

Q3  
2021



INTERIM REPORT  
JAN-SEP 2021

# Very strong earnings improvements

EBIT Q3 101 MSEK

Pulp prices at  
record high

Dividend paid to  
shareholders



ROTTNEROS

PURE POSSIBILITIES

## Rottneros interim report January-September 2021

# Very strong earnings improvements

### Q3 2021 COMPARED WITH (Q3 2020)

- **NET SALES** increased by 12 percent to 570 (508) MSEK driven by higher sales prices.
- **THE LIST PRICE** for NBSK pulp in Europe was 59 percent higher in USD and 55 percent in SEK compared with the third quarter of 2020. The list price has risen from 880 to 1,340 USD per tonne during the period January-September 2021.
- **PRODUCED VOLUME** amounted to 92.2 (110.2) thousand tonnes, affected by annual maintenance shut downs in both mills. In 2020, no maintenance stops were held in the third quarter
- **SOLD VOLUME** amounted to 92.5 (106.9) thousand tonnes. Demand was strong in Europe but sales held back by lower production.
- **EBIT** (operating profit) for the third quarter of 2021 was SEK 101 M (4). A strong pulp market was the main reason for the improvement in earnings. Lower variable costs also contributed positively.
- **THE NET RESULT** for the third quarter of 2021 was 71 (-1) MSEK. Earnings per share for the quarter were 0.47 (-0.01) SEK.
- **REFINANCING** with a new loan agreement of 150 MSEK + 100 MSEK and repayment of 400 MSEK bond loan. Available liquidity amounted to 415 (542) MSEK.
- **DIVIDEND** was decided and paid to the shareholders of 0,45 SEK/share, a total of 68 MSEK.

### THE QUARTER AND YEAR IN FIGURES

	Jul-Sep 2021	Jul-Sep 2020	Change %	Jan-Sep 2021	Jan-Sep 2020	Change %	rolling 12 months	Jan-Dec 2020
Net turnover, MSEK	570	508	12	1 705	1 603	6	2 195	2 093
EBITDA, MSEK	130	33	294	297	143	108	231	77
EBIT, MSEK	101	4	2 425	209	54	287	113	-42
Profit after financial items, MSEK	90	-1	9 100	190	39	387	90	-61
Net income, MSEK	71	-1	7 200	150	28	436	72	-50
Earnings per share, SEK	0,47	-0,01	4 800	0,98	0,18	444	0,47	-0,33
Cash flow from operating activities, MSEK	101	55	-84	195	80	143	200	85
Return on capital employed (rolling 12 months), %				8,0	1,6		8,0	-3,0
Production, thousand tonnes	92,2	110,2	-16	303,9	317,3	-4	399,2	412,6
Deliveries, thousand tonnes	92,5	106,9	-13	307,7	310,0	-1	414,2	416,5



**Lennart Eberleh**  
President and CEO

## Comments from the CEO

The continued strength of the pulp market resulted in a very high level of earnings in the third quarter, even though production was held back by the annual maintenance shutdowns at our mills. The EBIT improvement from 4 MSEK to 101 MSEK could mainly be attributed to an increase in pulp prices. Our focus on continuous improvement also yielded clear results.

The quarter was very strong in terms of the underlying factors and adjusted for the maintenance shutdowns in our mills, most of which took place in Q3. Net turnover grew by 12 percent despite a 13 percent decline in deliveries. Higher prices were the main explanation. The comparison with the same quarter last year is influenced by the fact that Rottneros and Vallvik then carried out their maintenance shutdowns in Q2 and Q4 respectively. Raw material flows continue to be favourable with stable prices.

### STRONG PULP MARKET

The pulp market continues to be strong. In Europe, which accounts for about 70 percent of our sales, the list price for NBSK was stable at USD 1 340 per tonne during the quarter and also in early October. The fact that demand for one of our most important products, unbleached sulphate pulp (UKP), rose by 26 percent during January-August is also a sign of strength.

### STRONG CASH FLOW PAVES WAY FOR RESUMED DIVIDEND

Our successful emergence from the pandemic is further confirmed by the resumption of the dividend following the decision of the General Meeting at the end of September. The balance sheet remains solid. At the end of the quarter, we had 133 MSEK in cash, net debt was 28 MSEK and the cash reserve was substantial at 282 MSEK.

### LARGE-SCALE PACKAGING INVESTMENT IN POLAND

Rottneros Packaging has signed a letter of intent with Arctic Paper for a 50/50 joint venture in Poland. The agreement confirms our leading position in top-quality moulded fibre trays and is the result of our leading technology and know-how for the past 15 years.

We want to contribute to the transition to more sustainable packaging, especially for ready-made meals that are packed in "modified atmosphere" and thereby achieve a shelf life of three weeks in cold chains, which is unique. The facility will add significant capacity to meet the huge demand in the market.

### FOCUS ON THE GOAL OF COMPLETELY FOSSIL FREE PRODUCTION BY 2030

In conjunction with the maintenance shutdown at Rottneros Mill in September, an investment of 40 MSEK in the biomass boiler was carried out to increase availability and minimise the need for fossil fuels for drying the pulp. It is part of the ambition to continuously reduce environmental impact with a good energy mix and to reach a completely fossil free production by 2030. Costs can also be reduced. The investment in the biogas plant is now in the final phase of fine-tuning. Both investments are timely given both current and long-term developments in the energy markets in Sweden, Europe and globally. With the environmental investment at Vallvik, which was carried out in conjunction with the maintenance shutdown, the final piece of the puzzle is in place to meet the conditions linked to the 255 000 tonne production permit.

### ELECTRICITY MARKET REMAINS A CONCERN

The electricity market is a source of concern as the high prices seen in the summer accelerated in September. Our power hedges are effectively neutralising the impact on earnings, but the hourly spot price has soared and we were forced to stop production on the groundwood pulp line in September, both on an hourly basis and for several days in connection with the maintenance shutdown. In total, about eight days were affected during the quarter. We have also had some continued production restrictions for the groundwood pulp line in October. Customer confidence in us could be damaged if we are not perceived as a stable supplier. CTMP production has not been affected during the quarter thanks to better profitability.

In summary, we continue to focus on the factors we can influence ourselves to maximise our earnings, regardless of external conditions. The Group's positive performance over the past five years is clear confirmation that we truly walk the talk. I would like to thank all of our employees for the work that is constantly done to strengthen and grow the Rottneros Group. With the pandemic restrictions almost completely lifted, our organisation has begun to return to more normal procedures, which feels good. Finally, I would like to thank all of our customers, suppliers and owners who make our journey of improvements possible.

## The pulp market

The pandemic continued to impact the market in the third quarter. The relatively high vaccination rates in many developed economies allowed restrictions to be lifted towards the end of the quarter, leading to a shift in consumption patterns from goods to services. The IMF forecasts similar GDP growth in 2021 and 2022 as in its April report, but with a faster recovery in the developed economies. One factor that is currently an open question is the rise in inflation in the wake of the large aid packages, higher economic activity and logistics issues. Inflation is expected to rise to 3.6 percent by the end of 2021, but the higher level is expected to be transitory. The cost increases in electricity, gas, chemicals and pulp now affecting many paper manufacturers are putting pressure on margins, unless costs can be passed on to customers.

