks among the global market leaders in pulp for manufacturing air and liquid filters, primarily for the automotive and food industries. The Group is also the world leader in E-pulp, an extremely well-washed and pure chemical pulp with uniquely low conductivity. E-pulp is used for electrical insulation materials, such as condenser paper or high voltage cables placed on the seabed. Demand for E-pulp has grown

substantially since 2020, primarily driven by the renovation and modernisation of electrical grids associated with the transition to renewable energy sources.

Investments:

New tall oil plant commissioned in the autumn

In the autumn of 2024, a new tall oil plant was commissioned as planned. The investment, which replaced existing older equipment, amounted to a total of 93 MSEK during 2023–2024. The tall oil plant is an important part of chemical recycling in the mill. In the process, soap is separated and then further refined into tall oil. Tall oil is a valuable by-product that can replace fossil oils in various applications.

Read about how we manage Environment and Safety on pages 34–35, 38–39

VALLVIK MILL



THE YEAR AT VALLVIK MILL



Demand for pulp in the prioritised niches was strong. Over 90 percent of the pulp is used for filters, electrotechnical applications, cartonboard, fiber cement, and specialities.

This year's production output was to 219,000 tonnes, compared to 230,000 tonnes the year before. The cold weather at the beginning of the year caused disturbances in the mill.

Investments during the year amounted to a total of 137 MSEK. The largest investment was in a new tall oil plant, which is part of the chemical recycling process at the mill.

PRODUCTION OF SOFTWOOD PULP

Spruce and pine wood from slow-growing forests in northern Scandinavia are heated in a digester together with white liquor to release the fibers and extract lignin and other substances from the wood. The pulp is then washed, screened, bleached, cleaned and dried. Flash drying gives the fibers an open structure and other important properties for production of filters. The pulp is finally pressed into 200 kg pulp bales. The lignin is used as fuel and the chemicals are recycled.



PRODUCTS

ECF (ELEMENTARY CHLORINE FREE) Bleached softwood sulphate pulp used for the manufacture of filters, light cartonboard products, printing and writing papers and special applications.

UKP (UNBLEACHED KRAFT PULP) Unbleached softwood sulphate pulp is used for E-pulp. It is also ideal for the production of brown liquid packaging board, filters and for special applications.

Rottneros Mill is a leading and expanding player in the mechanical pulp market

Rottneros Mill produces CTMP pulp in a range of different qualities that have been tailored to provide the final product with the desired properties. The year was characterised by a strong focus on safety work, intensive efforts on investments for significantly increased capacity and own energy production, as well as energy storage. The investments were commissioned during the autumn as planned.



Production for the year

CTMP pulp is produced at Rottneros Mill. The mill has a production capacity of approximately 165,000 tonnes per year after the new investment was commissioned during the annual maintenance shutdown in the autumn of 2024. This represented a capacity increase of approximately 40,000 tonnes, with planned full production impact by 2026. In 2024, the mill produced 122,000 tonnes, which was in line with the previous year.

Market and product development

Rottneros' CTMP pulp can be adapted to many different product variants. It is possible to optimise bulk in relation to other quality aspects and thus meet the requirements that are in demand. CTMP is used for purposes such as the middle layer of cartonboard to provide increased bulk (thickness) and stiffness. The board market shows long-term market growth and is one of the areas in which Rottneros intends to continue to expand. The Group's explicit aim is also to maintain a high level of innovation.

Investments

The long-term profitability prospects for CTMP are assessed as good. To increase the mill's capacity from approximately 125,000 to 165,000 tonnes annually, the group invested a total of 220 MSEK during 2023–2024. The additional volume is mainly for the growing market segments of cartonboard as well as tissue. The new equipment was brought into production during the annual maintenance shutdown in the autumn of 2024.

Preparations for the production start and subsequent fine-tuning of the new equipment took place throughout 2024. Safety and environmental concerns are always top priorities in shaping and directing investments.

During the year, a total of approximately 85 MSEK was invested in renewable electricity and energy storage at the mill. The investments, which were commissioned during the autumn, were part of a long-term strategy to reduce exposure to the electricity market and included a solar park and a battery for energy storage. The solar park is expected to generate just over 3 GWh annually, a figure that contrasts with the Group's annual purchased electricity needs of over 220 GWh. The main purpose of energy storage is to help improve the balance on the electricity market, which will also generate revenue from Svenska Kraftnät and thus provide a favourable return on investment.

Read about how we manage
Environment and Safety on
pages 34–35, 42–43

ROTTNEROS MILL



THE YEAR AT ROTTNEROS MILL



Investments to increase CTMP capacity and production total approximately 220 MSEK.

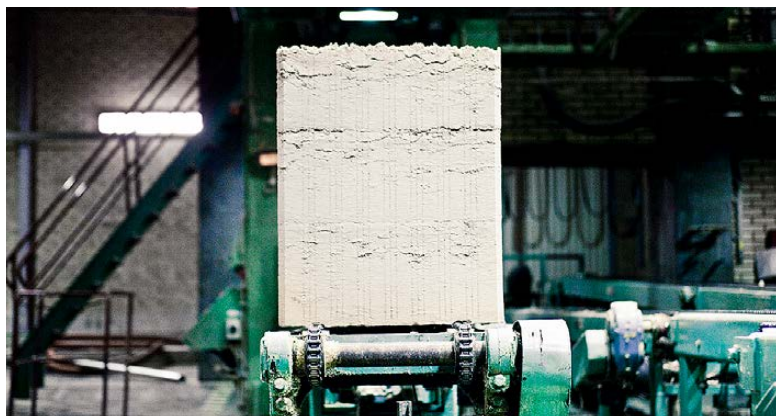
This year's production of CTMP amounted to 122,000 tonnes, which was in line with the previous year.

The high-priority efforts to further strengthen the safety culture and safety performance continued.

Rottneros Mill invested 85 MSEK in a solar park and batteries for energy storage.

PRODUCTION OF MECHANICAL PULP

In the production of CTMP, wood chips are pretreated with chemicals at an elevated temperature. The chips then pass between rotating grinding discs to release the fibers from one another. The pulp is then dried for an open structure and packed into bales. Up to 95 percent of the wood can be used in the production of CTMP pulp.



PRODUCTS

CTMP (Chemi-Thermo-Mechanical Pulp), Bleached/unbleached. Used for cartonboard, tissue, and printing and writing papers. A specially designed CTMP gives the right properties to filters. One growing end-use area is molded fiber products.

Rottneros Packaging is a leader in sustainable packaging solutions for the food industry

Rottneros Packaging develops technology and packaging solutions based on the natural raw material cellulose, primarily for the food industry. The focus is to meet the rapidly growing demand for sustainable packaging in collaboration with partners throughout the value chain. The business is therefore in a highly expansive phase. In 2025, production will begin at Rottneros and Arctic Paper's joint factory for high-quality fiber trays in Poland.



Production

Rottneros Packaging develops and produces recyclable food packaging that meets very high standards and is undergoing rapid expansion. The original production unit is located in Sunne, near Rottneros Mill, where the CTMP pulp for the packaging is produced. Driven by rapidly growing demand and enhanced production efficiency, the volume increased during the year. The number of employees also increased, primarily in product development and marketing. Towards the end of the year, a new production line was commissioned in Sunne, thereby more than doubling capacity at the plant.

Market and product development

In 2024, the demand for environmentally friendly and high-quality packaging continued to grow rapidly. Demand is partly driven by upcoming EU legislation that imposes increased pressure to reduce plastic usage in society. The legislation, which will be fully implemented by 2030 at the latest, requires that all packaging are designed for circularity that enables reuse or recycling and consists of recyclable material with a limited amount of plastic.

Interest in Rottneros Packaging's products is very high. The established product concept Nature by Rottneros emphasises the origin of the raw material and the climate-smartness of the packaging, reflecting the core values and high quality that define Rottneros products as a whole.

The evaluation of different types of barriers to further broaden the range of fossil-free packaging solutions continued during 2024. High-barrier packaging with extended shelf life for food remains a prioritised area of development. Rottneros trays can withstand high heat and are ideally suited for frozen or chilled foods.

Industrial-scale factory in Poland

Rottneros Packaging is in a development and construction phase aimed at meeting strong, growing demand in both the short and long term, in collaboration with partners across the entire value chain. The prospects for achieving a leading market position are deemed very good, given the company's extensive expertise. This also provides the Group with a strong foundation to tailor pulp products for external molded fiber producers.

In 2024, the jointly owned company in Poland, where the Group and Arctic Paper have built a factory for molded fiber trays, was a high priority. Production, which will start in 2025, is primarily focused on high-barrier packaging with extended shelf life for food. In addition to providing the market with fossil-free packaging solutions, the purpose is to use the plant to demonstrate both the high quality and the scalable, efficient production.

ROTTNEROS PACKAGING



THE YEAR AT ROTTNEROS PACKAGING



Production grew through improvements to the technology platform, resulting in both higher efficiency and availability. A new production line was installed in Sunne in the autumn.

The organisation was further strengthened to meet the increased demand. Additional resources were allocated for developing new products as part of the preparations for gradual scaling up.

The factory in Poland began installing the first machine line, which is scheduled to be operational in early 2025. It is a key component in the future expansion of the business.

MANUFACTURE OF MOLDED FIBER TRAY

The raw material consists of 100 percent mechanical pulp from sustainable and local forestry with high purity and without the addition of harmful chemicals. The dried pulp is transported from Rottneros Mill, dissolved and diluted. In a single process, the pulp is shaped and dewatered into a final customised product, approved for contact with food. Finally, the trays can be barrier coated. During the process, the trays are inspected by an automated quality assurance system.



PRODUCTS

Mechanical pulp that is molded achieves high strength and stiffness at low weight, which are valuable properties for food packaging. Recyclability is a key property and is central to the product design. The products are therefore both recyclable and renewable. They also meet requirements ranging from quick service with minimal functional demands to gas-tight packaging with several weeks of shelf life in chilled format. The trays are suitable for food or industrial applications, hot or cold, wet or dry. They work well for freezing and defrosting in a microwave or traditional oven.

SUSTAINABILITY REPORT

The sustainability report covers Rottneros AB and its subsidiaries for the financial year 1 January to 31 December 2024. The content is based on regularly updated analyses of key issues for stakeholders. It has been reviewed by the Group's auditor and an opinion has been provided on page 103.

INTRODUCTION

Sustainability is a cornerstone that is fully integrated into Rottneros' strategy

As a pulp producer with customers worldwide, Rottneros is part of the natural cycle that begins in the forest. The sustainability dimension is therefore fully integrated into the company's strategy. The forestry industry will play a vital role in the transition to a climate-neutral society, and Rottneros' strategic decisions align with that objective. Rottneros has identified five focus areas based on the key requirements of our stakeholders, where the company has the opportunity to make a positive impact.

Sustainable processes and products are key success factors

The shift towards sustainable products, from fossil-based ones, is a high priority for society and is becoming more important every day. This trend reveals not only a growing need for competitive packaging solutions, but also that the pulp market is well positioned for long-term growth. At the same time, the potential for expansion within Rottneros' various market niches remains high.

Investments should always create value for customers, shareholders and the environment, both through a good potential return and through the sustainability values we can create. Ongoing investments are made to improve workplace safety and minimise negative impact on the surrounding environment. Major investments completed in 2024 include increased CTMP capacity, solar cells and battery storage at Rottneros Mill. At Vallvik Mill, the existing tall oil plant, where the valuable by-product tall oil is produced, was replaced with a new one.

Diversification with a focus on trays

There is a strong consumer trend shifting towards fossil-free packaging in areas where plastics still dominate. Rottneros develops molded fiber trays that have superior environmental properties that are far better than the plastic-based products that currently dominate the market. Rottneros Packaging in Sunne is the first factory to produce the trays. Technology and processes are also under development at the factory. A larger facility is brought into operation in Poland as part of a jointly owned company with Arctic Paper. The venture has significant long-term potential and is the result of many years of work to develop leading expertise in this market.

Fossil-free production

For Rottneros, addressing the focus area fossil-free production and the environment is a given. The Group has a long-term goal of achieving completely fossil-free production by 2030 at the latest, in accordance with Scope 1 and 2. In addition to phasing out the fossil fuels primarily used during start-up after production shut-downs, the purchased electricity must also come from fossil-free sources, which is a high priority. An energy strategy has also been formulated to improve the long-term efficiency of energy consumption. Eliminating indirect carbon dioxide emissions that occur outside the gates of the operation, GHG scope 3, is yet another long-term challenge. Scope 3 relates to other indirect emissions, such as emissions from purchased goods and services, waste management, business travel, transportation of both raw materials and input goods, and shipping of produced goods to customers. Analysis of these emissions continued in 2024 as part of the effort to gradually reduce them.

In a sustainable organisation, it is essential for employees to feel safe and secure both in the physical workplace and socially. Therefore, employee health and safety is a top priority. Other top-priority focus areas include equality and diversity, customer satisfaction and sustainable profitability.

About sustainability governance and preparations for CSRD

The Corporate Sustainability Reporting Directive (CSRD) is an EU directive that aims to increase access to information on how companies affect people and the environment and how sustainability issues affect companies. Rottneros' sustainability report is subject

to CSRD requirements beginning in 2025. In 2024, Rottneros conducted a double materiality analysis in accordance with CSRD, reviewed the current situation and updated policies to cover material issues. The company has initiated a climate transition plan and is working on establishing targets and key performance indicators for the material issues.

SUSTAINABLE DEVELOPMENT GOALS

The UN has 17 Global Goals and Rottneros has identified the goals on which it has the greatest impact:



5.5 Ensure full participation in leadership and decision-making

8.8 Protect labour rights and promote safe working environments

12.2 Sustainable management and use of natural resources

14.1 Reduce marine pollution

15.2 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems

INTRODUCTION

How Rottneros minimises impact in the value chain

The forest as a renewable raw material is the starting point in the circular forestry industry, in which Rottneros is active. By analysing where in the value chain our impact occurs, we can clarify our responsibility. This helps us to take strategic decisions regarding investments or changes in working methods and procedures. Rottneros' long-term environmental target is completely fossil-free production according to GHG Scope 1 & 2 by 2030 through the annual reduction of fossil carbon dioxide emissions.

IMPACT: ▲ HIGH ○ MEDIUM ▼ LOW

- 1. Raw materials from the forest** ▼

Rottneros is traceability-certified to the FSC® and PEFC standards. This guarantees that the raw material that is used comes from responsible forestry and that there is nothing controversial about the origin of the wood used, which can be traced back in the supply chain.

[Read more: pages 23-24](#)

2. Deliveries ▲

Deliveries of raw materials, chemicals, machinery and equipment to our units all have an impact. Eliminating these indirect carbon emissions is a long-term target for Rottneros to achieve net zero emissions. Rottneros has identified sources of indirect emissions in order to minimise them. In procurement, we always try to choose suppliers close to our units to minimise emissions.

[Read more: pages 23-24](#)

3. Production process ○

Carbon dioxide emissions from our own operations primarily come from fossil fuels and electricity purchases. Fossil fuels are mainly used during the start-up of production, such as after a maintenance shutdown. We constantly work to streamline our processes and to build internal purification and recycling Eco cycles.

[Read more: pages 25-28](#)
- 4. Employees** ▼

Workplace accidents still occur, but our 'vision zero' objective is a priority and we are working systematically to achieve it. In order to create a stimulating and pleasant workplace, we focus on gender equality, work related to our core values, a strong commitment and clear leadership.

[Read more: pages 34-39](#)

5. Sales and customer service ▲

Transports of our pulp have an impact on the climate. To reduce emissions, we are focusing on efficient logistics and sustainable means of transportation, such as ship and train. High-quality products and supply reliability, backed by top quality technical support and service, are key factors for customer satisfaction and our long-term customer relationships.

[Read more: pages 40-41](#)

6. By-products, bioenergy and recycling ○

Chemicals are disposed of in compliance with legal requirements and recycled when that is an option. Chemical recovery in the sulphate process is essentially a closed system. Bark is used as an energy source to generate steam and electricity. By-products, such as tall oil and biofuels, are sold and used as fossil-free raw material in new products or processes.

[Read more: pages 42-43](#)
- 7. Carbon dioxide** ▼

The biogenic carbon dioxide released is reabsorbed by growing trees. Because the carbon is sequestered in the forest, it does not contribute to the greenhouse effect in the atmosphere. By investing in long-term sustainable forest management, carbon stocks can continue to increase for many years to come as the forest grows.

[Read more: pages 23-24](#)

8. Innovation ▲

Rottneros is working on several innovative development projects to increase resource efficiency and refinement, such as utilisation of surplus low-grade heat from our mills. Product development is also a constant process; one current project entails further refinement of the pulp to achieve oil-absorbing properties.

[Read more: page 37](#)

9. Products ○

Rottneros' products often have the potential to replace fossil-based alternatives, with a high pace of innovation in this area and a rapidly growing demand for environmentally friendly products. Cutting food waste is crucial in reducing the global climate footprint. Our food trays can prolong shelf life and maintain the freshness of food throughout the entire supply chain.

[Read more: pages 15-17](#)



A safe and secure working environment is always the top priority

Employee health and safety are always at the top of the agenda. This means continuously working proactively to eliminate risks before they arise, which permeates daily operations. The overarching goal is that no one should be injured in the workplace. Key elements in this are systematic approaches and a clear structure around safety efforts.



HEALTH AND SAFETY

MATERIALITY

Rottneros operates in small towns where the supply of skilled labour is relatively low. In this context, it is important that Rottneros can provide an attractive workplace where health and safety are always inherent aspects of all work processes, for all employees. Rottneros employs around 285 people.

POLICIES AND STEERING DOCUMENTS

- Health and safety policy
- Drug and alcohol policy
- Crisis management policy
- Bullying policy
- Code of Conduct
- Whistle blower service



Health and safety always come first

Several occupational groups at Rottneros may be exposed to the risk of workplace accidents. That is why health and safety will always be at the top of the agenda in daily operations, as well as in the long-term and strategic initiatives aimed at growing the company. Safety must always be integral to all work activities, for all employees. In order to proactively eliminate potential risks, it is important for everyone to feel involved and take personal responsibility. Prevention is crucial for achieving the zero vision for accidents leading to sick leave. Achieving this goal requires a strong culture of safety and awareness in all aspects of work, reinforced by clear leadership and systematic working methods. Ensuring a safe workplace for everyone, employees and visitors alike, requires everyone to take risks seriously.

Preventive safety work is an integral part of the culture

There is always a safety representative in the project teams of investment projects. Safety inspections are carried out in daily operations to detect and remedy any risks. Safety is always the first item on the agenda at production meetings, as at many other internal meetings. Safety aspects are a central component of internal training sessions. All risk observations, checklists for safety rounds, incidents and accidents are reported and entered in the industry-wide PIA system. The platform provides an overview so that it is possible to systematically investigate causes of accidents and proactively work to eliminate risks.

Illness prevention

The Group is continuously working to counteract and prevent all forms of ill health. For example, the company conducts regular health checks and random drug and alcohol testing in cooperation

FOCUS AREA: HEALTH AND SAFETY

“It cannot be said too many times that ensuring everyone is safe and secure at Rottneros is our most important mission. Part of this involves making risk observations and recording them in PIA. Here, each employee has a significant responsibility. Making a risk observation is a way to show care for others.”

Arvid Sjöström, Head of Safety



with occupational health services in the locations where the Group operates. The Group works actively to ensure that occupational health services provide preventive care and not just remedial care. Each year, all employees are offered a wellness allowance and the Group also pays for various types of vaccinations. The company regularly conducts employee surveys, which are followed up by the department together with the respective manager. These surveys typically result in development and improvement activities.

Developments in 2024

Efforts to improve expertise in the physical and psychosocial work environment continued, with a focus on creating as open a

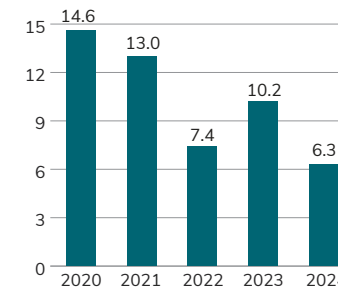
climate and strong a culture as possible regarding safety issues. An important part of this was to further strengthen the safety culture by focusing on systematic approaches. Another critical piece of the puzzle was to continue implementing the ten life-saving rules. These serve as an overarching guiding principle in safety efforts and are based on ten selected high-risk areas. Among these, the area of safe shutdowns was prioritised to eliminate accident risks associated with maintenance activities. Exercises to ensure emergency preparedness were also conducted. Fire protection is an important part of this. The ongoing risk analyses to identify risks in daily operations continued. Efforts to identify workplace environment deviations were also intensified, including conducting follow-up investigations at the earliest possible stage. Throughout the year, a number of focused staff training sessions were held to further enhance safety at each workplace.

Fewer accidents with sick leave in 2024

In 2024, the number of accidents continued to decrease for the Group, and the number of accidents with sick leave fell compared to the previous year. The inflow of proactive risk observations was not at a satisfactory level, but it is an important part of preventive efforts to eliminate accident risks. However, a serious workplace accident occurred at Rottneros Mill in June, which the company views very seriously. Both Rottneros and the relevant authorities are conducting a thorough investigation to determine the cause of the accident. Rottneros submitted its part of the investigation to the relevant authorities in the autumn.

NUMBER OF ACCIDENTS WITH SICK LEAVE

The LTIFR (Lost Time Injury Frequency Rate), or the number of accidents resulting in sick leave per million hours worked, was 6.3, a decrease from 10.2 the previous year. The number of accidents resulting in sick leave decreased from 5 to 3.



ACCIDENTS WITH SICK LEAVE

Rottneros has a zero vision approach to workplace accidents leading to sick leave. The short-term target is an annual improvement in LTIFR, which was achieved in 2024.

Active reporting of risk observations, incidents and accidents has been a priority during the year. A higher number of risk observations highlight the risks and help prevent them.

LIFE-SAVING RULES

During the year, the safety organisation developed life-saving rules that apply to all employees and contractors. The ten high-risk areas that are most important to eliminate and crucial to a safe workplace are:

- Working at height
- Safe shutdowns
- Drugs and alcohol
- Safe lifting
- Report deviations
- Road safety
- Work permit
- My safety
- Enclosed spaces
- Chemical occupational hazards

Long-term sustainable growth with strong profitability and solid finances

Sustainable growth, strong profitability, and solid finances are cornerstones of Rottneros' long-term development and strategy. At the same time, the business is capital intensive and dependent on both the state of the economy and exchange rates. Rottneros' goals therefore include gradually stepping up productivity along with other cost-saving initiatives, such as reducing exposure to the electricity market.



SUSTAINABLE PROFITABILITY

MATERIALITY

Rottneros produced 341,000 tonnes of pulp in 2024 and generated a turnover of 1.7 BSEK. Specialisation and diversification are the keys to sustainable and stable development.

POLICIES AND STEERING DOCUMENTS

- Shareholders and Board processes
- Communication about business concept, vision and values
- Code of Conduct
- Sustainability Policy



To create long-term and sustainable growth, Rottneros aims to gradually broaden its revenue base into adjacent areas. Focus on profitable niches, added value for customers, high capacity utilisation, operational efficiency, and innovations are fundamental building blocks for profitable and financially sustainable growth at Rottneros. In addition, a strong balance sheet with substantial financial buffers is crucial for managing fluctuations in the cyclical pulp market. The Group has therefore set a target of an equity/assets ratio of over 50 percent, which has been exceeded by a good margin for a long time.

Challenges, targets and methods

Rottneros aims to gradually expand its operations into areas where the Group's expertise can be leveraged, particularly to apply its knowledge of fiber to new growing applications alongside market pulp. In 2024, the share of the Group's revenue from these sources increased to 10 percent. The goal is for the share to increase to 25 percent by 2030. To counteract the negative impact of fixed cost inflation, including annual wage increases, on income, gradual growth in production volume and productivity is needed. The long-term target for the Group's pulp production is to increase to at least 415,000 tonnes by 2030, representing an annual increase of nearly 2 percent from the 2024 level of 341,000 tonnes.

Gradually increased efficiency through systematic improvement efforts

In 2024, the Group continued to focus on gradually increasing availability in production through a long-term and systematic improvement initiative. At the same time, cost control was a very high priority in order to offset the negative effects of increased inflation. Rottneros is actively working to reduce its long-term exposure to

FOCUS AREA: SUSTAINABLE PROFITABILITY

electricity price movements. A total of 85 MSEK was invested in renewable electricity at Rottneros Mill during the year. The investments that were brought into operation in the autumn of 2024 included a solar park and a battery for energy storage. The Group has also entered into a long-term agreement to secure access to renewable energy with the German company EnBW through a Power Purchase Agreement (PPA). Rottneros will be able to utilise over 30 GWh/year of clean wind energy over an 8.5-year period starting in 2025. The agreement is also an important component of the effort to achieve fossil-free production in the long term.

Several key investments commissioned during the year

The long-term profitability prospects for CTMP are assessed as good. To increase the capacity at Rottneros Mill from approximately 125,000 to 165,000 tonnes annually, the Group invested a total of 220 MSEK during 2023–2024. The new equipment was brought into production after the annual maintenance shutdown in the autumn of 2024. At Vallvik Mill, the investment in a new tall oil plant was brought into operation in the autumn. It totalled just over 90 MSEK.

Solid balance sheet provides both resilience and flexibility

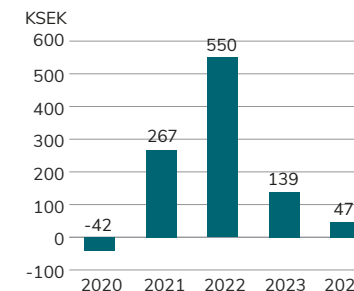
The equity/assets ratio at the end of 2024 was 59 percent, cash and cash equivalents were 19 MSEK and available liquidity totalled 392 MSEK. At the same time, the Group had a net debt of 393 MSEK.

At the end of 2024, the Group refinanced its long-term credit facilities totalling 550 MSEK. As before, the three-year 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.



EBIT TREND

The pulp market is a cyclical industry. Pulp sales account for 87 percent of revenue at Rottneros. Rottneros' strategy is to gradually broaden its revenue base.



INNOVATIVE PROJECTS AND FEASIBILITY STUDIES

Rottneros is also active in several innovative projects and feasibility studies, often in collaboration with start-up companies. A common denominator is the focus on new products made from forest raw materials that replace fossil raw materials, including cellulose fiber for packaging and bio-based foam material for various applications. The aim is that one or more of these collaborations will eventually contribute to a broadening of Rottneros' revenue base.

GRADUAL DIVERSIFICATION OF REVENUE BASE

The fiber tray initiative at Rottneros Packaging is a key component of the strategy to broaden operations. It is being implemented through a joint venture where the Group is building a molded fiber tray mill in Poland together with Arctic Paper. The investment is expected to total 25 MEUR and production capacity is estimated at 60-80 million packages per year, which is significantly more compared with the current plant in Sunne.

NYKVIST SKOGS SECURES RAW MATERIAL SUPPLY

Another important example of the gradual broadening of the revenue base is Nykvist Skogs, which has been part of the Group since 2020. The business secures the Group's supply of raw materials, mainly from small-scale and privately-owned forestry, and provides revenue streams from timber supplies and various forestry-related services.

Engaged employees, diversity and innovative thinking create long-term success

Engaged employees, diversity and innovative thinking are fundamental factors for a creative working climate and thus for long-term development at Rottneros. The aim is to offer a safe, inclusive and dynamic workplace where employees can feel pride. To ensure access to talent for the future, it is also crucial to be an attractive employer for everyone.



GENDER EQUALITY AND DIVERSITY

MATERIALITY

To be an attractive workplace, we must show that we prioritize and address workplace issues in a manner that ideally surpasses market expectations. In 2024, staff turnover was 15 percent and Rottneros added 52 new employees.

POLICIES AND STEERING DOCUMENTS

- Code of Conduct
- Sustainability Policy
- Work Environment Policy
- Diversity and equal treatment plan
- Action plan for bullying and harassment
- Drug and alcohol policy
- Whistle blower function



Social sustainability permeates the organisation

Through a strong focus on its employees, Rottneros wants to create a stimulating and engaging workplace. Social sustainability is crucial for an employer that wants to be attractive both today and tomorrow. The overall goal is to create a safe, inclusive and attractive workplace that makes employees proud. Everyone should know that they are needed and that going to work should feel meaningful. Therefore it is crucial to clarify roles and responsibilities, so that each employee understands their individual role in the development of the company. Close leadership with open and continuous dialogue is thus a high priority in daily operations. The importance of this aspect increases as more and more people work remotely.

Diversity important for long-term success and development

Being an inclusive workplace for all is an important aspect of social sustainability. Rottneros works continuously and long-term to create a safe and stimulating working environment where everyone thrives, regardless of age, gender, ethnicity, or sexual orientation. When the organisation is characterised by diversity, the opportunities to achieve set goals increase. It creates a broader perspective on issues and a more dynamic working environment. The potential for fast and accurate decisions increases. Inclusion and diversity also strengthen the conditions for finding the right skills for each position and the possibility of reaching the entire potential labour force in the market in the locations where Rottneros has its operations, which is critical for the company's long-term development. The proportion of female employees was 18 percent during the year.

FOCUS AREA: GENDER EQUALITY AND DIVERSITY

“We want to be an inclusive workplace where employees feel safe. When we enjoy ourselves and have fun at work, we are also willing to contribute ideas, which is essential for good business development.”

