

Rottneros AB

# Interim Report Jan-Sep 2023

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Positive outcome reflects the strength in Rottneros' business model

49 MSEK

EBIT third quarter 2023



Focus on efficiency and cost control to offset cost inflation



Market displays signs of stabilisation, though significant uncertainty persists





# Positive outcome reflects the strength in Rottneros’ business model

Q3 2023 COMPARED  
WITH (Q3 2022)

**NET TURNOVER** decreased by 14 percent to 693 (806) MSEK. Excluding groundwood pulp, turnover fell by 2 percent. Compared with the second quarter of 2023, turnover increased as a result of higher sales volumes of both sulphate pulp and CTMP. Reduced demand on Rottneros’ traditional markets has caused a rise in the proportion of spot sales.

**THE LIST PRICE** of NBSK pulp was 21 percent lower in USD and 19 percent lower in SEK compared with the third quarter of 2022. Compared with the second quarter of 2023, the list price fell by 10 percent in USD and by 8 percent in SEK.

**PRODUCED VOLUME** excluding groundwood pulp amounted to 88.8 (85.9) thousand tons, an increase of 3 percent. Rottneros Mill had its annual maintenance shut-down during the quarter.

**SOLD VOLUME** of sulphate pulp and CTMP totalled 102.3 (86.1) thousand tons.

**EBIT** (operating profit) was 49 (185) MSEK. The quarter continued to be affected by a weak European market. Variable costs showed a substantial increase over 2022, but have declined compared with the first half of 2023.

**NET PROFIT** was 33 (270) MSEK. Earnings per share for the quarter totalled 0.22 (1.77) SEK.

**THE BALANCE SHEET** remains strong. The equity/assets ratio was 66 (68) percent and available liquidity totalled 696 (713) MSEK. Net cash amounted to 264 MSEK.

	Jul-Sep 2023	Jul-Sep 2022	change	Apr-Jun 2023	change Q3-Q2/23	Jan-Sep 2023	Jan-Sep 2022	change	rolling 12 months	Jan-Dec 2022
Net turnover	693	806	-113	681	12	2,118	2,250	-132	2,848	2,980
EBITDA, MSEK	79	233	-154	71	8	328	660	-332	359	691
EBIT, MSEK	49	185	-136	41	8	239	549	-310	240	550
Profit/loss after financial items, MSEK	42	341	-299	44	-2	234	703	-469	245	714
Net profit, MSEK	33	270	-237	34	-1	185	556	-371	194	565
Earnings per share, SEK	0.22	1.77	-1.55	0.22	0.00	1.21	3.64	-2.43	1.27	3.70
Cash-flow from current operations, MSEK	60	189	-129	17	43	181	450	-269	270	541
Return on capital employed (rolling 12 months), %	–	–	–	–	–	17.3	29.1	–	17.3	32.2
Production*, thousand tons	88.8	85.9	2.9	93.2	-4	271.6	266.4	5.2	346.1	340.9
Deliveries*, thousand tons	102.3	86.1	16.2	82.8	20	267.7	258.3	9.4	342.3	332.9

\* Excluding groundwood pulp

693 MSEK

Net turnover for comparable units declined by 2 percent to 693 million MSEK.

-8%

The list price for market pulp declined by 8 percent in SEK.

49 MSEK

EBIT for the third quarter of 2023 was 49 (185) MSEK.

11%

EBIT margin for the third quarter of 2023 was 11 (24) percent.

66%

The equity/assets ratio was 66 (68) percent and available liquidity totalled 696 (713) MSEK.

+3%

Production of sulphate pulp and CTMP rose 3 percent to 88.8 (85.9) thousand tons.





### Comments by the CEO

## Our sustained efforts are paying off

**In the third quarter, our performance was highly satisfactory despite challenging external circumstances, primarily driven by strong volume growth and sound cost management. As a result, we are holding our ground, despite cost inflation and the sluggish market trends of the past year. The pulp market is now displaying clear signals of stabilisation, albeit against a backdrop of significant uncertainty. Our commitment to ongoing efficiency improvements, addressing customer needs and developing long-term growth niches, combined with our strong financial position, provide us with the confidence to ensure the long-term development of Rottneros despite the turbulent global landscape.**

Lower pulp prices in USD and higher variable costs continued to negatively impact our income statement. Comparable units saw a 2 percent reduction in net turnover compared with the same quarter in the previous year, totalling 693 MSEK. EBIT for the quarter was 49 MSEK, bringing the year-to-date EBIT to 239 MSEK and corresponding to a margin of 11.3 percent, even in the face of challenging external conditions. The outcome serves as a clear affirmation that our commitment to the development at Rottneros is paying off and, to some extent, offsetting the substantial cost inflation, especially for our primary input, wood. However, there has been a modest upturn in the last quarter driven by improved access to local pulp wood, which reduced dependence on imports, as well as lower chemical costs.

Production achieved favourable results during the quarter, with a growth of 3 percent, excluding groundwood pulp. CTMP showed a robust growth of 8 percent. Meanwhile, our deliveries increased by a noteworthy 19 percent for comparable units, mainly due to our successful efforts to sell volumes within our

selected niches, while also demonstrating agility in acquiring new customers, despite the underperformance in our key market, Europe. Our niche strategy, featuring custom products designed to meet the needs of our customers, along with the highest level of service, is clearly proving its worth in a challenging market environment.