The major shifts in consumption patterns during the year have put pressure on global logistics, causing sharp increases in container freight rates. We expect the adjustment of flows to continue into 2022. The logistics problems have created isolated pockets where pulp is priced according to a regional market balance situation, rather than on a global basis. Lack of competition for paper from China and the inability to re-route pulp from China to Europe has resulted in high demand for pulp in Europe. As a result, the gross list price of NBSK remains at a high USD 1 340 despite falling prices in China since April 2021. Europe accounts for approximately 70 percent of Rottneros' sales.

The net pulp price in China for NBSK grade has fallen to around USD 790 or by 20 percent since its peak in Q2. Relatively speaking, the price of BCTMP has declined even more and now averages USD 465, down from USD 660 in Q2. Market activity and trades are still low in China and capacity utilisation in the paper industry is around 60 percent. The unbleached pulp (UKP) price is currently at USD 743, compared with USD 840 in Q2.

This price difference reflects well the relative strength of unbleached pulp in the market at this time. Rottneros sells smaller volumes to China. Since China is the largest market for market pulp in the world, the balance and pricing here normally have a major influence on the global pulp market.

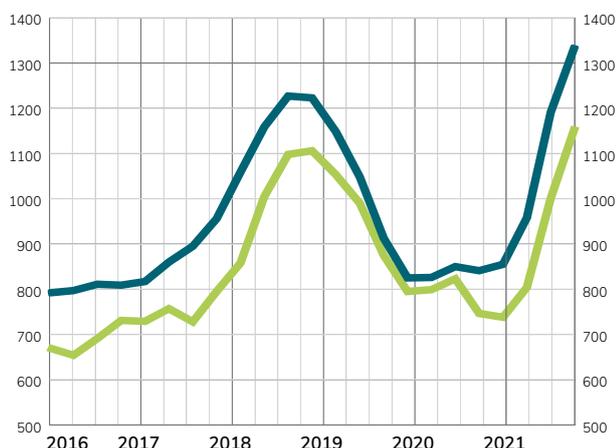
For the first eight months of 2021, demand for market pulp was down -2,8 percent compared with 2020; broken down into short-fibre pulp -4,5 percent and long-fibre bleached pulp -3,0 percent. The trend for unbleached pulp continues to be strong (+26,1 percent), driven by the shortage of raw material (recycled fibre) for production of packaging, but also by continued good growth in niche applications.

Tissue paper deliveries are lower than last year's level, but the comparison is flawed because of the record-high demand at the start of the pandemic in 2020. For the first seven months, tissue production is 3,4 percent lower than last year's level. Tissue paper is the largest area of use for market pulp, with more than 40 percent of the market. However, tissue paper is a smaller application for Rottneros at around 11 percent.

Deliveries of printing and writing papers have recovered well from 2020. The increase for the first seven months of the year is +5.8 percent compared with 2020, but again the comparison is not fully relevant. Compared with 2019, deliveries are down 10 percent, indicating a continuation of the structural decline in printing and writing papers. The increase in costs for input goods and the slowness in passing on these cost increases to end products negatively impact the profitability of manufacturers.

Manufacturers' global stocks rose by three days for both long and short fibre pulp from July to August. Inventory levels are above the long-term average and are mainly an effect of reduced demand in China. Logistics problems also lead to more pulp in transit.

NBSK QUARTERLY GROSS PRICES 2016–2021



— NBSK in USD per tonne\*  
— NBSK in SEK per tonne

\* Average gross prices for softwood sulphate pulp deliveries in Europe.

## Sales and results, Q3

Turnover in the third quarter of 2021 amounted to 570 (509) MSEK, an increase of 12 percent. The increase was attributable to higher sales prices. The list price of NBSK rose during the quarter from 1 300 USD to 1 340 USD per tonne. Compared with the third quarter of 2020, the price of NBSK was 59 percent higher in USD and 55 percent higher in SEK. Demand for pulp in Europe was good during the quarter, but sales were negatively impacted by lower production due to annual maintenance shutdowns at both mills. Invoiced volume fell by 13 percent. Pulp price hedging had a negative outcome of -9 (8) MSEK.

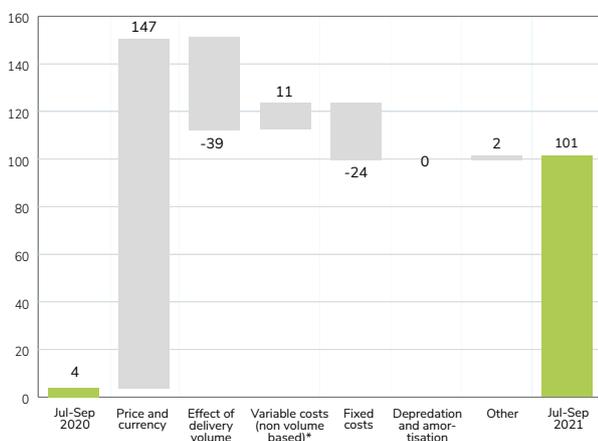
The supply of pulp wood continued to be good during the quarter. The strong sawmill industry benefits the availability of woodchips and pulp wood for pulp producers.

Electricity prices have been at a very high level, characterised by strong volatility over the day. High electricity prices have led to production restrictions on the ground-wood pulp line at Rottneros Mill. The system price for the quarter was 0,70 SEK per kWh compared with only 0,09 SEK per kWh in 2020. Rottneros' consumption takes place primarily in electricity area SE3, where the price has been 0,73 (0,26) SEK per kWh. Rottneros hedges most of its electricity consumption. Realised gain on electricity price hedges was 34 (-9) MSEK. The average price for the Group after the hedging result was 0,18 (0,38) SEK/kWh.

In all, the variable costs (based on cost per tonne) had a positive impact on earnings of 11 MSEK.

Fixed costs for the third quarter were 24 MSEK higher than the third quarter of 2020, strongly impacted by the maintenance shutdown. Rottneros Mill had its annual maintenance shutdown in September 2021, while it was held in the second quarter in 2020. The Vallvik Mill shutdown started at the end of September and lasted into October, while the 2020 shutdown was held in its entirety in October.

### DIFFERENCE IN EBIT Q3 2021 COMPARED WITH Q3 2020 (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.

Scheduled depreciation had a negative impact on income of 29 (28) MSEK.

EBIT for the third quarter of 2021 was 101 (4) MSEK. Earnings were positively impacted by higher invoiced prices and lower variable costs, while the shutdowns had a negative impact with higher costs and lower production volume.

Third quarter 2021 compared to third quarter 2020	Jul-Sep 2021	Jul-Sep 2020	Change %
NBSK, USD	1 336	841	59
SEK/USD	8,65	8,87	-3
NBSK, SEK	11 557	7 465	55
Net turnover, MSEK	570	508	12
EBIT, MSEK	101	4	2 425

## Production and deliveries

Production volume for the third quarter of 2021 was 92 200 (110 200) tonnes, a decline of 16 percent compared with the corresponding quarter last year. Rottneros Mill held its annual maintenance shutdown in September 2021, while it was held in May in 2020. The 2021 annual maintenance shutdown at Vallvik Mill began at the end of September and ended in October, while in 2020 the full shutdown took place in October. Production of all pulp products was therefore negatively impacted. Production in January-September was 303 900 (317 300) tonnes. CTMP production continues to develop positively, while ground-wood pulp and sulphate pulp production was held back by inadequate availability. The causes have been identified and are being continuously addressed.