Ida Mörtzell, Head of HR & Communication

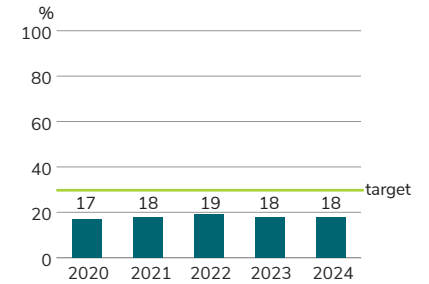
Naturally, there is zero tolerance for any form of violence, punishment, abuse, coercion or misuse of any kind and it is a given to fully respect the right of employees to organise, such as through trade unions. The Group complies with international human rights and labour standards. All forms of child labour are prohibited within Rottneros and the operations of our business partners. National and international laws on minimum age are respected. Similarly, corruption and bribery are strictly forbidden; employees may not give or accept gifts.



PROPORTION FEMALE EMPLOYEES

Target:
The proportion of female employees should reach 30 percent by 2025.

As part of achieving this target, the focus is on the organisational and social work environment so that everyone feels welcome at Rottneros.



**WE ARE COMMITTED,
WE RESPECT EVERYONE,
WE ARE PROFESSIONALS**

Rottneros’ fundamental values shape our company culture, the way we interact and how we build relationships with each other. It’s through our behaviour and actions that we can make a difference.

- We are committed to each other, to the community and to operating with the lowest impact on the environment that we can achieve.
- We respect all people and treat everyone equally. Diversity is encouraged.
- We place high demands on ourselves and each other. We always act to ensure our own safety and that of others.
- We love solutions that combine research, technological development and eco-friendly products.
- We want to understand, propose and implement in practice.

First-class products, a high level of service and long-term, close customer relationships maximise customer value

By maximising added value for customers through high-quality products combined with a high level of service and long-term, close customer relationships, Rottneros builds strong market positions.



CUSTOMER SATISFACTION

MATERIALITY

We have good, close, long-term relationships with our customers that enable us to gain a deep understanding of their markets and challenges. Together we develop products and services for the future. Rottneros has about 200 customers.

POLICIES AND STEERING DOCUMENTS

- Business concept
- Sustainability Policy
- Competition Law Policy
- PEFC certification
- FSC® certification
- Quality management system



Strong and long-term business relationships

Development work and the high level of service are key elements in the Group's focus on a high proportion of specialised customers with unique needs. This also involves close collaboration with customers, where Rottneros offers tailored solutions to support their businesses. Long-term and strong business relationships are thus established, based on the company's offerings in both chemical and mechanical pulp, along with high technical expertise. A large and growing number of customers also want certified and traceable pulp for production of eco-labelled products, especially those that manufacture consumer products. Compliance with the requirements is certified by the Group's certifications; see page 44.

Identification and fulfilment of customer needs

Customer surveys are conducted regularly to ensure that processes related primarily to communication and technical customer service meet high standards, as well as to identify and address any areas of concern. The challenges associated with value creation for customers are primarily related to meeting their specific needs. It is therefore important to work closely with them. Regular customer meetings, where product and quality issues are addressed, are an important part of this effort. This provides an ongoing basis for decisions on changes and adjustments to supply.

Delivery precision: a key factor for high customer satisfaction

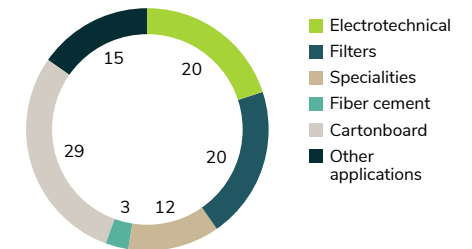
A high level of supply reliability is another challenge. A stable production flow and consistent quality are crucial for being able to offer punctual delivery of high-class products. In general, customers appreciate Rottneros' high standard of delivery precision and

FOCUS AREA: CUSTOMER SATISFACTION

“We are a small but dedicated player in a global market; that is our strength. Our size makes us flexible and allows us to wholeheartedly focus on niche markets where customers value the unique properties and consistent quality of our products.”

Kasper Skuthälla, Marketing and Business Development Director

SALES TO PRIORITISED NICHES, %



service with respect to information about orders and shipments. Punctual deliveries are paramount to our customers, along with prompt notification in case of any deviations. To achieve close and long-term cooperation, the Group limits the number of shipping companies it works with, which is also a key factor in creating the ultimate customer experience.

Developments in 2024: high customer satisfaction confirmed

The survey conducted in early 2024 showed that customers were consistently positive. All respondents (100 percent) would recommend Rottneros to another party. The Group's high level of service, product quality and flexibility were strengths that were highlighted. These factors were also the most important when customers themselves evaluated their pulp suppliers.

NICHE STRATEGY

The long-term strategy is to focus on niches where Rottneros pulp can offer added value in terms of product quality and service, such as filters and electro-technical applications.

The share of pulp sold to prioritised niches is approximately 85 percent.

SURVEY

100%

All respondents would recommend Rottneros to another party in the survey conducted in 2024.

ROTTNEROS' BRANDS

Spring by Rottneros – mechanical pulp (CTMP)
 Robur Flash UKP and ECF – unbleached and bleached sulphate pulp, respectively
 Nature by Rottneros – molded fiber packaging



The environment and the goal of fossil-free production are of very high priority

Environmental issues are central to Rottneros. The Group is constantly engaged in efforts to improve environmental performance and minimise environmental impact. Achieving completely fossil-free production by 2030 and reducing emissions to water are among the company's key objectives.



FOSSIL-FREE PRODUCTION AND ENVIRONMENT

MATERIALITY

Rottneros focuses on reducing GHG emissions in line with national targets, while also minimising oxygen-consuming emissions to water. All pulp wood must be at least FSC® controlled wood, which ensures sustainable forestry and traceability.

POLICIES AND STEERING DOCUMENTS

- Sustainability Policy
- Energy and Environmental Policy
- PEFC certification
- FSC® certification
- Environmental and energy certification



Proactivity is critical in environmental matters

Rottneros operates in an industry that is part of the solution to global warming. Carbon dioxide is absorbed by the forest and is thereby stored in the products that are manufactured from it. New products that replace fossil-based raw materials with bio-based counterparts thus represent great potential for both Rottneros and the industry as a whole. A proactive approach to environmental issues is fundamental to the Group's strategy, for which reason the Board of Directors and management are provided with frequent status reports. The Group's work on potential environmental risks and related improvements is of particular interest to authorities, customers and the local community.

Use and transport of raw material

The Group promotes and contributes to sustainable forestry in several ways. Raw materials and suppliers are carefully selected. In 2024, all wood purchased met the requirements of the FSC® standard for controlled wood. The company's efficient use of raw materials in production provides advantages from both an environmental and economic perspective.

Rottneros Mill uses about 95 percent of the raw material. At Vallvik Mill, about 50 percent of the raw material becomes pulp, while the remainder becomes by-products or is used as a renewable source of energy generation, which is thus fossil free.

To reduce the environmental impact of transports, raw material is purchased as close to the mills as possible. Vallvik Mill buys about 50 percent and Rottneros Mill about 75 percent of pulp wood from sources within a radius of 100 kilometres. Transport is coordinated whenever possible, both within the Group and with other

FOCUS AREA: FOSSIL-FREE PRODUCTION AND ENVIRONMENT

CARBON DIOXIDE EMISSIONS CO₂

Target:

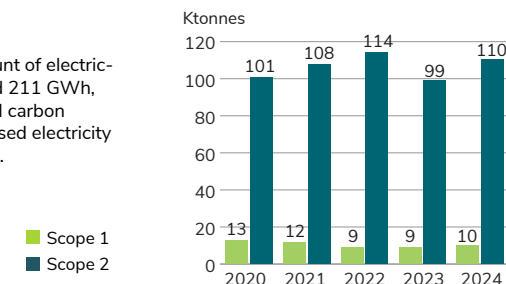
The target is fossil-free production by 2030 according to GHG Scope 1 & 2. The short-term target is an annual improvement.

Outcome scope 1:

The outcome is at the same level as in previous years. From 2023, emissions from internal transports and company cars are also included.

Outcome scope 2:

As in 2023, the amount of electricity purchased totalled 211 GWh, but the share of fossil carbon dioxide in the purchased electricity continues to increase.



companies, in order to minimise transport distances and thus reduce environmental impact.

Energy consumption and environmental risks

The Group's production processes impact the environment due to several different factors. Rottneros Mill has a mechanical production process where the greatest environmental risks are energy consumption and emissions to air and water. Energy consumption is substantial. It is therefore critical to minimise reliance on fossil-based energy sources by using high-efficiency equipment and sustainable production processes. At Vallvik Mill, where pulp is produced with chemical processes, the greatest environmental risks are posed by chemical handling and by emissions to water and air. To protect the environment and to prevent possible violations of regulations and requirements regarding emissions, the mill has a continuous sampling system with alarm functions linked to the plant's control systems. In addition, manual sampling is carried out on an ongoing basis. Both of the Group's mills have environmental management systems and are certified according to ISO 14001. The environmental management system includes well-established routines for follow-up, taking samples and dealing with deviations. The mills are also certified under the ISO 50001 energy management system.

It is the Group's policy that all relevant positions must have the necessary expertise in the environmental field. Senior environmental staff within the Group undertake continuous professional training. Another aspect of the Group's sustainability efforts involves regular contacts with the surrounding community and the county administrative board at each production site to discuss potential desired improvements in the environment around the

mills. Compliance consultation meetings are held with the county administrative board several times a year, which the municipal authority is also invited to attend.

Production to be completely fossil-free by 2030

Rottneros' long-term target is to achieve fossil-free production by 2030. What still remains to be done is to replace the fossil fuels used at start-up after a production stop, mainly for Vallvik Mill, but also to some extent for Rottneros Mill. Another top priority involves ensuring that purchased electricity originates from fossil-free sources. An energy strategy has been formulated to improve the long-term efficiency of energy consumption. Eliminating indirect carbon dioxide emissions that occur outside the gates of the operation, GHG scope 3, is yet another long-term challenge. Scope 3 relates to other indirect emissions, such as emissions from purchased goods and services, waste management, business travel, transportation of both raw materials and input goods, and shipping of produced goods to customers. Analysis of these emissions continued in 2024 as part of the effort to gradually reduce them.

MINIMISED EMISSIONS TO WATER

The discharge of oxygen-demanding substances to water (COD) measures the amount of oxygen required to break down organic compounds. Excessive concentrations of organic material can lead to oxygen depletion and negatively impact the aquatic environment.

Rottneros' COD emissions have gradually decreased. In 2024, emissions at Rottneros Mill decreased due to higher efficiency in the treatment plant and reduced water flows. Vallvik Mill had a higher value than in 2023 due to production disruptions as well as equipment-related limitations.

CO₂ SCOPE 3

Carbon dioxide emissions from fossil fuels are measured in the company's own operations (scope 1), from electricity and other energy purchased (scope 2) and as indirect emissions (scope 3).

During the year, Rottneros has mapped scope 3, i.e., emissions from purchased goods and services, waste management, business travel, transportation of raw materials and input goods, as well as the shipping of produced goods to customers. Reporting of scope 3 will begin in 2025.

SOLAR CELL PARK AND BATTERY STORAGE

In the autumn of 2024, Rottneros' own solar park began producing electricity, and an energy storage system was brought into operation.

The solar cells are expected to generate almost 3 GWh annually, which can be compared with the Group's annual need for purchased electricity of around 220 GWh.

CERTIFICATIONS

Rottneros Group certifications and awards

Through our various certifications, stakeholders can trust that our approach and products are audited and meet the requirements of the specific certification standard.



Certified pulp production

Rottneros pulp production is certified according to international standards for quality, environmental and energy management systems (ISO9001:2015, ISO14001:2015 and ISO50001:2018). All of our pulps are also approved for production of paper and cartonboard intended for food contact and labelled with the Swan and EU Ecolabel.



Sustainable forest raw material

All wood used is traceable and all pulps are available as PEFC- or FSC®-certified.

Certified food trays

Rottneros food trays have food contact certificates and are available as FSC® certified.

Awards

Rottneros has held Group-wide certification for EcoVadis since 2024. The Group has been awarded a bronze rating.



FSC® certificate

The Forest Stewardship Council (FSC) is an independent member-led organisation that assures environmentally appropriate, socially accountable and economically viable forest management of the world's forests. FSC-certified forest owners comply with national and local laws, as well as binding international agreements. FSC-certified forest managers also follow specific codes of conduct, such as promoting safe and healthy working conditions for those who work in the forest and protecting:

- Endangered animals and plants
- The ability of the soil to support forest growth moving forward
- Indigenous peoples' rights



PEFC certificate

The Programme for the Endorsement of Forest Certification (PEFC) is the world's largest certification scheme for sustainable forest management, with a holistic approach to environmental, social and economic issues. The PEFC has its roots in family forestry and aims to suit the needs of both the many family forestry businesses and the larger companies.

The PEFC is based on local conditions and close cooperation with all those involved in forestry, including forest owners, trade unions and outdoor recreation enthusiasts, while complying with international regulations. In Sweden, 16.5 million hectares of forest land, approximately 49,000 property holdings and 3,650 forestry contractors are covered by PEFC certification.



EcoVadis

EcoVadis evaluates suppliers based on environmental, labour and human rights, business ethics and sustainable sourcing issues. The assessment is based on international standards and therefore becomes a valuable tool for us in our own sustainability work.

ANNUAL REPORT



DIRECTORS REPORT

Directors report

The Board of Directors and CEO of Rottneros AB (publ), corporate ID no. 5560135872, based in Sunne, hereby prepare the annual accounts and consolidated accounts for the financial year 2024.

OPERATIONS

The Rottneros Group is an independent and flexible producer of high-quality chemical and mechanical pulp. The Group operates in the market pulp segment, where the pulp produced is sold to customers throughout the world. The majority of Rottneros' sales take place in Europe, the United States and certain Asian markets.

Rottneros' principal activity takes place at two pulp mills: Vallvik Mill and Rottneros Mill. The company focuses on expanding in selected niches where the Group is among the leading manufacturers in the world, or areas where Rottneros Group's pulp has a clear competitive advantage. The Group is broadening its offering through Rottneros Packaging, which develops production technology to manufacture high-quality fossil-free packaging solutions.

Sustainability

Sustainability is a crucial cornerstone at Rottneros. How our activities can create value for our stakeholders is at the top of our agenda, and we therefore want to have an open and transparent dialogue with all those affected by our activities. We work in six focus areas: safety, long-term profitability, diversity, customer satisfaction, fossil-free production and environmental impact. These are formulated on the basis of stakeholders' key requirements and expectations.

Beginning in 2025, Rottneros will be subject to the Corporate Sustainability Reporting Directive (CSRD) and has therefore initiated an identification and analysis process in preparation for the new directive. Read more about Rottneros' sustainability work on pages 31–44 and 105–107.

Market

After a weak 2023, demand for sulphate pulp was good in 2024, with prices rising strongly in the first half of the year. In the latter part of 2024, prices fell slightly. Demand for CTMP has been

weak during the year, which has also impacted price levels. In 2024, demand for market pulp in Europe, Rottneros' main market, increased by approximately 10 percent. At the same time, demand in China was weak. Global demand thus fell by 2 percent.

SALES AND RESULTS

Sales

Net turnover for the Group amounted to SEK 2,710 (2,755) MSEK, a decline of about 2 percent. Excluding groundwood pulp, turnover decreased by 1 percent due to lower deliveries of sulphate pulp and CTMP. Turnover also includes sales of pulp wood for 216 (145) MSEK, revenue from by-products and other of 129 (120) MSEK, and earnings from pulp price hedging of -30 (-2) MSEK. See also Note 1 in the Annual Report.

Group production, excluding groundwood pulp, decreased to 341 (352) tonnes and sales to 333 (352) tonnes. The average gross price of softwood sulphate pulp (NBSK) increased by 18 percent denominated in USD and by 17 percent denominated in SEK compared with the previous year.

Operating profit

The Group's EBIT for 2024 was 47 (139) MSEK. Variable costs increased to 1,795 MSEK (1,661). The increase in variable costs primarily concerns pulp wood. The price of timber and pulpwood has risen significantly over the past two years. Electricity costs remained at about the same level as the previous year, since Rottneros hedges most of its electricity consumption.

Other external costs amount to 621 (573) MSEK and personnel costs to 294 (302) MSEK.

Depreciation and amortisation totalled 133 (113) MSEK. The year 2023 includes a reversal of impairment of 6 MSEK.

SUMMARY CONSOLIDATED INCOME STATEMENT

MSEK	2024	2023
Net turnover	2,710	2,755
EBIT	47	139
Profit/loss after financial items	27	153
Net income	20	121

DEVIATION ANALYSIS

MSEK	2024	2023
NBSK PIX, USD	1,491	1,268
SEK/USD	10.56	10.61
NBSK PIX, SEK	15,752	13,455

Other income statement items

Financial items (net) totalled -20 (13) MSEK for the year. In addition to interest income and expenses, this item consists of the change in value of financial derivatives.

With the closure of the groundwood line at Rottneros Mill, there were electricity price futures that exceeded future cash flows. The effect of these futures was 10 MSEK in 2023. Financial items also consist of interest income of 3 MSEK and interest expenses of 13 MSEK.

Profit/loss after financial items

The Group's profit after financial items increased to 27 (153) MSEK.

Income taxes

Income tax expense for the year was -7 (-32) MSEK. The applicable tax rate was 20.6 (20.6).

DIRECTORS REPORT**Net income**

The Group's net income amounted to 20 (121) MSEK and earnings per share to 0.13 (0.79) SEK.

Investments

Group investments in non-current assets, excluding financial investments, amounted to 450 (205) MSEK. The majority of the investments concern a new tall oil plant, increased CTMP capacity, and solar panels with battery storage. The total investment amount for these was approximately 410 MSEK. The projects spanned 2023 and 2024.

Approximately 100 MSEK relates to maintenance investments to maintain the technical standard, quality and availability improvement measures, and investments in safety and perimeter protection.

The Group's investments in financial assets amounted to 0 (96) MSEK.

FINANCIAL POSITION

Non-current assets as at 31 December 2024 amounted to 1,698 (1,470) MSEK. Property, plant and equipment comprise 93 (87) percent of the Group's non-current assets.

Current assets, excluding cash and cash equivalents, amounted to 1,129 (1,151) MSEK on 31 December 2024 and comprise 51 (43) percent inventories and 39 (57) percent accounts receivable and other current receivables. Current assets decreased compared with the end of 2023, mainly because of a lower value for current unrealised electricity price hedges.

CONSOLIDATED BALANCE SHEET, SUMMARY

MSEK	2024	2023
Non-current assets	1,698	1,470
Current assets	1,129	1,151
Cash and cash equivalents	19	196
Total assets	2,846	2,817
Shareholders' equity	1,691	1,858
Interest-bearing liabilities	412	91
Non-interest-bearing liabilities	744	868
Total shareholders' equity and liabilities	2,846	2,817

Group cash and cash equivalents amounted to 19 (196) MSEK at the end of the year.

In December 2024, Rottneros refinanced the existing long-term loan agreements. The agreement includes a loan of 400 MSEK with 69 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 loan terms contain customary covenants in the form of a maximum net debt to operating profit before depreciation of 3.2 and a maximum dividend of 50 percent of the previous year's net profit.

Interest-bearing net debt at the end of the year was 393 MSEK compared to net cash of 105 MSEK at the end of the year 2023. Total granted but unused credits amounted to 373 (332) MSEK as of 31 December 2024. The equity/assets ratio at year-end was 59 (66) percent. Equity per share amounted to 11.08 (12.18) SEK.

CASH FLOW

Cash flow from operating activities totalled 15 (104) MSEK. Taxes paid totalled -35 (-113) MSEK and realised financial investments amounted to 12 (154) MSEK. Cash flow after investments for the year was -422 (-36) MSEK. Cash flow from financing activities amounted to 244 (-233) MSEK and related to borrowings and dividends. During the year shareholders were paid dividends totalling 76 (213) MSEK. Net cash flow for the year was -177 (-269) MSEK.

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

MSEK	2024	2023
Cash flow from operating activities	15	104
Cash flow from investing activities	-437	-140
Cash flow after investments	-422	-36
Change, interest-bearing liabilities	321	-20
Dividend paid	-76	-213
Net cash flow for the year	-177	-269

Parent Company

The parent company's turnover for 2024 amounted to 23 (18) MSEK. The parent company's sales comprise intercompany revenue from administrative and operational management services. Profit after net financial items amounted to 28 (259) MSEK. This figure includes group contributions received/paid of 108 (133) MSEK.

Future trends

The Rottneros Group continues to pursue its core business using a structured and systematic approach, with continuous improvements in all regards. At the same time, Rottneros continues to develop new products that contribute to the fossil-free society. Demand for fiber-based packaging solutions is strong and Rottneros Packaging continues to pursue commercialisation.

Number of employees

The average number of employees amounted to 285 (293) in 2024. The average term of employment is about 10 (12) years, and the average age of employees is approximately 46 (47) years.

DIRECTORS REPORT**Significant events after the end of the financial year**

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

PROPOSED APPROPRIATION OF PROFITS

The Board has considered the company's financial position, cash flows and future prospects in its proposed dividend. The consolidated income statement and balance sheet will be submitted to the AGM on 10 April 2025 for adoption.

The Board will propose to the Annual General Meeting that no dividend be distributed for the 2024 financial year.

Proposed appropriation of profits:

Retained earnings	410,786,201
Net profit for the year	20,995,919
Total SEK	431,782,120

The Board of Directors Proposes:

To be distributed to shareholders ^{1,2}	–
To be carried forward	431,782,120
Total SEK	431,782,120

1) After adjustment for repurchased shares in treasury.

2) No dividend is proposed.

GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES**SCOPE**

These guidelines apply to Board members and Group management, which includes the Chief Executive Officer and other senior executives at Rottneros. The guidelines are forward-looking and shall apply to remuneration agreed upon, and changes made to already agreed remuneration, after the guidelines have been adopted by the Annual General Meeting in 2024. Consequently the guidelines do not cover such remuneration as is decided by the Annual General Meeting.

PROMOTION OF THE COMPANY'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY

Rottneros' overall objective is to create sustainable and long-term profitability, as well as to yield a good return for the Group's shareholders. To do so, Rottneros will offer products and services of the highest quality that create clear added value in growing niches. Rottneros is constantly working to develop new products and applications for both current and new customer groups. Employee safety, high productivity in the mills and first-class service to Rottneros' customers are top priorities.

A long-term successful and sustainable implementation of the company's business strategy presumes that the company can recruit and retain qualified employees. To this end, the company must offer competitive remuneration. These guidelines make it possible to offer senior executives a competitive remuneration package.

REMUNERATION OF SENIOR EXECUTIVES**Types of remuneration, etc.**

Rottneros shall offer a total compensation package that is in line with market practices, which enables recruitment and retention of qualified senior executives. Remuneration within Rottneros shall be based on the principles of performance, competitiveness and fairness. Remuneration to senior executives may consist of fixed remuneration, short-term and long-term variable remuneration,

share and share-price related incentive programmes, pension and other benefits. If local conditions justify variations in the remuneration principles, such variations may occur.

The fixed remuneration shall reflect the individual's responsibility and experience level. The fixed remuneration shall be reviewed annually. The short-term variable remuneration may amount to a maximum of 50 percent of the annual fixed salary for the CEO, and a maximum of 30 percent of the annual fixed salary for other senior executives. The long-term variable remuneration may amount to a maximum of 50 percent of the annual fixed salary for the CEO, and a maximum of 30 percent of the annual fixed salary for other senior executives. The variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability, by being clearly linked to the business strategy, or by promoting the long-term development of the executive. The fulfilment of criteria for the payment of short-term variable cash remuneration shall be measurable over a period of one year, and the fulfilment of criteria for the payment of long-term variable cash remuneration shall be measurable over a period longer than one year. The extent to which the criteria for awarding variable cash remuneration have been met shall be evaluated/determined when the measurement period has ended. The Board of Directors is responsible for evaluating variable cash remuneration to the CEO. For variable cash remuneration to other executives, the remuneration committee is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

For the CEO and other senior executives, pension benefits shall be defined contribution and entitle the executives to pension from the age of 65. Variable cash remuneration is pensionable.

Other benefits may include life insurance, medical insurance (Sw. sjukvårdsförsäkring) and company cars. Such benefits shall not constitute a substantial part of the total remuneration.

Additional cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration

DIRECTORS REPORT

for extraordinary work performance beyond the individual's ordinary tasks. Such cash remuneration shall be commercially justified, in proportion to the individual's fixed salary and not be paid more than once a year and per person. Resolutions on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

In addition, general meetings may, if resolved, submit an offer of long-term incentive programmes such as share- or share-price-related remuneration or incentive programmes. Such long-term plans are to be resolved by the general meeting and are therefore excluded from these guidelines.

For employment governed by rules other than Swedish these guidelines may be duly adjusted for compliance with such mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration and remuneration awarded under potential cash-based incentive programmes shall be linked to predetermined and measurable criteria which can be financial or nonfinancial. Fulfilment of the criteria for awarding short-term variable cash-based remuneration shall be measured for a period of one year. They may also be individualised, quantitative or qualitative objectives. The criteria for short-term as well as long-term variable cash remuneration shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promoting the executive's long-term development.

The extent to which the criteria for awarding variable cash remuneration have been met shall be determined when the measurement period has ended. The Remuneration Committee is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

The Board of Directors shall have the option, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable remuneration paid on incorrect grounds.

Remuneration to Board members

Remuneration to Board members for their work in the Board of Directors of Rottneros shall be resolved upon by the general meeting. Board members are only entitled to remuneration resolved by the general meeting. However, they may receive additional remuneration for services they provide to Rottneros within their respective areas of expertise in addition to their duties as Board members. Such remuneration shall be on market terms and based in a consultancy agreement approved by the Board of Directors.

Employment conditions**Salary and employment conditions for employees**

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Termination of employment

In the event of termination by the company of the CEO's employment the notice period may not exceed eighteen months and for other members of the executive management the notice period may not exceed twelve months. When termination is made by the executive, the notice period may not exceed twelve months. When termination of the CEO's employment is made by the company, the CEO shall receive normal salary and other benefits during the notice period. In all other cases, no severance pay shall be paid.

DECISION-MAKING PROCESS, AMENDMENTS AND DEVIATIONS, ETC.**The decision-making process to determine, review and implement the policy**

The Board of Directors has established a remuneration committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General

Meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for senior executives, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the Remuneration Committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

In exceptional financial circumstances, the Board of Directors may impose conditions, restrict, or decline to pay the variable cash remuneration, if such a measure is deemed reasonable and a deviation is necessary to satisfy the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters, which includes any resolutions to derogate from the guidelines.

Remuneration 2024

Pay and remuneration for the company's senior executives in 2024 was compatible with the guidelines determined at the 2020 and 2024 AGM. Pay and remuneration for the CEO and other senior executives in 2024 can be found in Note 7 of the annual report. Variable remuneration in 2024 has been dependent on the achievement of measurable targets, which are set annually.

REMUNERATION REPORT

Remuneration report 2024

This report describes how the guidelines for remuneration to senior executives of Rottneros AB, adopted by the 2024 Annual General Meeting, were applied in 2024. The report also includes information on remuneration to the Chief Executive Officer and a summary of the company's outstanding share and share price-related incentive programmes. The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's Rules on remuneration to senior executives and on incentive programmes.

Further information on remuneration of senior management can be found in Note 7 (Personnel and remuneration) on pages 81–82 of the 2024 Annual Report. Information on the work of the remuneration committee in 2024 can be found in the Corporate Governance Report on pages 60–64 of the 2024 Annual Report.

Directors' fees are not covered by this report. Such fees are resolved annually by the AGM and are disclosed in Note 7 on page 82 of the 2024 Annual Report.

Developments in 2024

The Chief Executive summarises the overall performance of the company in his statement on pages 7–8 of the 2024 Annual Report.

Company remuneration guidelines: scope, purpose and derogations

In order to successfully implement its business strategy and safeguard its long-term interests, including its sustainability, the company must be able to recruit and retain qualified employees. To this end, the company must offer competitive remuneration. The company's remuneration guidelines make it possible to offer senior executives a competitive remuneration package. According to the remuneration guidelines, the remuneration for senior executives shall be market-based and may consist of the following components: fixed remuneration, short-term and long-term variable remuneration, share and share price-related incentive programmes, pension, and other benefits. The variable cash remuneration shall be linked to financial or non-financial criteria. These criteria may also be personalised, quantitative, or qualitative objectives. The criteria should be designed to promote the company's business strategy and long-term interests, including its sustaina-

bility, by, for example, having a clear link to the business strategy or promoting the long-term development of the executive.

The guidelines can be found on pages 48–49 of the 2024 Annual Report. In 2024, the Company complied with the applicable remuneration guidelines adopted by the General Meeting. There have been no deviations from the guidelines and no derogations from the decision-making process that the guidelines require to determine the remuneration. The auditor's opinion on the company's compliance with the guidelines is available at <https://www.rottneros.com/sv/bolagsstyrning/bolagsstamma/>. No remuneration has been reclaimed.

Application of performance criteria

The performance criteria for the Chief Executive Officer's variable remuneration have been chosen to realise the company's strategy and to encourage behaviour that is in the long-term interest of the company. The selection of performance criteria has taken into account the strategic objectives and short- and long-term business priorities for 2024. The non-financial performance criteria further contribute to alignment with both sustainability and company values.

