



Q4
2020

YEAR-END REPORT
JAN-DEC 2020

Profit under pressure from weaker USD

EBIT 2020
-42 MSEK

New production record
for the year, 412,6 kton

Strong position
and balance sheet



ROTTNEROS

PURE POSSIBILITIES

Profit under pressure from weaker USD

Q4 2020 COMPARED WITH (Q4 2019)

- **THE LIST PRICE** of NBSK pulp was 4 % higher in USD and 7 % lower in SEK compared with fourth quarter 2019. The USD weakened against the SEK by 10 % during the same period.
- **PRODUCED VOLYM** totalled 95,3 (100,4) thousand tonnes, impacted by the timing of the annual maintenance shutdown at Vallvik Mill, which was carried out in its entirety during the fourth quarter. The Group set a new production record for the year: 412,6 (406,0) thousand tonnes.
- **NET TURNOVER** decreased by 10 % to 490 (547) MSEK. Lower price in SEK was offset by higher sales volumes.
- **THE BALANCE SHEET** remains strong. The equity/assets ratio is 58 (58) % and available liquidity amounts to 512 (558) MSEK.
- **EBIT** (operating profit) for the fourth quarter of 2020 was -95 (-30) MSEK. The weaker USD, low market prices and the planned annual maintenance shutdown at Vallvik Mill were the main reasons for the negative outcome. EBIT for full-year 2020 was -42 (268) MSEK.
- **NET INCOME** for the fourth quarter of 2020 was -77 (-29) MSEK. Earnings per share for the quarter were -0,50 (-0,19) SEK.
- **DIVIDEND** The Board of Directors proposes that no dividend be paid for 2020, in accordance with the terms for the bond loan.
- **THE CORONA PANDEMIC** has not had a negative impact on production, but the pulp market has been characterised by great uncertainty throughout most of the year with reduced demand for NBSK.

THE QUARTER AND YEAR IN FIGURES

	Oct-Dec 2020	Oct-Dec 2019	Change %	Jan-Dec 2020	Jan-Dec 2019	Change %
Net turnover, MSEK	490	547	-10	2 093	2 376	-12
EBITDA, MSEK	-65	-5	-1 200	77	374	-79
EBIT, MSEK	-95	-30	-217	-42	268	-116
Profit after financial items, MSEK	-99	-36	-175	-61	247	-125
Net income, MSEK	-77	-29	-166	-50	194	-126
Earnings per share, SEK	-0,50	-0,19	-163	-0,33	1,27	-126
Cash flow from operating activities, MSEK	5	134	-96	85	462	-82
Return on capital employed (rolling 12 months), %				-3,0	17,7	
Production, thousand tonnes	95,3	100,4	-5	412,6	406,0	2
Deliveries, thousand tonnes	106,5	103,2	3	416,5	408,3	2



Lennart Eberleh
President and CEO

Comments from the CEO

The end of the year was weak in terms of earnings, mainly because Q4 was impacted by a weaker USD and the maintenance shutdown at Vallvik Mill. For 2020 as a whole we noted a new production record, 412 600 tonnes, corresponding to a growth of almost two percent. The pulp market has begun to strengthen, mainly driven by China, and prices are now clearly rising. Our focus on gradually higher production will, if possible, be even greater in 2021.

Net turnover in Q4 decreased by ten percent during the quarter compared with the Q4 last year. At the same time, EBIT worsened by 66 MSEK to -96 MSEK. The decline can be explained by lower sales prices denominated in SEK because of the weaker USD. The average SEK/USD exchange rate for Q4 was ten percent lower than in Q4 2019. We continued to sell a larger share than usual on short-term contracts in order to obtain sales for our volumes, which had a negative impact on margins.

As the annual maintenance shutdown at Vallvik Mill was somewhat later in 2020, which meant that its full impact fell during Q4, the comparison with 2019 is somewhat out of line since last year's shutdown also had some effect on Q3. For this reason, along with somewhat lower than planned production at both mills, production declined by 5 percent for the quarter compared with Q4 2019.

For full-year 2020 the increase was thereby barely two percent, which is just over one percentage point lower than our long-term target of an annual increase of three percent. Considering the challenges we faced through the far-reaching consequences of the pandemic, we are satisfied with the outcome. In 2021 we will work systematically to increase availability at the mills in order to create the conditions that will enable us to exceed the long-term production target.

The pandemic continued to challenge our operations during the quarter. As a result of our extensive measures, we essentially avoided the infection to enter into our facilities despite the increasing community wide spread. Locally, a few employees tested positive for Covid-19 in recent times.

LIST PRICE CLEARLY CONTINUES TO RISE

A clear recovery is currently underway in the market, driven by accelerating growth in China at the same time that Europe has stabilised. The list price of NBSK thereby rose during the fourth quarter by USD 40, to USD 880 as of 31 December, after having been relatively stable at USD 840 for over a year. The increase has continued at the beginning of 2021. Since our prices are affected with some lag in relation to list prices, first-quarter earnings will benefit to a larger extent than was the case for Q4. Rottneros is also benefitting from growth in the hygiene and packaging areas since we have a solid product offering for these customer segments.

The supply of pulp wood remains at a healthy level and clearly affects our purchasing costs. A good supply of locally

sourced timber enables us to keep the proportion of imports down. A lower production rate in the paper industry, at the same time that the bark beetle problem boosts supply of timber, benefits the market balance, causing prices to fall. The balance in the pulp wood market will likely remain favourable over the coming year.

Our large electricity purchases at Rottneros Mill continue to be problematic with significant imbalances in the electricity market caused by the inadequate transmission capacity. The resulting electricity shortage in southern Sweden has been accompanied by extremely high prices during certain periods. This situation also has a negative impact on our electricity futures.

DECISION ON ENVIRONMENTAL INVESTMENTS

In early 2021 the Board approved a number of investments to reduce emissions to water from Vallvik Mill. The investments total 33 MSEK and are linked to the mill's recently updated environmental permit. With this, Vallvik Mill has increased its production permit to 255 thousand tonnes.