Demand was strong during the quarter, but deliveries were held back by lower production and fell by 13 percent to 92 500 (106 900) tonnes. For January-September, deliveries decreased by 1 percent to 307 700 (310 000) tonnes.

PRODUCTION, TONNES	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Rolling 12 months	Jan-Dec 2020
Sulphate pulp	51 500	61 900	171 800	183 500	221 000	232 700
Groundwood pulp	14 900	19 000	49 200	55 300	66 600	72 700
CTMP	25 800	29 300	82 900	78 500	111 600	107 200
<b>TOTAL</b>	<b>92 200</b>	<b>110 200</b>	<b>303 900</b>	<b>317 300</b>	<b>399 200</b>	<b>412 600</b>

DELIVERIES, TONNES	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Rolling 12 months	Jan-Dec 2020
Sulphate pulp	53 200	59 800	171 300	179 300	228 800	236 800
Groundwood pulp	12 600	18 200	49 000	52 300	68 400	71 700
CTMP	26 700	28 900	87 400	78 400	117 000	108 000
<b>TOTAL</b>	<b>92 500</b>	<b>106 900</b>	<b>307 700</b>	<b>310 000</b>	<b>414 200</b>	<b>416 500</b>

## MAINTENANCE SHUTDOWNS AND SEASONAL VARIATIONS

The Group's pulp mills have one larger maintenance shutdown per year. In 2021 the annual maintenance shutdown at Rottneros Mill took place in the third quarter. In 2020 the shutdown was exceptionally held in the second quarter. At Vallvik Mill the maintenance shutdown started in September and ended in October.

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, affecting turnover and income for the quarter in which the shutdown takes place.

	Maintenance shutdown period		Estimated cost of shutdown
	2021	2020	2021 (MSEK)
Rottneros Mill	Q3	Q2	15
Vallvik Mill	Q3/Q4	Q4	61

The estimated cost of the shutdowns includes both direct costs and the indirect effect from the loss of production.

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

## Sales and results, January-September

Turnover for January-September amounted to 1 705 (1 603) MSEK, an increase of 6 percent. The list price of NBSK market pulp rose by 38 percent during the period, while the USD weakened against the SEK by 10 percent. Translated to SEK, the list price rose by 25 percent. Higher sales prices were the main reason for the increase in turnover. Turnover for products other than market pulp rose to 115 (92) MSEK. The realised loss for pulp price hedges was -8 (16) MSEK.

Falling prices of raw materials prices have had a positive impact on variable costs. The supply of pulp wood was adequate during the entire period.

The average price of electricity on the Nord Pool electricity exchange (area SE3) was 0,53 (0,21) SEK per kWh, at the same time that the system price was 0,52 (0,11) SEK per kWh. Thanks to a high level of hedging, Rottneros' electricity hedges generated a positive result of 58 (-24) MSEK for January - September 2021, which well offset the higher electricity prices. Rottneros' average price after hedging was 0,23 (0,33) SEK per kWh.

Taken together, the variable costs (based on cost per tonne) improved earnings by 77 MSEK compared with 2020.

Fixed costs were 10 MSEK higher than the previous year. The underlying cost level has improved compared with 2020, but the comparison is affected by the start of the maintenance shutdown of Vallvik Mill in September 2021.

EBIT for the period was 209 (54) MSEK. Earnings were positively impacted by higher invoiced prices and lower variable costs, but negatively by lower production volume. Revaluation of the finished goods inventory affected the result by 19 (-13) MSEK.

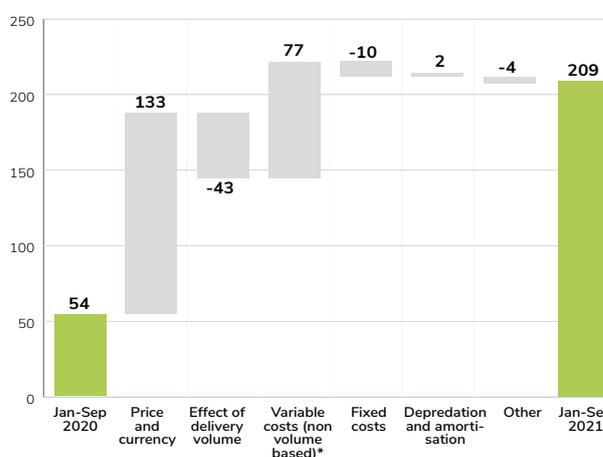
### Jan-Sep 2021 compared with Jan-Sep 2020

	Jan-Sep 2021	Jan-Sep 2020	Change, %
NBSK, USD	1 162	839	38
SEK/USD	8,49	9,4	-10
NBSK, SEK	9 861	7 883	25
<b>Net turnover, MSEK</b>	<b>1 705</b>	<b>1 603</b>	<b>6</b>
<b>EBIT, MSEK</b>	<b>209</b>	<b>54</b>	<b>287</b>

### ANNUAL VOLUMES AND ANNUAL GROWTH



### DIFFERENCE IN EBIT Q3 2021 COMPARED WITH Q3 2020 (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.

## OTHER INCOME STATEMENT ITEMS

Net financial expenses totalled -19 (-15) MSEK in January – September 2021. It includes interest for the 400 MSEK bond that Rottneros redeemed in July 2021, as well as an early redemption fee. The Group's result after financial items increased to 190 (39) MSEK.

Income tax expense for the period was 40 (11) MSEK.

Net profit increased to 150 (28) MSEK and earnings per share to 0,98 (0,18) SEK.

Return on capital employed for the 12 month rolling period was 8,0 (1,6) percent.

Return on equity after tax for the 12 month rolling period was 5,3 (-0,1) percent.

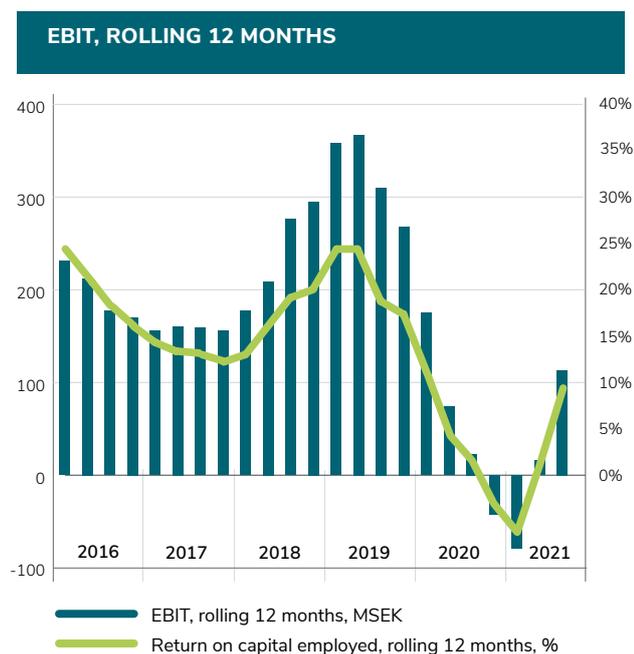
## Rottneros Packaging

Rottneros Packaging focuses on high quality food packaging with properties that meet extremely high demands. Such properties are purity, barrier properties to achieve long shelf life, surface quality and traceability. The moulded fibre trays that Rottneros produces have a renewable raw material content of 80–95 percent.