TOTAL REMUNERATION TO THE CEO IN 2024 (KSEK)*

Name of the executive (position)	1 Fixed remuneration		2 Variable remuneration		3	4	5	6
	Basic salary**	Other benefits***	Annual*	Multi-year*				
Lennart Eberleh (CEO)	3,679	241	0	0	0	1,341	5,261	100/0

* Variable remuneration is not payable for the 2024 financial year. Rottneros has no programmes classified under multi-year variable remuneration.

** Including holiday pay of 71 KSEK
*** Car benefit

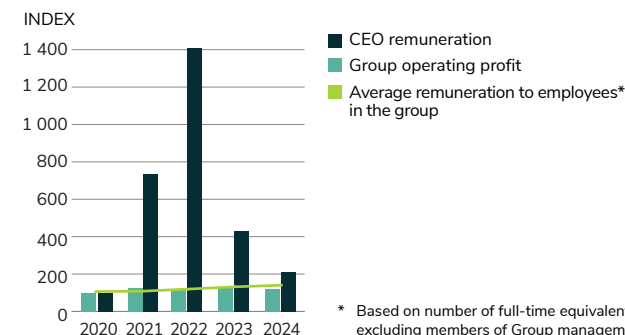
**** Pension costs (column 4), which relate to basic salary (which is defined contribution) and to provisions for variable remuneration amounting to 0 KSEK, which are divided into fixed and variable remuneration (column 6)

PERFORMANCE OF THE CHIEF EXECUTIVE OFFICER DURING THE REPORTED FINANCIAL YEAR: VARIABLE CASH REMUNERATION

Name of the executive (position)	1 Description of criteria related to remuneration component	2 Relative weighting of performance criteria (%)	3 Measured performance (%)	4 actual allocation / remuneration outcome
Lennart Eberleh (CEO)	EBIT	30	0	0 KSEK
	Production	40		0 KSEK
	Fixed costs	30		0 KSEK

COMPARATIVE INFORMATION: CHANGES IN REMUNERATION AND COMPANY PERFORMANCE

CHANGES IN REMUNERATION AND COMPANY PERFORMANCE OVER THE LAST FIVE REPORTED FINANCIAL YEARS



RISKS

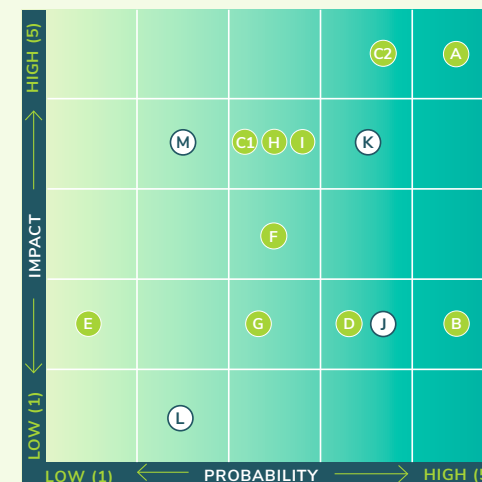
Financial and operational risks

Rottneros is working to minimise risk through preventive work or, where this is not possible, by working with different kinds of hedging and insurance. Many of the risks shown below may have both a positive and negative impact on Rottneros. Work relating to risk is managed by the Board of Directors at an overall level and by the CEO and Group management at an operational level. The risk management process includes strategic business planning, conducting an ongoing risk inventory, preventive maintenance work and investments, as well as financial hedging activities.

SENSITIVITY ANALYSIS 2024					
Type of risk	Change	Effect on profit/loss after financial items (MSEK)			Sensitivity
		2024	2023		
Pulp price (net)	50 USD/tonne	176	190		High
USD	0.50 SEK/USD	68	70		High
Timber prices	30 SEK/m ³	40	40		High
Electricity prices	0.10 SEK/kWh	19	20		Average
Other variable costs	2 percentage points	10	10		Average
Interest rate risk (financing)	1 percentage point	4	1		Low
Refinancing					Low
Credit risk					High

Sensitivity calculations for each type of risk do not take into account the fact that actual changes will also affect other items. The effects of any hedging or fixed price contracts have not been included in the calculations, either.

RISK AREAS



Operational risk areas

- A** Variations in pulp price
- B** Structural change
- C1** Access to raw material
- C2** Raw material prices
- D** Electricity price
- E** Customer structure and customer credit
- F** Facilities
- G** Political decisions
- H** Sustainability and accountability
- I** Environment

Financial risk areas

- J** Currency – balance exposure
- K** Currency – transaction exposure
- L** Interest
- M** Liquidity and refinancing

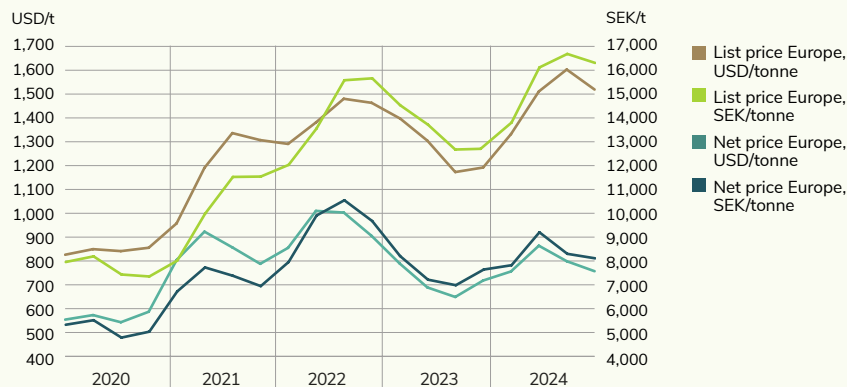
RISKS

OPERATIONAL RISK AREAS

RISK AREA	RISK MANAGEMENT
<p>A VARIATIONS IN PULP PRICE</p>	<p>PROBABILITY: 5 IMPACT: 5</p>

Pulp price risk means the risk of changes in pulp prices having a negative impact on the consolidated income statement and balance sheet. The pulp price is set in a global market and the price of Rottneros' products is dependent on how global demand for pulp products can be matched with the industry's production volume. Variations in pulp price are seldom related to changes in Rottneros' costs and may thus generate major fluctuations in the result. A high pulp price is positive for the result but may have a negative impact on potential sales volumes.

PULP PRICES NBSK IN USD AND SEK



Average quarterly gross prices of softwood sulphate pulp deliveries in Europe.

The setting of prices in the pulp market is governed by international price levels that depend on demand and the global economy. Pulp price hedging is used when the price levels in long-term contracts are economically advantageous or when the market price is so low that further reductions may threaten the survival of the company. As a main rule, pulp prices are hedged in Swedish kronor.

Rottneros focuses on applications that provide greater added value and can replace volume products in the long term. The objective is to reduce dependency on the list price for market pulp and thereby mitigate fluctuations in profitability over a business cycle.

COMMENTS ON 2024 OUTCOMES

The list price for NBSK increased continuously from January to August, after which it declined towards the end of the year. At the same time, the discount on the list price has increased compared to previous years. Consequently, net prices are a more relevant comparison over time. The net price of NBSK was higher in 2024 than in 2023, while the price of CTMP was lower.

The proportion of pulp sold to the priority applications remained stable at 85 (86) percent.

During the year, the Group hedged 12,000 tonnes at an average price of 13,284 SEK per tonne, which should be compared to an average price of 15,752 SEK per tonne. The realised result of these pulp price hedges was -30 MSEK. As at 31 December 2024, the Group had no pulp price hedges for the year 2025.

RISKS

OPERATIONAL RISK AREAS

RISK AREA	RISK MANAGEMENT																		
<p>B STRUCTURAL CHANGE</p> <p>Digitalisation, globalisation and increased trade reduce demand for certain types of pulp and effect structural changes in the industry. Demand for printing and writing papers is weakening, while demand for tissue, cartonboard and specialty paper is strengthening. In the long term, demand for market pulp is increasing in Asia, particularly in China, while it is stagnating or decreasing in mature markets such as Europe and North America.</p> <div data-bbox="156 534 750 805"> <p>ROTTNEROS – DISTRIBUTION OF DELIVERIES, PERCENT</p> <table border="1"> <caption>ROTTNEROS – DISTRIBUTION OF DELIVERIES, PERCENT</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Cartonboard</td> <td>29</td> </tr> <tr> <td>Filters</td> <td>20</td> </tr> <tr> <td>Electrotechnical</td> <td>20</td> </tr> <tr> <td>Specialities</td> <td>12</td> </tr> <tr> <td>Tissue paper</td> <td>11</td> </tr> <tr> <td>Printing & Writing</td> <td>3</td> </tr> <tr> <td>Fiber cement</td> <td>3</td> </tr> <tr> <td>Other</td> <td>1</td> </tr> </tbody> </table> </div>	Category	Percentage	Cartonboard	29	Filters	20	Electrotechnical	20	Specialities	12	Tissue paper	11	Printing & Writing	3	Fiber cement	3	Other	1	<p>PROBABILITY: 5 IMPACT: 2</p> <p>Rottneros has focused on growth in applications in which the company can add value through its knowledge and high-quality pulp, in order to manage structural change in the industry. The objective is to reduce dependency on the list price for market pulp and thereby mitigate fluctuations in profitability over a business cycle. Rottneros also has the goal of increasing sales of products other than pulp.</p> <p>COMMENTS ON 2024 OUTCOMES Europe, Rottneros' main market, accounts for 71 percent of deliveries. Paper and cartonboard production in Europe increased by 16 percent, causing demand for market pulp to fall to the same extent. At the same time, demand in China increased by 6 percent. Overall, the demand for pulp decreased by 2 percent. Rottneros continued to focus on prioritised and long-term growing niches during the year. Sales to the priority niches amounted to 85 percent. The demand for the less cyclical applications, filters and electrotechnical applications, was stable. Decreased demand for cartonboard primarily affected CTMP. Sales of products other than pulp increased from 10 to 13 percent of total turnover.</p>
Category	Percentage																		
Cartonboard	29																		
Filters	20																		
Electrotechnical	20																		
Specialities	12																		
Tissue paper	11																		
Printing & Writing	3																		
Fiber cement	3																		
Other	1																		
<p>C1 ACCESS TO RAW MATERIAL</p> <p>Pulp wood supplies are crucial for a pulp producer. Rottneros does not have any forests of its own and is therefore dependent on good relationships with suppliers and an optimal flow of pulp wood to its pulp mills. Rottneros Mill has limited ability to chip roundwood itself and is therefore dependent on external chips. Deliveries and customer relations would be in jeopardy if Rottneros were to be without pulp wood. EU directives affect Swedish forestry and the availability of pulp wood. At the same time, competition for pulp wood is increasing as the green transition continues.</p>	<p>PROBABILITY: 3 IMPACT: 4</p> <p>The Group ensures that it has a good, long-term relationship with those stakeholders in the vicinity of each mill to safeguard access to pulp wood. Rottneros normally signs agreements with major pulp wood suppliers and sawmills for periods of six to twenty-four months. To increase flexibility, the Group has two companies in Sweden and Latvia for deliveries of pulp wood and woodchips. The goal is to carry an inventory of raw materials that is sufficient to cover two to three weeks of production.</p> <p>COMMENTS ON 2024 OUTCOMES The supply ran smoothly during the 2024 financial year despite a periodically challenging market balance. The market for pulp wood continued to be volatile and periodically challenging during the 2024 financial year. Competition for raw materials increased as a result of growing usage within the energy sector, but also because the industry is not importing pulp wood from Russia and Belarus.</p>																		
<p>C2 RAW MATERIAL PRICES</p> <p>Price and price changes of pulp wood, chemicals and other input goods affect pulp producers. Increased prices have a negative impact on earnings and Rottneros has little opportunity to compensate for price increases on input goods. External factors such as the economic cycle, globalisation and supply chains affect the price.</p>	<p>PROBABILITY: 4 IMPACT: 5</p> <p>The Group does not hedge against market price fluctuations, but long-term supply agreements provide some stability to prices. Pulp wood is the largest input cost item and accounts for about 65 percent of variable costs. A price change of 30 SEK per m3 affects the Group's earnings by approximately 40 MSEK on an annual basis.</p> <p>COMMENTS ON 2024 OUTCOMES The price of pulp wood was affected by the imbalance described above. The strong demand resulted in price increases. The price of chemicals decreased slightly but remained at a high level. The Group's costs for raw materials and consumables amounted to 1,795 (1,661) MSEK, corresponding to 66 (60) percent of net turnover.</p>																		

RISKS

OPERATIONAL RISK AREAS

RISK AREA	RISK MANAGEMENT																		
<p>D ELECTRICITY PRICES</p> <p>Rottneros has an annual electricity consumption of over 200 GWh. Increased prices may lead to increased production costs and could have a negative impact on the Group's operating profit.</p> <p>The availability of electricity and insufficient transmission capacity can lead to power shortages in the electricity system. Rottneros Mill buys all electricity consumed and can be affected by temporary imbalances.</p> <p>NORDPOOL ELECTRICITY PRICE IN SE3</p> <p>SEK/kWh</p>	<p>PROBABILITY: 4 IMPACT: 2</p> <p>All external electricity for the mills is purchased directly via the Nord Pool electricity exchange. A price change of 0.10 SEK per kWh will affect the Group's annual profit by approximately 20 MSEK, in the absence of any electricity price hedges. Future electricity prices are hedged in advance according to a set strategy to protect Rottneros' future electricity costs against major fluctuations and achieve a predictable electricity price. The Board of Directors approves hedging levels based on proposals from senior management. The Board also approves new financial counterparties.</p> <p>The electricity market is moving towards higher long-term prices and greater volatility. To reduce exposure, Rottneros has decided to invest in its own solar park and signed long-term contracts for the purchase of renewable electricity.</p> <p>COMMENTS ON 2024 OUTCOMES</p> <p>The average price level in electricity area SE3 was 0.41 (0.59) SEK per kWh, while the system price was 0.41 (0.64) SEK per kWh. Prices were at a lower level compared to 2023. Rottneros had hedged the price level at 0.35 SEK per kWh, resulting in a positive outcome for electricity price hedges of 10 MSEK. Purchases of electricity decreased to 192 (211) GWh.</p> <p>A project to install solar panels at Rottneros Mill was completed in 2024. The annual production is estimated at about 2,6 GWh. Rottneros has entered into a long-term agreement to purchase electricity, including guarantees of origin, in the form of a Power Purchase Agreement (PPA) settled against a fixed price in SE3. The agreement covers just over 30 GWh per year of pure wind power and runs for an 8.5-year period starting in 2025.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Proportion hedged, %</th> <th>SEK per kWh</th> </tr> </thead> <tbody> <tr> <td>2025</td> <td>99</td> <td>38.8</td> </tr> <tr> <td>2026</td> <td>51</td> <td>53.0</td> </tr> <tr> <td>2027</td> <td>51</td> <td>51.6</td> </tr> <tr> <td>2028</td> <td>43</td> <td>53.0</td> </tr> <tr> <td>2029–2033</td> <td>14</td> <td>53.6</td> </tr> </tbody> </table> <p>The table shows the hedged proportion of forecasted consumption and the average hedged price in SEK/kWh.</p>	Year	Proportion hedged, %	SEK per kWh	2025	99	38.8	2026	51	53.0	2027	51	51.6	2028	43	53.0	2029–2033	14	53.6
Year	Proportion hedged, %	SEK per kWh																	
2025	99	38.8																	
2026	51	53.0																	
2027	51	51.6																	
2028	43	53.0																	
2029–2033	14	53.6																	
<p>E CUSTOMER STRUCTURE AND CUSTOMER CREDIT</p> <p>A high dependency on a small number of major customers, industries or geographical markets may have a significant impact on revenue if a major customer or industry were to have problems.</p> <p>The risk that the Group's customers will be unable to meet their payment obligations is a credit risk that could have a major negative impact if the credit is not insured or guaranteed.</p>	<p>PROBABILITY: 1 IMPACT: 2</p> <p>Rottneros assesses that the Group has a good commercial risk diversification with approximately 200 customers, with no single customer accounting for more than 10 percent of revenue. A long-term structural change is underway, where the market for printing and writing papers is declining, while it is increasing for tissue paper, cartonboard and speciality applications. Rottneros' strategy is to increase the sale of pulp for profitable and growing applications. Geographically, the Rottneros Group is not dependent on the market in any particular country. Most of the Group's turnover is generated in Europe, where Sweden, Germany, Italy and Norway represent the largest markets.</p> <p>Credit risk is managed at a Group level. Credit risk arises through cash and cash equivalents, derivative instruments and deposits at banks and financial institutions, and through credit exposures to customers. With few exceptions, business risk relating to accounts receivable is insured through credit insurance with a ten percent excess.</p> <p>COMMENTS ON 2024 OUTCOMES</p> <p>The Group has approximately 200 customers and historically, the Group has experienced small credit losses, with none occurring in 2024. Sales to prioritised application areas remained stable at 85 percent of net turnover.</p>																		

RISKS

OPERATIONAL RISK AREAS

RISK AREA	RISK MANAGEMENT
<p>F FACILITIES</p> <p>Rottneros has two large production facilities that conduct continuous production. Industrial injuries, machinery breakdowns, fires and other accidents may result in extended production shutdowns, damage to the facility and delivery problems.</p>	<p>PROBABILITY: 3 IMPACT: 3</p> <p>The management team conducts an annual review of the mills' maintenance needs for the coming years. This work includes identifying ongoing annual investments, investments in expansion and investments that aim to improve quality, safety and environmental performance.</p> <p>The Rottneros Group holds annual maintenance shutdowns to ensure a high and even rate of production. Maintenance shutdowns are carefully planned to minimise downtime. In addition, preventive maintenance is carried out regularly. Rottneros insures all of its facilities against property damage and business interruption and also has relevant liability insurance.</p> <p>The insurance companies conduct annual audits of the Group's facilities and make recommendations for improvements and reduction of risks.</p> <p>COMMENTS ON 2024 OUTCOMES</p> <p>In 2024, maintenance shutdowns were carried out in the fourth quarter at both Rottneros Mill and Vallvik Mill.</p> <p>The production of sulphate pulp and CTMP fell by 3 percent. Production of CTMP reached 121,900 tonnes, which is on par with the previous year.</p> <p>The production of sulphate pulp was negatively affected by production issues at the beginning of the year. Systematic work on operational management and visualisation of critical KPIs continued to improve availability and productivity.</p> <p>Insurance is reviewed and procured annually.</p>
<p>G POLITICAL DECISIONS AND RISKS</p> <p>Political decisions to change environmental legislation may have a negative impact on production at the Group's pulp mills, restrict access to pulp wood, or change various support systems such as trade with emission allowances and electricity certificates.</p> <p>Political risks are mainly linked to the political climate in other countries. Changes in domestic legislation may be imposed that affect trade, but the security situation may also raise concerns. Sanctions and embargoes targeting nations, companies, or individuals can also affect business at Rottneros.</p>	<p>PROBABILITY: 3 IMPACT: 3</p> <p>Rottneros considers that there is always a risk of political decisions that raise the price or limit Rottneros' opportunities to produce pulp in some way. However, the company considers this risk to be limited. Rottneros works to constantly improve the production process and the goal is that all investments in the mills will also benefit the environment.</p> <p>The security situation in Eastern Europe remains unstable. The assessment is that the impact on Rottneros will be limited in terms of sales to customers. However, Rottneros could be affected by changes in the availability of input goods and changes in prices.</p> <p>Rottneros runs its production in Sweden and sells most of its products to Sweden and the rest of Europe. These markets are stable democracies, but the political risk of rapid legislative and regulatory change has increased.</p>

RISKS

OPERATIONAL RISK AREAS

RISK AREA	RISK MANAGEMENT
<p>H SUSTAINABILITY AND ACCOUNTABILITY</p> <p>Inadequate responsibility relating to sustainability issues could harm trust in the company and the brand, thereby having a negative impact on the company's profitability.</p> <p>To achieve sustained profitability and value creation, Rottneros must simultaneously create value for those stakeholders who are affected by the Group's operations. See also the sustainability report on pages 31–44.</p>	<p>PROBABILITY: 3 IMPACT: 4</p> <p>Rottneros shall run its business responsibly with respect to the external and internal environment, society, our customers and suppliers, our shareholders and our employees. Trust in Rottneros as a responsible participant, supplier and employer strengthens our position in society and in the market, and promotes employee commitment. Rottneros communicates regularly with its stakeholders to maintain an open and positive relationship.</p> <p>Rottneros endeavours to make its products better, both from a quality and efficiency perspective, by understanding the customers' processes and product strategy. Environmental, social and economic factors are crucial to this success.</p> <p>The Group has a sustainability policy describing Rottneros' responsibility regarding shareholders, customers, suppliers, environment, society, personnel and the work environment, and human rights, as well as anti-corruption and competition law.</p> <p>The Group has a Code of Conduct describing how Rottneros and the Company's employees act in relation to the surrounding world and towards each other. The Code of Conduct defines Rottneros' social responsibility, ethical commitment and position in respect of gender equality and diversity issues, as well as the approach that Rottneros' employees should adopt on issues of principle importance.</p> <p>Employee well-being is an important part of Rottneros' success. The Group takes responsibility towards employees by promoting good health, environment and safety in the workplaces. Rottneros has a zero vision approach with regard to workplace injuries leading to sick leave.</p> <p>COMMENTS ON 2024 OUTCOMES</p> <p>Rottneros continues to develop new areas of application for its products that contribute to more sustainable development in society. Rottneros Packaging produces recyclable and degradable fiber trays.</p> <p>Rottneros contributes to sustainable forestry through careful selection of suppliers and raw materials. In 2024, 73 percent of deliveries were certified according to FSC® or PEFC. Purchased raw material that is not certified meets the criteria for FSC® Controlled Wood.</p> <p>In 2024, accidents leading to sick leave decreased from 10.2 to 6.3 as measured by the LTIFR. The Lost Time Injury Frequency Rate indicates the number of lost time accidents per million hours worked over a 12-month period. Rottneros is actively working to increase the number of proactive risk observations, which is an important aspect of preventive efforts to eliminate accident risks.</p>
<p>I ENVIRONMENT</p> <p>Rottneros' operations have an impact on the environment.</p> <p>Extensive environmental legislation governs Rottneros' operational area, and its activities require permits that need to be renewed periodically.</p> <p>There is a risk of permits granted being exceeded, which may not only entail production restrictions or the need for investments, but also criminal penalties or the revocation of permits.</p> <p>There is also a risk of environmental legislation being amended, which may affect Rottneros' activities. No such changes are known at the current time.</p> <p>See also the environment section on pages 42–43.</p>	<p>PROBABILITY: 3 IMPACT: 4</p> <p>Good management of environmental issues represents a fundamental and important issue for the Board of Directors and corporate management, for which reason ongoing debriefing takes place monthly, half-yearly and annually. Both of the Group's mills have environmental management systems and are certified according to ISO 14001. The environmental management system includes well-established routines for follow-up, taking samples and dealing with deviations.</p> <p>The Group has a continuous sampling system with alarm functions linked to the mills' control systems to detect and prevent any infringements of applicable provisions and requirements. Random manual samples are taken in addition to this.</p> <p>According to the Group's policy, all employees in relevant positions must have the necessary environmental skills. Senior environmental staff within the Group undertake continuous professional training. Ongoing communications take place with county administrative boards and municipal authorities. Compliance consultation meetings are held with the county administrative board four times a year, which the municipal authority is also invited to attend.</p> <p>Rottneros has a long-term target of achieving completely fossil-free production by 2030.</p> <p>COMMENTS ON 2024 OUTCOMES</p> <p>Efforts to further reduce emissions to air and water have continued. A number of investments have been carried out in recent years to reduce emissions to water. The chemical oxygen demand (COD) level for emissions of oxygen-consuming substances is lower.</p> <p>Since the renovation of the solid fuel boiler at Rottneros Mill, the Group's consumption of fossil fuels has decreased, resulting in a reduction of fossil carbon dioxide emissions (according to GHG scope 1).</p> <p>Environmental data for the year are presented on pages 105–106.</p>

RISKS

FINANCIAL RISK AREAS

Below is a description of the Rottneros Group's guidelines for managing financial risks. Financial risks and other arrangements are described in Note 6 of the Annual Report. The factors that have the greatest impact on the Group's result are associated with the price of pulp in USD, exchange rates and pulp wood and electricity prices.

Financial risk is managed at a Group level in accordance with guidelines defined in the Group's Financial Policy and approved annually by the Board of Directors. The Board of Directors makes decisions on overall mandates and limits for restricting the Group's financial risk exposures and also makes decisions on all long-term financing. The Board of Directors approves hedging levels based on proposals from

senior management. The management continually assesses whether factors such as the USD exchange rate, pulp price or electricity price present attractive opportunities for strategic hedging. Financial hedging instruments are not used speculatively, but solely to hedge transactions and calculations in accordance with the approved financial policy.

RISK AREA	RISK MANAGEMENT
<p>J CURRENCY – BALANCE EXPOSURE</p> <p>Currency risk means that currency rate changes may have a negative impact on the Group's future results, cash flows and values of assets and liabilities.</p>	<p>PROBABILITY: 4 IMPACT: 2</p> <p>Rottneros' pulp mill and non-current assets are located in Sweden. Balance sheet exposure for them is very low. Balance sheet exposure attributable to current transactions consists primarily of accounts receivable and cash and cash equivalents in foreign currency. These items are subject to currency risk.</p>
<p>K CURRENCY – TRANSACTION EXPOSURE</p> <p>Transaction exposure is the risk of exchange rate fluctuations in export revenue and import costs having a negative impact on operating profit.</p>	<p>PROBABILITY: 4 IMPACT: 4</p> <p>Most invoices are issued in USD, EUR and SEK. The Rottneros Group's assets and liabilities are valued in SEK. The central finance function is responsible for proactively monitoring and managing the Group's exchange rate exposure and ensuring that actual risk exposure is identified and managed.</p> <p>COMMENTS ON 2024 OUTCOMES The underlying exposure to USD is high and the direct inflow of USD corresponded to more than 60 percent of turnover. The inflow denominated in EUR was about 30 percent, while the Group has expenses in EUR, which reduces the exposure. As at 31 December 2024, the Group held hedges amounting to 31 MUSD. A strong USD during the year contributed positively to Rottneros' results.</p>
<p>L INTEREST</p> <p>Interest rate risk comprises the exposure of the Group's financial assets and financial liabilities with a variable interest rate.</p>	<p>PROBABILITY: 2 IMPACT: 1</p> <p>Rottneros has financing through a long-term loan agreement. Interest rate risk is mainly related to the variable interest rate of the bank loan and the return on cash and cash equivalents.</p> <p>COMMENTS ON 2024 OUTCOMES In 2024, Rottneros refinanced its existing long-term loan agreements. The bank loans amounted to 400 MSEK at the end of December 2024 and have a variable interest rate. A change of one percentage point in the interest rate will affect the Group's annual profit by 5 MSEK. Cash and cash equivalents at the end of December 2024 amounted to 19 MSEK. Financial items totalled -20 MSEK during the year.</p>

RISKS

FINANCIAL RISK AREAS

RISK AREA	RISK MANAGEMENT
<p>M LIQUIDITY AND REFINANCING</p>	<p>PROBABILITY: 2 IMPACT: 4</p>
<p>There is a risk that Rottneros will not have sufficient cash and cash equivalents to cover current expenses, or that the Group will not obtain credit.</p>	<p>Financing risk shall be minimised as far as possible by ensuring that the maturity of loans and other credit facilities is well diversified and evenly distributed over time. Outstanding credit facilities shall be refinanced no later than three months before they fall due. The Group's objective is for liquidity reserves to amount to at least ten percent of the Group's 12-month rolling turnover and be available within 30 days. The Group continuously produces liquidity forecasts.</p> <p>Rottneros' credit agreements are considered to be sufficient for normal operating and investment cash flow for the next few years. Both the liquidity and refinancing risks are therefore considered to be low at this time.</p> <p>The Group shall maintain an optimal capital structure to keep capital costs down while ensuring that it is able to continue its activities.</p> <p>COMMENTS ON 2024 OUTCOMES</p> <p>In 2024, Rottneros refinanced its existing long-term loan agreements. The new agreement includes a loan of 400 MSEK with 69 MSEK in annual amortisation, as well as revolving credits of up to 150 MSEK. In addition, Rottneros has overdraft facilities totalling 225 MSEK. The loan terms contain customary covenants in the form of a maximum net debt to operating profit before depreciation of 3.2 and a maximum dividend of 50 percent of the previous year's net profit. These covenants were fulfilled at the balance sheet date.</p> <p>Granted and unused credit facilities amounted to 392 MSEK at the end of the year. The Group's liquidity reserve amounted to 14 (19) percent of turnover at the end of the year, where the target is "at least 10 percent".</p> <p>The Group's net debt at the end of 2024 was 393 (-105) MSEK and the debt/equity ratio was 23 (-6) percent.</p> <p>During the year, 76 MSEK was distributed to shareholders.</p>

Long-term value creation through sustainability, efficiency, and focus on growing segments

Rottneros' strategic focus on sustainability, specialisation and growth within expanding segments, as well as operational efficiency, continued throughout 2024. The fact that the Group's products are an integral part of the solution to global warming is an important prerequisite for long-term development potential. This year's investments in self-generated electricity production and storage, as well as in the large-scale production of sustainable food packaging, were important steps in our ambition to expand the business into adjacent areas with strong growth potential.

The long-term efforts to develop and streamline the mills, which have been ongoing for several years, continued throughout 2024. The Group's position as a sustainability-focused, financially strong and leading global player in several niches thus continued to be strengthened.

The competition for raw material indicates a long-term favourable balance in softwood pulp.