In our most vital customer segment, board and packaging, the European market has seen a decline of as much as 13 percent year-to-date compared with the previous year.

### Signs of stabilising pulp prices

The pulp market is displaying signs of stabilisation, albeit against a backdrop of significant uncertainty. Our customers agree that the market is difficult to assess.

**“Our niche strategy, featuring custom products designed to meet the needs of our customers, along with the highest level of service, is clearly proving its worth in a challenging market environment.”**

2,118<sup>MSEK</sup>

Net turnover  
January–September

China has taken the lead globally with a noticeable price surge since June, effectively closing the price gap with Europe. However, many analysts question the sustainability of the upturn, contending that it has been driven by speculation rather than increased customer demand.

239<sup>MSEK</sup>

EBIT January–September

In our primary market, Europe, inventories have decreased in recent months, and the list price has plateaued since early September, settling just below 1,145 USD. This translates to a decline of nearly 100 USD compared with the end of the prior quarter. Since the close of the quarter, we have seen several announcements of price hikes of 50 USD.

696<sup>MSEK</sup>

Available liquidity

**Setting the stage for growth is a top priority**

The organisation is dedicating significant energy to the development investments approved by the Board in the spring. They are proceeding according to plan, and some preliminary work was accomplished during the maintenance shutdown in September. They will be taken into operation in 2024. A crucial aspect includes the substantial expansion of CTMP capacity and the generation of renewable energy with associated energy storage at Rottneros Mill.

At Vallvik Mill, work is underway on the investment in a new tall oil plant. It plays a central role in the chemical recycling at the mill, where tall oil is a valuable by-product capable of replacing fossil oil in various applications. Work on the investment in Rottneros Packaging is in progress. However, the timetable is impacted by lengthy equipment delivery times.

**Efficiency enhancements are always on the agenda**

In the face of cost inflation and the challenging pulp market

conditions over the past year, we are taking all possible measures to offset the adverse margin effects. Consequently, we have restructured our organisation based on current conditions, which has been both distressing and raised concerns among our staff. Our current priority is to cultivate a work setting where people thrive.

**Our safety work yields results**

Despite our cost-focused approach, safety remains a top priority. It is therefore especially rewarding to observe that our efforts are producing results by steadily reducing the number of incidents resulting in sick leave. By the close of the quarter, both mills were approaching an entire year with no accident-related absences.

**Financial strength enables us to confidently invest in future endeavours**

Our strong financial position enables us to work on long-term development at Rottneros and generate value on multiple levels. The equity/assets ratio at the close of the quarter was 66 percent. The available liquidity remained largely unchanged and amounted to a reassuring 696 MSEK.

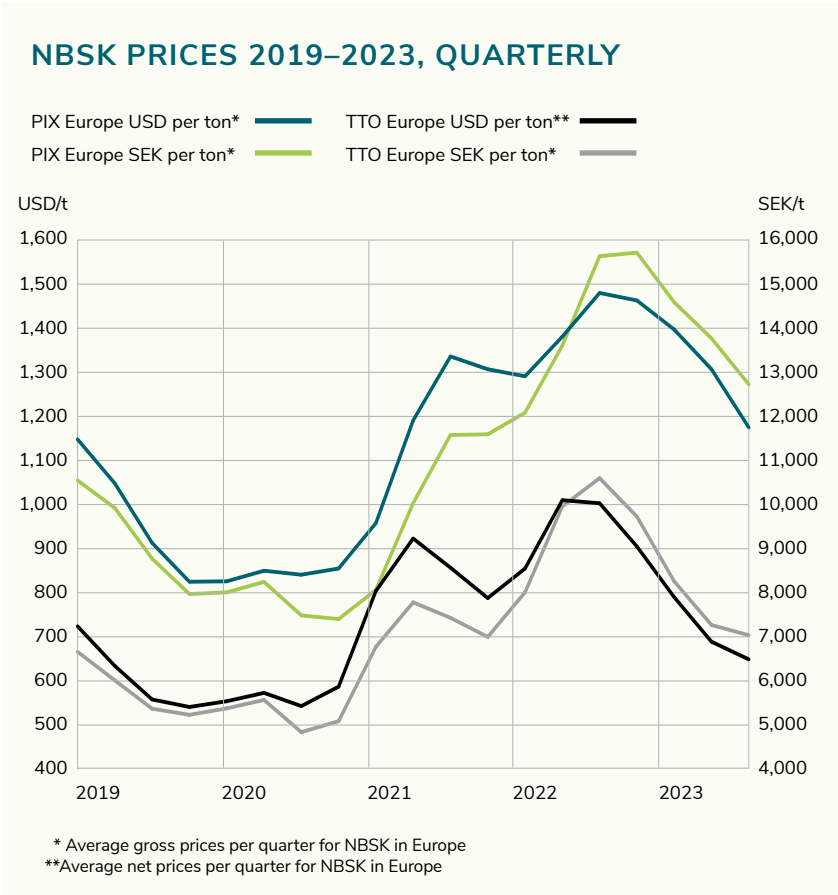
Lastly, I would like to express my appreciation to all of my associates at Rottneros for their dedicated efforts in further advancing our business every day, and to our customers, suppliers, owners, and the Board for their ongoing cooperation.