In October 2021, Rottneros and Arctic Paper entered into a letter of intent regarding a 50/50 joint venture in Kostrzyn, Poland with the aim of building a factory for moulded fibre trays. The start-up of the new factory is expected at the end of 2023. The investment is expected to amount to 12-15 MEUR, corresponding to approximately 120-150 MSEK. Production capacity is estimated at 60 - 80 million trays, compared to Rottneros Packaging's existing plant in Sunne, where the capacity today amounts to 15-20 million trays.

As coordinator and sole Swedish industrial partner, Rottneros has participated in the EU innovation project Pulpacktion. After five years, the project was completed at the end of September 2021. The aim was to develop a fully renewable bio-based packaging solution at a competitive price and thus contribute to more sustainable development in the packaging industry. The project was carried out within the framework of EU Horizon 2020 and provided a chance for Rottneros to work with world leading companies and research institutes across Europe to develop and test materials on a scale that was not possible without collaboration.

The final results confirmed that the objectives of the project had been achieved and also verified the suitability of the packaging solution economically, technically and functionally. It was evaluated by two brand owners in the food industry with a positive and approved result.



## Investments

The Group's investments in fixed assets during January - September 2021 amounted to 74 (95) MSEK, of which 74 (80) MSEK in tangible assets, mainly relating to re-investments to maintain the technical standard achieved through last years' major investments.

Total investments for 2021 are expected to amount to 140 MSEK. The investments include environmental investments at Vallvik Mill connected to the recently updated environmental permit. The investments are mainly aimed at reducing the emissions to water by increasing the proportion of emissions treated in the mill's biological treatment plant, as well as improving the efficiency of the fiberline and thereby minimizing emissions from the bleaching process. This year's investments also include a rebuild of the biofuel boiler at Rottneros Mill in order to increase availability and thereby minimize the need for fossil fuels in the drying process.

The normal level for replacement investments, elimination of bottlenecks, efficiency enhancements and environmental improvements is approximately 100 MSEK per year.

## Financial position

In July 2021 Rottneros AB entered into a new facilities agreement which provides for a term loan of 150 MSEK and a revolving credit facility of 100 MSEK. The financing agreement has a maturity of two years with a possibility of extension.

With the new agreement Rottneros refinanced an unsecured bond of 400 MSEK. The entire bond was redeemed ahead of maturity on 19 July 2021. Financial expenses for the new facilities agreement comprising a term loan of 150 MSEK and a revolving credit facility of 100 MSEK are also included from July 2021. This reduces financial costs by approximately 14 MSEK per year.

The Group's cash and cash equivalents amounted to 133 MSEK at the end of the third quarter 2021, compared with 330 MSEK at year-end 2020. Interest bearing liabilities amounted to 161 MSEK at the end of the quarter. Net debt totalled 28 MSEK, compared with 81 MSEK at the end of 2020. Total granted and unused credit facilities amounted to 282 MSEK at the end of the third quarter 2021.

The equity/assets ratio amounted to 65 (56) percent. Equity per share amounted to 9,33 (8,77) SEK at the end of the third quarter.

## Cash flow

Cash flow from operating activities for January-September 2021 amounted to 195 (80) MSEK. Cash flow after investments in non-current assets was 121 (-13) MSEK.

Net cash flow for the period was -197 (-16) MSEK, affected by refinancing and dividend.

## Parent Company

Profit after financial items for the parent company for January-September 2021 amounted to -29 (-39) MSEK.

## Changes in management

On 1 October 2021 Pia Ohlson started as CFO of Rottneros.

## Average number of employees

The average number of employees was 314 (316).

## Long-term targets

Rottneros' vision to "Always make a difference" is further enhanced through its long-term targets for financial, social and environmental sustainability. The follow-up is mainly carried out annually but also quarterly.

### LONG-TERM TARGETS AND FOLLOW-UP SEPTEMBER 2021

FINANCIAL TARGETS		Long-term target	Outcome September
Distribution of net profit		30-50 %	48 % <sup>1</sup>
Average growth, produced tons of pulp		3 % /year	-4 % Jan-Sep
Share of revenue, not mass		Min 10 % year 2023	7 % Jan-Sep
Solidity		Min 50 %	65 %
SOCIAL TARGETS		Long-term target	Outcome September
Safety, accidents with sick leave		Annual improvement of LTIFR	9 (-6 against outcome 2020)
Proportion of female employees		Min 30 % year 2025	17 % (Dec 2020)
ENVIRONMENTAL TARGETS		Long-term target	Outcome September
Fossil-free production according to GHG scope 1 & 2		Year 2030	Annual follow-up
Emissions of COD / ton of pulp		Annual improvement	Annual follow-up

1) Based on net results for the years 2019 and 2020 weighted together.

## 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 PANDEMIN

The Corona pandemic and the subsequent economic slow-down impacted the market during 2020. The market has recovered, and demand has been high and prices rising during the first half of 2021. The Group's production has not been affected by the pandemic.

### CURRENCY EXPOSURE USD OCH 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-September 2021 was 10 percent lower compared with the same period 2020.

### PULP PRICE

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in SEK. As of 30 September 2021, the Group held pulp price hedges of 16 500 tonnes with a maturity between October 2021 and December 2022 at an average price of 9 661 SEK per ton. The fair value of these unrealized price hedges was -9 MSEK as of 30 September 2021.

### 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 the third quarter 2021, 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 80 MSEK as of 30 September 2021.

#### Electricity hedges 30 September 2021

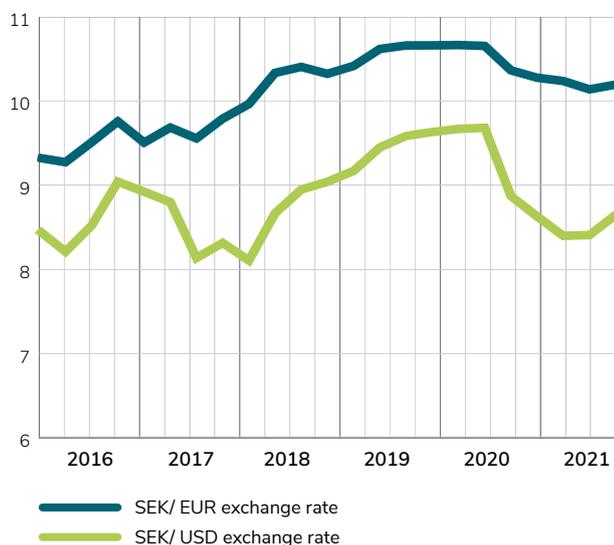
Year	Proportion hedged	SEK/kWh
2021	100 %	0,267
2022	91 %	0,326
2023	100 %	0,310
2024	86 %	0,323
2025	57 %	0,318

63% of the hedged volume is against the system price and 37% against electricity area SE3.