Several factors suggest that the capacity expansion in softwood pulp will be limited going forward. It is primarily the limited availability of spruce and pine, combined with an increased need to use forest raw materials for energy purposes, that restricts the opportunities for further expansion. The market balance and pricing of Rottneros' pulp products are also likely to benefit positively in the long term. At the same time, the supply of hardwood eucalyptus pulp is steadily growing, as it can be produced at significantly lower costs, primarily in South America. The result has been a growing price disparity between hardwood and softwood pulp over the past year.

Intensive year marked by significant, long-term value-creating investments

The ability to create value for customers, shareholders and the environment is crucial to the Group's investment decisions. The criteria encompass achieving a favourable risk-adjusted return, promoting sustainability, and ensuring high quality. The Group's goal of achieving fossil-free production by 2030 is a key factor

guiding the direction of investments. Gradually reducing exposure to the electricity market is also of great importance. Investments aimed at boosting energy production and improving energy efficiency in our facilities are integral to this approach.

In 2024, several significant investments were commissioned at both of our mills. They included the expanded CTMP capacity, as well as the production and storage of renewable electricity in the form of solar panels with associated battery storage at Rottneros Mill and the tall oil plant at Vallvik. The investment to significantly expand the production capacity of CTMP pulp at Rottneros Mill reflects our long-term positive outlook on the board and packaging market. The capacity will increase from 125 thousand tonnes to around 165 thousand tonnes, reflecting a relatively low investment cost per additional tonne of pulp.

Sustainable packaging increasingly important to consumers

Consumers' emphasis on phasing out plastic in favour of sustainable packaging solutions is intensifying and ranks as a top priority for them. Consequently, the demand for environmentally friendly and competitive packaging solutions is growing, which also contributes to the long-term growth potential of the pulp market.

Start-up of industrial-scale fiber tray production in Poland

Rottneros' joint venture in Poland, in partnership with Arctic Paper, begins production at the start of 2025. This achievement marks a milestone in our ambition to become a large-scale supplier of



high-quality molded fiber trays. The factory also confirms our high product quality, as well as scalable and competitive production. Rottneros Packaging's fiber trays are superior for the environment compared to today's predominantly plastic-based products. Consequently, the long-term market potential is substantial.

Strong finances important for long-term value creation

To protect the company's strong balance sheet, the Board proposes to the Annual General Meeting that no dividend be paid to shareholders for 2024. The reason is the weak performance, primarily due to high raw material costs and an uncertain pulp market in China, which weighed on the CTMP market. To generate a good return at a balanced level of risk, it is important to maintain a high equity/assets ratio, which provides a substantial financial buffer during challenging times. It enhances the company's ability to think and act with a long-term perspective at all times, regardless of the economic situation. A robust balance sheet also affords flexibility to pursue smaller complementary acquisitions, alongside organic growth. The equity/assets ratio at the end of the year was a reassuring 59 percent and available liquidity totalled 392 MSEK.

In conclusion, I would like to express my sincere thanks to Group management, the employees and my colleagues on the Board for their excellent collaboration during the year.

Per Lundeen
Chairman

Corporate governance report

Rottneros is a Swedish public limited company based in Sunne, Sweden and is listed in the Mid Cap segment on NASDAQ Stockholm ("the Stock Exchange"). Rottneros' corporate governance is based on the Swedish Companies Act, the Annual Accounts Act, the Rules of the Stock Exchange and the Swedish Code of Corporate Governance ('the Code'). This Corporate Governance Report refers to both Rottneros AB, which is the parent company, and the Group.

PRINCIPLES FOR CORPORATE GOVERNANCE

Rottneros applies the rules prescribed by law or other enactment, and also the Code. Rottneros applied the Code without deviations in 2024.

STRUCTURE FOR CORPORATE GOVERNANCE

The shareholders at the AGM/general meeting make the appointments by election and lay down the guidelines which will form the basis for the corporate governance of Rottneros. The organisation chart below summarises how corporate governance is organised at Rottneros.

CONTROL INSTRUMENTS

The external control instruments that form the frameworks for corporate governance within Rottneros include the Swedish Companies Act, the Annual Accounts Act, the rules of the Stock

Exchange, the Code and other relevant laws. Foreign subsidiaries apply the laws and ordinances in force in the country in question, but also ensure that the Group's guidelines for governance and control are observed.

The Board of Directors is ultimately responsible for the organisation and administration of the company's affairs. The authorities and bodies appointed by the authorities exercise supervision through reports received from the company and through regular checks conducted by the authorities.

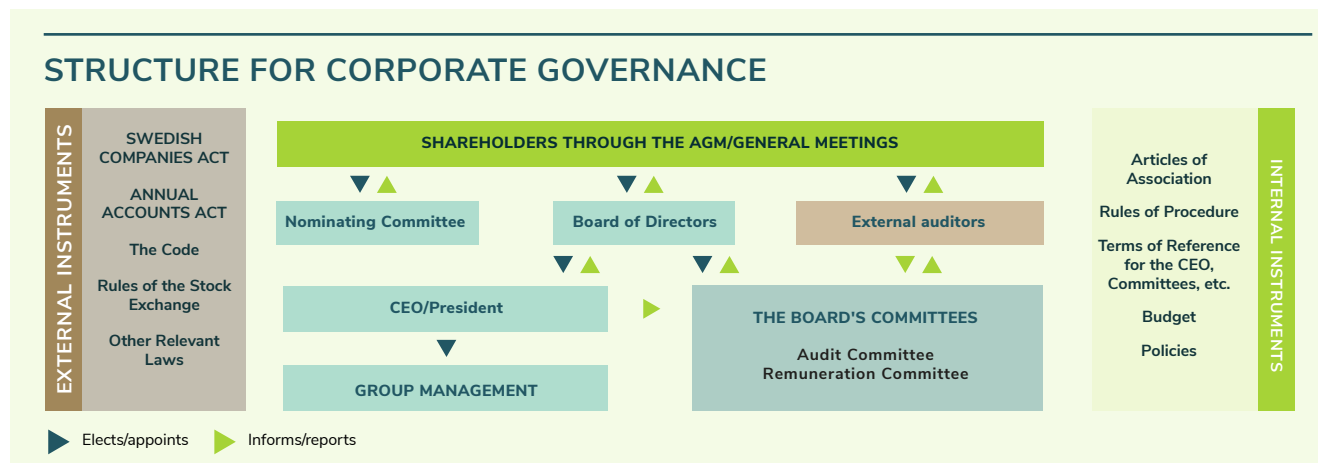
The internal control instruments include the Articles of Association as adopted by the AGM and similarly the Rules of Procedure for the Board and the Terms of Reference for the CEO, the Board's committees and the financial reporting. In addition, there are, for example, financial and quantitative targets, budgets, reports,

policies, valuations and codes of conduct. The policies resolved by the Board include the Code of Conduct, the Financial Policy, the Work Environment policy, the Sustainability Policy, the Environmental and Energy Policy, the Anti-Corruption Policy, the Competition Policy, the Insider Policy, the Communication Policy and the Board's Diversity Policy. The CEO decides on a customer credit policy, crisis management instructions, IT policy, ethical rules for suppliers, instructions for the whistle blower service and instructions for insider management, which are communicated to the Board. There are also other important steering documents decided by the CEO or the person appointed by the CEO.

ANNUAL GENERAL MEETING

Rottneros' shareholders exercise their right to make decisions on the company's affairs at the AGM or, where applicable, an extraordinary general meeting. The AGM is Rottneros' highest decision-making body. The AGM makes decisions on the Articles of Association, appoints the Board of Directors and the Chairman of the Board, elects the auditors, adopts the income statement and balance sheet, makes decisions on the appropriation of profits and discharge from liability, and also makes decisions on nomination procedures, guidelines for the remuneration of senior executives, etc.

Rottneros' Articles of Association do not have any specific provisions on the appointment and dismissal of Board members or on amendments to the Articles of Association. Each shareholder has the right to participate in the AGM, either in person or through an authorised proxy. Each shareholder has the right to raise issues to be addressed at the AGM. Notices of meetings and other information prior to AGMs/general meetings are available on the Rottneros website. Minutes, the CEO's statements, etc. from the latest meetings are also available on the website.



CORPORATE GOVERNANCE REPORT

SHAREHOLDERS

The Rottneros share has been listed on Nasdaq Stockholm since 1987. According to the share register maintained by Euroclear Sweden, Rottneros had 12,979 shareholders as of 31 December 2024. The share capital amounted to 153,393,890 SEK, divided among 153,393,890 shares, each carrying equal voting rights and equal rights to the company's profit and capital. The Articles of Association contain no restrictions on the number of votes each shareholder can cast at a general meeting.

As of 31 December 2024, Arctic Paper S.A. had an ownership stake of 51.0 percent of the total number of shares and votes. Otherwise, none of the shareholders has a direct or indirect shareholding representing at least one tenth of votes attached to all shares in Rottneros.

Rottneros' holding of treasury shares amounts to 821,965, corresponding to around 0.54 percent of the total number of shares. See pages 110-111 for additional information about the share, shareholders, etc. Information is also available on the company's website.

2024 ANNUAL GENERAL MEETING

Rottneros held its 2024 Annual General Meeting on 20 March 2024 in Sunne. The meeting was attended by 49 of the company's shareholders representing 62.38 percent of the company's votes and capital (excluding Rottneros' treasury shares). A majority of the Board members, including Chairman of the Board Per Lundeen, as well as the CEO, were present. The company's auditor also attended the meeting. Among other things the AGM passed the following resolutions:

- The AGM resolved to discharge the Board of Directors and Chief Executive Officer from liability for the 2023 financial year.
- The AGM resolved in accordance with the Board of Directors' proposal and the approval of the auditors to pay shareholders a dividend of 0.50 SEK per share as a regular dividend.
- The Board shall consist of six ordinary members.
- Per Lundeen, Roger Mattsson, Julia Onstad, Conny Mossberg, Johanna Svanberg and Magnus Wikström were re-elected as members.
- Per Lundeen was re-elected to serve as Chairman of the Board.
- A fee of 636,000 SEK shall be paid to the Chairman of the Board and 318,000 SEK to each of the other members. Additionally, a fee of 22,000 SEK should be paid to each of the members of the Audit Committee and members of the Remuneration Committee. Each employee representative will be paid a fee of 32,000 SEK for the time needed to read materials prior to meetings. Auditors' fees are paid based on invoices approved by the CEO.

- The registered accounting firm PricewaterhouseCoopers was elected as the company's auditor until the end of the 2025 AGM, with Bo Karlsson as auditor in charge.
- The AGM resolved in accordance with the Board's proposal to approve the remuneration report for the 2023 financial year.

NOMINATING COMMITTEE

Rottneros' Annual General Meeting makes decisions on the principles for the appointment of the Nominating Committee. 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 Nominating Committee appoints a Chairman from within its ranks. It is the responsibility of the Chairman of the Board to ensure that members are appointed as stated above. The principles also include a procedure for replacing members who leave the Nominating Committee before the end of their mandate or when a member represents a shareholder that is no longer one of the five largest shareholders.

The names of members of the Nominating Committee shall be presented no later than six months prior to the 2025 AGM. The composition of the Nominating Committee at any given time will be published on the Rottneros website. A press release with information about the composition of the Nominating Committee and how shareholders may submit suggestions to the Nominating Committee was published on 10 October 2024 and has been made available on the Rottneros website. Michal Jarczyński, appointed by Arctic Paper S.A., was appointed Chairman of the Nominating Committee. Other members were Stefan Sundh, appointed by PROAD AB, and Per Lundeen, Chairman of the Board of Rottneros AB. Together, the Nominating Committee represents approximately 58.5 percent of the votes for all shares in Rottneros.

The Nominating Committee shall submit proposals for decisions to the 2025 Annual General Meeting regarding the election of the Chairman of the meeting, the number of Board members and deputies, the election of the Chairman and other members of the Board, Board fees and remuneration for committee work, the election and remuneration of auditors, and, where applicable, changes to the instructions for the Nominating Committee. The AGM resolved that the instructions should be revised to state that the Nominating Committee should work to achieve an even gender distribution in the Board of Directors.

The Board has adopted a specific Diversity Policy concerning the composition of the Board of Directors. Two of the six Board members were women during the year. This policy is available on the Rottneros website.

Auditors

Rottneros' auditors are elected at the AGM. At the 2024 AGM, PricewaterhouseCoopers was re-elected as the accountant firm until the end of the 2025 AGM, with Bo Karlsson as auditor in charge. Rottneros' Articles of Association do not set down any term for the auditor. This means that auditors for Rottneros are elected annually at the AGM in accordance with the Swedish Companies Act.

AUDIT WORK

The auditors examine the parent company's and the Group's annual accounts and accounting records and the administration of the company by the Board of Directors and the CEO. The company's auditor attends at least one Board meeting each year. The auditors attended all meetings of the Audit Committee and the 2024 AGM. The auditor attends the AGM to present the auditor's report.

Fees to the accounting firm for 2024 are shown in Note 5 of the annual report.

BOARD OF DIRECTORS

Composition and fees of the Board

According to the Articles of Association, the Board of Directors of Rottneros shall comprise a minimum of three and a maximum of ten members elected by the AGM. In addition, the employees elect two representatives with two deputies. Rottneros' Board of Directors consists of six members elected by the AGM without deputies, as well as two members and two deputies appointed by the employees. The CEO is not a member of the Board but is called in to all Board meetings, except when the agenda includes an evaluation of the work of the Board and the CEO. Other officials of the company are also called in when necessary to present matters. The table on page 62 shows the composition of the Board in 2024, as well as remuneration paid to Board members for 2024 and 2023, respectively. Additional information about the Board members is presented on page 65.

Evaluation of the Board's work

The Board carries out an annual systematic evaluation in which members are given the opportunity to voice their views on working methods, Board materials, and their own and other members' contributions to the Board's work. The purpose is to improve the work of the Board and also to furnish the Nominating Committee with relevant decision guidance documentation prior to the AGM.

CORPORATE GOVERNANCE REPORT**Independence**

According to the Code, a majority of the members elected at the AGM must be independent in relation to the company and executive management; also, at least two of these members must be independent in relation to the company's major shareholders.

Rottneros' Board of Directors is considered to have met the requirements of the Code regarding independence, since two of the Board members elected at the AGM are considered independent of both the company and executive management and of the company's major shareholders. In 2024, all of the directors elected by the AGM have been independent in relation to the company and its management.

Board work and responsibilities

The Board of Directors oversees the work of the CEO and is responsible for ensuring that the organisation, management and guidelines for managing the company's funds are appropriate. The Board is also responsible for ensuring that the company is organised in such a way that its internal control is appropriate, that appropriate systems are monitoring the business and its risks, and that the company is in compliance with laws, rules and internal guidelines. Moreover, the Board is responsible for developing and monitoring the company's strategies through plans and objectives, decisions on acquisitions and divestments of activities, major

investments, appointments of and remuneration for the management team as well as day-to-day monitoring during the year. The Board approves the budget and annual accounts.

Rules of Procedure for the Board

The work of the Board of Directors follows specific Rules of Procedure prescribing the distribution of responsibilities between the Board and the CEO, between the Board's various committees and within the Board, as well as instructions for financial reporting. The Board's Rules of Procedure contain special Terms of Reference for the CEO.

A statutory Board meeting is held immediately after the AGM or immediately after extraordinary general meetings where a new Board has been elected. The statutory Board meeting was held on 20 March 2024 where among other things members of the Board committees were appointed and the above-mentioned Rules of Procedure were adopted.

In addition to the statutory meeting, the Board convenes eight scheduled meetings each year and additional meetings when the Chairman sees fit or within 14 days following a request for a meeting from a member of the Board or the CEO. In 2024, nine Board meetings and four per capsulam meetings were held.

The work of the Board follows a schedule established in advance, which includes specific fixed items that require decisions during the financial year:

- The year-end report, the Board's recommendations with respect to dividends and any necessary additions to the budget and business plan are dealt with in January/February. The Board also evaluates its work arrangements and procedures for making decisions and considers improvements to these.
- The public annual report is dealt with in February/March. The company's auditors report any observations made when conducting their audit. Remuneration issues are also dealt with.
- Quarterly results are addressed in April, July and October.
- Investment plans for the coming financial year and a review of the Group's strategies are dealt with in June.
- Preparations for the annual accounts and approval of the business plan for the coming year are dealt with in December.

The Board also receives a monthly report on the company's performance and liquidity trends. Other business is dealt with as determined by the nature of each individual matter.

Financial Policy issues

The Board of Directors has the ultimate responsibility for the Group's financial activities. The Board is responsible for approving the Group's Financial Policy, which is to be updated annually. The Board makes decisions on comprehensive mandates and limits for restricting financial risk-taking by the Group in accordance with the Financial Policy, and also makes decisions about long-term financing. The Board approves hedging levels based on proposals from the executive management. The Board has delegated the operational responsibility in line with the allocation of responsibility indicated by the Financial Policy laid down.

The Board's control of financial reporting

The Board of Directors monitors the quality of financial reporting by providing instructions for its execution and through the Terms of Reference for the CEO. One of the tasks of the CEO is to work with the CFO to review and ensure the quality of all external financial reporting, including year-end reports, interim reports, annual reports, press releases with economic content and presentation materials for meetings with the media, shareholders and financial institutions.

The Board's Audit Committee works to ensure that financial reporting is accurate and maintains a high quality, and also that it is given final approval by the Board and communicated. The Board receives monthly financial reports, and the financial position of the company and the Group is addressed at each Board meeting.

COMPOSITION OF THE BOARD AND ATTENDANCE 2024

Amounts in TSEK	Dependence ¹	Total fees, 2024/25 ²	Total fees, 2023/24 ²	Board meetings, %	Committee meetings, %
Per Lundeen Chairman	x	680	660	100	100
Roger Mattsson	x	340	330	100	100
Conny Mossberg	x	340	330	100	100
Julia Onstad	x	340	330	100	100
Johanna Svanberg		340	330	100	100
Magnus Wikström		340		100	100
Mika Palmu Employee representative				85	
Jerry Sohlberg Employee representative				100	
Jörgen Wasberg Employee representative/deputy				100	
Jimmy Thunander Employee representative/deputy				100	

1) Dependent in relation to the company's largest shareholder, Arctic Paper S.A.

2) For the period from one Annual General Meeting to the next Annual General Meeting. Including fees for committee work.

CORPORATE GOVERNANCE REPORT

The Board also reviews interim reports and the Annual Report. In order to ensure that the Board receives the information it needs, the company's auditors report to the Board every year on observations made during the audit and express an opinion on the company's internal control, in addition to reporting to the Audit Committee. The company's auditors report to the Board at least once a year on whether the company has succeeded in ensuring that bookkeeping, administration and financial control are effective, after which the Board discusses this with the auditors without the presence of the CEO or other members of management.

THE BOARD'S COMMITTEES

The Governing Board appoints committees that work according to the established rules of procedure. During the year, work was carried out in two committees: the Audit Committee and the Remuneration Committee.

Audit Committee

This Committee comprises at least three representatives of the Board of Directors. Its tasks include:

- Preparatory work for decisions to be made by the Board to assure the quality of the company's financial reporting.
- Monitor and give recommendations and proposals to ensure the accuracy of the reporting concerning e.g. the efficiency of the company's internal controls and risk management.
- Assisting the Nominating Committee when procuring audit services and arranging for the election and payment of the auditors.
- Reviewing the scope and focus of audit assignments.
- Addressing audit issues and evaluating audit work.
- Establishing guidelines for the purchasing of permitted services other than auditing from the company's auditors, and if appropriate approving such services according to guidelines.
- Following up and assessing the application of current accounting principles and adopting new accounting principles, and other accounting requirements as stipulated in legislation, generally accepted accounting principles, applicable Stock Exchange rules, etc.

The company's auditor in charge and representatives of the accounting firm are co-opted for most of the meetings. Senior executives are also co-opted for meetings when appropriate. Since the 2024 AGM, the Committee has consisted of Board members Per Lundeen, Roger Mattsson, Johanna Svanberg and Magnus Wikström. Johanna Svanberg is Chairwoman of the Committee.

The Audit Committee held five meetings in 2024 and the Board receives regular reports from the meetings. The auditors attended all of the meetings of the Audit Committee.

Remuneration Committee

This Committee shall comprise at least two representatives of the Board of Directors. The main tasks of the Committee are to prepare the Board's decisions on issues concerning principles for remuneration, remuneration and other terms of employment for the executive management; monitor and evaluate programmes for variable remuneration for the executive management, both ongoing and those that have ended during the year; and monitor and evaluate the application of the guidelines for remuneration for senior executives that the AGM is legally obliged to establish, as well as current remuneration structures and levels at the company. The CEO's remuneration package and the principles for remunerating the executive management are determined by the Board. Remuneration for other senior executives is determined by the Remuneration Committee within frameworks established by the Board and AGM.

Since the 2024 AGM, the Remuneration Committee has consisted of Per Lundeen, Conny Mossberg and Julia Onstad. Per Lundeen is Chairman of the Committee.

The Committee held three meetings in 2024 and the Board was informed about the work carried out by the Remuneration Committee.

CEO/PRESIDENT

The CEO's responsibility as stipulated by the rules of the Swedish Companies Act and other legislation is to manage the company's day-to-day business according to the Board's guidelines and instructions and to take the measures necessary to ensure that the company's bookkeeping is managed in a satisfactory manner. The CEO also ensures that the Board receives the information it needs on an ongoing basis to monitor the company's and the Groups' financial situation, position and development in a satisfactory way and to otherwise fulfil its reporting obligations with respect to the company's finances.

The company's CEO manages the business within the frameworks established by the Board in the special Terms of Reference for the CEO. These Terms of Reference include the CEO's responsibility for day-to-day business and matters that always require Board decisions or that must be reported to the Board, as well as the CEO's responsibility for presenting financial reports to the Board. The CEO works with the Chairman to produce the materials required for information and decisions prior to Board meetings, presents matters and justifies proposed decisions. The Board evaluates the work of the CEO on an ongoing basis.

GROUP MANAGEMENT

The CEO leads the work of Group management and makes decisions in consultation with other members of the management team. In 2024, this team consisted of the CEO and eight other people. Information about the CEO and Group management is shown on page 66. Group management has regular operational reviews led by the CEO.

FURTHER INFORMATION IS AVAILABLE AT WWW.ROTTNEROS.COM

- Articles of Association
- Information from previous AGMs (notices, minutes, resolutions, CEO statements)
- Information about the Nominating Committee
- Corporate governance reports (included in the annual report)

ROTTNEROS' SYSTEM FOR INTERNAL CONTROL AND RISK MANAGEMENT IN CONJUNCTION WITH THE FINANCIAL REPORTING

The Board of Directors is responsible for internal control in accordance with the Swedish Companies Act and the Code. According to the Swedish Annual Accounts Act, the Corporate Governance Report shall include information about the most important elements of the company's system for internal control and risk management in conjunction with financial reporting.

Rottneros' internal control structure is predominantly based on the COSO model, according to which reviews and assessments are made in the following areas: control environment, information and communication, risk assessment, control activities and follow-up.

Control environment

The Board of Directors has drawn up a number of steering documents for the company's internal control and governance, including Rules of Procedure for the Board and Terms of Reference for the CEO and the Board's committees, reporting instructions and a Financial Policy, with the aim of ensuring a clear definition of roles and responsibilities. Financial information is reported through a Group-wide reporting system.

The CEO and Group management, who report to the Board in accordance with established procedures, are responsible for maintaining an effective control environment and the day-to-day internal control and risk management work. Managers at various levels within the company have the same responsibility within their respective areas of responsibility and in turn report to Group management.

CORPORATE GOVERNANCE REPORT

Information and communication

The information in Rottneros' important steering documents, including policies, guidelines and manuals, is primarily communicated through a Group-wide intranet.

Risk assessment

Rottneros continuously updates its risk analysis with respect to assessing the risks that may result in errors in the financial reporting. This is done mainly through contacts between Group management and the subsidiaries' management teams. Reviews are held during which Rottneros identifies areas where there is an increased risk of errors occurring.

Control activities

Monthly financial statements are prepared for all of the companies within the Group along with consolidated financial statements. A specific analysis is conducted of production, order status, cost follow-up, investments and cash flow. The CFO is also in regular contact with the subsidiaries. In addition, regularly scheduled

finance meetings are held and attended by the CFO, the Group Controller and the finance officers of the subsidiaries. At these meetings, particular emphasis is placed on following up any problems and ensuring the accuracy of financial reporting. Forecasts are updated every four months for all Group companies.

Through the Audit Committee, the Board of Directors monitors the reliability of the financial reporting, evaluates recommendations for improvement and discusses issues relating to the identified risks. The Audit Committee presents regular oral reports to the Board and makes recommendations on matters that require a decision from the Board. The control environment has been created through shared values, corporate culture, rules and policies, communication and follow-up, as well as the way in which the business is organised. The main tasks of Group staff are to implement, further develop and maintain the Group's control procedures and also to introduce internal control routines aimed at business-critical issues.

Rottneros' auditors examine the financial information for the half year and the annual accounts. Every year the auditors also examine a sample of controls and processes and report any areas for improvement to both Group management and also the management team for each subsidiary. The auditor in charge also attends the meetings of the Audit Committee.

Rottneros' Group-wide finance functions are represented locally at each company and report via a Group-wide reporting system. The finance function has regular meetings and a close cooperation in matters concerning the annual accounts and reporting.

INTERNAL AUDIT FUNCTION

Rottneros has not had any reason to establish an internal audit function to date. The Board of Directors is of the opinion that the business does not need such a function.

Instructions are available and an ongoing evaluation is conducted to ensure that officers at the organisation have the competence and support resources required to perform their work concerning the production of financial reports.

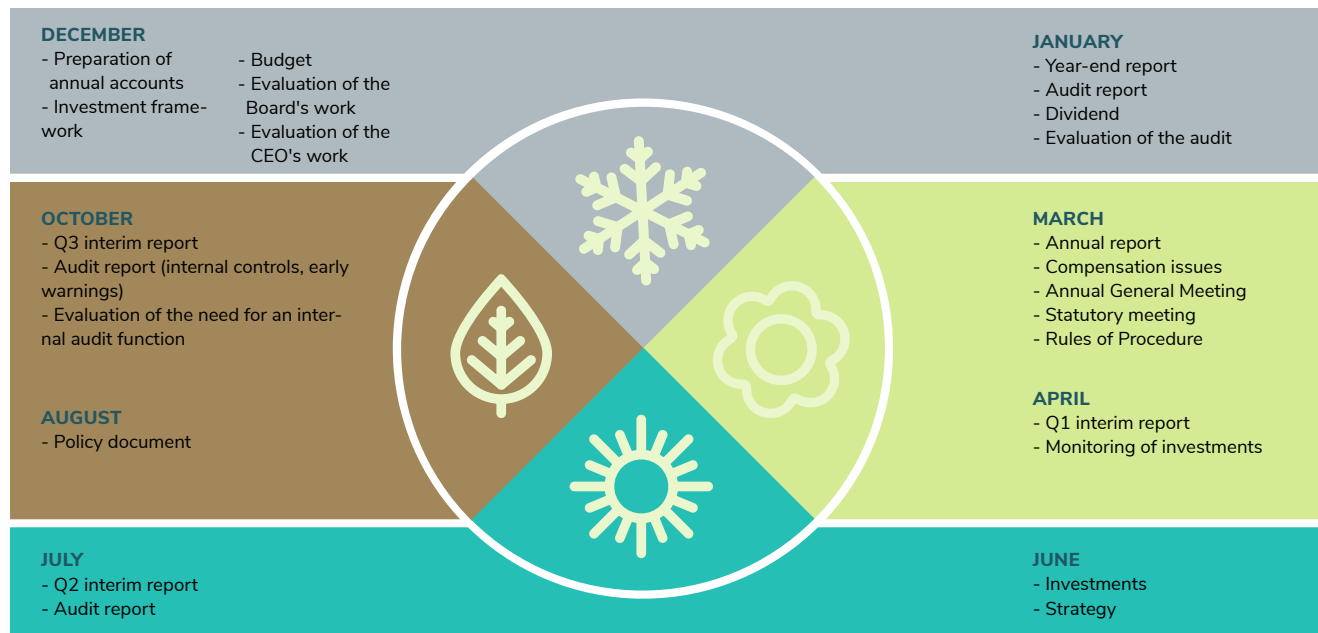
WHISTLE BLOWER SERVICE

Rottneros strives to maintain an open business climate and a high standard of business ethics. The whistle blower service is an "early warning system" and important for safeguarding good corporate governance, eliminating risks and ensuring that customers and the public continue to trust the Group.

The whistle blower service can be used anonymously to provide information about something that the person believes could seriously affect the organisation or someone's life or health. The service can also be contacted in cases of failure to comply with values and ethical principles. To ensure anonymity, the service is provided by an external party, through which the individual who reported the matter may also receive feedback. The channel is encrypted and password protected; all messages are treated with confidentiality.

The CFO and the HR Officer have been appointed by the President to serve as "Case Managers" for incoming cases. The cases are addressed without delay and reported to the President, or to the Chairman of the Board if the President is involved in the case. The number of incoming cases is reported to the Audit Committee on a quarterly basis. If the need arises and the privacy of all parties can be ensured, reporting can be more detailed.

SUMMARY OF THE BOARD'S WORK IN 2024



BOARD OF DIRECTORS

BOARD OF DIRECTORS

**PER LUNDEEN**

Chairman since 2016, Chairman of the Remuneration Committee and member of the Audit Committee. Independent in relation to the company and management, but not independent in relation to Arctic Paper S.A.