Lennart Eberleh  
President and CEO

**“At Vallvik Mill, work is underway on the investment in a new tall oil plant. It plays a central role in chemical recycling at the mill, where tall oil is a valuable by-product capable of replacing fossil oils in various applications.”**

The pulp market

Rising deliveries and shrinking inventories have characterised the period



Recovering from the pandemic years is proving to be a slow process. In part, this is attributable to increased interest rates and decreased economic incentives aimed at curbing the inflation that picked up during and after the pandemic. Additionally, the global political context with ongoing conflicts contributes to a heightened fragmentation in world trade.

Projections indicate that global GDP growth will drop from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024. The growth trajectory in emerging economies is also being revised downwards, in response to the crisis in China’s real estate sector. Historically, the pulp market and pulp prices correlate well with world GDP growth.

The balance of market pulp shifted in favour of sellers in the third quarter. Low pulp prices drove demand, particularly in China, as paper mills began buying market pulp instead of producing it in-house, while the low prices prompted several pulp producers to take market-related shutdowns. As a result, prices trended upwards during the quarter. Demand in Europe and North America continued to be challenging. The combination of higher pulp prices and lower raw material costs in China towards the close of the period may tip the scales back towards increased integration, potentially resulting in decreased demand for market pulp. The addition of new pulp capacity could also slow down the rapid pace of price recovery. In summary, the period has been defined by higher deliveries, shrinking stocks, and a halt to declining prices for market pulp. However, there is uncertainty regarding the endurance of this reversal.

The weak trend in the paper market in Europe persisted throughout the third quarter. Up to August, production was down by 17 percent compared with the previous year. The figures show that graphic paper is down 31 percent, packaging paper is down 13 percent and tissue paper and hygiene products are down 5 percent. Some of Rottneros’ niche markets have continued to enjoy healthy demand.

The market in China, the global leader in market pulp, though not a substantial focus area for Rottneros, showed a robust and rapid resurgence in demand during the summer. Market pulp deliveries have risen by 30 percent up to August, compared with the previous year. Tissue paper production has risen 29 percent in China up to August, while paper prices have begun

to climb once again. Demand for CTMP has risen during the quarter due to newly installed board capacity in China. From a seasonal perspective, the third quarter is the most robust in China as preparations are made for the celebration of the Golden Week. Rottneros has also increased its deliveries to China during the quarter.

In Europe, the list price for NBSK fell from 1,240 USD at the beginning of the quarter to 1,150 USD by September; the decline stopped as October approached. During the quarter, net prices increased from 630 USD to approximately 650 USD. The list price usually reflects the net price trend with a delay of about a month. Correspondingly, NBSK net prices in China rose from 650 USD to 700 USD. Global net prices for BCTMP rose from 450 USD to around 470 USD during the quarter.

Tissue paper production in the main markets (excl. China) until July shows a 2 percent decline compared with 2022. Tissue paper is not a large market for Rottneros, but it is the largest area of use for market pulp with more than 40 percent of the market. Rottneros increased its deliveries to the application area during the third quarter.

Deliveries of printing and writing papers continued in a very weak trend that began in the second half of 2022. In the year to July, deliveries fell by 22 percent in the most important markets (excluding China) compared with 2022. Rottneros withdrew from the printing and writing papers segment in 2022, but it is still the second largest end use for market pulp globally.

Until August 2023, global demand for market pulp was up 1.6 percent compared with 2022, split between short-fibre pulp +5.2 percent and long-fibre pulp -1.0 percent. Demand for unbleached pulp (UKP) fell by 20 percent compared with 2022, which was a very strong year for unbleached pulp.

In August, manufacturers’ global stocks of long-fibre pulp were 40 days and short-fibre pulp 44 days, down 12 days for long-fibre and 15 days for short-fibre pulp compared with May 2023. Even with a substantial drop in inventory levels, the stocks of both qualities are still above the historical average, but can now be classified as residing in the upper range of a well-balanced market.



Sales and results, July–September

# Weak pulp market with continued high raw material prices

-19 %

Lower list price for market pulp in SEK

-75 MSEK

Variable costs increased

+41 MSEK

Lower fixed costs

Turnover was 681 (784) MSEK, a total decline of 13 percent. Adjusted for groundwood pulp, which has not been included in the product portfolio since the second quarter of 2023, turnover fell by 2 percent. Lower market prices offset the impact of high sales volumes. Excluding groundwood pulp, the sales volume was 102.3 (86.1) thousand tons, which is 19 percent higher than the previous year. Lower sales volumes of other products also reduced turnover.

Compared with the third quarter of 2022, the list price of NBSK fell by 21 percent in USD and 19 percent in SEK. Compared with the second quarter of 2023, the list price in USD fell by 10 percent.

Pulp price hedging gave a positive outcome of 3 (-14) MSEK. Sales of products other than pulp were 55 (72) MSEK, corresponding to 8 percent of turnover. The decline is attributable to a lower proportion of wood sold externally.

Variable costs remain at a high level. This cost, based on SEK per ton produced, increased by approximately 75 MSEK for the third quarter of 2023 compared with the same period in 2022. The increase mainly applies to higher costs for pulp wood. The supply of wood chips and roundwood has been adequate during the quarter. From a strained situation at the beginning of the year, the supply of pulp wood and stock levels were both adequate at the end of the quarter. The share of wood imported from the Baltics during the quarter has been lower than normal.