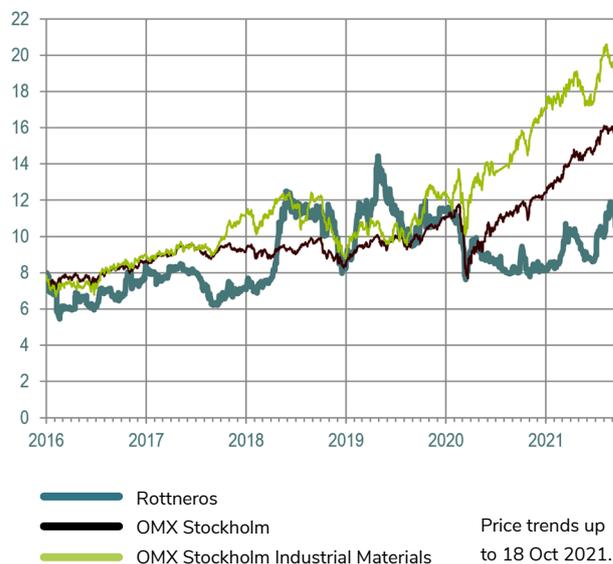
The high level of hedging protects Rottneros' future electricity costs against sharp price fluctuations. Due to a larger imbalance between electricity price areas a certain percentage of the contracts are hedged against electricity price area SE3. The average price level for electricity at Nord Pool (electricity price area SE3) during January-September 2021 was 0,53 (0,21) SEK per kWh.

See pages 61-67 of the Annual Report for 2020 for further information on risks.

#### EXCHANGE RATE TREND 2016-2021



#### PRICE TREND FOR ROTTNEROS SHARES AND STOCKHOLM STOCK EXCHANGE, 2016-2021



## 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. No change in treasury shares occurred in 2021.

### SHARE PRICE DEVELOPMENT JANUARY-SEPTEMBER 2021

At the end of the third quarter 2021 the share price was 9,12 SEK (8,15 at the end of 2020). The average price for the period was 9,78 SEK.

### TRANSACTIONS WITH RELATED PARTIES

During January - September 2021, Rottneros sold pulp to the related party Arctic Paper S.A. Group amounting to 53 (53) MSEK. Outstanding operating receivables from Arctic Paper as of 30 September 2021 totalled 10 (11) MSEK. The transactions took place at market conditions.

### LARGEST SHAREHOLDERS ON 30 SEPTEMBER 2021

Shareholders	Number of shares (= votes)	Per cent of capital
Arctic Paper S.A.	78 230 883	51,0
PROAD AB	11 332 457	7,4
UBS Switzerland AG, W8IMY	5 259 734	3,4
Försäkringsaktiebolaget Avanza Pension	3 493 698	2,3
Caceis Bank, Switzerland Branch, W8IMY	2 800 000	1,8
CBNY-DFA-INT SML CAP V	1 320 864	0,9
Caceis Bank Spain SAU, W8IMY	1 155 113	0,8
Pension, Futur	840 662	0,5
Handelsbanken Fonder	786 712	0,5
SEB Investment Management	776 145	0,5
<b>TOTAL</b>		
<b>For 10 largest owners - by size of holding</b>	<b>105 996 268</b>	<b>69,1</b>
Other shareholders	46 575 657	29,9
Rottneros AB (treasury shares from buy-back)	821 965	0,5
<b>TOTAL</b>	<b>153 393 890</b>	<b>100,0</b>

## Nomination Committee appointed for AGM 2022

The Annual General Meeting will be held on Thursday, 28 April 2022, in Söderhamn. In accordance with the guidelines decided at the AGM 2021, the Nomination Committee has been appointed for the AGM 2022.

The Nomination Committee comprises:

- Göran Eklund, appointed by Arctic Paper S.A.
- Stefan Sundh, appointed by PROAD AB
- Per Lundeen, Chairman Rottneros AB

The Nomination Committee has appointed Göran Eklund as its Chairman.

The Nomination Committee's tasks are to, before the AGM 2022, prepare and present proposals for election of the Chairperson and other members of the Board, Board fees to be divided between the chairperson, other members and remuneration for committee work, election and remuneration of the auditor, election of Chairperson of the Annual General Meeting and, where applicable, changes in the guidelines for the Nomination Committee.

Shareholders who wish to submit proposals to the Nomination Committee can do this by e-mail to rottneros@vinge.se or by letter to: Nomination Committee, Rottneros AB (publ), c/o Advokatfirman Vinge KB, Box 11025, SE-404 21 Gothenburg, Sweden, no later than 14 January 2022.

## Subsequent events

In October 2021, Rottneros and Arctic Paper entered into a Letter of Intent regarding a 50/50 joint venture in Kostrzyn, Poland, with the aim of building a factory for molded fiber trays.

## Forthcoming financial information

4 February 2022	Year-end Report 2021
22 March 2022	Annual Report 2021
28 April 2022	Interim Report January-March
28 April 2022	Annual General Meeting in Söderhamn
22 July 2022	Interim Report January-July
27 October 2022	Interim Report January-September

For more information, please visit Rottneros' website, [www.rottneros.com](http://www.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, 22 October 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 22 October 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](http://www.rottneros.com), [info@rottneros.com](mailto:info@rottneros.com)

CONSOLIDATED INCOME STATEMENT						
AMOUNTS IN MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Rolling 12 months	Full year 2020
Net turnover	570	508	1 705	1 603	2 195	2 093
Change in inventories, finished goods	-6	13	-21	26	-78	-31
Other operating income	8	-5	21	8	27	14
<b>OPERATING INCOME, TOTAL</b>	<b>572</b>	<b>516</b>	<b>1 705</b>	<b>1 637</b>	<b>2 144</b>	<b>2 076</b>
Raw materials and consumables	-252	-312	-850	-934	-1 116	-1 200
Other external expenses	-133	-114	-351	-361	-503	-513
Employee benefit expenses	-57	-58	-207	-199	-275	-267
Other operating expenses	0	0	0	0	-19	-19
<b>EBITDA (operating profit before depreciation, amortisation and impairment)</b>	<b>130</b>	<b>32</b>	<b>297</b>	<b>143</b>	<b>231</b>	<b>77</b>
Depreciation/amortisation and impairment	-29	-28	-88	-89	-118	-119
<b>EBIT (operating profit)</b>	<b>101</b>	<b>4</b>	<b>209</b>	<b>54</b>	<b>113</b>	<b>-42</b>
Financial income	0	0	2	0	2	0
Financial expenses	-11	-5	-21	-15	-25	-19
<b>TOTAL FINANCIAL ITEMS</b>	<b>-11</b>	<b>-5</b>	<b>-19</b>	<b>-15</b>	<b>-23</b>	<b>-19</b>
<b>PROFIT AFTER FINANCIAL ITEMS</b>	<b>90</b>	<b>-1</b>	<b>190</b>	<b>39</b>	<b>90</b>	<b>-61</b>
Tax on profit/loss for the period	-19	0	-40	-11	-18	11
<b>NET INCOME</b>	<b>71</b>	<b>-1</b>	<b>150</b>	<b>28</b>	<b>72</b>	<b>-50</b>
Average number of shares (thousand) <sup>1</sup>	152 572	152 572	152 572	152 572	152 572	152 572
<b>EARNINGS PER SHARE (SEK) <sup>1</sup></b>	<b>0,47</b>	<b>-0,01</b>	<b>0,98</b>	<b>0,18</b>	<b>0,47</b>	<b>-0,33</b>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME						
AMOUNTS IN MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Rolling 12 months	Full year 2020
<b>NET TURNOVER</b>	<b>71</b>	<b>-1</b>	<b>150</b>	<b>28</b>	<b>72</b>	<b>-50</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
Items that have been or may be transferred to profit or loss for the period						
Changes in fair value of cash flow hedges	58	2	50	-89	103	-36
Income tax effect on changes in fair value	-12	0	-10	19	-21	8
Translation differences	0	-1	0	0	-1	-1
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>46</b>	<b>1</b>	<b>40</b>	<b>-70</b>	<b>81</b>	<b>-29</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD <sup>2</sup></b>	<b>117</b>	<b>0</b>	<b>190</b>	<b>-42</b>	<b>153</b>	<b>-79</b>