Education: M.Sc. (Engineering)

Born: 1955

Current board assignments: Chairman of the Board of Arctic Paper S.A., Nilsbyn Invest AB and Nordic Carton AB.

Previous positions: President and CEO Rottneros, President and CEO Å&R Packaging Group and Å&R Carton AB.

Shareholding: 250,000 shares

**JOHANNA SVANBERG**

Board member since 2022, Chairwoman of the Audit Committee. Independent in relation to the company and its management and in relation to the company's major shareholders.

Education: M.Sc. (Engineering)

Current position: Consultant in sustainability and environment.**Born:** 1958

Current board assignments: Board Member Vänorexpressen AB and SOMAS Instrument AB

Previous positions: Production Director Nordic Paper/Wermland Paper, Group Manager/ Sales manager Kamyr AB/ Kvaerner Pulping Ltd.

Shareholding: 4,000 shares

**ROGER MATTSSON**

Board member since 2016, member of the Audit Committee. Independent in relation to the company and management, but not independent in relation to Arctic Paper S.A.

Education: MBA

Born: 1973

Current position: Finance Director, Nemus Holding AB.

Current board assignments: Chairman of the Board of Nemus Holding AB and Munkedal Skog AB, Board member of Arctic Paper S.A.

Previous positions: Koncerncontroller Arctic Paper S.A. CFO Talent Plastics Group

Shareholding: 0

**JERRY SOHLBERG**

Employee representative since 2020.

Current position: Warehouse worker, Rottneros Bruk AB

Born: 1989

Current board assignments: Chairman of Pappers branch 89 Rottneros Mill.

Shareholding: 0

**JIMMY THUNANDER**

Employee representative since 2021, deputy.
Born: 1975

Current position: Operations manager, Rottneros Bruk AB

Current board assignments: Chairman of Unionen Rottneros Mill.

Shareholding: 1,200 shares

**CONNYS MOSSBERG**

Board member since 2019, member of the Remuneration Committee. Independent in relation to the company and management, but not independent in relation to Arctic Paper S.A.

Education: Forestry technician

Born: 1966

Current position: CEO of Munkedal Skog AB.

Previous positions: CEO and Vice President of Moelven Skog AB, CEO Are Skog AB.

Shareholding: 0

**MAGNUS WIKSTRÖM**

Board member since 2023, member of the Audit Committee. Independent in relation to the company and its management, as well as in relation to the company's major shareholders.

Education: PhD and Associate Professor in Paper Technology, KTH Royal Institute of Technology.

Born: 1963

Current board assignments: Nexam Chemicals AB, Cellcomb AB and Cellfion AB

Previous positions: EVP Innovation and CTO BillerudKorsnäs AB

Shareholding: 8,000 shares

**JULIA ONSTAD**

Board member since 2022. Independent in relation to the company and management, but not independent in relation to Arctic Paper S.A.

Education: Bachelor of Arts in design marketing.

Born: 1978

Current board assignments: Member Munkedal Skog AB, Nemus Holding AB and Häfreströms Företagspark AB

Shareholding: 0

**MIKA PALMU**

Employee representative since 2016.

Current position: Production technician, Vallviks Bruk AB

Born: 1975

Current board assignments: Chairman of Unionen branch 23 Vallvik Mill.

Shareholding: 0

**JÖRGEN WASBERG**

Employee representative since 2019, deputy.

Current position: Operator, Vallviks Bruk AB

Born: 1975

Current board assignments: Chairman of Pappers branch 106 Vallvik Mill.

Shareholding: 0

AUDITORS PricewaterhouseCoopers AB

Bo Karlsson, Principal Authorised Public Accountant. Tomas Rahm, Authorised Public Accountant

SENIOR EXECUTIVES

SENIOR EXECUTIVES

**LENNART EBERLEH**

President and CEO

Education: M.Sc. (Engineering)**Born:** 1969**Employed since:** 2016**Current board assignments:**

Board member Swedish Forest Industries and Forest Friends AB

Shareholding: 251,000 shares**MONICA PASANEN**

CFO

Education: Master's degree in economics, MBA**Born:** 1963**Employed since:** 2022**Current board assignments:**

Board member Oppboga Bruk AB

Shareholding: 25,000 shares**NILS HAURI**

Director of Innovation and Strategic Projects

Education: M.Sc. in Chemical Engineering**Born:** 1981**Employed since:** 2007**Shareholding:** 16,000 shares**SOFIA HIDÉN**

CEO Rottneros Mill*

Education: MSc in Environmental and Water Engineering**Born:** 1977**Employed since:** 2023**Shareholding:** 0**ANNA JONHED**

MD Rottneros Packaging

Education: Ph.D. in chemical engineering**Born:** 1975**Employed since:** 2024**Current board assignments:**

Board member Paper Province ek. Association

Shareholding: 4,300 shares**IDA MÖRTSELL**Director HR and Communication,
Acting MD Vallvik Mill.***Born:** 1984**Employed since:** 2014**Shareholding:** 10,200 shares**ANDERS PERSSON**

Director of Strategic Development

Education: MSc Engineering, Executive MBA**Born:** 1973**Employed since:** 2024**Shareholding:** 3,758 shares**PÄR SKINNARGÅRD**Director of Wood Procurement Rottneros MD
Nykvist Skogs AB**Education:** Forestry technician**Born:** 1967**Employed since:** 2020**Shareholding:** 4,850 shares**KASPER SKUTHÄLLA**

Sales and Business Development Director

Education: Master's degree in economics**Born:** 1978**Employed since:** 2017**Shareholding:** 140,000 shares**PETER SÄVELIN**

COO

Education: MSc
in Chemical Engineering**Born:** 1963**Employed since:** 2020**Shareholding:** 0

* From 7 Jan 2025

FINANCIAL REPORTING

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Consolidated statements of income

CONSOLIDATED INCOME STATEMENT 1 JANUARY – 31 DECEMBER

Amounts in MSEK	Note	2024	2023
NET TURNOVER	1, 2	2,710	2,755
Change in finished goods inventories		58	9
Other operating income	3	133	35
TOTAL		2,901	2,799
Raw materials and consumables	4	-1,795	-1,661
Other external costs	5	-621	-573
Employee benefit expenses	7	-294	-302
Other operating expenses	3	-12	-11
EBITDA (operating profit/loss before depreciation/amortization and impairment)		179	252
Depreciation/amortization and impairment losses	10, 11	-133	-113
EBIT (operating profit/loss)		47	139
Financial income	8	4	24
Financial expenses	8	-24	-10
Total financial items		-20	14
PROFIT/LOSS AFTER FINANCIAL ITEMS		27	153
Tax on profit for the year	9	-7	-32
NET INCOME ¹		20	121
Average number of shares outstanding (thousands)		152,572	152,572
Average number of shares outstanding after dilution (thousands)		152,572	152,572
Earnings per share (SEK)		0.13	0.79
Earnings per share, diluted (SEK)		0.13	0.79

1) The entire net income is attributable to the shareholders of the parent company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 1 JANUARY – 31 DECEMBER

Amounts in MSEK	Note	2024	2023
NET INCOME		20	121
OTHER COMPREHENSIVE INCOME			
Items that have been or may be transferred to profit or loss for the period			
Changes in value of cash flow hedges		-140	-385
Income tax effect on changes in value		29	79
Translation differences		0	0
TOTAL OTHER COMPREHENSIVE INCOME		-111	-306
COMPREHENSIVE INCOME ²		-91	-185

2) Comprehensive income is attributable in full to the parent company's shareholders.

Consolidated balance sheet

GROUP ASSETS AS AT 31 DECEMBER

Amounts in MSEK	Note	2024	2023
Non-current assets			
Intangible assets	10	21	21
Property, plant and equipment	11	1,579	1,274
Derivatives	6	0	18
Participations in associated companies	12	61	66
Other direct investments		37	91
Total non-current assets		1,698	1,470
Current assets			
Inventories	14	590	493
Accounts receivable	15	442	406
Derivatives	6	5	100
Other current receivables	16	91	152
Cash and cash equivalents	17	19	196
Total current assets		1,148	1,347
TOTAL ASSETS		2,846	2,817

CONSOLIDATED SHAREHOLDERS' EQUITY AND LIABILITIES, 31 DECEMBER

Amounts in MSEK	Note	2024	2023
Shareholders' equity			
Share capital	18	153	153
Other injected capital		730	730
Repurchased treasury shares		-69	-69
Other reserves		-57	54
Retained earnings, incl. net income for the year		934	990
Total shareholders' equity		1,691	1,858
Long-term liabilities			
Interest-bearing liabilities	19	341	59
Deferred tax liability	9	123	158
Other non-interest-bearing liabilities		74	65
Total long-term liabilities		537	282
Current liabilities			
Accounts payable	20	291	284
Interest-bearing liabilities	19	71	32
Derivatives	6	7	0
Current tax liability	9	1	22
Other non-interest-bearing liabilities	21	248	339
Total current liabilities		619	677
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,846	2,817

Consolidated statement of changes in shareholders' equity

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY 2023

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		
Opening balance as at 1 January 2023	153	730	-69	367	-7	1,082	2,256
Comprehensive income							
Net income						121	121
Other comprehensive income							
Cash flow hedging, profit/loss after tax				-306			-306
Exchange rate differences					-		-
Total other comprehensive income				-306	-		-306
Total comprehensive income				-306	-	121	-185
Transactions with shareholders							
Dividends to shareholders						-213	-213
Closing balance as at 31 December 2023	153	730	-69	61	-7	990	1,858

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 2024

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		
Opening balance as at 1 January 2024	153	730	-69	61	-7	990	1,858
Comprehensive income							
Net income						20	20
Other comprehensive income							
Cash flow hedging, profit/loss after tax				-111			-111
Exchange rate differences					-		-
Total other comprehensive income				-111	-		-111
Total comprehensive income				-111	-	20	-91
Transactions with shareholders							
Dividends to shareholders						-76	-76
Closing balance as at 31 December 2024	153	730	-69	-51	-7	934	1,691

FINANCIAL REPORTING — GROUP

Consolidated statements of cash flows

Amounts in MSEK	Note	2024	2023
EBIT		47	139
Adjustment for items not included in cash flow			
Depreciation/amortization and impairment losses	10, 11	133	118
Other items not affecting cash flow		15	-4
EBIT adjusted for items not affecting cash flow		195	253
Interest received		4	14
Interest paid		-15	-10
Received/paid taxes		-34	-113
Cash flow from operating activities before changes in working capital		149	144
Change in working capital			
Change in inventories		-97	-58
Change in current receivables		48	42
Change in current liabilities (non-interest-bearing)		-85	-24
Total changes in working capital		-134	-40
CASH FLOW FROM OPERATING ACTIVITIES		15	104
Investments in intangible assets	10	-	-
Investments in property, plant and equipment	11	-450	-205
Property, plant and equipment sold	11	1	7
Investment in financial assets	12	-	-96
Disposal/repayment of financial assets		12	154
CASH FLOW FROM INVESTING ACTIVITIES		-436	-140

Amounts in MSEK	Note	2024	2023
Borrowings, non-current bank loans	19	409	100
Amortisation, non-current bank loans	19	-91	-120
Change in credit facilities	19	2	-
Dividend paid		-76	-213
CASH FLOW FROM FINANCING ACTIVITIES		244	-233
NET CASH FLOW		-177	-269
Cash and cash equivalents at the beginning of the year		196	465
Cash and cash equivalents at the end of the year	17	19	196
Granted and unutilised credit facilities	19	373	332

Supplementary disclosures and Notes

MSEK unless otherwise stated

ACCOUNTING POLICIES AND VALUATION PRINCIPLES

BASIS OF THE REPORTS' PREPARATION

These consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and the International Financial Reporting Standards (IFRS), in the form they have been adopted by the European Union. RFR 1 'Supplementary Accounting Rules for Groups' has also been applied.

PRECONDITIONS FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The parent company's functional currency is Swedish kronor, which is also the presentation currency for both the parent company and the Group. Unless otherwise indicated, all amounts shown are rounded to the nearest million. The consolidated accounts are prepared according to the cost method, except in the case of certain financial assets and liabilities which are measured at fair value.

The most important accounting policies applied when preparing the consolidated accounts are described below. These policies have been applied consistently for all years presented, unless otherwise indicated.

AMENDMENTS OF ACCOUNTING POLICIES AND DISCLOSURES Standards, amendments and interpretations that entered into force in 2024 and were applied by the Group

No standards, amendments or interpretations that entered into force in 2024 had any impact on the content of these financial statements.

Standards, amendments and interpretations that have not yet taken effect and that have not been applied in advance by the Group

Approved changes effective from 1 January 2024 or later are not expected to have any impact on the company's financial statements.

GROUP COMPANIES

The consolidated annual accounts include the annual accounts for the parent company and all subsidiaries for which Rottneros AB is entitled to formulate financial and operational strategies in a way that is normally associated with a shareholding amounting to more than half of the voting rights.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include subsidiaries in which the Group has a controlling interest. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and can affect those returns through its control of the entity.

Companies acquired during the year are included in the consolidated financial statements from the date on which control is transferred to the Group. Divested companies are excluded from the consolidated accounts from the date on which control ceases. The Group applies the acquisition method to account for business combinations. The consideration for the acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the shares issued by the Group. The consideration also includes the fair value of any assets or liabilities resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and are included in other external costs. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at fair value at the acquisition date. For each acquisition, the Group determines whether all non-controlling interests in the acquiree are recognised at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary, the difference is recognised directly in profit or loss.

Intra-Group transactions, balance sheet items, revenues and expenses for transactions between Group companies are eliminated. All subsidiaries are wholly-owned. In other words, there are no non-controlling interests in the subsidiaries.

UNTAXED RESERVES/APPROPRIATIONS

When preparing the consolidated accounts, untaxed reserves and appropriations recognised for the individual companies are split between deferred tax and shareholders' equity. The deferred tax liability has been calculated at the current tax rate. The estimated tax thus arrived at, which is attributable to the year's appropriations, is included in the Group's reported tax as 'deferred tax'. See also Note 9.

TRANSLATION OF FOREIGN SUBSIDIARIES

The local currency for all companies within the Group is the functional currency for the company. The Swedish krona, which is the parent company's functional and presentation currency, is the currency used in the consolidated accounts. Assets and liabilities are translated at closing rates. Items in the income statements are translated at the average rate for each month. Translation differences are not recognised in the income statement, but are instead posted directly to consolidated shareholders' equity via other comprehensive income. When a foreign subsidiary is no longer included in the consolidated accounts, the accumulated exchange difference is recycled into the consolidated income statement as part of the calculation for the transaction gain or loss.

REVENUE

All revenues from contracts with customers are recognised when the control of a good or service is transferred to the buyer. At the inception of a contract with the customer, each distinct performance obligation shall be identified and accounted for separately. Performance obligations that are not separately identifiable are combined with other such performance obligations. Elements of variable consideration in the contract are taken into account when determining the transaction price. Rottneros operates a relatively simple business model in terms of revenue recognition. The business model is traditional in nature.

Revenue is recognised either at a point in time or over time, depending on when the control of the good is passed to the buyer. Control is defined as the buyer's ability to direct the use and thereby obtain substantially all of the benefits from the asset.

To determine when the customer obtains control over a delivered good or service, the following is taken into account:

- The entity has a present right to payment for the asset
- The customer has legal title to the asset
- The entity has delivered the asset
- The customer has the significant risks and rewards related to the ownership of the asset
- The customer has accepted the asset

The vast majority of Rottneros revenue flows derives from sales of pulp, as well as by-product and wood. Control is passed at a point in

NOTES — GROUP

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.

SEGMENT REPORTING

IFRS 8, Operating Segments, requires that an operating segment is reported on the same basis as is used in the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the function responsible for allocating resources and assessing the performance of the operating segment. In the Group this function was identified as the President. Rottneros does not report any segments in its internal reporting and consequently nor in its annual accounts.

TRANSACTIONS AND BALANCE SHEET ITEMS IN FOREIGN CURRENCIES

Transactions in foreign currencies are translated to the functional currency in accordance with the exchange rates applicable on the transaction day or the day on which the items are revalued. Exchange gains and losses that arise when paying for such transactions are recognised in the income statement. Receivables and liabilities in foreign currencies are valued at the closing rate. The difference between cost and the closing date value has been included in the profit/loss.

INVENTORIES

Inventories mainly comprise raw materials and consumables together with pulp. Inventories are measured at the lower of cost and net realisable value. The cost of raw materials and consumables is based on the purchase price and includes expenditure incurred in acquiring the inventories and transporting them to their present location and condition. The cost of finished goods (pulp) comprises raw materials, direct salaries, other direct costs and attributable indirect manufacturing costs (based on normal manufacturing capacity). Net realisable value is the estimated selling price in normal circumstances, less the costs required to complete the sale.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank balances.

REPORTING OF LEASE AGREEMENTS

The Group's leases relate to premises and the leases are normally written for fixed periods of three to five years. There are options to extend certain agreements, as described below. The terms are negotiated separately for each agreement and contain a number of different contract terms.

A contract is, or contains, a lease under IFRS 16 if the contract transfers the right to control the use of an identified asset for a period of

time in exchange for consideration. The standard requires an asset (the right of use) and a financial liability to be recognised for all contracts that meet the definition of a lease.

Leases are recognised as rights of use (property, plant and equipment) and a corresponding liability (non-current and current interest-bearing liabilities), on the date the leased asset is available for use by the Group. Each lease payment is allocated between amortization of the debt and financial cost. The financial cost shall be distributed over the lease period so that each accounting period is charged with an amount corresponding to a fixed interest rate for the liability reported during each period. The right of use is amortized on a straight-line basis over the shorter of the asset's economic life and the lease period. The lessee determines the contract period by assessing factors such as the importance of the property for the business, its own planned or completed investments in the leased property and the market situation for the property. Assets and liabilities arising from leasing agreements are initially recognized at present value. Leasing liabilities include the present value of the following lease payments:

- fixed charges (including charges that are fixed in substance), less incentive claims
- variable lease payments that depend on an index or a price

The lease payments are discounted at the incremental borrowing rate. Right-of-use assets are measured at cost and include the following:

- the initial measurement of the lease liability
- payments made at or before the time the leased asset is made available to the lessee

Low value leases are expensed on a straight-line basis in the income statement.

Options to extend or terminate leases, rental agreements or premises contracts are included in the asset and liability when it is reasonably certain that they will be exercised. The conditions are used to maximise flexibility in the management of the contracts.

BUSINESS ACQUISITION

The acquisition method is used to account for the Group's business combinations, whether the acquisition consists of equity interests or other assets. The purchase price for the acquisition of a subsidiary consists of the fair values of:

- Assets transferred
- Liabilities incurred by the Group to former owners
- Assets or liabilities resulting from a contingent consideration agreement
- Previous equity share in the acquired company

With few exceptions, identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. For each acquisition, the Group determines whether the non-controlling interest in the acquiree is recognised at fair value or at its proportionate share of the carrying amount of the acquiree's identifiable net assets. Acquisition-related expenses are carried as an expense when they arise.

If the business combination is achieved in stages, the previous equity interests in the acquiree are remeasured at their fair value at the acquisition date. Any gain or loss arising from the revaluation is recognised in profit or loss.

INTANGIBLE ASSETS

Acquired trademarks and licences are recognised at cost. Acquired software licences are capitalised on the basis of the costs incurred to bring the software into use. Intangible assets under development are recognised at cost. All intangible assets except goodwill have finite useful lives.

Development work is an integral part of production and refers to process and quality improvement measures that are expensed as incurred.

Goodwill

Goodwill is calculated according to the principles of business combinations. Goodwill arising on business combinations is included in intangible assets and represents the excess of the consideration transferred, non-controlling interests and the acquisition-date fair value of the previously held equity interest over the fair value of the identifiable net assets acquired. Goodwill is not amortised, but is tested for impairment annually or more frequently if events or changes in circumstances indicate possible impairment. Goodwill is recognised at cost less accumulated impairment losses. On disposal of an entity, the carrying amount of goodwill is included in the resulting gain/loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

Cash-generating units related to goodwill in the Group are the company Nykvist Skogs AB.

NOTES — GROUP

Management has determined the values of the key assumptions above as follows:

Sales volume: Average growth rate above the five-year forecast based on historical performance and management's assessment of market development.

Budgeted operating margin: Based on historical performance and management judgement about the future.

Long-term growth rate: The average growth rate used to extrapolate cash flows beyond the forecast period. The growth rate is in line with forecasts in industry reports.

Pre-tax discount rate: Reflects specific risks in the relevant segments and in the geographical areas where the business is conducted.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment. Property, plant and equipment have been divided into major components when the components have substantially different useful lives. The depreciable amount is the cost less estimated residual value if this is material. Expenditures for repairs and maintenance are recognised as a cost in the period in which they arise.

Amortisation principles for property, plant and equipment, and intangible assets:

Scheduled depreciation/amortisation is based on the cost and estimated useful life of the assets. The straight-line method is used for all kinds of fixed assets. The residual value and useful life of the assets are assessed on each reporting date and adjusted if appropriate.

The following depreciation/amortisation periods have been applied:

Licences	10 years
Software	3–5 years
Buildings and land improvements	20–50 years
Plant and machinery	10–20 years
Equipment, tools, fixtures and fittings	5–10 years
Computers	3–5 years

IMPAIRMENT OF NON-FINANCIAL ASSETS

If, on an ongoing basis, there is a risk that the value of an asset has decreased, the asset is tested for impairment. For intangible assets that are not yet ready for use, the recoverable amount is calculated annually.

If it is not possible to identify substantially independent cash flows for an individual asset, the assets should be grouped for impairment testing to the lowest level at which significant dependent cash flows can be identified (a cash-generating unit). An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. An impairment charge is recognised in the income statement.

Impairment of assets is calculated in proportion to the assets included in the unit. The recoverable amount is the higher of the asset's net realisable value and its value in use. Value in use is the present value of future cash flows discounted at a rate based on the risk-free rate adjusted for the risk associated with the specific asset. For an asset that does not generate cash flows, the recoverable amount of the cash-generating unit to which the asset belongs is calculated.

At each reporting period it is determined whether there are indications that a previous impairment of an asset, wholly or partially, is no longer justified. If such indications are present the recoverable amount of the asset is calculated.

A previous impairment of an asset is reversed only if there has been a change in the assumptions that formed the basis for the determination of the recoverable amount when the most recent impairment was charged. If so, the carrying amount of the asset is increased to the recoverable amount. This increase is a reversal of an impairment.

PROVISIONS

A provision is recognised in the balance sheet where: there is a legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required in order to settle the obligation; and a reliable estimate can be made of the amount. Provisions for restructurings are made when there is a detailed formal plan for the restructuring and a valid expectation has been raised in those affected.

In cases where it is not expected that the provisions will be utilised within a twelve-month period, they are measured at the present value of the amount expected to be required to settle the obligation. A pre-tax discount rate is used in the calculations that reflects the current market assessment of the time value of money and those risks specific to the provision. The increase in the provision due to the passage of time is recognised as an interest expense.

TAXES

Income taxes recognised include tax that will be paid or received for the current period, adjustments for current tax for prior periods, as well as changes in deferred tax.

Tax assets/liabilities are measured at nominal amounts and in accordance with the tax provisions and tax rates established or where notice has been given and there is a high degree of certainty that they will be confirmed.

For items recognised in the income statement, any related tax effects are also recognised in the income statement. Tax effects of items credited directly to shareholders' equity are also recognised as equity.

Tax relating to items reported in other comprehensive income is also reported in other comprehensive income.

Deferred tax is calculated and recognised according to the balance sheet liability method for all temporary differences arising between the tax base and the carrying amount of assets and liabilities, and also accumulated tax loss carryforwards. Deferred tax is calculated using the tax rates (and laws) that have been established or where notice has been given as of the reporting date and that are expected to apply when the relevant deferred tax asset is realised or the deferred tax liability is settled.

Estimated current tax liabilities are recognised in the balance sheet as current liabilities. Deferred tax liabilities/assets are recognised as non-current. Deferred tax assets are recognised as long-term receivables to the extent it is likely that a future tax surplus will be available.

REMUNERATION OF EMPLOYEES

With the exception of the ITP (supplementary pensions for salaried employees) plan, the Group only has defined contribution plans. The Group's payments in respect of defined contribution plans are recognised as a cost during the period when the employees performed the services to which the contribution relates.

The commitments for the retirement and family pensions of salaried office workers in Sweden are guaranteed through an insurance policy with Alecta, an ITP plan which according to a statement from the Swedish Financial Accounting Standard Council (UFR 3), is a defined benefit plan covering a number of employees. However, a disclosure in accordance with the provisions of Item 29 of IAS 19 cannot be made as the insurance provider is unable to provide the necessary information. Accordingly the ITP plan is recognised as a defined contribution plan in accordance with Item 30 of IAS 19. This year's pension insurance premiums according to ITP that are contracted with Alecta amount to 1 (2) MSEK. Alecta's surplus can be distributed to the policyholders and/or the insured parties. Alecta's surplus in the form of the collective consolidation level amounted to 163 percent (178 percent) at the end of 2024. The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial assumptions, which are not in line with IAS 19.

Rottneros has no share-related payment transactions with employees where the company receives services from employees as consideration for the Group's equity instrument.

EMISSION ALLOWANCES

Emission allowances received are recognised in accordance with the rules for government grants. Upon allocation, emission allowances are

NOTES — GROUP

recognised as current receivables at cost, which are deemed to correspond to the market value of the emission allowances at the time of allocation. A corresponding amount is recognised as deferred income. The deferred income is taken up as other operating income in pace with recorded receivables reducing and emissions being carried as an expense as raw materials and consumables. Revenue from emission allowances is recognised for emissions made at the value at which they were recognised on allocation. Any remaining emission allowances (not required to cover own emissions) are taken up as revenue when sold.

CASH FLOW STATEMENT

The cash flow statement is prepared in accordance with the indirect method. The reported cash flow only covers transactions involving cash receipts or payments. This means that there may be variances when compared with changes to individual items in the balance sheet.

FINANCIAL INSTRUMENTS

All financial instruments are initially measured at fair value plus transaction costs, except for those financial instruments that are measured at fair value through profit or loss for which the transaction costs are charged to expense when incurred. For these assets, transaction costs are expensed as incurred.

Financial assets are removed from the balance sheet when the right to receive cash flows from the asset has expired or been transferred and the Group has transferred substantially all risks and rewards associated with ownership.

Classification of financial assets

In accordance with IFRS 9, financial assets are classified and accounted for as either debt instruments, equity instruments or derivative instruments.

Financial assets and liabilities

The classification and measurement of financial assets and liabilities depends on the type of business model Rottneros applies regarding how the financial assets or liabilities are managed and administered. They are valued at either:

- Amortised cost
- Fair value through other comprehensive income
- Fair value through profit or loss

Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

Since the Group's accounts receivable are the significant financial assets that are liabilities to the counterparty and since the Group's

business model for these is to receive principal, judgements of this type are normally not critical.

Equity instruments

All equity instruments are recognised at their respective fair values in the balance sheet and changes in fair value are recognised under financial income and expenses in the income statement. Holdings of instruments that represent equity for the counterparty (e.g. shareholdings) are classified at fair value through profit or loss if they are held for trading. Otherwise, an initial choice is made to recognise the instrument at fair value through profit or loss or through other comprehensive income.

Impairment of financial assets

The Group has no expected credit losses in all material respects on accounts receivable. The Group has no holdings in debt instruments recognised at fair value through other comprehensive income and for assets other than accounts receivable measured at amortised cost, potential expected credit losses are considered negligible. In the case of a loss allowance for trade receivables, they are always valued at an amount equal to the expected credit loss over the life of the receivable. Impaired accounts receivable are based on expected credit losses and consist of an individual assessment. The individual assessment takes into account the customer's current situation and other relevant circumstances such as credit insurance status, historical situation, geographical/political situation. An impairment loss is recognised as an expense in the income statement.

Accounts payable

Accounts payable are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

Borrowing

Borrowing, including utilised credit facilities, is initially recognised at fair value, net after transaction costs. Borrowing is subsequently recognised at amortised cost, and any difference between the amount received (net after transactions costs) and the amount repaid is recognised in the income statement over the term of the loan applying the effective interest method.

Borrowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least twelve months after the reporting date.

Derivatives

Derivative instruments are recognised in the balance sheet on the contract date and are measured at fair value both initially and when they are subsequently revalued. The method for recording the gain or loss resulting from revaluation depends on whether the derivative has

been designated as a hedging instrument. The Group uses derivatives to hedge the risk of exchange rate fluctuations and changes in pulp prices, and to hedge its exposure to changes in electricity prices. All types of hedging are used from time to time to protect the value of future cash flows. When the transaction is entered, the Group documents the relationship between the hedging instrument and the hedged item as well as the Group's risk management objectives and risk management strategy for such hedging. The Group also documents its assessment – both at the inception of the hedge and in subsequent periods – of whether the derivative instruments used in hedging transactions are effective as regards cash flows attributable to the hedged items.

A disclosure about a fair value for the various derivative instruments used for hedging purposes can be found in Note 6. The entire fair value of a derivative that constitutes a hedging instrument is classified as a fixed asset or long-term liability when the remaining term for the hedged item exceeds twelve months, and as a current asset or current liability when the remaining term for the hedged item is less than twelve months.