CLIMATE-SMART FOOD TRAYS LAUNCHED

In October we launched our fibre trays for ready-made meals in Sweden. The trays, which reduce the quantity of plastic by up to 85 percent compared with traditional fossil-fuel based packaging, are made from raw materials from certified forests.

CONTINUED STRONG BALANCE SHEET

With our strong balance sheet, and a substantial liquidity, we continue to be well-prepared for negative changes in our world. The equity/assets ratio is very good and was 58 percent at year-end, unchanged from the beginning of the year. Consolidated cash and cash equivalents, as well as unutilised credits, also remained at reassuring levels, 330 MSEK and 182 MSEK, respectively. Interest-bearing net debt was 81 MSEK.

Finally, I would like to thank all of my coworkers for their extensive efforts to take the Group to the next level and to address the great challenges that we encountered over the past year. I would also like to extend a warm thank you to both our customers and suppliers. Together, we have optimally accomplished what has been possible to address the pandemic and thereby keep the business running smoothly.

Pulp market

The Corona pandemic continued to affect the world economy as the GDP rebounded in the third and fourth quarter of 2020 from the dramatic drop in the second quarter. China, which was the first country initially to be hit by the pandemic, but also to recover from it, was also one of the few countries worldwide that saw their GDP increase during 2020 with a growth of 2%. The world as a whole saw their GDP decrease by 4,4% and advanced economies with 5,8%. The potential effects of the second wave still cast uncertainty for the way forward. The improved economic sentiment during Q3 and Q4 also improved market conditions in the pulp and paper sector. Pulp prices which have lingered at a low level for an exceptionally long time started to rise during August on the spot markets and have since then risen steadily. Benchmark list prices started to move upwards during October. The effective list price in December was 880 USD which represents a 40 USD increase since the summer for the NBSK grade in Europe. This price has increased to 910 USD in January with further announcements for 1 030 USD. The corresponding price in China for this grade is currently a 150 USD higher on a net basis.

Globally demand of chemical pulp rose by 3,7% during the first 11 months of the year compared with 2019. The increase that took place in 2020 has varied between segments and markets. Deliveries of short fiber pulp increased by 7,6%, unbleached by 8,4% while long fiber pulp decreased by 2%. Demand in China increased by 9,0%, North America by 6,3%, whilst Western Europe decreased by 6,1%.

Demand for tissue has normalized after the initial strong boost in the second quarter with heavy restocking by consumers. Since then it has returned to its trend line. For the first 11 months of the year the growth is 2,9%. Tissue is currently the largest end-use area for market pulp and accounts for a third of the demand. Good demand from specialty papers continued into the fourth quarter as well, driven by filter,

electrotechnical and packaging markets. A strong market for corrugating materials, fueled by the increase in e-commerce and Chinese waste paper import ban, spilled partially over to the UKP market pulp sector. The corrugating market is traditionally not a major consumer of market pulp.

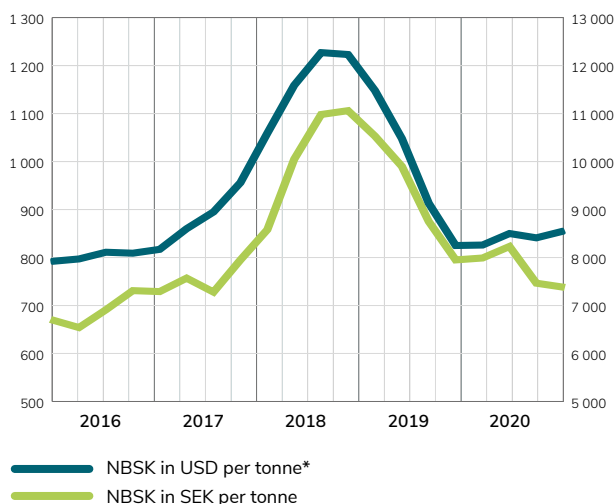
Printing and writing papers, which were heavily hit during the initial stage of the pandemic recovered somewhat during the third quarter but the recovery trend was getting slower during the fourth quarter. In November the demand for printing and writing papers was 12,4% lower than in 2019 and for the first 11 months of the year the demand was down by 16,1%. There is risk that demand will not be restored to the pre-pandemic levels, as usage of digital media and collaboration platforms continues to increase. Several producers have announced permanent closures of paper machines.

During the fourth quarter the balance between supply and demand was improved as several pulp mills took extended maintenance or market downtime and in parallel the demand improved, especially in China. At the end of November, the stock level for long fiber pulp corresponded to 33 days of consumption, while the stock level for short fiber pulp was 37 days. These are normal or slightly lower than normal levels, indicating a well-balanced market.

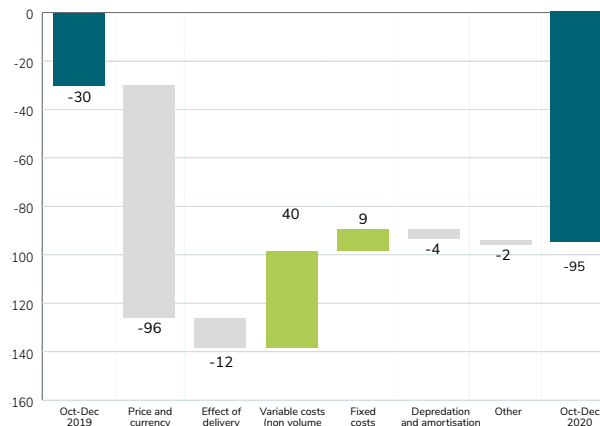
Sales and results, Q4

Turnover in the fourth quarter of 2020 amounted to 490 (547) MSEK, a decline of 10%. Turnover was impacted negatively by lower sales prices and positively by higher volumes. The list price of NBSK rose during the quarter from 840 to 880 USD/tonne. The increase was offset by a weaker exchange rate for the USD. Despite higher prices in USD compared with the fourth quarter of 2019, list prices denominated in SEK fell by 7%. Turnover was positively impacted by sales of products other than pulp, which increased to 29 (12) MSEK. Pulp price hedging gave a positive outcome of 6 (9) MSEK.