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

## CONSOLIDATED BALANCE SHEET, SUMMARY

AMOUNTS IN MSEK	30 Sep 2021	30 Sep 2020	31 Dec 2020
Intangible non-current assets	26	30	30
Property, plant and equipment	1 193	1 196	1 203
Financial assets	109	50	52
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1 328</b>	<b>1 276</b>	<b>1 285</b>
Inventories	336	407	355
Current receivables	407	339	287
Cash and cash equivalents	133	361	330
<b>TOTAL CURRENT ASSETS</b>	<b>876</b>	<b>1 107</b>	<b>972</b>
<b>TOTAL ASSETS</b>	<b>2 204</b>	<b>2 383</b>	<b>2 257</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>1 423</b>	<b>1 338</b>	<b>1 301</b>
Interest-bearing liabilities	161	411	411
Deferred tax liabilities	116	117	105
Other non-interest-bearing liabilities	50	88	45
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>327</b>	<b>616</b>	<b>561</b>
Interest-bearing liabilities	-	-	-
Non-interest-bearing liabilities	454	429	395
<b>TOTAL CURRENT LIABILITIES</b>	<b>454</b>	<b>429</b>	<b>395</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>2 204</b>	<b>2 383</b>	<b>2 257</b>

## 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	Total
				Hedging reserve	Translation difference		
Opening balance as of 1 January 2020	153	730	-69	46	-8	528	1 380
Net income Jan-Sep						28	28
Other comprehensive income, Jan-Sep				-70	-		-70
Total comprehensive income, Jan-Sep				-70	-	28	-42
Closing balance 30 September 2020	153	730	-69	-24	-8	556	1 338
Net income Oct-Dec						-78	-78
Other comprehensive income, Oct-Dec				41	-		41
Total comprehensive income for Oct-Dec				41	-	-78	-37
<b>Closing balance 31 December 2020</b>	<b>153</b>	<b>730</b>	<b>-69</b>	<b>17</b>	<b>-8</b>	<b>478</b>	<b>1 301</b>
Net income Jan-Sep						150	150
Other comprehensive income, Jan-Sep				40	0		40
Total comprehensive income for Jan-Sep				40	0	150	190
Dividend to shareholders Jan-Sep						-68	-68
<b>Closing balance 30 September 2021</b>	<b>153</b>	<b>730</b>	<b>-69</b>	<b>57</b>	<b>-8</b>	<b>560</b>	<b>1 423</b>

## SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

AMOUNTS IN MSEK	Jan-Sep 2021	Jan-Sep 2020	Rolling 12 months	Jan-Dec 2020
<b>EBIT</b>	209	54	113	-42
Adjustment for items not included in the cash flow	0	-	0	-
Depreciation/amortisation and impairment	88	89	117	118
<b>EBIT adjusted for non-cash flow affecting items</b>	<b>298</b>	<b>143</b>	<b>231</b>	<b>76</b>
Received/paid financial items	-20	-15	-24	-19
Received/paid tax	-40	1	-39	2
<b>Cash flow from operating activities before changes in working capital</b>	<b>238</b>	<b>129</b>	<b>168</b>	<b>59</b>
Change in working capital	-43	-49	32	26
<b>Cash flow from operating activities</b>	<b>195</b>	<b>80</b>	<b>200</b>	<b>85</b>
Investments in fixed assets	-74	-95	-110	-131
Sale of fixed assets	-	2	1	3
Change in current loan receivables	-	-	-	-
<b>Cash flow from investing activities</b>	<b>-74</b>	<b>-93</b>	<b>-109</b>	<b>-128</b>
Raised long-term loans	150	-	150	-
Repayment of long-term loans	-400	-3	-400	-3
Dividend paid	-68	-	-68	-
<b>Cash flow from financing activities</b>	<b>-318</b>	<b>-3</b>	<b>-318</b>	<b>-3</b>
<b>PERIOD'S NET CASH FLOW</b>	<b>-197</b>	<b>-16</b>	<b>-227</b>	<b>-46</b>
Cash and cash equivalents at the beginning of the period	330	376	360	376
Net cash flow for the period	-197	-16	-227	-46
Cash and cash equivalents at the end of the period	133	360	133	330

## CHANGES IN INTEREST-BEARING LIABILITIES

AMOUNTS IN MSEK	Jan-Sep 2021	Jan-Sep 2020	Rolling 12 months	Jan-Sep 2020
<b>Interest-bearing liabilities in the balance sheet at the beginning of the period</b>	<b>411</b>	<b>411</b>	<b>411</b>	<b>411</b>
<b>Changes that are included in cash flow from financing activities</b>				
Raised long-term loans from banks	150	-	150	-
Repayment of long-term loans from banks	-400	-2	-401	-3
<b>Total</b>	<b>-250</b>	<b>-2</b>	<b>-251</b>	<b>-3</b>
<b>Other changes</b>				
Through acquisitions	-	2	1	3
<b>Interest-bearing liabilities in the balance sheet at the end of the period</b>	<b>161</b>	<b>411</b>	<b>161</b>	<b>411</b>

## PARENT COMPANY INCOME STATEMENT

AMOUNTS IN MSEK	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net turnover	6	6	8
Other operating income	16	28	16
<b>OPERATING INCOME, TOTAL</b>	<b>22</b>	<b>34</b>	<b>24</b>
Results from hedging activities	-8	-24	-7
Other expenses	-14	-12	-17
Employee benefit expenses	-22	-18	-24
<b>EBITDA (operating loss before depreciation, amortisation and impairment)</b>	<b>-22</b>	<b>-20</b>	<b>-24</b>
Depreciation/amortisation and impairment	-3	-3	-4
<b>EBIT (operating loss)</b>	<b>-25</b>	<b>-23</b>	<b>-28</b>
Profit from participations in Group companies	0	0	87
Financial income	16	0	0
Financial expenses	-20	-14	-19
<b>TOTAL FINANCIAL ITEMS</b>	<b>-4</b>	<b>-14</b>	<b>68</b>
<b>LOSS/ PROFIT AFTER FINANCIAL ITEMS</b>	<b>-29</b>	<b>-37</b>	<b>40</b>
Tax on loss/ profit for the period	0	-2	-11
<b>NET INCOME</b>	<b>-29</b>	<b>-39</b>	<b>29</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN MSEK	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
<b>NET TURNOVER</b>	<b>-29</b>	<b>-39</b>	<b>29</b>
Other comprehensive income	-	-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-29</b>	<b>-39</b>	<b>29</b>