The effective portion of the changes in fair value of a derivative instrument that has been identified as a cash flow hedge and that meets the conditions for hedge accounting is recognised in other comprehensive income. Changes in the hedging reserve in shareholders' equity are shown in Note 18. The gain or loss relating to realised hedges is recognised in the income statement under the item "Net turnover" for pulp futures, "Other income" for currency futures and under the item "Raw materials and consumables" for electricity futures. The ineffective portion of a derivative instrument is recognised immediately in the income statement.

IMPORTANT ESTIMATES AND ASSUMPTIONS

When preparing financial statements, a number of important estimates must be made for accounting purposes, and the management team needs to make certain judgments when applying the Group's accounting policies. Estimates and judgments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations for future events that are deemed reasonable in the prevailing circumstances.

The Group makes estimates and assumptions about the future. The resulting estimates for accounting purposes, by definition, seldom correspond to the actual outcome. Valuation of property, plant and equipment and valuation of finished goods are areas that involve a high level of judgment on the part of Rottneros and where assumptions and estimates are of material importance for the consolidated accounts.

NOTES — GROUP**Valuation of property, plant and equipment**

Significant assumptions and estimates related to property, plant and equipment include judgment of whether amounts are to be expensed as maintenance or capitalised as an asset, assessment of the expected useful lives, the recoverable amount of the assets, identification of cash-generating units, the discount rate used in present value calculations, as well as assessing whether there is any indication that an asset may be impaired or that a previous impairment is no longer justified.

Valuation of finished goods

Inventories are measured at the lower of cost and net realisable value. The cost of finished goods also includes a reasonable share of indirect costs, based on normal production capacity. Incorrect assumptions in the calculation model would result in an incorrect cost allocation, affecting the valuation of finished goods and the recognised cost for goods sold.

NOTE 1. NET TURNOVER

Net turnover consists of the following:

	2024	2023
Sales of pulp	2,395	2,492
Results from pulp price hedging	-30	-2
Sales of by-products and other	129	120
Sales of wood	216	145
Total	2,710	2,755

Revenue from the sales of Rottneros products is recognised at a specific point in time when control of the product is transferred to the customer. For each sales transaction there is only one performance obligation: delivery of the product in accordance with the terms of the sale.

Net turnover broken down by geographic markets:

	2024	%	2023	%
Sweden	632	23	605	22
Other Nordic countries	338	12	285	10
Germany	363	13	370	13
Italy	108	4	150	5
Rest of Europe	474	17	392	14
US	235	9	221	8
China	123	5	255	9
India	207	8	275	10
Rest of world	231	9	202	7
Total	2,710	100	2,755	100

In 2024, the Group's largest customer accounted for 7 (7) percent of turnover.

Breakdown of pulp turnover by application:

	2024	%	2023	%
Cartonboard	534	22	729	29
Printing & Writing	31	1	67	3
Filters	560	23	593	24
Electrotechnical	537	22	489	20
Tissue paper	261	11	229	9
Specialities	327	14	298	12
Fiber cement	78	3	40	2
Other	67	3	47	2
Total	2,395	100	2,492	100

NOTES — GROUP

NOTE 2. TRANSACTIONS WITH RELATED PARTIES

Arctic Paper S.A. (parent company of Rottneros AB) owned 51 percent of the shares in Rottneros AB at the end of the year. Arctic Paper S.A. is the parent company of the Arctic Paper S.A. group, of which Nemus Holding AB is the ultimate parent company. The following customers of Rottneros are part of the Arctic Paper S.A. Group and are recognised as related parties to Rottneros:

- Arctic Paper Grycksbo AB
- Arctic Paper Kostrzyn S.A.
- Arctic Paper Munkedals AB

The following table shows the total amount of transactions with the above-mentioned related parties that occurred in 2024 and 2023 respectively. Goods are sold on the same terms as for non-related parties.

Related party	Sales 2024	Sales 2023	Accounts receivable 31 Dec 2024	Accounts receivable 31 Dec 2023
Arctic Paper S.A. Group	11	7	0	0

Receivables for related parties derive in full from sales transactions, and no provisions have been made for doubtful receivables for related parties.

Transactions with persons discharging managerial responsibilities

Information on salaries, remuneration and other benefits to senior management can be found in note 7.

NOTE 3. OTHER OPERATING INCOME AND OTHER OPERATING EXPENSES

	2024	2023
Other operating income		
Licences	8	8
Currency return	26	0
Revenue from emission allowances	7	6
Insurance compensation	1	5
Electricity subsidy	0	11
Emission allowances sold	87	0
Other	5	5
Total	133	35

	2024	2023
Other operating expenses		
Currency return	0	-11
Profit/loss from non-current assets	-12	0
Total	-12	-11

NOTE 4. RAW MATERIALS AND CONSUMABLES

	2024	2023
Pulp wood	-1,228	-1,076
Chemicals	-241	-279
Electricity	-93	-126
Loss/gain from electricity price hedging contracts	10	54
Fuel	-130	-128
Other costs for raw materials and consumables	-114	-106
Total	-1,795	-1,661

NOTE 5. AUDIT EXPENSES

	2024	2023
Audit engagement, PwC	1.6	1.5
Audit activities other than the audit assignment, PwC	0.2	0.2
Other services, PwC	0.5	0.0
Total	2.3	1.7

The accounting firm PwC has been Rottneros' auditor since the Annual General Meeting on 27 April 2023. Rottneros has not purchased any material services beyond the audit engagement from the accounting firm elected by the AGM.

NOTES — GROUP

NOTE 6. FINANCIAL INSTRUMENTS

Financial instruments for each category

MSEK	Fair value Hedge accounting		Fair value through other comprehensive income		Amortised cost		Total carrying amount		Fair value	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Fair value hierarchy	Level 2		Level 3							
Other shares and participating interests	–	–	37	37	–	–	37	37	37	37
Non-current receivables	–	–	–	–	–	–	–	–	–	–
Derivatives	5	95	–	–	–	–	5	95	5	95
Accounts receivable	–	–	–	–	442	406	442	406	442	406
Other current receivables	–	–	–	–	3	22	3	22	3	22
Cash and cash equivalents	–	–	–	–	19	196	19	196	19	196
Total assets	5	95	37	37	465	624	507	756	507	756
Non-current interest-bearing liabilities	–	–	–	–	341	59	341	59	341	59
Current interest-bearing liabilities	–	–	–	–	71	32	71	32	71	32
Accounts payable	–	–	–	–	291	284	291	284	291	284
Derivatives	70	–	–	–	–	–	70	–	70	–
Other non-interest-bearing liabilities	–	–	–	–	4	–	4	–	4	–
Total liabilities	70	0	0	0	706	375	776	375	776	375

Financial instruments that are measured at fair value

The table above shows financial instruments measured at fair value, including the classification within the fair value hierarchy. The various levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2).
- Inputs for assets or liabilities that are not based on observable market inputs (i.e., unobservable inputs) (Level 3).

Remeasurement is recognised through other comprehensive income.

Financial risks and risk management

The factors that have the greatest impact on the Group's result are associated with the price of pulp in USD, exchange rates and pulp wood and electricity prices.

Financial risk is managed at a Group level in accordance with guidelines defined in the Group's Financial Policy and approved annually by the Board of Directors. The Board of Directors makes decisions on overall mandates and limits for restricting the Group's financial risk exposures and also makes decisions on all long-term financing.

The Board of Directors approves hedging levels based on proposals from senior management. The management continually assesses whether factors such as the USD exchange rate, pulp price or electricity price present attractive opportunities for strategic hedging. Financial hedging instruments are not used speculatively, but solely to hedge transactions and calculations in accordance with the approved financial policy.

A more detailed description of opportunities and risks, together with a sensitivity analysis, can be found on pages 51–58.

Pulp price risk

The setting of prices in the pulp market is governed by international price levels that depend on demand and the global economy. Pulp price hedging is used when the price levels in long-term contracts are economically advantageous or when the market price is so low that further reductions may threaten the survival of the company. As a main rule, pulp prices are hedged in Swedish kronor. The company has no pulp price hedges as of the balance sheet date.

Foreign currency risk

Most invoices are issued in USD, EUR and SEK. The direct inflow of USD corresponds to just over 60 percent and of EUR about 30 percent of revenue. Because purchases are denominated in EUR, net exposure is very low. Minor hedging volumes of currency occurred in 2024, with conversions to SEK taking place continuously, and the exposure and exchange rate risk for balance sheet items in USD are assessed as low.

NOTES — GROUP**Credit risk**

Credit risk arises through cash and cash equivalents, derivative instruments and deposits at banks and financial institutions. The Board of Directors also approves financial counterparties. Credit risk also arises through credit exposures in relation to customers. This risk is insured by credit insurance, with few exceptions. Rottneros' maximum credit risk exposure corresponds to the fair value of the financial assets according to the table "Financial instruments by category".

Pulp wood price risk

The Group does not hedge against market price fluctuations, but long-term supply agreements provide some stability to prices.

Electricity price risk

All external electricity for the mills is purchased directly via the Nord Pool electricity exchange. Electricity prices are quoted in EUR. In order to protect Rottneros' future electricity costs against sharp fluctuations and to achieve a predictable electricity price, future electricity prices are hedged in advance in Swedish kronor (SEK) according to a defined strategy.

Interest rate risk

In December 2024, Rottneros AB refinanced its existing long-term loan agreements. The new agreement includes a loan of 400 MSEK with 69 MSEK in annual amortization, as well as revolving credits of up to 150 MSEK. The loan agreement has a term of three years with a one-year extension option. The Group's borrowing is shown in Note 19 on page 88. Interest rate risk is mainly related to the variable interest rate of the bank loan and the return on cash and cash equivalents. Assessment of interest rate risk is ongoing.

Liquidity and refinancing risk

The financing risk shall be minimised as far as possible by the due dates for loans and other credit facilities being well-diversified and evenly spread over time. Outstanding credit facilities shall be refinanced no later than three months before they fall due.

The Group's target for the liquidity reserve is to be at least 10 percent of the Group's 12-month rolling turnover and to be available within 30 days. The Group continuously produces liquidity forecasts.

Rottneros' credit agreements are considered to be sufficient for normal operating and investment cash flow for the next few years.

Both the liquidity and refinancing risks are therefore considered to be low at this time.

The Group shall maintain an optimal capital structure to keep capital costs down while ensuring that it is able to continue its activities.

To maintain or adjust the capital structure, the Group may raise new debt, change the dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Derivatives

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges				
Currency forwards	0	0	–	–
Pulp price forwards	–	–	7	–
Electricity price forwards	5	70	88	–
Total	5	70	95	–
Minus non-current portion:				
Electricity price forwards	0	-63	-18	–
Current portion	5	7	77	–

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.

Effects of derivatives in the income statement

MSEK	2024	2023
Cash flow hedges		
Currency hedges	0	0
Electricity hedges	10	-54
Pulp price hedges	-30	3
Total	-20	-51
Of which recognised against net turnover	-30	3
Of which recognised against raw material costs	10	-54
Of which recognised against other income/expenses	0	0
Realised from equity through the income statement	-20	-51
Inefficiency effects	0	0
Net effect in operating profit of cash flow hedges	-20	-51

The ineffective portion, which is recognised in the income statement, was 0 (0) MSEK in respect of cash flow hedges. Regarding the PPA contracts, some inefficiency is assessed to exist, estimated at -5.7 MSEK; this has not been recognised in accordance with IFRS 9 for 2024.

Effects of financial hedges

MSEK	2024	2023
Electricity derivatives	-8	10
Net effect in financial items	-8	10

NOTES — GROUP

Cash flow hedging and reserve in equity 2024

MSEK	Opening balance	Fair value through Other comprehensive income	Hedge transferred from equity to the income statement	Tax effect	Closing balance
Pulp price hedge	6	-37	30	1	0
Electricity price hedge	54	-123	-10	27	-51
Currency hedge	0	0	0	0	0
Total cash flow hedge reserve in equity	60	-159	20	28	-51

Cash flow hedging and reserve in equity 2023

MSEK	Opening balance	Fair value through Other comprehensive income	Hedge transferred from equity to the income statement ¹	Tax effect	Closing balance
Pulp price hedge	10	-6	3	1	6
Electricity price hedge	355	-307	-74	78	54
Currency hedge	0	0	0	0	0
Total cash flow hedge reserve in equity	365	-313	-71	79	60

1) Electricity hedges reclassified from equity to the income statement amount to -20 MSEK hedges classified as financial in the income statement.

Derivative instruments, 31 December 2024

Hedging	Hedged volume	Maturity	Hedging level	Fair value	Hedged share ¹
Currency, forward sell/buy (corridor)	31 MUSD	2025-01-2026-03	9.94-11.05 SEK/USD	0	–
Pulp price, forward sale, cash flow hedging	–	–	–	–	–
Electricity price, purchase cash flow hedging	714,011 MWh	2025-2033	0.496 SEK/kWh	-64	33%
Electricity price, financial	–	–	–	–	–
Total fair value				-64	

1) The hedged proportion refers to the hedged volume compared to the estimated volume for the same period.

Derivative instruments, 31 December 2023

Hedging	Hedged volume	Maturity	Hedging level	Fair value	Hedged share ¹
Currency USD, futures sold	–	–	–	–	–
Currency EUR, futures sold	–	–	–	–	–
Pulp price, hedge sold	12,000 tonnes	2024	13,284 SEK/tonne	7	3.4%
Electricity price, forward purchase cash flow hedging	561,336 MWh	2024–2028	0.401 SEK/kWh	68	50.3%
Electricity price, financial	61,488 MWh	2024		20	
Total fair value				95	

The valuation is based on directly observable price quotations on 31 December that are classified at level 2 in the fair value hierarchy described in IFRS 13.

Liquidity risk, as at 31 December 2024

	Less than 3 months	3–12 months	1–5 years	Over 5 years
Interest-bearing liabilities	17	52	341	–
Accounts payable	291			
Total	308	52	341	0

Liquidity risk, as at 31 December 2023

	Less than 3 months	3–12 months	1–5 years	Over 5 years
Interest-bearing liabilities	9	27	59	–
Accounts payable	284			
Total	293	27	59	0

NOTES — GROUP

NOTE 7. PERSONNEL AND REMUNERATION

	2024		2023	
	Average no. of employees	of whom women %	Average no. of employees	of whom women %
Parent Company	23	44	22	45
Subsidiaries	262	16	271	16
Group, total	285	18	293	18
Of which				
Sweden	282	18	290	18
Latvia	3	67	3	67

Pay and other remuneration plus social security contributions:

	2024			2023		
	Pay and other remuneration	Social security contributions	(of which pension expenses)	Pay and other remuneration	Social security contributions	(of which pension expenses)
Parent Company	27	14	5	30	13	5
Subsidiaries	172	72	19	179	70	15
Group, total ¹	199	86	24	209	83	20

1) Of the Group's pension expenses, 4.3 (3.5) MSEK relate to CEOs and other senior executives.

Salaries and other remuneration broken down between the Board of Directors and CEOs, and other employees:

	2024			2023		
	Board of Directors, CEO and other senior executives	(of which variable remuneration)	Other employees	Board of Directors, CEO and other senior executives	(of which variable remuneration)	Other employees
Parent Company	15	1	12	15	2	16
Subsidiaries	2	0	170	2	0	176
Group, total	17	1	182	17	2	192

REMUNERATION OF SENIOR EXECUTIVES

Principles

The Chairman and members of the Board of Directors receive a fee as determined by the AGM. This fee is also for Board committee work. Employee representatives receive a fee as determined by the AGM for the time needed to read materials prior to meetings.

Remuneration for the CEO and other senior executives complies with the guidelines for the remuneration of senior executives adopted by the AGM. Remuneration consists of a fixed salary, any variable component of pay, other benefits and pension. The total remuneration package must be in line with market rates and competitive in the market in which the executives work. Fixed salary and variable remuneration are related to the responsibilities and powers held by each executive. "Other senior executives" currently means the eight people who make up Group management together with the CEO. See page 66 for the composition of Group management.

See page 48 in the Directors' Report for the Board's proposal to the 2024 AGM regarding "Guidelines for remuneration for senior executives".

Variable remuneration

The variable component of pay, which is cash, is based on outcomes in relation to defined and measurable targets and is capped in relation to fixed salary. These targets are broken down into specified quantitative objectives, mainly directed at financial objectives, results and cash flow of the Group, but also – in relation to Heads of Units – the respective business unit, as well as qualitative personal objectives, which mean that variable remuneration is related to the individual's efforts and performance.

Variable remuneration for the CEO is capped at 50 percent of fixed salary. Variable remuneration for other senior executives is capped at 30 percent of fixed salary.

The Board of Directors can impose conditions, restrict or decline to make variable remuneration payments in exceptional financial circumstances if the Board considers such measures to be reasonable and compatible with the duties of the company in relation to shareholders, employees and other stakeholders.

Pensions

The retirement age for the CEO is 65 years. The pension premium amounts to 30 percent of the basic salary. Other senior executives are covered by current collective bargaining agreements between the Confederation of Swedish Enterprise and the Federation of Salaried Employees in Industry and Services (PTK) and have a retirement age of 65.

The CEO and certain other senior executives have chosen to take out a portion of their compensation in the form of capital pension through a so-called salary exchange. The consolidated and parent company balance sheets recognise a long-term receivable consisting of premiums paid to the insurance company and a corresponding non-interest bearing liability. The recognised liability is expected to fall due later than 5 years after the balance sheet date.

Severance payments

The period of notice is six months if notice is given by the CEO. If notice is given by the company, the CEO of the parent company is entitled to 18 monthly salaries. A period of notice of six months applies for other senior executives if notice is given by the employee. If notice is given by the company, the period of notice is twelve months.

Decision-making process

Issues related to executive remuneration are dealt with by the Remuneration Committee and, in the case of the CEO and the principles of executive remuneration, are decided by the Board of Directors. If the company in a particular case assigns an individual Board member tasks on behalf of the company over and above their regular board and committee duties, the Board shall determine the level of remuneration, which must be reasonable and in line with market rates.

NOTES — GROUP

Remuneration and other benefits in 2024 (MSEK)	Basic salary/ Directors' fees	Variable remuneration	Other benefits	Pension cost	Other remuneration	Total
Chairman of the Board Per Lundeen	0.7	–	–	–	–	0.7
Board members:						
Magnus Wikström	0.3	–	–	–	–	0.3
Roger Mattsson	0.3	–	–	–	–	0.3
Conny Mossberg	0.3	–	–	–	–	0.3
Johanna Svanberg	0.3	–	–	–	–	0.3
Julia Onstad	0.3	–	–	–	–	0.3
Chief Executive Officer Lennart Eberleh	3.7	0.4	0.1	1.3	0.1	5.6
Other senior executives (eight people)	10.5	0.5	0.6	2.9	0.4	15.1
Total	16.5	0.9	0.9	4.3	0.5	23.0

Remuneration and other benefits in 2023 (MSEK)	Basic salary/ Directors' fees	Variable remuneration	Other benefits	Pension cost	Other remuneration	Total
Chairman of the Board Per Lundeen	0.7	–	–	–	–	0.7
Board members:						
Marie S. Arwidson (4 months)	0.1	–	–	–	–	0.1
Magnus Wikström (8 months)	0.2	–	–	–	–	0.2
Roger Mattsson	0.3	–	–	–	–	0.3
Conny Mossberg	0.3	–	–	–	–	0.3
Johanna Svanberg	0.3	–	–	–	–	0.3
Julia Onstad	0.3	–	–	–	–	0.3
Chief Executive Officer Lennart Eberleh	3.5	1.0	0.2	1.3	0.0	6.0
Other senior executives (eight people)	8.8	1.3	0.7	2.3	0.1	13.2
Total	14.2	2.3	0.9	3.6	0.1	21.4

Comments on the table

- Variable remuneration refers to what was charged to profit/loss for 2024 and 2023 respectively.
- Other benefits relate mainly to company cars and health insurance.
- There are two employee representatives and two deputies for the employees on the Board of Directors. The two representatives are Jerry Sohlberg and Mika Palmu and the two deputies are Jimmy Thunander and Jörgen Wasberg. The four representatives each received a fee of SEK 32,000 (31,000) per person for the time needed to read materials prior to meetings.
- The group of senior executives at the end of the year, totalling eight people, consisted of six men and two women. At the end of the year, the Board, with a total of eight members, consisted of six men and two women.

NOTES — GROUP

NOTE 8. FINANCIAL INCOME AND EXPENSES

	2024	2023
Financial income		
External interest income	3	13
Dividends from external companies	1	1
Loss/gain from electricity price hedging contracts	0	10
Total	4	24
Financial expenses		
Interest expenses	-10	-10
Impairment of financial assets	-1	0
Other financial items	-3	0
Change in value of financial derivatives	-8	0
Total	-24	-10

NOTE 9. INCOME TAXES

	2024	2023
Current tax	-13	-60
Deferred tax	7	28
Tax attributable to previous years	0	0
Total	-7	-32

Difference between reported tax expense and tax expense based on the applicable tax rate:

	2024	2023
Income for the year before tax	27	153
Tax at applicable tax rate	-6	-32
Tax effect of non-deductible items	-1	-4
Tax effect of non-taxable items	0	4
Tax attributable to previous years	0	0
Reported tax expense	-7	-32

Tax rate

The applicable tax rate for 2024 was 20.6 percent (20.6).

Temporary differences

Temporary differences exist when the carrying amounts of assets or liabilities are different from their tax bases. Temporary differences relating to the following items have resulted in deferred tax assets (+) and deferred tax liabilities (-):

Group	Other temporary differences	Derivative instruments	Excess depreciation	Long-term liabilities	TOTAL
As at 1 January 2023	3	-129	-142	0	-268
Recognised in income statement	0	30	1	0	30
Recognised in other comprehensive income	-	79	-	-	79
As at 31 December 2023	3	-20	-141	0	-158
Recognised in income statement	0	4	2	0	6
Recognised in other comprehensive income	-	29	-	-	29
As at 31 December 2024	3	13	-139	0	-123

The following table presents a summary of deferred tax assets and deferred tax liabilities. There are no current deferred tax assets or liabilities.

	2024	2023
Deferred tax assets, non-current	0	0
Deferred tax liabilities, long-term	-123	-158
Total	-123	-158

Deferred tax assets and tax liabilities are offset where there is a legal right to offset the tax assets and liabilities in question and when the deferred tax relates to the same tax authority. The following amounts resulted from such offset and have been recognised in the balance sheet:

	2024	2023
Deferred tax assets	6	2
Deferred tax liabilities	-129	-160
Total	-123	-158

The following table presents a summary of current tax assets and liabilities.

	2024	2023
Current tax assets	-	-
Current tax liabilities	-1	-22
Total	-1	-22

NOTES — GROUP

NOTE 10. INTANGIBLE ASSETS

Group	2024						2023					
	Software	Trademarks	Licences	Assets under development	Goodwill	Total	Software	Trademarks	Licences	Assets under development	Goodwill	Total
Opening cost	43	25	–	–	21	89	42	25	–	–	21	88
Acquisitions for the year	0	–	–	–	–	0	0	–	–	–	–	0
Acquisitions for the year ¹	–	–	–	–	–	–	–	–	–	–	–	–
Items transferred during the year	–	–	–	–	–	–	–	–	–	–	–	–
Closing accumulated cost	43	25	–	–	21	89	43	25	–	–	21	89
Opening depreciation/amortisation and impairment	-43	-25	–	–	–	-68	-43	-25	–	–	–	-68
Depreciation for the year	0	–	–	–	–	0	0	–	–	–	–	0
Items transferred during the year	–	–	–	–	–	–	–	–	–	–	–	–
Closing accumulated depreciation/amortisation and impairment losses	-43	-25	–	–	–	-68	-43	-25	–	–	–	-68
Closing residual value according to plan	0	–	–	–	21	21	0	–	–	–	21	21

¹ Goodwill that is expected to be tax deductible amounts to 0.0 KSEK. No significant transaction costs have been incurred for this acquisition.

Impairment testing

Goodwill is tested annually for impairment. If an impairment loss is required, it is recognised in the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of net realisable value and value in use. Value in use is the present value of the estimated future cash flows. The cash flows have been based on financial plans established by Group management and approved by the Board of Directors, normally covering a period of five years. Cash flows beyond this period have been extrapolated using an estimated growth rate. Wherever possible, Rottneros uses external sources of information, however, the element of past experience is also significant as in some cases there are no external sources that can be used as a basis for assumptions and judgements without processing.

The calculation of the value in use is based on assumptions and judgements. The most significant assumptions relate to organic growth, operating margin development, the level of operating capital employed and the weighted average cost of capital (WACC), which is used to discount future cash flows. The discount rate used is pre-tax and reflects risks specific to the cash-generating unit.

The assumptions and judgements used in the impairment assessment are summarised below:

Percent	2024	2023
WACC	14	13
Estimated growth rate beyond the forecast period	2	2
Average growth rate over the forecast period	4	4
Operating margin over the forecast period	3.8 – 4.1	3.8 – 4.1

The result of the impairment assessment for goodwill indicates that there was no impairment of goodwill.

NOTES — GROUP

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

Group	2024							2023						
	Land	Land improvements	Buildings	Machinery	Equipment	Const. in progress/ advances	Total	Land	Land improvements	Buildings	Machinery	Equipment	Const. in progress/ advances	Total
Opening cost	3	128	316	2,594	113	147	3,301	3	116	275	2,496	99	62	3,051
Acquisitions for the year	–	0	7	136	5	302	450	–	12	8	53	13	117	203
Sales/disposals	–	–	0	-23	-7	–	-30	–	–	-6	-20	-1	-8	-35
Through acquisitions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Items transferred during the year	–	0	5	24	2	-31	0	–	0	39	65	2	-24	82
Closing accumulated cost	3	128	328	2,731	113	418	3,721	3	128	316	2,594	113	147	3,301
Opening depreciation	–	-43	-162	-1,717	-81	–	-2,003	–	-37	-118	-1,593	-71	–	-1,819
Sales/disposals	–	–	0	12	6	–	18	–	–	8	14	0	–	22
Depreciation for the year	–	-6	-13	-96	-6	–	-121	–	-6	-15	-89	-8	–	-118
Items transferred during the year	–	–	–	–	–	–	–	–	–	-37	-49	-2	–	-88
Closing accumulated depreciation	–	-49	-175	-1,801	-81	–	-2,106	–	-43	-162	-1,717	-81	–	-2,003
Opening impairment losses	–	–	–	-14	-10	–	-24	–	–	–	-31	-11	–	-42
Impairment loss for the year	–	–	–	-12	–	–	-12	–	–	–	8	1	–	9
Sales/disposals	–	–	–	–	–	–	–	–	–	–	3	–	–	3
Items transferred during the year	–	–	–	–	–	–	–	–	–	–	6	–	–	6
Closing accumulated impairment losses, net	–	–	–	-26	-10	–	-36	–	–	–	-14	-10	–	-24
Closing residual value according to plan	3	79	153	904	22	418	1,579	3	85	154	863	22	147	1,274

¹Impairment for 2023 is positively affected by a reversal related to 2022. Property, plant and equipment are mainly located in Sweden. Fixed assets in Latvia amount to 0 (0) MSEK.

NOTES — GROUP

NOTE 12. PARTICIPATING INTERESTS IN ASSOCIATED COMPANIES

	2024	2023
Carrying amount at beginning of the year	66	–
Acquisition of associated companies	–	67
Share in associate's profit after tax	-5	-1
Carrying amount at year-end	61	66

Associated companies

2024	Country	Owned share, percent	Book value
Kostrzyn Packaging Spolka Z O.O	Poland	50	61
Total			66

2024	Revenue	Profit/loss	Assets	Liabilities	Shareholders' equity
Kostrzyn Packaging Spolka Z O.O	0	-9	168	39	129

2023	Country	Owned share, percent	Book value
Kostrzyn Packaging Spolka Z O.O	Poland	50	66
Total			66

2023	Revenue	Profit/loss	Assets	Liabilities	Shareholders' equity
Kostrzyn Packaging Spolka Z O.O	0	-1	143	12	131

NOTE 13. PLEDGED ASSETS

	2024	2023
Floating charges		
Pledged to Danske Bank	510	285
Shares in associated companies		
Pledged to Bank Polska Kasa Opieki S.A.	61	66
Deeds of trust		
Pledged to Danske Bank	–	–
Total	571	351

As at 31 December 2024, a part of the Group's and the parent company's mortgages were pledged to Danske Bank as security for the Group's credit facilities (225 MSEK and 150 MSEK), loans (400 MSEK) and for the Group's liabilities relating to derivative contracts for which Danske Bank is the counterparty. Shares in the associated company Kostrzyn Packaging Spolka Z O.O. have been pledged as collateral for loans with Bank Polska Kasa Opieki S.A.

As at 31 December 2023, a part of the Group's and the parent company's mortgages were pledged to Danske Bank as security for the Group's bank credit facilities (182 MSEK and 150 MSEK), loans (91 MSEK) and the Group's liabilities relating to derivative contracts for which Danske Bank is the counterparty. Shares in the associated company Kostrzyn Packaging Spolka Z O.O. have been pledged as collateral for loans with Bank Polska Kasa Opieki S.A.

NOTE 14. INVENTORIES

	2024	2023
Raw materials and consumables	166	131
Spare parts, etc.	114	111
Finished goods inventories	347	287
Impairment, spare parts	-24	-22
Impairment, finished goods inventories	-13	-14
Total	590	493

NOTES — GROUP

NOTE 15. ACCOUNTS RECEIVABLE

	2024	2023
Accounts receivable, gross	442	406
Expected credit losses	–	–
Accounts receivable, net	442	406

Changes in the provision for expected credit losses are as follows:

	2024	2023
Opening balance	–	–
Receivables written off over the year as uncollectable	–	–
Closing balance	–	–

The book values of accounts receivable are the same as the fair values and correspond to nominal amounts. No receivables have been provided as collateral for liabilities or contingent liabilities.