NBSK QUARTERLY GROSS PRICES 2016-2020



DIFFERENCE IN EBIT Q4 2020 COMPARED WITH Q4 2019 (MSEK)



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

Rottneros' electricity prices are linked to the system price, which has historically been on a par with area prices. During 2020, the imbalance in the electricity market has been significant, which has created large price differences between the system price and area prices in southern Sweden. This has led to reduced efficiency in our electricity price hedging. The Group's electricity costs increased by 6 MSEK for the fourth quarter compared with 2019.

Access to pulp wood was good during the quarter and pulp wood prices were falling. The share of imports ranged from normal to low. In all, the variable costs (based on cost per tonne) had a positive impact on earnings of 40 MSEK.

As a result of the continued focus on costs, the fixed costs for the quarter were 9 MSEK lower than the fourth quarter of 2019.

Depreciation according to plan amounted to 30 (25) MSEK.

EBIT for the fourth quarter was -95 (-30) MSEK. The annual maintenance shutdown at Vallvik Mill was held during the quarter, like the previous year, and impacted earnings with higher fixed costs than other quarters and loss of income linked to lower production. Lower pulp prices and a weaker USD also had a negative impact on earnings. Lower variable and fixed costs had a positive impact.

Fourth quarter 2020 compared to fourth quarter 2019

	Oct-Dec 2020	Oct-Dec 2019	Change %
NBSK, USD	855	825	4
SEK/USD	8,63	9,63	-10
NBSK, SEK	7 382	7 950	-7
Net turnover, MSEK	490	547	-10
EBIT, MSEK	-95	-30	-217

PRODUCTION, TONNES	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Sulphate pulp	49 200	53 000	232 700	227 600
Groundwood pulp	17 400	18 900	72 700	72 100
CTMP	28 700	28 500	107 200	106 300
TOTAL	95 300	100 400	412 600	406 000

DELIVERIES, TONNES	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Sulphate pulp	57 500	58 500	236 800	229 600
Groundwood pulp	19 400	16 100	71 700	74 300
CTMP	29 600	28 600	108 000	104 400
TOTAL	106 500	103 200	416 500	408 300

Production and deliveries

Production volume for the fourth quarter of 2020 was 95 300 (100 400) tonnes, a decline of 5% compared with the corresponding quarter last year. Vallvik Mill held its annual maintenance shutdown during the fourth quarter. This year the entire shutdown was held in October, while in 2019 it began in September. Production during the quarter was also affected by a number of minor disruptions at both mills. Together, this resulted in lower production.

The investments to increase capacity combined with continued efforts to increase availability have yielded results. Production for the full year increased by 2% to 412,600 (406,000) tonnes.

Deliveries to customers increased by 3% to 106,500 (103,200) tonnes during the fourth quarter. For the full year, deliveries increased by 2% to 416,500 (408,300) tonnes.

MAINTENANCE SHUTDOWNS, SEASONAL VARIATIONS

In 2020 the annual maintenance shutdown at Rottneros Mill was held during the second quarter. The shutdown is usually scheduled during the third quarter. At Vallvik Mill, the annual maintenance shutdown took place in the fourth quarter, just as in previous years.

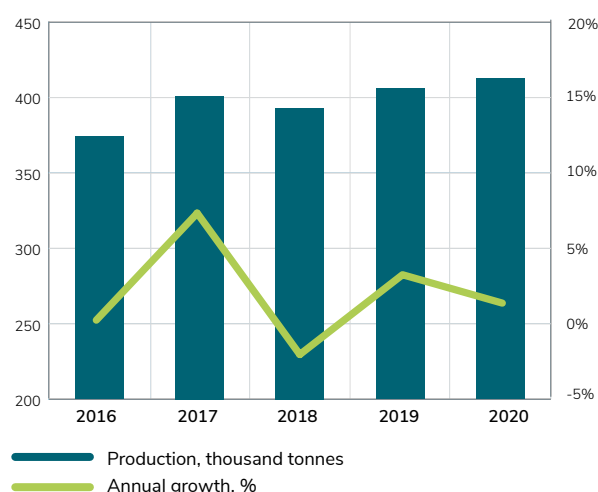
The direct costs relating to maintenance shutdowns are recognised in the period during which the shutdown takes place. The maintenance shutdown also involves a certain loss of production, which affects turnover and income for the quarter in which stop is implemented.

	Maintenance shutdown period		Estimated cost of shutdown
	2020	2019	2020 (MSEK)
Rottneros Mill	Q2	Q3	23
Vallvik Mill	Q4	Q4	67

The estimated cost of the shutdown includes both direct costs and the indirect effect of loss of production. It represents an assessment of the impact of the annual maintenance shutdown on income in relation to a quarter without any maintenance shutdown.

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

ANNUAL VOLUMES AND ANNUAL GROWTH



Sales and results, January–December

Turnover for January–December 2020 amounted to 2 093 (2 376) MSEK, a 12% decrease. The list price for the market pulp NBSK fell during the period by 14%, at the same time that the USD weakened against the SEK by 3%. The lower prices were offset in part by a 2% increase in deliveries to 416 500 (408 300) tonnes. Turnover was positively impacted by increased sales of products other than market pulp, 121 (67) MSEK. The realised profit for the pulp price hedges was 22 (10) MSEK.

Variable costs were impacted positively by falling raw material prices, but negatively by a higher total cost for electricity.

The total cost of electricity, including electricity hedges, was 21 MSEK higher in 2020 than in 2019. The average price of electricity on the Nord Pool electricity exchange (area SE3) was SEK 0,22 (0,41) per kWh, at the same time the system price was SEK 0,11 (0,41) per kWh. As a result of the imbalance, Rottneros' electricity hedges linked to the system price generated a negative outcome of -30 (49) MSEK for January–December 2020.

In total, the variable costs (based on cost per tonne) improved earnings by 108 MSEK compared with 2019.