## PARENT COMPANY BALANCE SHEET, SUMMARY

AMOUNTS IN MSEK	30 Sep 2021	30 Sep 2020	31 Dec 2020
Intangible non-current assets	4	8	8
Equipment	1	1	0
Financial assets <sup>1</sup>	657	544	652
<b>TOTAL NON-CURRENT ASSETS</b>	<b>662</b>	<b>553</b>	<b>660</b>
Current receivables <sup>2</sup>	310	491	470
Cash and cash equivalents	125	343	317
<b>TOTAL CURRENT ASSETS</b>	<b>435</b>	<b>834</b>	<b>787</b>
<b>TOTAL ASSETS</b>	<b>1 097</b>	<b>1 387</b>	<b>1 447</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>710</b>	<b>741</b>	<b>809</b>
Long-term liabilities – Interest-bearing	149	397	398
Long-term liabilities – Non-interest-bearing	51	44	45
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>200</b>	<b>441</b>	<b>443</b>
Non-interest-bearing current liabilities <sup>3</sup>	187	205	195
<b>TOTAL CURRENT LIABILITIES</b>	<b>187</b>	<b>205</b>	<b>195</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1 097</b>	<b>1 387</b>	<b>1 447</b>

<sup>1</sup> Includes claims against subsidiaries of 283 (283) MSEK.

<sup>2</sup> Includes claims against subsidiaries of 289 (469) MSEK.

<sup>3</sup> Includes claims against subsidiaries of 169 (158) 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, with the exception of government grants, which are accounted for in accordance with IAS 20.

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

### NET TURNOVER

The vast 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 INSTRUMENT

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

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

In July 2021, Rottneros AB entered into a loan agreement comprising a loan of SEK 150 million and revolving credits of up to SEK 100 million. The loan agreement has a term of two years with the possibility of extension. At the same time, the company repaid an unsecured bond loan of SEK 400 million that was issued in August 2017. The loan had a term of 5 years and was redeemed early.

The nature of other financial assets and liabilities is in all essential respects the same as on 31 December 2020. The carrying amounts are deemed to be equal to actual values, which was also the case at the end of 2020, since the effect of discounting is not of material significance. Accounts receivables are covered by credit insurance, which reimburses most of any bad debt losses. The Company has long-term relationships with its customers and credit losses have historically been low.

## NET SALES BY GEOGRAPHIC MARKET:

Amount in MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Rolling 12 months	Full year 2020
Sweden	135	119	354	358	464	468
Other Nordic countries	53	43	150	156	205	211
Germany	91	63	252	222	319	289
Italy	66	79	227	253	292	318
The rest of Europe	52	69	146	201	172	227
North America	55	48	171	161	220	210
Asia	119	87	405	252	523	370
The rest of the world	0	0	1		1	0
<b>NET TURNOVER TOTAL</b>	<b>570</b>	<b>508</b>	<b>1 705</b>	<b>1 603</b>	<b>2 196</b>	<b>2 093</b>

## ROTTNEROS' NET TURNOVER CONSISTS OF THE FOLLOWING:

Amount in MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Rolling 12 months	Full year 2020
Sales of pulp	544	477	1 598	1 495	2 053	1 950
Results from pulp price hedging	-9	8	-8	16	-2	22
Sales of by-products and other	11	7	34	34	41	41
Sales of pulp wood	24	16	81	58	103	80
<b>NET TURNOVER TOTAL</b>	<b>570</b>	<b>508</b>	<b>1 705</b>	<b>1 603</b>	<b>2 195</b>	<b>2 093</b>

## DISTRIBUTION TURNOVER MASS BY AREA OF USE

Amount in MSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Rolling 12 months	Full year 2020
Board and packaging	147	127	427	367	532	472
Writing- and Printing paper	92	108	272	308	351	387
Filter	116	87	359	283	457	381
Electrotechnical applikations	82	63	224	195	294	265
Tissue	29	50	92	172	137	217
Special paper	73	41	204	169	262	227
Others	5	1	20	1	20	1
<b>NET TURNOVER TOTAL</b>	<b>544</b>	<b>477</b>	<b>1 598</b>	<b>1 495</b>	<b>2 053</b>	<b>1 950</b>

## FAIR VALUE FOR DERIVATIVES ON 30 SEPTEMBER 2021

Hedging	Hedged volume	Maturity	Hedging level	Fair value (MSEK)
Pulp, forward sell	16 500 ton	Oct 2021 -Dec 2022	9 661 SEK/ton	-9
Electricity, forward buy	1 102 920 MWh	2020-2025	0,316 SEK/kWh	80
<b>Total fair value</b>				<b>71</b>

## 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-Jun 2021	8 870 SEK/ton	8
Electricity, forward buy	1 200 600 MWh	2021-2025	0,308 SEK/kWh	13
<b>Total fair value</b>				<b>21</b>

## GROUP PERFORMANCE IN SUMMARY

	Jan-Sep 2021	Jan-Sep 2020	Rolling 12 months	Full year 2020	2019	2018	2017	2016
<b>Income statement, MSEK</b>								
Net turnover	1 705	1 603	2 195	2 093	2 376	2 260	1 912	1 730
EBITDA	297	143	231	77	374	394	247	221
Depreciation/amortisation and impairment	-88	-89	-118	-119	-106	-99	-91	-51
EBIT	209	54	113	-42	268	295	156	170
Financial items (net financial items)	-19	-15	-23	-19	-21	-19	-9	-7
Profit/loss after financial items	190	39	90	-61	247	276	147	163
Net income	150	28	72	-50	194	221	114	128
<b>Cash flow statement, MSEK</b>								
Cash flow from operating activities	195	80	200	85	462	223	222	187
Investments in non-current assets	-74	-93	-109	-128	-109	-255	-237	-278
Cash flow after investments	121	-13	91	-43	353	-32	-15	-91
Cash used in/provided by financing activities	-318	-3	-468	-3	-214	-56	325	-62
Net cash flow	-197	-16	-377	-46	138	-88	310	-153
<b>Balance sheet items, MSEK</b>								
Non-current assets	1 328	1 276	1 337	1 285	1 280	1 290	1 078	905
Inventories	336	407	284	355	375	389	279	278
Current receivables	407	339	355	287	342	484	324	290
Cash and cash equivalents	133	361	102	330	376	238	326	16
Net debt (+) / net cash (-)	28	50	59	81	35	157	68	-2
Equity	1 423	1 338	1 386	1 301	1 380	1 460	1 207	1 151
Long-term interest-bearing liabilities	161	411	161	411	411	395	394	-
Long-term non-interest-bearing liabilities	166	205	111	150	176	137	52	14
Current interest-bearing liabilities	-	-	-	-	-	-	-	14
Current non-interest-bearing liabilities	454	429	420	395	406	409	354	310
Capital employed	1 451	1 388	1 445	1 382	1 415	1 617	1 275	1 149
Total equity and liabilities	2 204	2 383	2 078	2 257	2 373	2 401	2 007	1 489
<b>Key ratios</b>								
EBITDA-margin, %	17,4	8,9	12,2	3,7	15,7	17,4	12,9	12,8
EBIT-margin, %	12,3	3,4	6,9	-2,0	11,3	13,1	8,2	9,8
Return on shareholders' equity (rolling 12 months), %	5,3	-0,1	5,3	-3,8	13,7	16,6	9,7	11,6
Return on capital employed (rolling 12 months), %	8,0	1,6	8,0	-3,0	17,7	20,4	12,9	16,7
Equity ratio,%	65	56	66,1	58	58	61	60	77
Debt / equity ratio,%	2	4	4,5	6	3	11	6	0
<b>Others</b>								
Average no. of employees	314	316	316	318	303	303	301	282
Pulp production, 1,000 tonne	303,9	317,3	399,2	412,6	406,0	393,6	401,2	374,1
Pulp deliveries, 1,000 tonne	307,7	310,0	414,2	416,5	408,3	382,5	395,9	374,1
List price of NBSK pulp, USD per tonne <sup>1</sup>	1 162	839	1 166,1	843	984	1 167	882	802
SEK/USD <sup>2</sup>	8,49	9,40	8,3	9,21	9,46	8,69	8,54	8,56
List price of NBSK pulp, SEK per tonne	9 861	7 883	9 744	7 765	9 304	10 144	7 530	6 867