Accounts receivable amounting to 66 (66) MSEK were due as of 31 December 2024, although there was not deemed to be any impairment requirement. These refer to a number of independent customers that have previously not had any difficulties in meeting their payment obligations. These receivables are also covered by credit insurance, which recovers most of any bad debt losses. The ageing analysis of these accounts receivable is as follows:

	2024	2023
Accounts receivable that are not due	376	340
Less than 30 days from due date	66	63
2 to 3 months from due date	1	2
3 to 9 months from due date	-1	1
Total	442	406

Carrying amounts, by currency, for accounts receivable are as follows:

	2024	2023
USD	109	233
EUR	69	80
SEK	264	93
Other currencies	0	0
Total	442	406

NOTE 16. OTHER CURRENT RECEIVABLES

	2024	2023
Emission allowances	5	68
Other receivables	64	53
Prepaid expenses and accrued income:		
Prepaid insurance premiums	9	2
Other prepaid expenses	9	12
Accrued income	4	0
Total prepaid expenses and accrued income	22	14
Total	91	152

NOTE 17. CASH AND CASH EQUIVALENTS

	2024	2023
Cash and bank balances	19	196

None of the cash and cash equivalents were blocked or pledged at the end of the year.

NOTE 18. SHAREHOLDERS' EQUITY

Management of capital risk

Rottneros' objective in respect of capital structure is to ensure that the Group is able to continue its operation so that it can continue to generate returns for its shareholders while creating benefits for other stakeholders, and to maintain an optimal capital structure as a means of keeping the cost of capital down.

To maintain or adjust the capital structure, the Group may raise new debt, change the dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

In the same way as other companies in the industry, the Group estimates its capital on the basis of its debt/equity ratio. This key ratio is defined as interest-bearing net debt/cash divided by shareholders' equity.

The Group's debt/equity ratio was 23.2 (-5.6) percent as at 31 December 2024.

NOTES — GROUP

NOTE 19. INTEREST-BEARING LIABILITIES

	2024	2023
Bank loans	406	83
Lease liability	6	8
Due for payment:		
Within one year	71	34
Later than one year but within five years	341	57
Later than five years	0	0

Changes in interest-bearing liabilities

	2024	2023
Opening balance	92	111
Changes included in cash flow from financing activities:		
Long-term loans taken out from banks	409	100
Amortization of long-term loans taken out from banks	-91	-119
Change in credit facilities	2	-
Total changes included in cash flow from financing activities	320	-19
Other changes:		
Lease liability	-2	-1
Accrual of direct costs	2	-
Total other changes	0	-1
Closing balance	412	91

Bank loans

In December 2024, Rottneros AB refinanced its existing long-term loan agreements. The new agreement includes a loan of 400 MSEK with 69 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 loan terms contain customary covenants in the form of a net debt to operating profit before depreciation and amortisation ratio of up to 3.25 and a dividend of up to 50 percent of the previous year's net profit. Moreover, loans and utilised overdrafts may not exceed the value of the collateral base, which is 75 percent of the nominal value of trade receivables and 70 percent of the value of inventories. These covenants were fulfilled at the balance sheet date.

The market value of the loan amounts to 406 MSEK at the balance sheet date.

Credit facilities

As at 31 December 2024, the Group had drawn down 2 MSEK of its overdraft facilities; in 2023, the Group had not drawn down its overdraft facilities. Unused overdraft facility amounted to 223 (182) MSEK as of 31 December 2024.

As at 31 December 2024 and 2023, the parent company had not used its credit facilities. Unused overdraft facility amounted to 133 (90) MSEK as at 31 December 2024.

Bank overdraft facilities are available denominated in the currencies SEK, USD and EUR. Interest rate on balance sheet date was as follows:

	2024			2023		
Percent	SEK	USD	EUR	SEK	USD	EUR
Bank overdraft facilities	3.64	5.77	4.25	5.15	6.60	5.20

NOTE 20. ACCOUNTS PAYABLE

Carrying amounts, by currency, for accounts payable are as follows:

	2024	2023
SEK	242	221
EUR	40	62
USD	9	1
Total	291	284

The book values of accounts payable are the same as the fair values and correspond to nominal amounts.

NOTE 21. OTHER NON-INTEREST-BEARING LIABILITIES

	2024	2023
Other liabilities	23	23
Accrued expenses and deferred income:		
Holiday pay liability	31	31
Social security contributions	8	18
Payroll liability	9	13
Raw material cost and input goods	109	102
Emission allowances	5	85
Other accrued expenses	56	67
Total accrued expenses and deferred income	219	316
Total	248	339

NOTE 22. CONTINGENT LIABILITIES

The Group has contingent liabilities for guarantees amounting to 141 (141) MSEK.

NOTE 23. EVENTS AFTER THE END OF THE PERIOD AND OTHER DISCLOSURES

No significant events after the end of the financial year have been noted that would affect the financial statements as at 31 December 2024.

See the "Opportunities and Risk" section on pages 51 to 58 for disclosures about risks faced by the company.

Statements of income – parent company

PARENT COMPANY INCOME STATEMENT 1 JANUARY – 31 DECEMBER

Amounts in MSEK	Note	2024	2023
NET TURNOVER	25	23	18
Other operating income	26	1	11
Operating income, total		24	29
External costs	27	-38	-38
Employee benefit expenses	7	-40	-40
Other operating expenses	26	-49	-2
EBITDA (operating profit/loss before depreciation/amortization and impairment)		-103	-51
Depreciation/amortization and impairment losses		-1	0
EBIT (operating profit/loss)		-104	-51
Profit from participations in Group companies	28	108	133
Financial income	28	35	187
Financial expenses	28	-12	-10
Total financial items		132	310
PROFIT/LOSS AFTER FINANCIAL ITEMS		28	259
Tax on profit for the year	29	-7	-53
NET INCOME		21	206

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME 1 JANUARY – 31 DECEMBER

Amounts in MSEK	Note	2024	2023
NET INCOME		21	206
Other comprehensive income		-	-
COMPREHENSIVE INCOME		21	206

Balance sheet – parent company

PARENT COMPANY ASSETS, 31 DECEMBER

Amounts in MSEK	Note	2024	2023
Non-current assets			
Intangible assets	30	0	0
Property, plant and equipment		2	3
Other financial assets	31	704	758
Deferred tax		4	0
Total non-current assets		710	761
Current assets			
Current receivables	33	1,154	825
Cash and cash equivalents	34	2	158
Total current assets		1,156	983
TOTAL ASSETS		1,867	1,744

PARENT COMPANY SHAREHOLDERS' EQUITY AND LIABILITIES, 31 DECEMBER

Amounts in MSEK	Note	2024	2023
Shareholders' equity	35		
Share capital		153	153
Statutory reserve		440	440
Share premium reserve		268	268
Retained earnings, incl. net income for the year		164	219
Total shareholders' equity		1,025	1,080
Long-term liabilities			
Interest-bearing liabilities	36	331	51
Non-interest-bearing liabilities		20	54
Total long-term liabilities		351	105
Current liabilities			
Accounts payable	37	2	0
Interest-bearing liabilities	36	69	32
Current tax liability	29	12	32
Other non-interest-bearing liabilities	38	408	495
Total current liabilities		491	559
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,867	1,744

Statement of changes in shareholders' equity – parent company

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY, 2023

Amounts in MSEK	Share capital	Statutory reserve	Share premium reserve	Retained earnings, incl. profit/loss for the year	TOTAL SHAREHOLDERS' EQUITY
Opening balance as at 1 January 2023	153	440	268	227	1,088
Comprehensive income				206	206
Dividends to shareholders				-214	-214
CLOSING BALANCE AS AT 31 DECEMBER 2023	153	440	268	219	1,080

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY, 2024

Amounts in MSEK	Share capital	Statutory reserve	Share premium reserve	Retained earnings, incl. profit/loss for the year	TOTAL SHAREHOLDERS' EQUITY
Opening balance as at 1 January 2024	153	440	268	219	1,080
Comprehensive income				21	21
Dividends to shareholders				-76	-76
CLOSING BALANCE AS AT 31 DECEMBER 2024	153	440	268	164	1,025

Statements of cash flows – parent company

PARENT COMPANY STATEMENTS OF CASH FLOWS 1 JANUARY – 31 DECEMBER

Amounts in MSEK	Note	2024	2023
EBIT		-104	-51
Adjustment for items not included in cash flow			
Depreciation/amortization and impairment losses		1	0
Adjustment for other items not included in cash flow		19	-2
EBIT adjusted for items not affecting cash flow		-84	-53
Interest received		23	32
Interest paid		-12	-10
Received/paid taxes		-31	-94
Cash flow from operating activities before changes in working capital		-104	-125
Change in working capital			
Change in current receivables		-354	-588
Change in current liabilities (non-interest-bearing)		-85	85
Total changes in working capital		-439	-503
CASH FLOW FROM OPERATING ACTIVITIES		-543	-628
Investments in intangible assets	30	-	-
Investments in property, plant and equipment		0	-2
Property, plant and equipment sold		1	-
Investments in financial assets	31	0	-95
Group contributions received	28	133	534
Realised derivatives	28	12	154
CASH FLOW FROM INVESTING ACTIVITIES		146	591

Amounts in MSEK	Note	2024	2023
Repayment of loans	36	-91	-120
Borrowings	36	408	100
Dividend paid		-76	-213
CASH FLOW FROM FINANCING ACTIVITIES		241	-233
NET CASH FLOW		-156	-270
Cash and cash equivalents at the beginning of the year		158	428
Cash and cash equivalents at the end of the year	34	2	158
Granted and unutilised credit facilities		283	240

Supplementary disclosures and notes – parent company

ACCOUNTING POLICIES AND VALUATION PRINCIPLES

The parent company applies the same accounting policies as the Group, with the following exceptions. Derivatives are recognised during the term of the contract at the lower of cost and fair value. Participating interests in subsidiaries are carried at cost less any impairment losses.

Group contributions that the parent company receives from a subsidiary are recognised in the parent company as ordinary dividends from subsidiaries in accordance with RFR 2. This means that the group contribution is recognised as financial income. Tax on group contributions is reported in the income statement in accordance with RFR 2.

Group contributions made by the parent company to subsidiaries are recognised according to the main approach in RFR 2 as an increase in participating interests in subsidiaries. At the same time, a review is conducted to determine whether a need for impairment is present relating to the participating interests in subsidiaries that have received group contributions. The tax effect is reported in accordance with IAS 12, i.e., in the income statement. All lease agreements are recognised as operating leases.

NOTE 25. NET TURNOVER

Net turnover consists of the following:

	2024	2023
Results from pulp price hedging	–	–
Management fees received	23	18
Total	23	18

NOTE 26. OTHER OPERATING INCOME AND EXPENSES

	2024	2023
Other operating income		
Exchange rate effects	0	2
Other income group companies	1	9
Other	0	0
Total	1	11

	2024	2023
Other operating expenses		
Currency return	–	–
Revaluation of electricity hedging contracts	-19	–
Loss/gain from pulp price hedging contracts	-30	-2
Total	-49	-2

NOTES — PARENT COMPANY

NOTE 27. AUDIT EXPENSES

	2024	2023
Audit engagement, PwC	0.8	0.8
Audit activities other than the audit assignment, PwC	0.2	0.0
Total	1.0	0.8

The accounting firm PwC has been Rottneros' auditor since the Annual General Meeting on 27 April 2023. Rottneros has not purchased any material services beyond the audit engagement from the accounting firm elected by the AGM.

NOTE 28. FINANCIAL INCOME AND EXPENSES

	2024	2023
Financial income		
External interest income	2	12
Interest income from subsidiaries	21	21
Dividends from external companies	–	–
Loss/gain from electricity price hedging contracts	12	154
Group contributions received/paid, net	108	133
Total	143	320
Financial expenses		
Interest expenses	-12	-10
Total	-12	-10

NOTE 29. INCOME TAXES

	2024	2023
Current tax	-10	-53
Deferred tax	4	0
Tax attributable to previous years	-1	0
Total	-7	-53

Difference between reported tax expense and tax expense based on the applicable tax rate:

	2024	2023
Income for the year before tax	28	259
Tax at applicable tax rate	-6	-53
Tax effect of non-deductible items	-4	-4
Tax effect of non-taxable items	0	4
Tax attributable to temporary differences	4	0
Tax attributable to previous years	-1	0
Reported tax expense	-7	-53

The following table presents a summary of current tax assets and liabilities.

	2024	2023
Current tax assets	–	–
Current tax liabilities	-12	-32
Total	-12	-32

NOTES — PARENT COMPANY

NOTE 30. INTANGIBLE ASSETS

	2024			2023		
	Software	Assets under development	Total	Software	Assets under development	Total
Opening cost	18	0	18	18	0	18
Acquisitions for the year	0	–	–	0	–	–
Items transferred during the year	–	–	–	–	–	–
Closing accumulated cost	18	0	18	18	0	18
Opening depreciation/amortisation and impairment losses	-18	0	-18	-18	0	-18
Depreciation for the year	0	–	0	0	–	0
Items transferred during the year	–	–	–	–	–	–
Closing accumulated depreciation/amortisation and impairment losses	-18	0	-18	-18	0	-18
Closing residual value according to plan	0	–	0	0	–	0

NOTES — PARENT COMPANY

NOTE 31. OTHER FINANCIAL ASSETS

	2024	2023
Participating interests in Group companies	327	327
Share in joint venture	66	66
Other direct investments	28	28
Other long-term receivables	0	54
Receivables from Group companies	283	283
Closing residual value according to plan	704	758

Participating interests in Group companies are specified below for the parent company.

Parent company holdings	Corp. ID no.	Reg. office	No. of participating interests	Votes/share of equity %	Book value	
					2024	2023
Vallviks Bruk AB	556445-8163	Söderhamn	415,000	100	101	101
Rottneros Bruk AB	556014-4502	Sunne	2,100,000	100	89	89
Rottneros Packaging AB	556307-5356	Stockholm	10,000	100	26	26
Utansjö Bruk AB	556012-7994	Härnösand	500,000	100	79	79
SIA Rottneros Baltic	319,171	Latvia	100	100	6	6
Nykvist Skogs AB	556378-8735	Gräsmark	1,000	100	26	26
Total					327	327

	2024	2023
Participating interests in Group companies	2024	2023
Opening cost	872	872
Acquisitions and capital injections during the year	–	–
Closing accumulated cost	872	872
Opening impairment losses	-545	-545
Closing accumulated impairment losses, net	-545	-545
Closing book value	327	327

NOTES — PARENT COMPANY

NOTE 32. PLEDGED ASSETS

	2024	2023
Floating charges		
Pledged to Danske Bank	275	50
Shares in associated companies		
Pledged to Bank Polska Kasa Opieki S.A.	66	66
Deeds of trust		
Pledged to Danske Bank	–	–
Held by the company	–	–
Total	341	116

NOTE 33. OTHER CURRENT RECEIVABLES

	2024	2023
Receivables from subsidiaries	1,139	801
Emission allowances	–	–
Other receivables	0	0
Prepaid expenses and accrued income:		
Prepaid insurance premiums	9	1
Other prepaid expenses	3	1
Accrued income	3	22
Total prepaid expenses and accrued income	15	24
Total	1,154	825

NOTE 34. CASH AND CASH EQUIVALENTS

	2024	2023
Cash and bank balances	2	158

NOTE 35. SHAREHOLDERS' EQUITY

Group and parent company	Number of shares ¹	Share capital
As at 31 December 2024	152,571,925	153
As at 31 December 2023	152,571,925	153

1) Excluding the parent company's holding of treasury shares.

Average number of shares outstanding 2024	152,571,925
Average number of shares outstanding 2023	152,571,925

All shares are of the class 'ordinary shares' and have a quota value of 1 SEK per share. All shares are fully paid up.

The parent company's holding of treasury shares amounts to 821,965 (821,965) ordinary shares, with a total nominal value of 822,000 SEK.

Share-related incentive programmes

There were no share-related incentive programmes for the Group on 31 December 2024 and 2023.

Dividend for financial year 2023

The Annual General Meeting on 20 March 2024, resolved on a regular dividend of 0.50 SEK per share, amounting to a total of 76,285,962 SEK.

Proposed appropriation of profits

The Board will propose to the Annual General Meeting that no dividend be distributed for the 2024 financial year.

Proposed appropriation of profits:

Retained earnings	410,786,201
Net profit for the year	20,995,919
Total SEK	431,782,120

The Board of Directors Proposes:

To be distributed to shareholders	0
To be carried forward	431,782,120
Total SEK	431,782,120

NOTES — PARENT COMPANY

NOTE 36. INTEREST-BEARING LIABILITIES

	2024	2023
Bank loans	400	83
Lease liability		
Due for payment:		
Within one year	69	32
Later than one year but within five years	331	51
Later than five years	–	–
Changes in interest-bearing liabilities		
	2024	2023
Opening balance	83	102
Changes included in cash flow from financing activities:		
Long-term loans taken out from banks	400	100
Amortization of long-term loans taken out from banks	-83	-120
Change in credit facilities	–	–
Total changes included in cash flow from financing activities	400	-20
Other changes:		
Lease liability	–	–
Accrual of direct costs	–	–
Total other changes	0	0
Closing balance	400	83

NOTE 37. ACCOUNTS PAYABLE

Carrying amounts, by currency, for accounts payable are as follows:

	2024	2023
SEK	2	0
EUR	–	–
USD	–	–
Total	2	0

NOTE 38. OTHER NON-INTEREST-BEARING LIABILITIES

	2024	2023
Liabilities to subsidiaries	398	487
Other liabilities	1	1
Accrued expenses and deferred income:		
Holiday pay liability	6	4
Social security contributions	0	1
Payroll liability	–	–
Other accrued expenses	3	2
Total accrued expenses and deferred income	8	7
Total	408	495

Declaration by the Board of Directors

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the Group's financial position and performance. The Annual Report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the parent company's financial position and results of operations. The Directors' Report for the Group and the Parent Company gives a true and fair view of the development of the Group's and the Parent Company's operations, financial position and results, and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Sunne, 10 March 2025

Rottneros AB (publ) corporate identity number 556013-5872

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

Jerry Sohlberg
Employee representative

Mika Palmu
Employee representative

Lennart Eberleh
President and CEO

Our audit report was issued on 10 March 2025.
PricewaterhouseCoopers AB

Bo Karlsson,
Principal Authorised
Public Accountant

Tomas Rahm
Authorised
Public Accountant

Auditor's report

To the annual meeting of the shareholders of Rottneros AB (publ) corporate identity number 556013-5872

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Rottneros AB (publ) for the year 2024 except for the corporate governance report on pages 60-66. The annual accounts and consolidated accounts of the company are included on pages 46-49, 51-58 and 60-99 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 60-66. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopt the income statement and balance sheet of the parent company and the Group. Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report submitted to the parent company's audit committee in accordance with Article 11 of the Audit Regulation (537/2014).

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under these standards are further described in the Auditor's responsibilities section. We are independent of the Parent Company and

the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, to the best of our knowledge and belief, no prohibited services as referred to in Article 5(1) of the Audit Regulation (537/2014) have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risk of material misstatement in the financial statements. In particular, we considered the areas where the Chief Executive Officer and the Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all audits, we also considered the risk of the Board of Directors and the Managing Director overriding internal control, including whether there is evidence of systemic deviations giving rise to a risk of material misstatement due to irregularities.

We tailored our audit to perform an appropriate audit to express an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Materiality

The scope of the audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures, and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

AUDITOR'S REPORT

REVENUE RECOGNITION

KEY AUDIT MATTER

Rottneros' description and disclosures regarding revenue recognition can be found in note 1 Net sales and in Accounting policies and valuation principles. Consolidated turnover for 2024 amounted to 2,710 MSEK. Revenue from the sale of goods is recognised in the income statement when control over the significant risks and rewards of ownership of the goods has been transferred to the buyer, which occurs upon delivery in accordance with the applicable shipping terms. Shipping conditions may differ between customers and therefore ownership may be transferred before or after actual delivery of the goods. Rottneros' main revenue streams arise from the sale of pulp, as well as by-products and wood. 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. Thus, we consider the cutoff of revenue to be a particularly important area in our audit.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Our audit included the following elements.

- We identified and assessed selected systems and processes for revenue recognition, including the recognition of accounts receivable, and the controls in place to address the risk of revenue being recognised at the wrong time.
- We assessed whether the company's accounting policies are consistent with IFRS.
- We also conducted random checks to ensure that recognised revenue is reported in accordance with the Group's policies and is consistent with underlying documents such as invoices, shipping terms and bills of lading.
- We analysed the company's revenue recognition procedures in order to identify abnormal fluctuations or unreasonable conditions.
- We examined the information provided in the annual report in relation to the accounting records and other accounting information.

VALUATION OF FINISHED GOODS

KEY AUDIT MATTER

Rottneros' description and disclosures regarding inventory accounting can be found in note 14 Inventories and in Accounting policies and valuation principles, particularly under Important estimates and judgements.

As stated in note 14 of the annual report, stocks of finished products are reported at 347 MSEK in the consolidated balance sheet as of 31 December 2024. Inventories are measured at the lower of cost and net realisable value. The cost of finished goods inventory is recognised at production cost less any obsolescence. Valuation at production cost is done using calculation models where direct and indirect production-related costs are allocated to manufactured products. An incorrect calculation of the cost of production would affect the valuation of the inventory and the recognised cost of goods sold during the financial year. When determining whether the net realisable value is less than the acquisition value, Rottneros needs to make assessments of the price levels for which the reported inventory can be sold. Thus, we consider the valuation of finished goods inventories to be a key audit matter.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Our audit included the following elements.

- Identified and evaluated selected systems and processes for inventory accounting and tested a selection of key controls for determining inventory volumes and for determining carrying amounts. We assessed the inventory process as a whole, focusing on measurement principles and the company's controls to address associated risks.
- Randomly tested raw material stocks against actual purchase prices and evaluated the reasonableness of product calculations for finished goods stocks.
- Participated in inventories at storage sites.
- We examined the company's control over the application of the lowest value principle.
- We conducted random detailed examinations to ensure that inventory items were sold at a value equal to or greater than their book value.
- We also examined the cost of production through spot checks against purchase invoices and production calculations.
- We conducted an analytical examination of the inventory in order to identify abnormal fluctuations or unreasonable conditions.
- We examined the information provided in the annual report in relation to the accounting records and other accounting information.

Information other than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts, which can be found on pages 2–45, 50, 59 and 104–115. The other information also consists of the remuneration report which we obtained prior to the date of this audit report. The Board and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this review, we also consider the knowledge we have otherwise obtained during the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work carried out on this information, conclude that the other information contains a material misstatement, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS, as adopted by the EU, and the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. However, the going concern assumption is not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from

AUDITOR'S REPORT

material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts can be found on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the audit report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The auditor's audit of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Rottneros AB (publ) for the year 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes, among other things, continuous assessment of the company's and the Group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that may give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the administration can be found on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description is part of the audit report.

AUDITOR'S REVIEW OF THE ESEF REPORT

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Rottneros AB (publ) for 2024.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Rottneros AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

AUDITOR'S REPORT

The audit firm applies International Standard on Quality Management 1, which requires the company to design, implement and operate a system of quality management including policies or procedures relating to compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE REPORT

The Board of Directors is responsible for the corporate governance statement on pages 60–66 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance report has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Rottneros AB (publ) by the general meeting of shareholders on 20 March 2024 and has been the company's auditor since 27 April 2023.

Stockholm, 10 March 2025

PricewaterhouseCoopers AB

Bo Karlsson
Principal Authorised
Public Accountant

Tomas Rahm
Authorised Public Accountant

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the annual meeting of the shareholders in Rottneros AB (publ) corporate identity number 556013-5872

Engagement and responsibility

The Board of Directors is responsible for the sustainability report for the year 2024 on pages 31–44 and 105–107 and that it has been prepared in accordance with the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024.

Scope of the audit

Our examination was conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

We believe that the examination has provided us with sufficient basis for our opinions.

Opinion

A statutory sustainability report has been prepared.

Stockholm, 10 March 2025

PricewaterhouseCoopers AB

Bo Karlsson
Principal Authorised
Public Accountant

Tomas Rahm
Authorised Public Accountant

OTHER



SUSTAINABILITY DATA

Environmental data

PRODUCTION		2024	2023	2022	2021	2020
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Rottneros Mill	tonnes	121,900	122,100	171,600	172,900	178,400
Vallvik Mill	tonnes	218,800	229,600	225,600	222,400	232,700

EMISSIONS TO AIR		2024	2023	2022	2021	2020
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SULPHUR

Rottneros Mill	tonnes/year	2.6	2.4	2.2	1.6	6.0
Vallvik Mill	tonnes/year	41	50	44	51	48

NOX

Rottneros Mill	tonnes/year	32	31	33	36	31
Vallvik Mill	tonnes/year	310	325	323	354	365

EMISSIONS TO WATER		2024	2023	2022	2021	2020
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SUSPENDED SUBSTANCES

Rottneros Mill	tonnes/year	129	122	148	148	222
Vallvik Mill	tonnes/year	408	388	321	421	448

COD

Rottneros Mill	tonnes/year	2,047	2,418	3,678	2,936	3,755
Vallvik Mill	tonnes/year	2,772	2,592	3,063	3,054	3,237

AOX

Vallvik Mill	tonnes/year	9	10	10	11	14
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PHOSPHORUS

Rottneros Mill	tonnes/year	0.3	0.4	0.4	0.7	1.6
Vallvik Mill	tonnes/year	5.8	6.3	5.7	6.4	6.6

NITROGEN

Rottneros Mill	tonnes/year	16	17	23	22	25
Vallvik Mill	tonnes/year	23	22	19	26	31

CHLORATE

Vallvik Mill, ECF	tonnes/year	36	37	76	48	46
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SUSTAINABILITY DATA

ELECTRICITY CONSUMPTION						
		2024	2023	2022	2021	2020
ROTTNEROS MILL						
Electricity generated at mills	GWh	0.1				
– of which fossil-free electricity	GWh	0.1				
Electricity purchased	GWh	159	166	254	261	267
– of which fossil-free electricity	GWh	34	60	114	124	143
VALLVIK MILL						
Electricity generated at mills	GWh	118	130	118	134	146
– of which fossil-free electricity	GWh	117	129	117	132	144
Electricity purchased	GWh	52	45	54	39	30
– of which fossil-free electricity	GWh	11	16	24	18	16
GROUP						
Electricity generated at mills	GWh	118	130	118	134	146
– of which fossil-free electricity	GWh	117	129	117	132	144
Electricity purchased	GWh	211	211	307	300	297
– of which fossil-free electricity	GWh	45	76	138	141	159
Total	GWh	328	341	425	434	443
– of which fossil-free electricity	%	49	60	60	63	68
– share produced in mill	%	36	38	28	31	33

ENERGY CONSUMPTION EXCL. ELECTRICITY						
		2024	2023	2022	2021	2020
ROTTNEROS MILL						
Biofuels	GWh	100	93	90	79	85
Fossil fuels	GWh	9	7	25	34	32
VALLVIK MILL						
Biofuels, incl. black liquor	GWh	1,538	1,623	1,615	1,635	1,689
Fossil fuels	GWh	23	21	14	17	21
GROUP						
Biofuels, incl. black liquor	GWh	1,638	1,716	1,705	1,714	1,774
Fossil fuels	GWh	32	28	39	51	53
Total	GWh	1,670	1,744	1,744	1,765	1,827
Proportion of biofuels	%	98	98	98	97	97

CARBON DIOXIDE EMISSIONS						
		2024	2023	2022	2021	2020
ROTTNEROS MILL						
Fossil fuels	tonnes/year	1,915	1,483	5,113	6,927	7,299
Biofuels	tonnes/year	40,135	40,466	35,348	30,875	33,630
– proportion of biofuels	%	95	96	87	81	82
VALLVIK MILL						
Fossil fuels	tonnes/year	6,128	5,737	3,826	4,679	5,604
Biofuels	tonnes/year	531,708	557,154	557,667	560,217	656,581
– proportion of biofuels	%	99	99	99	99	99
GROUP						
Fossil fuels	tonnes/year	8,043	7,220	8,982	11,606	12,903
Biofuels	tonnes/year	571,843	597,620	593,015	591,092	690,211
– proportion of biofuels	%	99	99	99	98	98
FOSSIL CARBON DIOXIDE EMISSIONS						
GHG Scope 1	tonnes/year	9,637	8,972	8,982	11,606	12,903
GHG Scope 2 *	tonnes/year	110,448	98,809	114,383	107,687	100,540

* Based on the environmental impact (g/kWh) of the Nordic residual mix in the previous year.