Jan-Dec 2020 compared with Jan-Dec 2019

	Jan-Dec 2020	Jan-Dec 2019	Change, %
NBSK, USD	843	984	-14
SEK/USD	9,20	9,46	-3
NBSK, SEK	7 760	9 304	-17
Net turnover, MSEK	2093	2 376	-12
EBIT, MSEK	-42	268	-116

Because of focused cost control measures, fixed costs are about 3 % lower than last year. The item 'Other' includes sales of emission allowances for 14 MSEK in 2019.

OTHER INCOME STATEMENT ITEMS

Net financial expenses totalled 19 (21) MSEK for January–December and mainly relate to the 400 MSEK bond that Rottneros issued in August 2017.

The Group's result after financial items declined to -61 (276) MSEK.

Income tax expense for the year was 11 (-53) MSEK.

Net income fell to -50 (194) MSEK and earnings per share to -0,33 (1,27) SEK.

Return on capital employed was -3,0 (17,7) %.

Return on equity after tax was -3,8 (13,7) %.

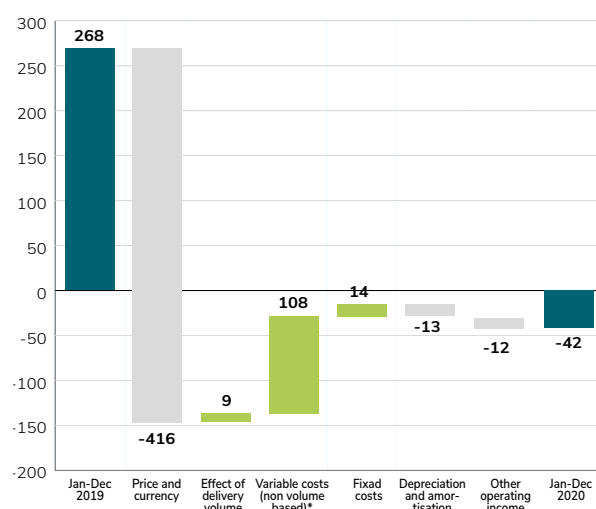
Rottneros Packaging

Rottneros Packaging focuses on high quality food packaging with properties that meet extremely high demands. Such properties mainly concern purity, barrier properties to achieve long durability, surface quality and traceability.

Continuous development efforts are ongoing to optimise both the products and the production process. The moulded packaging trays that Rottneros currently produces have a renewable raw material content of 80-95%.

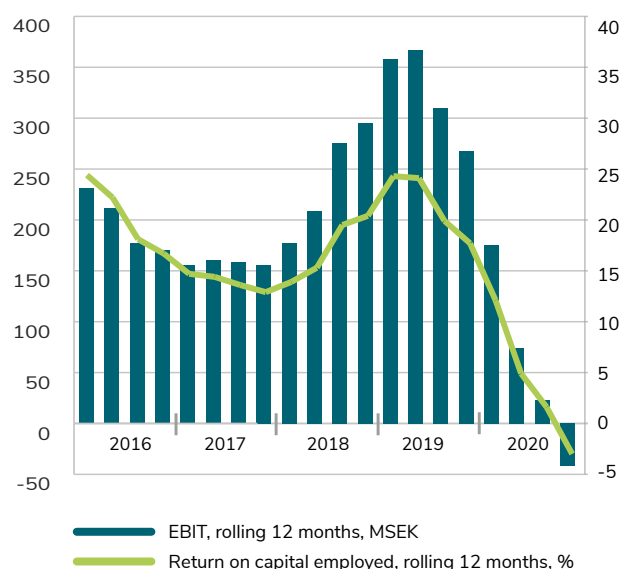
In October, moulded fresh-fibre trays for ready-made meals were launched and sold in grocery stores in Sweden and other countries in Europe

DIFFERENCES IN EBIT JAN-DEC 2020 COMPARED WITH JAN-DEC 2019 (MSEK)



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

EBIT, ROLLING 12 MONTHS



— EBIT, rolling 12 months, MSEK
— Return on capital employed, rolling 12 months, %

Investments

The Group's investments during January-December 2020 amounted to 131 MSEK, of which 116 (109) MSEK in property, plant and equipment, mainly related to reinvestments in order to maintain the technical standard that has been achieved in recent years. The investments also include an environmental investment in a fossil-free heating system for Rottneros Mill, as well as investments linked to the annual maintenance shutdown at the mills.

Annual investments are expected to be about 100 MSEK. In addition to reinvestments, the focus will be on eliminating bottlenecks and efficiency improvements.

Cash flow

Cash flow from operating activities for January-December 2020 amounted to 85 (462) MSEK, strongly impacted by lower pulp prices on the world market, a weaker USD exchange rate and a more uncertain world market in the wake of the Corona pandemic. Cash flow after investments for the year was -43 (352) MSEK.

Net cash flow for the period was -46 (138) MSEK, after a dividend of 0 (214) MSEK.

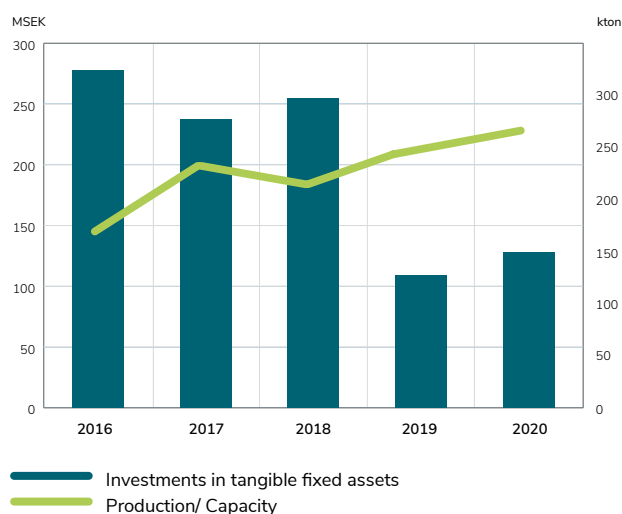
Parent Company

Profit after financial items for January-December 2020 in the Parent Company amounted to 40 (96) MSEK.