The price of electricity has been low. The system price for the quarter was 0.33 (1.88) SEK per kWh. Rottneros' consumption takes place primarily in electricity area SE3, where the price was 0.33 (1.80) SEK per kWh. Rottneros hedges most of its electricity consumption. The realised electricity price hedges amounted to -2 (105) MSEK. The net cost of the Group's electricity consumption in the third quarter was 0.35 (0.13) SEK per kWh.

Underlying fixed costs were at a lower level than in the third quarter of 2022. The impact of inflation was offset by a lower cost level at Rottneros Mill due to the closure of the groundwood line. As a result of the decision to shut down operations in September 2022, a 62 MSEK expense in closure costs was incurred, consisting of 52 MSEK in fixed costs and 10 MSEK impairment of fixed assets. In the third quarter 2022 fixed assets in Rottneros Packaging were written down by 9 MSEK. These items are included in Other in the diagram.

Rottneros Mill carried out its annual maintenance shutdown during the quarter.

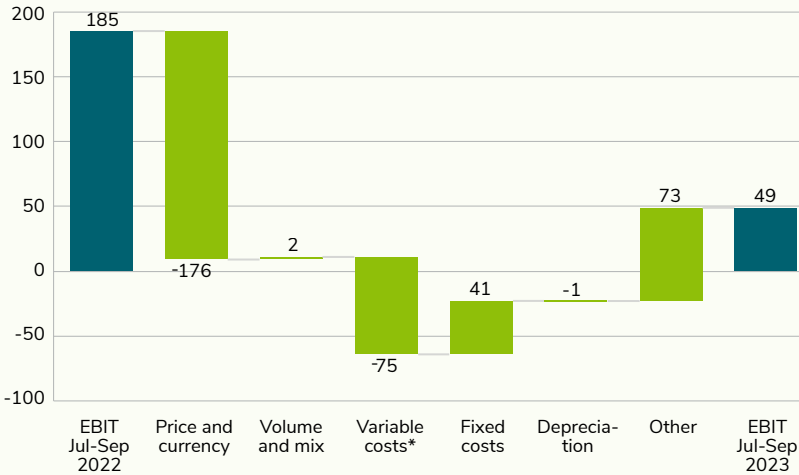
Profit was impacted by planned depreciation of 30 (29) MSEK and an impairment charge of 0 (19) MSEK.

EBIT was 49 (185) MSEK. The weak pulp market, continued high prices for raw materials and the maintenance shutdown at Rottneros Mill had a negative impact on profit, while solid production, high sales volumes and a favourable USDSEK exchange rate had a positive impact on profit.

## QUARTERLY COMPARISON

	Jul-Sep 2023	Jul-Sep 2022	change, %	Apr-Jun 2023	change, %
NBSK, USD	1,175	1,480	-21	1,307	-10
SEK/USD	10.81	10.55	2	10.52	3
NBSK, SEK	12,706	15,613	-19	13,749	-8
Net turnover, MSEK	693	806	-14	681	2
EBIT, MSEK	49	185	-74	41	22

## DIFFERENCE IN EBIT THIRD QUARTER 2023 COMPARED WITH THIRD QUARTER 2022 (MSEK)



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

Production and deliveries

Sales increased in the third quarter

Production was at a very good level. The volume was 88,800 tons, compared with 85,900 tons the year before when excluding groundwood pulp. This represents a 3 percent increase, which is in line with the long-term target. Production for January–September was 271,600 (266,400) tons, a 2 percent increase. Systematic work on operational management and visualisation of critical KPIs has increased availability and productivity.

Customer deliveries of sulphate pulp and CTMP were very high and increased by 19 percent to 102,300 (86,100) tons. Sales were affected by the weak market. As a result, the customer mix changed with modified logistics solutions and delayed invoicing, which negatively impacted the second quarter, but resulted in increased sales in the third quarter. For January–September, deliveries increased by 4 percent to 267,700 (258,300) tons.

Maintenance shutdowns and seasonal variations

In 2023, Rottneros Mill had its annual maintenance shutdown during the third quarter, while Vallvik Mill has its shutdown in the fourth quarter.