SUSTAINABILITY DATA

Other sustainability data

OTHER SUSTAINABILITY DATA						
SAFETY	2024	2023	2022	2021	2020	
Own personnel						
Number of fatal accidents	0	0	0	0	0	
Number of accidents with sick leave	3	5	4	7	8	
Number of accidents without sick leave	26	36	39	43	41	
LTIFR	6.3	10.2	7.4	13.0	14.6	
Number of risk observations	346	487	323	223	296	
Entrepreneurs						
Number of fatal accidents	0	0	0	0	0	
Number of accidents with sick leave	2	1	0	0	2	
Number of accidents without sick leave	8	5	1	11	3	
SICKNESS ABSENCE						
	2024	2023	2022	2021	2020	
Short-term absence	%	1.68	1.53	2.64	2.72	3.07
Long-term absence	%	1.61	1.03	1.85	1.80	0.96
GENDER EQUALITY						
	2024	2023	2022	2021	2020	
Proportion of female managers	%	26	22	22	19	16
Proportion of male managers	%	74	78	78	81	84
TRADE UNION COLLABORATION						
	2024	2023	2022	2021	2020	
Proportion of employees working in a division with a collective bargaining agreement	%	99	99	99	99	99
STAFF TURNOVER						
	2024	2023	2022			
No. of employees who terminated their employment	51	31	63			
Staff turnover	%	15	9	18		
Number of new employees	52	25	29			
Number of voluntary resignations	31	21	16			
Number of retirements	23	12	32			
OTHER						
	2024	2023	2022			
Proportion of employees earning below the minimum wage	%	0	0	0		
Wage gap **	%	-9	-9	-18		
Employee survey response rate	%	89	77	71		

OTHER SUSTAINABILITY DATA						
BOARD OF DIRECTORS AND GROUP MANAGEMENT		Women	Men	< 30 years	30-50 years	> 50 years
Board of Directors	Number	2	4	0	1	5
Group management	Number	4	6	0	5	5
EMPLOYEES BY GENDER				Women	Men	Total
Number of employees				61	256	317
Number of permanent employees				59	249	308
Number of fixed-term employees				2	7	9
Number of full-time employees				61	255	316
Number of part-time employees				0	1	1
Blue-collar employees				21	171	192
White-collar employees				40	85	125
AGE DISTRIBUTION OF EMPLOYEES					Women	Men
Under 30 years		Number			8	20
30–50 years		Number			39	127
Over 50 years		Number			14	109
HUMAN RIGHTS				2024	2023	2022
Number of cases of discrimination				0	0	0
Number of complaints made through channels for employees to express concerns ***				1	4	3
Number of serious human rights issues and incidents related to the company's workforce				0	0	0
Number of serious human rights cases where the company played a role in securing remedies for victims				0	0	0
Amount of significant fines, penalties, and compensation for serious human rights issues and incidents related to the company's workforce				0	0	0
Amount of material penalties, fines, and compensation for harm caused by violations of social and human rights				0	0	0

* Employees are reported as the number of individuals, i.e., not in full-time equivalents.

** A negative outcome indicates that female employees have a higher average salary than male employees.

*** Complaints through the whistle blower function

FINANCIAL REPORTING – OTHER

Multi-year review

GROUP PERFORMANCE IN SUMMARY					
	2024	2023	2022	2021	2020
INCOME STATEMENT, MSEK					
Net turnover	2,710	2,755	2,980	2,303	2,093
EBITDA	179	252	691	385	77
Depreciation/amortization and impairment losses	-133	-113	-141	-118	-119
EBIT	47	139	550	267	-42
Financial items (net financial items)	-20	14	164	-21	-19
Profit/loss after financial items	28	153	714	246	-61
Tax on income for the period	-8	-32	-149	-48	11
Net income	20	121	565	198	-50
STATEMENT OF CASH FLOW, MSEK					
Cash flow from operating activities	15	104	541	288	85
Investments in non-current assets	-450	-140	-112	-125	-128
Cash flow after investments in non-current assets	-421	-36	429	165	-46
Sale of non-current assets	1	-	-	2	3
Cash flow from financing activities	244	-233	-125	-334	-3
Net cash flow	-177	-269	304	-169	-46
BALANCE SHEET ITEMS, MSEK					
Non-current assets	1,698	1,470	1,501	1,339	1,285
Inventories	590	493	436	327	355
Current receivables	538	658	1,020	555	287
Cash and cash equivalents	19	196	465	161	330
Net debt (+) / net cash (-)	393	-105	-354	-16	81
Shareholders' equity	1,691	1,858	2,256	1,527	1,301
Long-term interest-bearing liabilities	341	59	111	145	411
Long-term non-interest-bearing liabilities	219	223	323	207	150
Current interest-bearing liabilities	71	32	-	-	-
Current non-interest-bearing liabilities	547	645	732	503	395
Capital employed	2,083	1,753	1,902	1,511	1,382
Total shareholders' equity and liabilities	2,846	2,817	3,422	2,382	2,257

GROUP PERFORMANCE IN SUMMARY					
	2024	2023	2022	2021	2020
KEY RATIOS					
EBITDA margin, %	6.6	9.1	23.2	16.7	3.7
EBIT margin, %	1.8	5.0	18.5	11.6	-2.0
Profit margin, %	1.0	5.6	24.0	10.7	-2.9
Return on equity, %	1.1	5.9	29.9	14.0	-3.8
Return on capital employed, %	2.4	7.6	32.2	18.5	-3.0
Equity/assets ratio, %	59	66	66	64	58
Debt/equity ratio, %	23	-6	-16	-1	6
OTHER					
Average number of employees	285	293	319	316	318
Pulp production, 1,000 tonnes	341	352	397	395	413
Pulp deliveries, 1,000 tonnes	333	357	389	403	417
Pulp price of NBSK pulp, USD per tonne ¹	1,491	1,268	1,404	1,198	843
SEK/USD ²	10.56	10.61	10.12	8.58	9.21
Pulp price of NBSK pulp, SEK per tonne	15,752	13,455	14,213	10,280	7,765

1) Source: Market quotation once a week. Annual average of weekly records.

2) Source: The Riksbank's yearly average.

FINANCIAL REPORTING – OTHER

Quarterly data and alternative performance indicators

	2024				2023				2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
INCOME STATEMENT, MSEK																
Net turnover	626	686	711	688	637	693	681	744	730	806	784	660	598	570	593	542
EBITDA	10	70	65	35	-76	79	71	178	31	233	254	174	88	130	127	40
Depreciation/amortization and impairment losses	-38	-30	-35	-30	-24	-30	-30	-29	-30	-49	-34	-29	-30	-29	-30	-29
EBIT	-28	40	30	5	-100	49	41	149	1	185	220	145	58	101	97	11
Financial items (net financial items)	-7	-4	0	-8	19	-7	3	-1	10	156	-1	-1	-1	-11	-4	-4
Profit/loss after financial items	-35	35	30	-3	-81	42	44	148	11	341	219	144	57	90	93	7
Tax on income for the period	7	-8	-8	1	17	-9	-10	-30	-2	-71	-46	-30	-8	-19	-19	-2
Net income	-27	28	22	-2	-64	33	34	118	9	270	172	114	49	71	74	5
PER SHARE																
Earnings per share, SEK	-0.18	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
OTHER																
Pulp production, 1,000 tonnes	75	91	91	84	80	89	93	90	87	96	111	103	91	92	109	103
Pulp deliveries, 1,000 tonnes	73	82	89	90	85	102	83	87	87	96	106	100	96	93	103	112
Pulp price of NBSK pulp, SEK per tonne	16,335	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

ALTERNATIVE KEY RATIOS

Alternative performance indicators 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 alternative indicators P/E ratio and Direct yield, 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 sales.

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

EARNINGS PER SHARE: Net profit/loss divided by the average number of shares outstanding.

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: EBIT as a percentage of average capital employed for the year (average of capital employed at the beginning and end of the year).

RETURN ON EQUITY (ROLLING 12 MONTHS): Net income as a percentage of average equity for the year (average of equity at the beginning and end of the year).

SOLIDITY: Equity as a percentage of total equity and liabilities.

DEBT/EQUITY RATIO: Net debt/cash as a percentage of equity.

P/E ratio: Share price at the end of the period in relation to earnings per share.

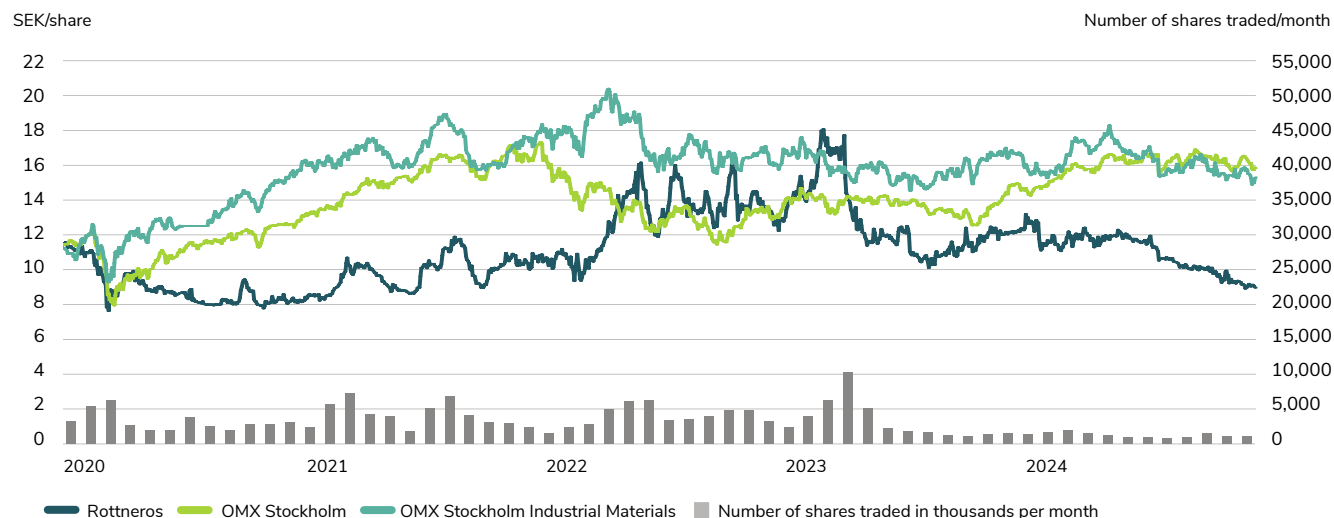
OPERATING PROFIT/LOSS PER SHARE: Profit before financial items and income taxes divided by the average number of shares outstanding.

The Rottneros share and shareholders

The Rottneros share is listed on Nasdaq Stockholm. At the end of 2024, Rottneros' market capitalisation was 1,374 (1,868) MSEK and Rottneros' share price was listed at 8.96 (12.18) SEK.

SHARE PERFORMANCE AND TURNOVER

Jan 2020 – Dec 2024



The Rottneros share has been listed on Nasdaq Stockholm since November 1987. Rottneros was included in the Mid Cap segment in 2024 and classified as a company in the Basic Resources sector. Rottneros' market capitalisation at the end of the year was 1,374 (1,868) MSEK and the company had 12,979 (14,692) shareholders. Foreign shareholdings in Rottneros amounted to 66.7 (67.1) percent of capital.

Rottneros' share price was recorded at 8.96 (12.18) SEK as of 31 December 2024, representing a decline of 26 percent. The Stockholm Stock Exchange, Nasdaq Stockholm, had a positive develop-

ment of 6 (15) percent in 2024, according to the OMXSPI index. The closing price of Rottneros shares reached a high of 13.20 (18.08) SEK on 16 January, while the lowest price, 8.91 (10.10) SEK, was recorded on 10 December. The average price during the year was 11.10 (13.71) SEK.

Share turnover

A total of 15 (39) million shares were traded in 2024 at a value of 166 (532) MSEK. This represents a turnover velocity for shares of 10 (25) percent during the year. An average of 139 (290) trades in Rottneros shares were made every day.

Share capital and holdings of treasury shares

The share capital at the end of the year was 153.4 (153.4) MSEK divided between 153,393,890 (153,393,890) shares. All shares carry equal voting rights and equal rights to the company's capital and profit. The company's holding of treasury shares remained the same as the previous year (821,965 shares), corresponding to 0.54 percent of the total number of shares.

Dividend

For the financial year 2023, an ordinary dividend of SEK 0.50 per share was paid. For the 2025 Annual General Meeting, the Board of Directors proposes that no dividend be paid for the year 2024.

Dividend policy

The dividend policy at Rottneros is to pay out 30-50 percent of net income, in accordance with the long-term financial targets.

Shares held by the Board of Directors and senior executives

The holdings of the Board of Directors and senior executives, as well as those of related parties, amounted to 718,308 (662,850) shares in total in Rottneros AB as of 31 December 2024. No warrants were issued as at 31 December 2024.

Information for shareholders

Rottneros provides information for shareholders and the public through several channels. Information published in the form of annual reports, quarterly reports and press releases is regularly posted on www.rottneros.com. Presentations that were held in conjunction with the interim reports are also available. The website is the main channel for the Annual Report, for which reason the report is not sent to shareholders unless specifically requested.

FINANCIAL REPORTING – OTHER

LARGEST SHAREHOLDERS

As at 31 December 2024

SHAREHOLDERS	NUMBER OF SHARES (=VOTES)	% OF CAPITAL
Arctic Paper S.A.	78,230,883	51.0
PROAD AB	11,713,249	7.6
UBS Switzerland AG, W8IMY	7,496,198	4.9
Caceis Bank, Switzerland Branch, W8IMY	5,900,000	3.8
Dimensional Fund Advisors	2,779,729	1.8
Avanza Pension	2,767,035	1.8
SEB AB, Luxembourg Branch, W8IMY	2,204,000	1.4
Caceis Bank Spain SAU, W8IMY	1,155,113	0.8
Handelsbanken Fonder	959,710	0.6
SEB Investment Management	832,565	0.5
Total for ten largest owners – in terms of holding	114,038,482	74.3
Other shareholders	38,533,443	25.1
Rottneros AB (treasury shares from buy-back)	821,965	0.5
TOTAL	153,393,890	100.0

SHARE DATA¹

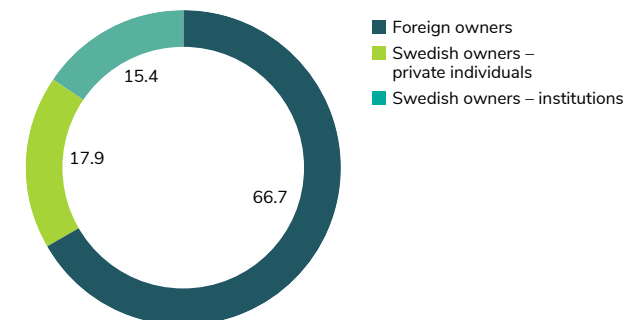
		2024	2023	2022	2021	2020
Shares, opening ²	Number	152,572	152,572	152,572	152,572	152,572
Shares, closing ²	Number	152,572	152,572	152,572	152,572	152,572
Average number of shares outstanding ²	Number	152,572	152,572	152,572	152,572	152,572
Holdings of treasury shares ²	Number	822	822	822	822	822
Earnings per share	SEK	0.13	0.79	3.70	1.28	-0.33
Cash flow after investments/share ³	SEK	-2.85	-1.29	2.80	1.07	-0.30
Equity per share	SEK	11.08	12.18	14.78	9.99	8.53
Dividend ⁴						
Ordinary dividend	SEK	0.50	0.50	0.40	–	–
Extra dividend	SEK	–	0.90	0.20	0.45	–
Total	SEK	0.50	1.40	0.60	0.45	–
Share price at end of period	SEK	12.18	12.18	12.22	10.42	8.15
Direct yield	%	4	11	6	6	0
Total return ⁵	%	-22	11	23	33	-29
Market price/equity/share	times	0.8	1.0	0.8	1.0	1.0
P/E ratio per share	times	68.9	15.4	3.3	8.1	-24.7

DISTRIBUTION OF SHARES

As at 31 December 2024

NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	% OF CAPITAL
1 - 500	7,383	0.8
501 - 1,000	1,803	1.1
1,001 - 5,000	2,660	4.6
5,001 - 10,000	573	3.1
10,001 - 15,000	181	1.4
15,001 - 20,000	93	1.0
20,001 –	286	88.0
TOTAL	12,979	100.0

DISTRIBUTION BY CATEGORY OF OWNERSHIP, %

¹ None of the key performance indicators are affected by any dilution effect.² The number of shares is in thousands, excluding Rottneros' holding of treasury shares.³ Cash flow from operating activities less investments in non-current assets, divided by average number of shares outstanding.⁴ Refers to dividends paid in each year.⁵ Return in relation to the share price at the beginning of the period.

Annual General Meeting

Rottneros AB (publ), Corp. ID no. 556013-5872, with registered office in Sunne, has convened the Annual General Meeting on Wednesday 10 April 2025 in Sunne. The complete notice is published in Post- och Inrikes Tidningar and is available on the company's website, www.rottneros.com.

Entitlement to attend, registration and postal voting

To be entitled to participate in the meeting, shareholders must be registered in the share register maintained by Euroclear Sweden AB as of 2 April 2025, and must have notified the company of their intention to participate so that the notification has been received by the company no later than 4 April 2025. Notification shall be sent to Rottneros AB (publ), c/o Advokatfirman Allians, Våxnäsgratan 4, 653 40 Karlstad.

The above may also be submitted electronically and should be sent to: rottneros@allians.se.

The notification must state the shareholder's full name, personal identification number or corporate identification number, shareholding, address and daytime telephone number. If the shareholder is to be represented by a proxy, the number (maximum two) must be stated. A postal voting form is valid as registration for the general meeting.

Proxy and authorisation

If shareholders intend to be represented by a proxy, a power of attorney and other authorisation documents should be attached to the notification. If they have not been sent in advance, they must be produced at the meeting on request.

Nominee-registered shares

In order to be entitled to participate in the Annual General Meeting, shareholders with nominee-registered shares must temporarily re-register their shares in their own name. Shareholders who wish to re-register their voting rights must notify their nominee well in advance of 4 April 2025. The re-registration must be completed with Euroclear Sweden AB on 4 April 2025.

Postal voting and proxy forms are available on the company's website.

Glossary

ANAEROBIC WATER TREATMENT: One of Rottneros Mill's four treatment stages for outgoing wastewater. In the anaerobic stage, materials in the wastewater are broken down and methane gas is produced by bacteria in an oxygen-free environment.

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.

BSKP: Bleached Softwood Kraft Pulp, bleached softwood sulphate pulp.

BULK: How thick a paper is in relation to its weight. Paper bulk is affected by whether the paper is glossy, coated, or uncoated and by the grammage.

BENDING STIFFNESS: The ability of the cartonboard to resist deformation when bending. Measured in mNm.

COD: Chemical Oxygen Demand, chemical method for measuring oxygen-demanding substances.

CIRCULAR FORESTRY INDUSTRY: Growing forests convert sunlight, carbon dioxide and water into wood. The carbon dioxide is bound in the growing trees. When the trees are fully grown, they are harvested. At least two new trees are planted for every tree that is harvested. A use is found for 100 percent of the tree. The highest possible added value determines what is made of the different parts of the tree. Rottneros' raw material consists of pulp wood from forestry and woodchips from different sawmills.

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.

E-PULP: Pulp used in electrotechnical applications. The Rottneros product name for E-pulp is Robur Flash UKP E-grade.

FSC®: Forest Stewardship Council®. Certification for sustainable forest management.

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 fibers than softwood.

LIGNIN: Polymer compound primarily composed of phenylpropane units, mainly binds the fibers in the wood. It accounts for about 1/3 of the wood.

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 fibers 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 fiber separation and processing. Has a higher level of bulk, stiffness and opacity than chemical pulp. Groundwood pulp, CTMP and CTMP/BCTMP are types of mechanical pulp.

NBSK: Northern Bleached Softwood Kraft, bleached softwood sulphate pulp.

NORD POOL: Nordic electricity exchange launched in 1996 by Sweden and Norway. Member countries now include Denmark, Finland and Estonia.

OPACITY: Lacking transparency.

PEFC: Programme for the Endorsement of Forest Certification. Certification for sustainable forest management.

PFAS: Collective name for fluorinated substances.

PIX: Pulp price index.

POROSITY: Measure of the permeability of gas or liquid through a material. Used as a measure of the filtering properties of the pulp.

RESIDUAL MIX: The mix of electricity produced, divided into renewable electricity, nuclear electricity and fossil-fuelled electricity remaining after sales of electricity with guarantees of origin. The environmental impact of the residual mix is measured as CO₂ per kWh.

GROUNDWOOD PULP (SGP): Stone Groundwood Pulp. Mechanical pulp based on roundwood as a raw material.

SHIVES CONTENT: Proportion of unseparated fibers found in the pulp.

SULPHATE: Method for producing chemical pulp.

SULPHITE: Like sulphate, but with different cooking techniques, different chemicals and different chemical recovery.

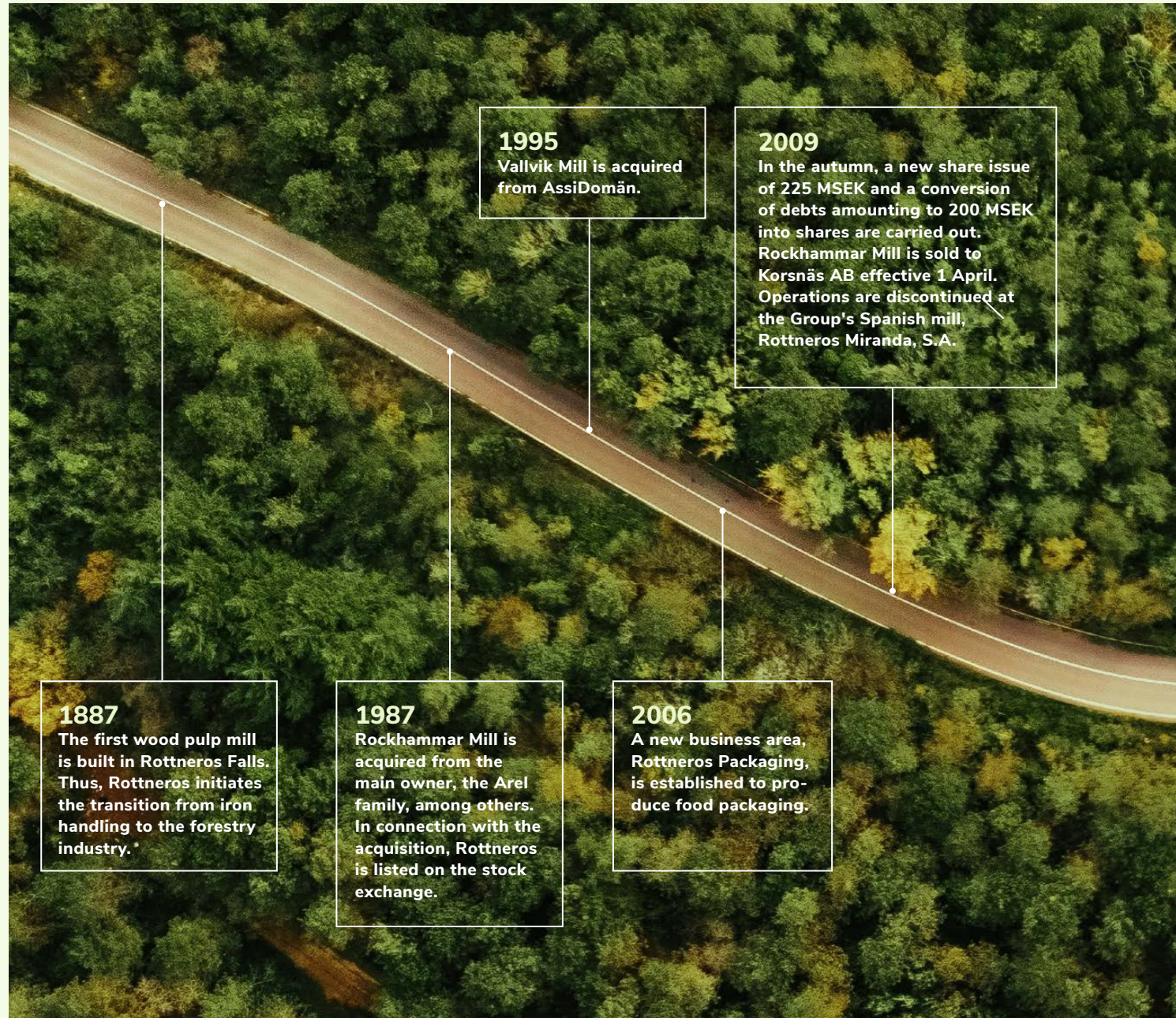
TCF: Totally Chlorine Free: totally chlorine-free bleached sulphate pulp.

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.

Our history

Rottneros has roots dating back to the 1630s when an iron hammer mill was established. In the late 1800s, the mill transitioned to paper production, and today the Rottneros Group consists of two pulp mills, a development unit for molded fiber, a forestry operator, and a timber purchasing company. We have a total of 400 years of experience in development and over 135 years of experience in utilising the forest to create sustainable solutions.

**1887**

The first wood pulp mill is built in Rottneros Falls. Thus, Rottneros initiates the transition from iron handling to the forestry industry.

1987

Rockhammar Mill is acquired from the main owner, the Arel family, among others. In connection with the acquisition, Rottneros is listed on the stock exchange.

1995

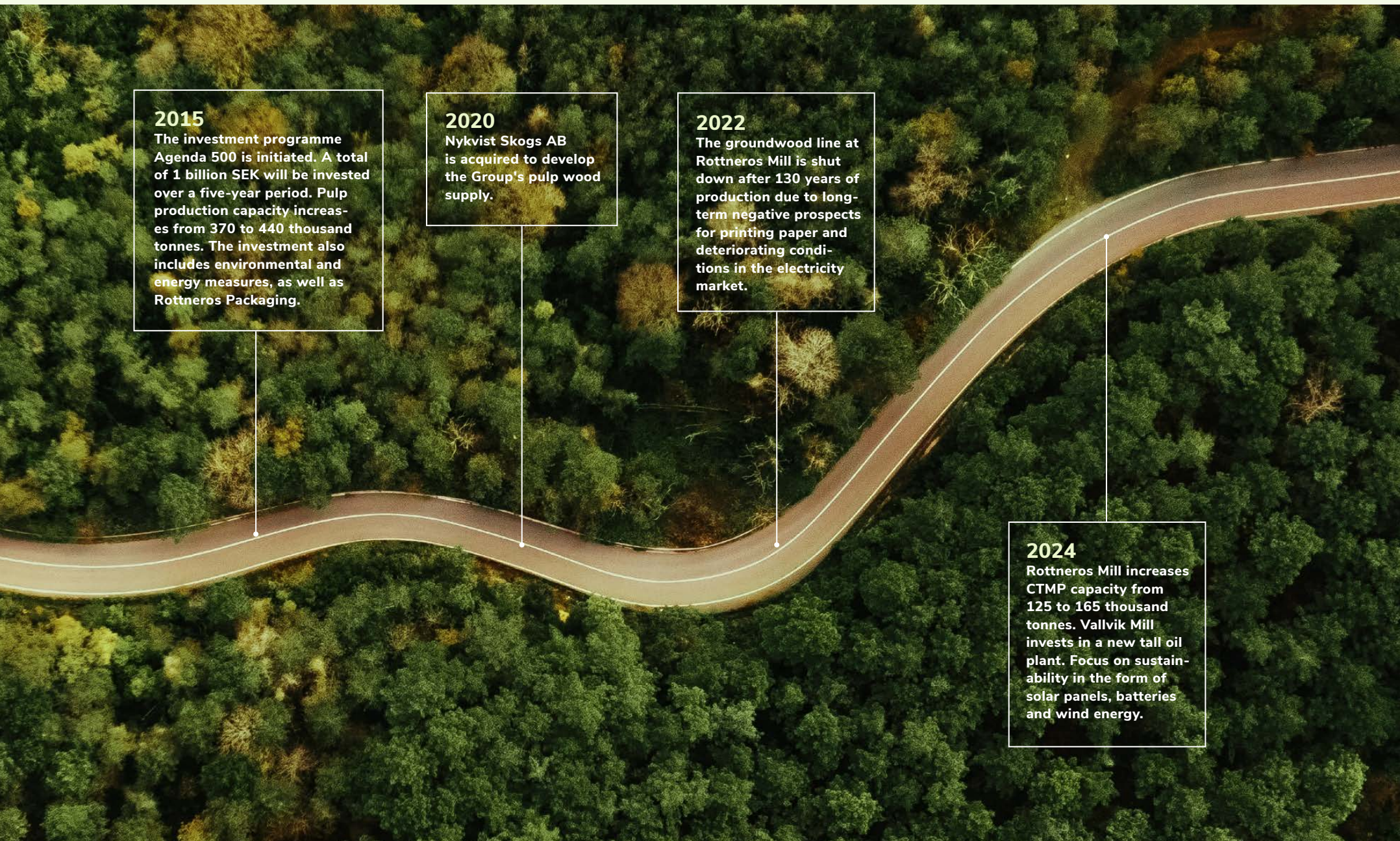
Vallvik Mill is acquired from AssiDomän.

2006

A new business area, Rottneros Packaging, is established to produce food packaging.

2009

In the autumn, a new share issue of 225 MSEK and a conversion of debts amounting to 200 MSEK into shares are carried out. Rockhammar Mill is sold to Korsnäs AB effective 1 April. Operations are discontinued at the Group's Spanish mill, Rottneros Miranda, S.A.

**2015**

The investment programme Agenda 500 is initiated. A total of 1 billion SEK will be invested over a five-year period. Pulp production capacity increases from 370 to 440 thousand tonnes. The investment also includes environmental and energy measures, as well as Rottneros Packaging.

2020

Nykvist Skogs AB is acquired to develop the Group's pulp wood supply.

2022

The groundwood line at Rottneros Mill is shut down after 130 years of production due to long-term negative prospects for printing paper and deteriorating conditions in the electricity market.

2024

Rottneros Mill increases CTMP capacity from 125 to 165 thousand tonnes. Vallvik Mill invests in a new tall oil plant. Focus on sustainability in the form of solar panels, batteries and wind energy.