Average number of employees

The average number of employees was 318 (303). The increase is mainly attributable to the acquisition of Nykvist Skogs AB.

ROTTNEROS INVESTMENTS AND CAPACITY INCREASE



Financial position

Rottneros AB has an unsecured bond of 400 MSEK that was issued in August 2017 primarily to Nordic institutional investors. The bond bears variable interest of STIBOR 3m + 4.15% and must be repaid in September 2022. The bond is listed on Nasdaq Stockholm. The bond terms contain the following standard covenants:

	Covenant	Outcome Q4 2020
Net debt to EBITDA ratio	Under 3,5	1,1
Equity/ Assets	Over 50 %	58 %
Divident/ Net income	Max 50 %	0 %

The Group's cash and cash equivalents amounted to 330 MSEK at the end of 2020, compared with 376 MSEK at the end of 2019. Interest-bearing liabilities were 411 MSEK at the end of the year. Interest-bearing net debt was 81 MSEK, compared with 35 MSEK at the end of 2019. Total granted and unutilized credits amounted to 182 MSEK at the end of 2020.

The equity/assets ratio as of 31 December 2020 was 58 (58) %. Equity per share amounted to 8,53 (9,05) SEK at year-end.

Dividend policy and long-term targets

DIVIDEND POLICY	Target	
Dividend to net income	30-50 %	No dividend paid in 2020

FINANCIAL TARGETS	Target	Outcome 2020
Average growth of produced pulp tons	3 %	2 %
Share of alternative revenue sources in net turnover	At least 10 % in 2023	6 %
Equity/assets ratio	Above 50 %	58 %

SOCIAL TARGETS	Target	Outcome 2020
Accidents leading to sick leave	zero vision	8
Share of female employees	At least 30 % in 2025	17 %
Share of employees that have completed training in Rottneros' Code of Conduct	100 %	97 %

Risk management

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

IMPACT OF THE CORONA PANDEMIC

The Corona pandemic and the subsequent economic slow-down impacted the market during the year. Despite signs that the markets were slowly stabilizing towards the end of the year, there is still uncertainty regarding the balance of supply and demand. Rottneros continuously monitors risks related to the Corona pandemic and takes measures to minimize its impact on the Group.

CURRENCY EXPOSURE, USD AND EUR

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

The average USD exchange rate for January–December 2020 was 3 % lower compared with 2019.

PULP PRICE

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in SEK. As of 31 December 2020,

the group held pulp price hedges of 6 000 tonnes with a maturity between January and June 2021 at an average price of SEK 8 870 per tonne. The fair value of these unrealized price hedges was 8 MSEK as of 31 December 2020.

ELECTRICITY

All external electricity for the mills, about 300 GWh annually, is purchased directly via the Nord Pool electricity exchange. Electricity prices are quoted in EUR. At the end of 2020, electricity prices were hedged as shown in the following table.

The table shows the hedged proportion of forecasted consumption and the average hedged price in SEK/kWh. The fair value of these unrealized electricity hedges was 13 MSEK as of 31 December 2020.

ELECTRICITY PRICE HEDGES AS OF 31 DECEMBER:

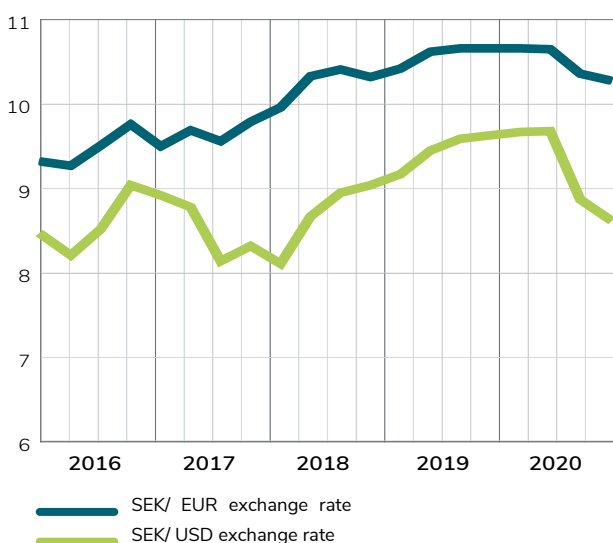
Year	Proportion hedged	SEK/kWh
2021	100 %	0,265
2022	91 %	0,305
2023	86 %	0,309*
2024	57 %	0,310
2025	57 %	0,313

* All electricity price hedges are against the system price, except in 2023 where 63 % of the hedged volume is against electricity area SE3.

The high level of hedging protects Rottneros' future electricity costs against sharp price fluctuations. Because of the large imbalance between electricity price areas a certain percentage of the contracts are hedged in relation to area SE3. The average price level for electricity at Nord Pool (area SE3) during January–December 2020 was 0,22 (0,41) SEK per kWh.

See pages 61–67 of the Annual Report for 2019 for further information on risks.

EXCHANGE RATE TREND OVER THE PAST FIVE YEARS



PRICE TREND FOR ROTTNEROS SHARES AND STOCKHOLM STOCK EXCHANGE, 2016–2019



Price trends up to 31 dec 2020

Share information

NUMBER OF SHARES AND TREASURY SHARES

The number of shares in Rottneros totals 153 393 890. Rottneros' holding of treasury shares amounts to 821 965 shares. No change in treasury shares occurred in 2020.

SHARE PRICE DEVELOPMENT JANUARY-DECEMBER

At the end of 2020, the share price was 8,15 (11,40 at the end of 2019) SEK. The average price for January-December was 9,10 (11,33) SEK.

TRANSACTIONS WITH RELATED PARTIES

During January-December 2020, Rottneros sold pulp to the related party Arctic Paper S.A. Group amounting to 73 (104) MSEK. Outstanding operating receivables from Arctic Paper as of 31 December 2020 totalled 9 (47) MSEK. The transactions took place at market conditions.