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

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

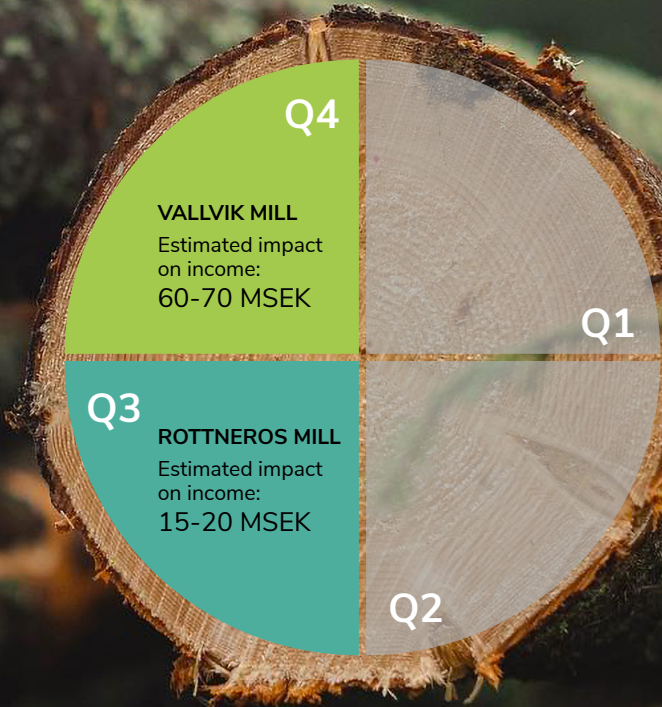
PRODUCTION

Production (tons)	Jul-Sep 2023	Jul-Sep 2022	Apr-Jun 2023	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 months
Sulphate pulp	60,000	59,400	60,700	181,400	178,400	228,500
CTMP	28,800	26,500	32,500	90,200	88,000	117,600
TOTAL	88,800	85,900	93,200	271,600	266,400	346,100
Groundwood pulp	0	10,100	0	0	43,300	12,900

DELIVERIES

Production (tons)	Jul-Sep 2023	Jul-Sep 2022	Apr-Jun 2023	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 months
Sulphate pulp	63,400	54,600	57,000	175,100	167,400	227,400
CTMP	38,900	31,500	25,800	92,600	90,900	114,900
TOTAL	102,300	86,100	82,800	267,700	258,300	342,300
Groundwood pulp	0	9,800	100	4,700	43,600	16,600

MAINTENANCE SHUTDOWN, 2023



Sales and results, January–September

Increased costs for pulp wood and chemicals

2,118 MSEK  
Turnover

Turnover was 2,117 (2,250) MSEK, a decline of 6 percent. Excluding groundwood pulp, sales were up 4 percent as a result of higher deliveries of sulphate pulp and CTMP. The list price of NBSK market pulp dropped by 3 percent during the period in USD, but rose by 7 percent in SEK.

239 MSEK  
EBIT

Sales of products other than pulp totalled 201 (207) MSEK, corresponding to 9 percent of turnover. The realised loss for pulp price hedges was -5 (-43) MSEK.

Variable costs were significantly higher than the previous year. The cost, based on SEK per ton produced, increased by about 361 MSEK for the comparative period. The increase is mainly attributable to higher pulp wood costs, though the cost of chemicals has also been high. The supply of wood chips and roundwood has been volatile during the year. Early in the year, this situation led to a higher level of wood imports from the Baltics compared with the norm. The supply has been ample during the summer and the share of imports has thus decreased.

The average electricity price on the Nord Pool electricity exchange (electricity area SE3) was 0.57 (1.30) SEK per kWh. The system price for the period was 0.64 (1.43) SEK per kWh. Rottneros’ consumption takes place primarily in electricity area SE3. Rottneros hedges most of its electricity consumption and the realised profit on electricity price hedges was 38 (214) MSEK. The net cost of the Group’s electricity consumption for the period was SEK 0.27 (0.08) per kWh.

Fixed costs decreased by 40 MSEK compared with 2022. The impact of inflation was offset by a lower cost level at Rottneros Mill due to the closure of the groundwood line. The item Other includes a provision of 16 MSEK for the reorganisation at Vallvik Mill in 2023. In the comparison year, Other includes 52 MSEK for personnel and other fixed costs connected to the closure of the groundwood line. An impairment of fixed assets of 19 MSEK were also recorded in 2022.

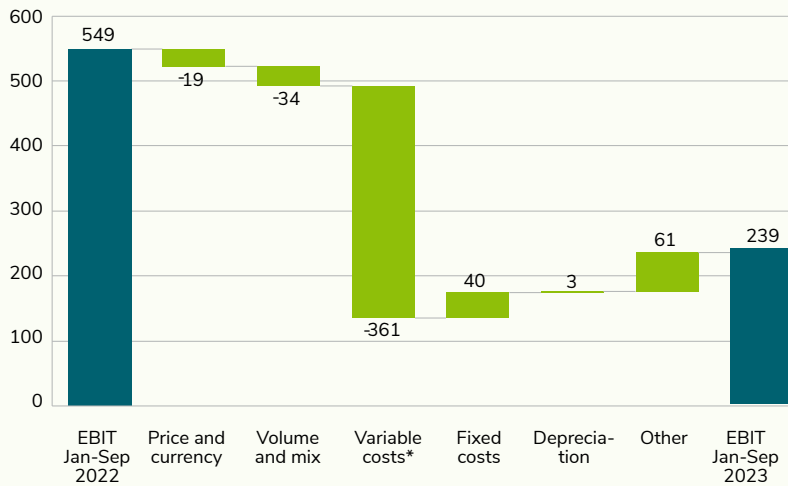
Profit was impacted by scheduled depreciation of 89 (92) MSEK and an impairment charge of 0 (19) MSEK.

EBIT for January–September 2023 was 239 (549) MSEK. The sluggish pulp market and higher costs for wood and other inputs affected the period. The result was positively impacted by good sales and production volumes, cost control and a weak SEK.

JANUARY–SEPTEMBER 2023 COMPARED WITH THE SAME PERIOD IN 2022 (MSEK)

	Jan–Sep 2023	Jan–Sep 2022	change, %
NBSK, USD	1,293	1,336	-3
SEK/USD	10.59	9.59	10
NBSK, SEK	13,692	12,805	7
Net turnover, MSEK	2,118	2,250	-6
EBIT, MSEK	239	549	-56

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



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



Other income statement items

Financial items (net) totalled -5 (154) MSEK for the period. In addition to interest income and expenses, this item consists of the change in value of financial derivatives.