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

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

## QUARTERLY DATA, GROUP

	2021			2020				2019			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Income statement, MSEK</b>											
Net turnover	570	593	542	490	508	510	585	546	617	582	630
EBITDA	130	127	40	-65	31	31	80	-5	81	131	167
Depreciation/amortisation and impairment	-29	-30	-29	-30	-28	-29	-32	-25	-27	-28	-26
EBIT	101	97	11	-95	3	2	48	-30	54	103	141
Financial items (net financial items)	-11	-4	-4	-4	-5	-5	-5	-7	-5	-5	-5
Profit/loss after financial items	90	93	7	-99	-2	-3	43	-37	49	98	136
Tax on profit/loss for the period	-19	-19	-2	22	0	0	-11	8	-10	-21	-28
Net income	71	74	5	-77	-2	-3	32	-29	39	77	108
<b>Per share</b>											
Earnings per share SEK	0,47	0	0	-0,51	0	0	0,21	-0,19	0,25	0,51	0,71
<b>Other</b>											
Pulp, production 1 000 tonne	92	109	103	95	110	98	109,4	100,4	100,3	107,7	97,6
Pulp, deliveries 1 000 tonne	93	103	112	107	107	93	110,0	103,2	110,8	95,2	99,1
List price of NBSK pulp SEK per tonne	11 557	10 012	8 044	7 382	7 465	8 226	7 988	7 950	8 753	9 900	10 527

SHARE DATA <sup>1</sup>

		Jan-Sep 2021	Jan-Sep 2020	Rolling 12 months	Full year 2019	2019	2018	2017	2016
Shares outstanding, opening <sup>2</sup>	Quantity	152 572	152 572	152 572	152 572	152 572	152 572	152 572	152 572
Shares outstanding, closing <sup>2</sup>	Quantity	152 572	152 572	152 572	152 572	152 572	152 572	152 572	152 572
Average number of shares outstanding <sup>2</sup>	Quantity	152 572	152 572	152 572	152 572	152 572	152 572	152 572	152 572
Treasury shares <sup>2</sup>	Quantity	822	822	822	822	822	822	822	822
Earnings per share	SEK	0,98	0,18	0,47	-0,33	1,27	1,45	0,75	0,84
Cash flow after investments/share <sup>3</sup>	SEK	0,80	-0,08	0,58	-0,30	2,30	-0,21	-0,10	-0,60
Equity per share	SEK	9,33	8,77	9,09	8,53	9,05	9,57	7,91	7,54
<b>Dividend</b>									
Ordinary dividend	SEK	-	-	-	-	-	0,40	0,30	0,30
Extra dividend	SEK	0,45	-	0,45	-	-	1,00	0,07	0,10
Total	SEK	0,45	-	0,45	-	-	1,40	0,37	0,40
Dividend/equity per share	%	4,8	-	5,0	-	-	14,6	4,7	5,3
Share price at end of period	SEK	9,20	8,16	9,19	8,15	11,40	8,24	7,15	8,05
Market price/equity/share	times	1,0	0,9	1,0	1,0	1,3	0,9	0,9	1,1
P/E ratio per share	times	9,4	44,4	19,7	-24,7	9,0	5,7	9,5	9,6

<sup>1</sup> None of the key ratios are affected by any dilution effect.

<sup>2</sup> The number of shares is in thousands and excluding Rottneros' treasury shares.

<sup>3</sup> 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.

## 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.

### SHAREHOLDERS' EQUITY PER SHARE

Shareholders' equity divided by number of shares.

### CASH FLOW AFTER INVESTMENTS

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

### NET DEBT/NET CASH

Interest-bearing liabilities minus cash and cash equivalents.

### CAPITAL EMPLOYED

Shareholders' equity plus 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.

### LIQUIDITY

Cash, available balances with banks and corresponding institutions and short-term and liquid investments that can easily be converted into a known amount.

### AVAILABLE LIQUIDITY

Cash and cash equivalents and available loans from banks and similar institutions.

### P/E RATIO

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

## GLOSSARY

<b>Market pulp</b>	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.
<b>BCTMP</b>	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).
<b>BEK</b>	Bleached Eucalyptus Kraft pulp.
<b>Chemical pulp</b>	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.
<b>COD</b>	Chemical Oxygen Demand, chemical measurement method for oxygen-consuming substances.
<b>CTMP</b>	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.
<b>ECF</b>	Elemental Chlorine Free. Sulphate pulp bleached using chlorine dioxide, not chlorine.
<b>GHG Scope 1</b>	Carbon dioxide emissions from fossil fuels during production in-house.
<b>GHG Scope 2</b>	Carbon dioxide emissions from electricity and other energy purchased for the business.
<b>Groundwood pulp (SGP)</b>	Mechanical pulp based on roundwood as a raw material.
<b>High-yield pulp</b>	Groundwood pulp, TMP and CTMP/BCTMP.
<b>Long-fibre pulp</b>	Pulp where the raw material is softwood, which has longer cellulose fibre than hardwood.
<b>LTIFR</b>	Lost Time Injury Frequency Rate indicates the number of accidents with sick leave per million hours worked.
<b>Mechanical pulp</b>	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.
<b>NBSK</b>	Northern Bleached Softwood Kraft: bleached long-fibre sulphate pulp. The leading indicator of world market prices.
<b>Short-fibre pulp</b>	Pulp where the raw material is hardwood, which has shorter cellulose fibre than softwood.
<b>TMP</b>	Thermo-Mechanical Pulp: mechanical pulp produced using a technique in which the chips are preheated with steam, but without chemicals.
<b>UKP</b>	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](mailto:info@rottneros.com) [rottneros.com](http://rottneros.com) Corp. ID no. 556013-5872