LARGEST SHAREHOLDERS ON 31 DECEMBER 2020

Shareholders	Number of shares (= votes)	Percent of capital
Arctic Paper S.A.	78 230 883	51,0
PROAD AB	11 110 223	7,2
UBS Switzerland AG, W8IMY	4 076 159	2,7
Försäkringsaktiebolaget Avanza Pension	3 984 991	2,6
CBNY-DFA-INT SML CAP V	1 566 038	1,0
Caceis Bank, Switzerland Branch, W8IMY	1 500 000	1,0
BNY Mellon NA (Former Mellon), W9	1 498 122	1,0
The Northern Trust Company	987 062	0,6
Caceis Bank Spain SAU, W8IMY	821 965	0,5
Nordnet Pensionsförsäkring AB	804 874	0,5
TOTAL For 10 largest owners - by size of holding	104 580 317	68,2
Other shareholders	47 991 608	31,3
Rottneros AB (treasury shares from buy-back)	821 965	0,5
TOTAL	153 393 890	100,0

Annual General Meeting

The 2021 Annual General Meeting will be held on Wednesday, 28 April 2021 in Karlstad.

Shareholders who wish to have matters addressed at the 2021 AGM must send such proposals to the Chairman of the Board by e-mail to rottneros@vinge.se or by letter to Rottneros AB (publ), c/o Advokatfirma Vinge KB, Box 11025, 404 21 Göteborg. Proposals must be received by 9 March 2021 to be included in the notice to attend the 2021 Annual General Meeting.

Key events after the close of the financial year

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

Forthcoming dates

22 March 2021	Annual Report 2020
22 April 2021	Interim report January-March
28 April 2021	Annual General Meeting, Karlstad
22 July 2021	Interim report January-June
22 October 2021	Interim report January-September

For further information, please visit the Rottneros website, rottneros.com.



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

Vallvik, 4 February 2021

Per Lundeen
Chairman of the Board

Marie S. Arwidson
Board Member

Ulf Carlson
Board Member

Roger Mattsson
Board Member

Conny Mossberg
Board Member

Gun-Marie Nilsson
Employee Representative

Mika Palmu
Employee Representative

Lennart Eberleh
President and CEO

This information is information that Rottneros AB is obliged to publish under the EU Market Abuse Regulation and the Securities Market Act. The information was submitted via the contact person below for publication on 4 February 2021 at 8 a.m. CET. This report has been drawn up in both a Swedish and an English version. The Swedish version shall prevail in the event of differences between the two reports.

For further information, please contact:

Lennart Eberleh, President and CEO, Rottneros AB, +46 270 622 65
Rottneros AB (publ), Corp. ID no. 556013-5872, P.O. Box 144, 826 23 Söderhamn, Sweden, Tel. 46 270-622 00
www.rottneros.com, info@rottneros.com

CONSOLIDATED INCOME STATEMENT

AMOUNTS IN MSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net turnover	490	547	2 093	2 376
Change in inventories, finished goods	-57	-15	-31	-8
Other operating income	2	-5	14	28
OPERATING INCOME, TOTAL	435	527	2 076	2 396
Raw materials and consumables	-266	-296	-1 200	-1 223
Other external expenses	-152	-167	-513	-528
Employee benefit expenses	-68	-69	-267	-271
Other operating expenses	-15	0	-19	0
EBITDA (operating profit before depreciation, amortisation and impairment)	-65	-5	77	374
Depreciation/amortisation and impairment	-30	-25	-119	-106
EBIT (operating profit)	-95	-30	-42	268
Financial income	0	0	0	0
Financial expenses	-4	-6	-19	-21
TOTAL FINANCIAL ITEMS	-4	-6	-19	-21
PROFIT AFTER FINANCIAL ITEMS	-99	-36	-61	247
Tax on profit/loss for the period	22	7	11	-53
NET INCOME	-77	-29	-50	194
Average number of shares (thousand) ¹	152 572	152 572	152 572	152 572
EARNINGS PER SHARE (SEK) ¹	-0,50	-0,19	-0,33	1,27

¹ No share-based programmes exist that result in dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN MSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
NET TURNOVER	-77	-29	-50	194
OTHER COMPREHENSIVE INCOME				
Items that have been or may be transferred to profit or loss for the period				
Changes in fair value of cash flow hedges	53	-30	-36	-77
Income tax effect on changes in fair value	-11	6	8	17
Translation differences	-1	0	-1	
TOTAL OTHER COMPREHENSIVE INCOME	41	-24	-29	-60
COMPREHENSIVE INCOME FOR THE PERIOD ²	-36	-53	-79	134

² The entire comprehensive income is attributable to the parent company's shareholders.

CONSOLIDATED BALANCE SHEET, SUMMARY

AMOUNTS IN MSEK	31 Dec 2020	31 Dec 2019
Intangible non-current assets	30	13
Property, plant and equipment	1 203	1 198
Financial assets	52	69
TOTAL NON-CURRENT ASSETS	1 285	1 280
Inventories	355	375
Current receivables	287	342
Cash and cash equivalents	330	376
TOTAL CURRENT ASSETS	972	1 093
TOTAL ASSETS	2 257	2 373
SHAREHOLDERS' EQUITY	1 301	1 380
Interest-bearing liabilities	411	411
Deferred tax liabilities	105	135
Other non-interest-bearing liabilities	45	41
TOTAL LONG-TERM LIABILITIES	561	587
Interest-bearing liabilities	-	-
Non-interest-bearing liabilities	395	406
TOTAL CURRENT LIABILITIES	395	406
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2 257	2 373

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, SUMMARY

AMOUNTS IN MSEK	Share capital	Other contributed capital	Treasury shares	Other reserves		Retained earnings, incl. profit for the year	Summa eget kapital
				Hedging reserve	Translation difference		
Opening balance 1 January 2019	153	730	-69	106	-8	548	1 460
Net income Jan-Sep						194	194
Other comprehensive income, Jan-Dec				-60	0		-60
Total comprehensive income, Jan-Dec				-60	0	194	134
Dividend to shareholders Jan-Dec						-214	-214
Closing balance 31 December 2019	153	730	-69	46	-8	528	1 380
Net income Jan-Dec						-50	-50
Other comprehensive income, Jan-Dec				-29	-		-29
Total comprehensive income for Jan-Dec				-29	-	-50	-79
Closing balance 31 December 2020	153	730	-69	17	-8	478	1 301