Since the groundwood pulp line was closed, electricity price hedges for 2023 and 2024 exceed future cash flows and have now been classified as financial derivatives. The effect in 2022 is 156 MSEK and was included in financial items. Most of the value of the hedges is locked in through the sale of matching electricity price hedges. The change in value of the contracts that are not locked in is recognised under financial items.

234 MSEK

The Group's profit after financial items amounted to 234 (703) MSEK.

-49 MSEK

Income tax expense for the period was -49 (-147) MSEK.

185 MSEK

Net income amounted to 185 (556) MSEK and earnings per share to 1.21 (3.64) SEK.

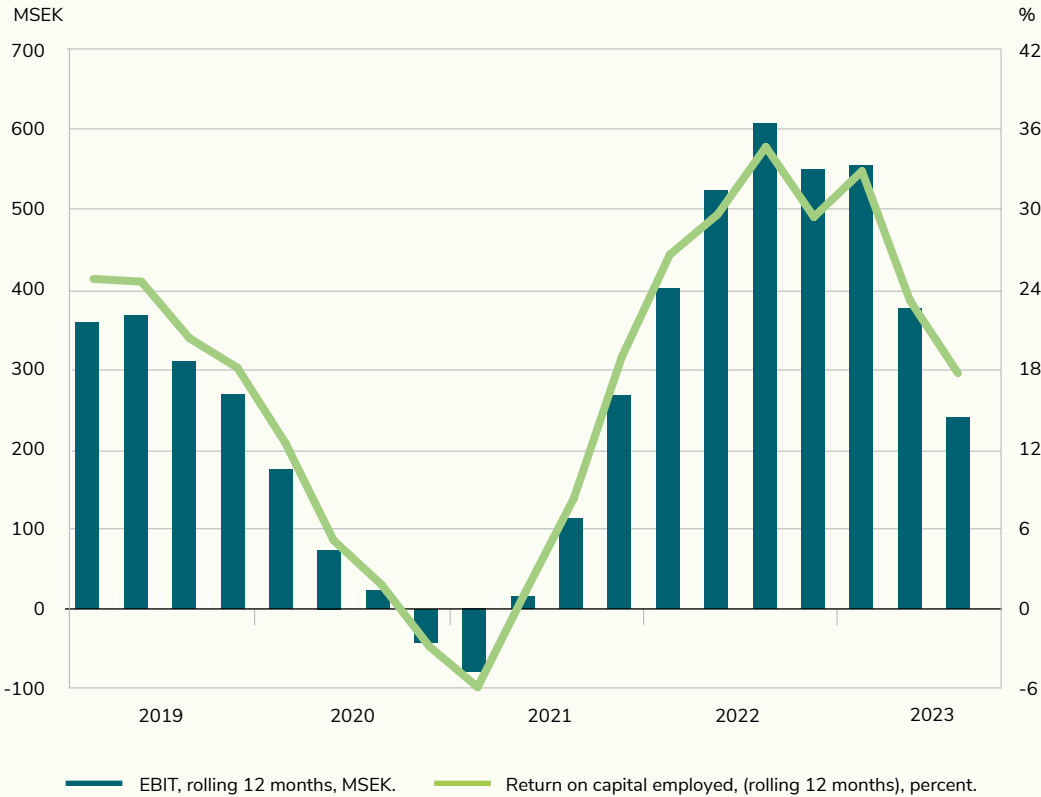
17.3 %

Return on capital employed, measured over a rolling 12-month period, was 17.3 (29.1) percent.

10.1 %

Return on equity, over a rolling 12-month period, was 10.1 (23.3) percent.

EBIT, ROLLING 12 MONTHS



# Investments

The Group's investments in property, plant and equipment for the period January–September 2023 amounted to 110 (64) MSEK, and primarily relate to maintenance investments to maintain the technical standards achieved through the major investments of recent years. The investments include measures to improve quality and accessibility, as well as investments in safety and perimeter protection.

In addition to maintenance investments of around 100 MSEK for the year, there is also an investment in a new tall oil plant at Vallvik Mill. The total investment is estimated at 93 MSEK and runs over 2023 and 2024.

A tall oil plant is part of the chemical recovery process in a sulphate pulp mill, where soap is separated and refined into tall oil. Tall oil is a valuable by-product that can replace fossil oils and be a raw material in other products.

During the year, the Board approved an investment of 180 MSEK to significantly increase CTMP production at the Rottneros Mill from the current 125 thousand annual tons to approximately 165 thousand tons. The additional volume is mainly destined for the growing market segments of board and packaging, as well as tissue paper.

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

The Group's investments in financial assets included a capital contribution of 67 MSEK to the joint venture company within Packaging in Poland.

# Rottneros Packaging

Rottneros Packaging focuses on developing and optimising the production of molded fibre trays. As part of our development strategy, the Group has established a joint venture in collaboration with Arctic Paper in Packaging in Poland. The purpose of the company is to build and operate a factory for the production of molded fibre trays on a large industrial scale.

The investment in the factory is estimated to total the equivalent of approximately 230 MSEK and will largely be financed through long-term loans. Production capacity is expected to reach approximately 80 million packages per year, which is significantly more compared with the current plant in Sunne. The company is expected to have an annual turnover in the region of 140 MSEK when the factory reaches full capacity utilisation.