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

AMOUNTS IN MSEK	Jan-Dec 2020	Jan-Dec 2019
EBIT	-42	268
Adjustment for items not included in the cash flow		3
Depreciation/amortisation and impairment	118	106
EBIT adjusted for non-cash flow affecting items	76	377
Received/paid financial items	-19	-21
Received/paid tax	2	0
Cash flow from operating activities before changes in working capital	59	356
Change in working capital	26	106
Cash flow from operating activities	85	462
Investments in fixed assets	-131	-109
Sale of fixed assets	3	0
Change in current loan receivables	-	-
Cash flow from investing activities	-128	-109
Repayment of long-term loans	-3	-
Dividend paid	-	-214
Cash flow from financing activities	-3	-214
PERIOD'S NET CASH FLOW	-46	138
Cash and cash equivalents at the beginning of the period	376	238
Net cash flow for the period	-46	138
Cash and cash equivalents at the end of the period	330	376

CHANGES IN INTEREST-BEARING LIABILITIES

AMOUNTS IN MSEK	Jan-Dec 2020	Jan-Dec 2019
Interest-bearing liabilities in the balance sheet at the beginning of the period	411	395
Changes that are included in cash flow from financing activities		
Repayment of long-term loans from banks	-3	-
Total	-3	0
Other changes		
Posting of interest-bearing leasing debt in accordance with IFRS 16	0	15
Through acquisitions	3	
Accrual of direct costs in connection with the issue of bond loans that are accrued over the loan period.	0	1
Interest-bearing liabilities in the balance sheet at the end of the period	411	411



PARENT COMPANY INCOME STATEMENT

AMOUNTS IN MSEK	Jan-Dec 2020	Jan-Dec 2019
Net turnover	8	7
Other operating income	16	16
OPERATING INCOME, TOTAL	24	23
Results from hedging activities	-7	49
Other expenses	-17	-18
Employee benefit expenses	-24	-30
EBITDA (operating loss before depreciation, amortisation and impairment)	-24	24
Depreciation/amortisation and impairment	-4	-4
EBIT (operating loss)	-28	20
Profit from participations in Group companies	87	96
Financial income	0	1
Financial expenses	-19	-21
TOTAL FINANCIAL ITEMS	68	76
LOSS/ PROFIT AFTER FINANCIAL ITEMS	40	96
Tax on loss/ profit for the period	-11	-21
NET INCOME	29	75

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN MSEK	Jan-Dec 2020	Jan-Dec 2019
NET TURNOVER	29	75
Other comprehensive income	-	-
TOTAL OTHER COMPREHENSIVE INCOME	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	29	75

PARENT COMPANY BALANCE SHEET, SUMMARY

AMOUNTS IN MSEK	31 dec 2020	31 dec 2019
Intangible non-current assets	8	10
Equipment	0	0
Financial assets ¹	652	438
TOTAL NON-CURRENT ASSETS	660	448
Current receivables ²	470	534
Cash and cash equivalents	317	362
TOTAL CURRENT ASSETS	787	896
TOTAL ASSETS	1 447	1 344
SHAREHOLDERS' EQUITY	809	779
Long-term liabilities – Interest-bearing	398	396
Long-term liabilities – Non-interest-bearing	45	42
TOTAL LONG-TERM LIABILITIES	443	438
Non-interest-bearing current liabilities ³	195	127
TOTAL CURRENT LIABILITIES	195	127
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1 447	1 344

¹ Includes claims against subsidiaries of 283 (121) MSEK.

² Includes claims against subsidiaries of 469 (533) MSEK.

³ Includes claims against subsidiaries of 158 (100) MSEK.

Supplementary disclosures and notes, summary

ACCOUNTING POLICIES

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

The accounting policies, definitions of key ratios and calculation methods are the same as those used in the last annual report, except for government grants that are reported in accordance with IAS 20.

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

NET TURNOVER

The clear majority of Rottneros' revenues is derived from the sales of pulp. Control is passed at a point in time, which coincides with the actual delivery of the goods. Revenue is recognised at fair value of the consideration received or receivable. Net turnover in the income statement consists of revenues from the sale of goods and invoiced freight, net of returns, discounts, pulp price hedges and VAT.

FINANCIAL INSTRUMENTS

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

The full fair value of a derivative instrument that constitutes a hedging instrument is classified as a non-current asset or

non-current liability if the remaining maturity of the hedged item exceeds twelve months, and as a current asset or current liability if the remaining maturity of the hedged item is less than twelve months. The maximum exposure for credit risk on the reporting date is the fair value of the derivative instruments recognised as assets in the balance sheet.

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

The nature of other financial assets and liabilities is in all essential respects the same as on 31 December 2019. The carrying amounts are deemed to be equal to fair values, which was also the case at the end of 2019, since the effect of discounting is not of material significance. Accounts receivable are covered by credit insurance, which reimburses most of any bad debt losses. The Company has long-term relationships with its customers and credit losses have historically been low.

STATE AID AND SUBSIDIES

Rottneros has received state support in the form of compensation for sick leave costs. This amounts to approximately 1,3 MSEK and has been reported as reduced personnel costs.