Production will focus on high-barrier packaging, with extended shelf life of food, but also on packaging with simpler functional requirements. Rottneros trays can withstand high heat and are excellent for frozen or chilled foods. The raw material is pulp from Rottneros Mill.

110 MSEK

Investments in property, plant and equipment.

230 MSEK

Planned investment in factory for the production of molded fibre trays.

+32%

Decision to boost CTMP production at Rottneros Mill from the current 125,000 tons to 165,000 tons.

93 MSEK

Investment in renewable energy.





## Financial position

In June 2023, Rottneros refinanced its existing long-term loan agreements. The agreement includes a loan of 100 MSEK with 32 MSEK in annual amortisation, as well as revolving credits of up to 150 MSEK. The loan agreement has a term of two years with a one-year extension option.

As before, the financing agreement includes a sustainability link whereby the interest terms are linked to some of the environmental and work environment criteria in the Group's long-term targets. The link is part of Rottneros' continuous focus on sustainable development.

The Group's cash and cash equivalents amounted to 364 MSEK at the end of the quarter, compared with 465 MSEK at the end of 2022. Interest-bearing liabilities were 100 MSEK at the end of the quarter. Net cash was 274 MSEK, compared with 354 MSEK at the end of 2022. Total granted and unused credit facilities amounted to 332 MSEK.

The equity/assets ratio amounted to 66 (68) percent as of 30 September 2023. Equity per share totalled 12.55 (16.19) SEK at the end of the period.

## Cash flow

Cash flow from operating activities for January–September 2023 was 181 (450) MSEK. Tax payments of 102 (29) MSEK are included in this item.

Cash flow after investments for the year was 4 (386) MSEK.

Cash flow from current financial investments, 115 MSEK, relates to realised electricity price hedges classified as financial derivatives.

During the period, 214 (91) MSEK were distributed to shareholders. Net cash flow for the period was -101 (270) MSEK.

## Parent Company

Profit after financial items for the parent company amounted to 95 (-67) MSEK for January–September 2023. The electricity price hedges classified as financial derivatives and realised during the quarter are recognised as financial income in the parent company and amounted to 115 MSEK. The outcome does not affect the Group's profit or loss for the period.

## Changes in management

There were no management changes during the quarter.

## Average number of employees

The average number of employees was 291 (313) for the period January–September.

Long-term targets

Always make a difference

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

LONG-TERM TARGETS AND TARGET ACHIEVEMENT SEPTEMBER 2023

FINANCIAL TARGETS	Target	Outcome September 2023
Distribution of net income	30-50 percent	Annual follow-up
Average growth, produced ton pulp*	3 percent/year	+2 percent
Revenue, non-pulp	At least 10 percent by 2023	9 percent
Equity/assets ratio	Over 50 percent	66 percent

SOCIAL TARGETS	Target	Outcome September 2023
Safety, accidents with sick leave	Annual improvement of LTIFR**	8.0 (outcome 2022: 7.4)
Proportion female employees	At least 30 percent by 2025	18 percent

ENVIRONMENTAL TARGETS	Target	Outcome
Fossil emissions according to GHG Scope 1	Fossil free production 2030	Annual follow-up
Fossil emissions according to GHG Scope 2	Fossil free production 2030	Annual follow-up
COD emissions/ton pulp	Annual improvement	Annual follow-up

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



# 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, wood and electricity.

### Currency exposure, USD and EUR

Although Rottneros issues invoices in different currencies, the underlying currency for the pulp price is predominantly USD. The underlying exposure to USD is thus high. The direct inflow of USD corresponds to just over 60 percent of the inflow and of EUR to about 30 percent. However, the impact of exchange rate fluctuations on indirect exposure is delayed, as the normal duration of a customer contract is between one and three months.

The average USD exchange rate for January–September 2023 was 10 percent higher compared with the same period in 2022.

### Pulp price

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in SEK. As at the end of September 2023, the Group held pulp price hedges of 10,500 tons, with maturity between October 2023 and December 2024, at an average price of 13,273 SEK per ton. The fair value of these unrealised price hedges was 5 MSEK as of 30 September 2023.

### ELECTRICITY

All external electricity for the mills, about 220 GWh annually, is purchased directly via the Nord Pool electricity exchange. Electricity consumption will increase in line with increased

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

At the end of September 2023, electricity prices were hedged as shown in the following table. The table shows the hedged proportion of forecasted total consumption less the volume of the PPA agreement, as well as the average hedged price in SEK/kWh. The fair value of these unrealised electricity price hedges was 59 MSEK as of 30 September 2023. The amount excludes the volume in excess of electricity demand where the value is hedged by the sale of matching instruments. These hedges are classified as financial instruments.

The high level of hedging protects Rottneros' 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 on the Nord Pool exchange (area SE3) amounted to SEK 0.57 (1.30) per kWh for January–September 2023.

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

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

### ELECTRICITY PRICE HEDGES AS OF 30 SEPTEMBER 2023

Year	Proportion hedged, %	SEK/kWh
2023	100	0.355
2024	100	0.350
2025	81	0.359
2026	19	0.547
2027	26	0.521
2028	19	0.469

74 percent of the hedged volume is against the system price and 26 percent against electricity area SE3.