ROTTNEROS' NET TURNOVER CONSISTS OF THE FOLLOWING:

Amount in MSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Sales of pulp	455	526	1 950	2 299
Results from pulp price hedging	6	9	22	10
Sales of by-products and other	7	12	41	51
Sales of pulp wood	22	0	80	16
NET TURNOVER TOTAL	490	547	2 093	2 376

FAIR VALUE FOR DERIVATIVES ON 31 DECEMBER 2020

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

FAIR VALUE FOR DERIVATIVES ON 31 DECEMBER 2019

Hedging	Hedged volume	Maturity	Hedging level	Fair value (MSEK)
Pulp, forward sell	12 000 ton	Jan-Sep 2020	8 878 SEK/ton	6
Electricity, forward buy	756 480 MWh	2020-2025	27,4 öre/kWh	50
Total fair value				56

GROUP PERFORMANCE IN SUMMARY

	2020	2019	2018	2017	2016
Income statement MSEK					
Net turnover	2 093	2 376	2 260	1 912	1 730
EBITDA	77	374	394	247	221
Depreciation/amortisation and impairment	-119	-106	-99	-91	-51
EBIT	-42	268	295	156	170
Financial items (net financial items)	-19	-21	-19	-9	-7
Profit/loss after financial items	-61	247	276	147	163
Net income	-50	194	221	114	128
Cash flow statement, MSEK					
Cash flow from operating activities	85	462	223	222	187
Investments in non-current assets	-128	-109	-255	-237	-278
Cash flow after investments	-43	353	-32	-15	-91
Cash used in/provided by financing activities	-3	-214	-56	325	-62
Net cash flow	-46	138	-88	310	-153
Balance sheet items, MSEK					
Non-current assets	1 285	1 280	1 290	1 078	905
Inventories	355	375	389	279	278
Current receivables	287	342	484	324	290
Cash and cash equivalents	330	376	238	326	16
Net debt (+) / net cash (-)	81	35	157	68	-2
Equity	1 301	1 380	1 460	1 207	1 151
Long-term interest-bearing liabilities	411	411	395	394	-
Long-term non-interest-bearing liabilities	150	176	137	52	14
Current interest-bearing liabilities	-	-	-	-	14
Current non-interest-bearing liabilities	395	406	409	354	310
Capital employed	1 382	1 415	1 617	1 275	1 149
Total equity and liabilities	2 257	2 373	2 401	2 007	1 489
Key ratios					
EBITDA-margin, %	3,7	15,7	17,4	12,9	12,8
EBIT-margin, %	-2,0	11,3	13,1	8,2	9,8
Return on shareholders' equity (rolling 12 months), %	-3,8	13,7	16,6	9,7	11,6
Return on capital employed (rolling 12 months), %	-3,0	17,7	20,4	12,9	16,7
Equity ratio,%	58	58	61	60	77
Debt / equity ratio,%	6	3	11	6	0
Others					
Average no. of employees	316	303	303	301	282
Pulp production, 1,000 tonne	412,6	406,0	393,6	401,2	374,1
Pulp deliveries, 1,000 tonne	416,5	408,3	382,5	395,9	374,1
List price of NBSK pulp, USD per tonne ¹	843	984	1 167	882	802
SEK/USD ²	9,21	9,46	8,69	8,54	8,56
List price of NBSK pulp, SEK per tonne	7 765	9 304	10 144	7 530	6 867

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

² Source: Riksbanken's daily quotations. Average for each period.

QUARTERLY DATA, GROUP

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

SHARE DATA ¹

		2020	2019	2018	2017	2016
Shares outstanding, opening ²	Number	152 572	152 572	152 572	152 572	152 572
Shares outstanding, 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
Treasury shares ²	Number	822	822	822	822	822
Earnings per share	SEK	-0,33	1,27	1,45	0,75	0,84
Cash flow after investments/share ³	SEK	-0,30	2,30	-0,21	-0,10	-0,60
Equity per share	SEK	8,53	9,05	9,57	7,91	7,54
Dividend						
Ordinary dividend	SEK	-	-	0,40	0,30	0,30
Extra dividend	SEK	-	-	1,00	0,07	0,10
Total	SEK	-	-	1,40	0,37	0,40
Dividend/equity per share	%	-	-	14,6	4,7	5,3
Share price at end of period	SEK	8,15	11,40	8,24	7,15	8,05
Market price/equity/share	ggr	1,0	1,3	0,9	0,9	1,1
P/E ratio per share	ggr	-24,7	9,0	5,7	9,5	9,6

¹ None of the key ratios are affected by any dilution effect.

² The number of shares is in thousands and excluding Rottneros' treasury shares.

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

Alternative performance measures

Alternative performance measures (APM) are financial measures that are not defined in IFRS and are presented outside the financial statements. Rottneros uses the following APMs: Cash flow after investments, Net debt/net cash, Capital employed, Return on capital employed, Return on equity, Equity/assets ratio and Debt/equity ratio. The Company believes that these key ratios are useful for readers of the financial statements as a complement to other key performance indicators to assess the Rottneros Group's financial position and

profitability. Rottneros also uses the key indicators P/E ratio and Direct yield, which the Company believes are relevant for investors and other readers. APMs can be defined in different ways by other companies and therefore may not be comparable with similar measures used by other companies. som används av andra företag.

Definitions of IFRS key ratios and Alternative performance measures

EBITDA

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

EBIT

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

EBIT MARGIN

EBIT as a percentage of net turnover.

PROFIT MARGIN

Profit after financial items as a percentage of net turnover.

EARNINGS PER SHARE

Net income divided by the average number of shares outstanding.

SHAREHOLDERS' EQUITY PER SHARE

Shareholders' equity divided by number of shares.

CASH FLOW AFTER INVESTMENTS

Cash flow from operating activities less investments in non-current assets.

CAPITAL EMPLOYED

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

NET DEBT/NET CASH

Interest-bearing liabilities minus cash and cash equivalents.

RETURN ON CAPITAL EMPLOYED (ROLLING 12 MONTHS)

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

RETURN ON SHAREHOLDERS' EQUITY (ROLLING 12 MONTHS)

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

EQUITY/ASSETS RATIO

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

DEBT/EQUITY RATIO

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

P/E RATIO

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

DIRECT YIELD

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

GLOSSARY

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

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



Rottneros AB (publ)

P.O. Box 144, SE-826 23 Söderhamn, Sweden

Visiting address: Vallviks Bruk, SE-826 79 Vallvik, Sweden

+46 (0)270 620 00 info@rottneros.com rottneros.com Corp. ID no. 556013-5872