# 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 2023.

### LARGEST SHAREHOLDERS AT 30 SEPTEMBER 2023

Shareholders	Number of shares (=votes)	Percent of capital
Arctic Paper S.A.	78,230,883	51.0
PROAD AB	11,575,500	7.5
UBS Switzerland AG, W8IMY	6,997,553	4.6
Caceis Bank, Switzerland Branch,W8IMY	4,491,934	2.9
Avanza Pension	2,824,509	1.8
SEB AB, Luxembourg Branch, W8IMY	2,278,400	1.5
CBNY-DFA-INT SML CAP V	1,522,717	1.0
Caceis Bank Spain SAU, W8IMY	1,155,113	0.8
The Bank of New York Mellon SA/NA, W8IMY	860,516	0.6
SEB Investment Management	832,565	0.5
<b>Total 10 largest shareholders by holdings</b>	<b>110,769,690</b>	<b>72.2</b>
Other shareholders	41,802,235	27.3
Rottneros AB (treasury stock from buy-back)	821,965	0.5
<b>TOTAL</b>	<b>153,393,890</b>	<b>100.0</b>

### Share price development January–September 2023

At the end of the third quarter of 2023, the share price was SEK 10.80 (12.22 at the end of 2022). The average price during the period was 13.91 (13.40 in 2022) SEK.

### SHARE PRICE 2019–2023





# Nomination Committee ahead of the 2024 Annual General Meeting

The Annual General Meeting will be held on Thursday 20 April 2024 in Sunne. In accordance with the guidelines decided at Rottneros' Annual General Meeting 2023, a Nominating Committee has been appointed for the Annual General Meeting 2024.

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

Nominating Committee members:  
Michal Jarczyński, appointed by Arctic Paper S.A.  
Stefan Sundh, appointed by PROAD AB  
Per Lundeen, Chairman of the Board Rottneros AB

The Nomination Committee has appointed Michal Jarczyński to serve as Chairman.

The tasks of the Nominating Committee are to prepare and submit proposals for the Annual General Meeting 2024 regarding the election of the Chairman and other members of the Board, the Board's fees divided among the Chairman, other members and fees for committee work, election and fees for the auditor, election of the Chairman of the AGM and, where

appropriate, changes to the instructions for the Nominating Committee.

Shareholders wishing to submit proposals to the Nomination Committee may do so by e-mail to [rottneros@setterwalls.se](mailto:rottneros@setterwalls.se) or by letter no later than 13 January 2023 to: The Nomination Committee, Rottneros AB (publ), c/o Setterwalls Advokatbyrå AB, Box 11235, 404 25 Gothenburg.

# Significant events after the balance sheet date

There are no significant events to report.

# Upcoming financial information

1 February 2024	Year-end report 2023
1 March 2024	Annual Report 2023
25 April 2024	Interim report January-March 2024
24 July 2024	Interim report January-June 2024
23 October 2024	Interim report January-September 2024

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

# Declaration

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

Vallvik on 26 October 2023

**Per Lundeen**  
Chairman of the Board

**Roger Mattsson**  
Board member

**Conny Mossberg**  
Board member

**Julia Onstad**  
Board member

**Johanna Svanberg**  
Board member

**Magnus Wikström**  
Board member

**Mika Palmu**  
Employee representative

**Jerry Sohlberg**  
Employee representative

**Lennart Eberleh**  
President and CEO

This information is information that Rottneros AB is obliged to publish under the EU Market Abuse Regulation and the Securities Market Act.

This information was submitted for publication, through the agency of the contact person set out below, on 26 October 2023 at 8:00 a.m. A Swedish and an English version of this report have been drawn up. The Swedish version shall prevail in the event of differences between the two reports.

For further information, please contact:  
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## CONSOLIDATED INCOME STATEMENT

AMOUNTS IN MSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 months	2022
<b>NET TURNOVER</b>	<b>693</b>	<b>806</b>	<b>2,118</b>	<b>2,250</b>	<b>2,848</b>	<b>2,980</b>
Change in finished goods inventories	-42	22	49	61	76	88
Other operating income	5	28	36	56	24	44
<b>Operating income, total</b>	<b>656</b>	<b>856</b>	<b>2,203</b>	<b>2,367</b>	<b>2,948</b>	<b>3,112</b>
Raw materials and consumables	-393	-337	-1,271	-1,009	-1,677	-1,415
Other external costs	-129	-168	-382	-426	-605	-649
Employee benefit expenses	-55	-118	-221	-272	-306	-357
Other operating expenses	0	0	-1	0	-1	0
<b>EBITDA (Operating profit/loss before depreciation/amortisation and impairment)</b>	<b>79</b>	<b>233</b>	<b>328</b>	<b>660</b>	<b>359</b>	<b>691</b>
Depreciation/amortisation and impairment losses	-30	-48	-89	-111	-119	-141
<b>EBIT (operating profit/loss)</b>	<b>49</b>	<b>185</b>	<b>239</b>	<b>549</b>	<b>240</b>	<b>550</b>
Financial income	3	157	10	157	22	169
Financial expenses	-10	-1	-15	-3	-17	-5
<b>Total financial items</b>	<b>-7</b>	<b>156</b>	<b>-5</b>	<b>154</b>	<b>5</b>	<b>164</b>
<b>PROFIT/LOSS AFTER FINANCIAL ITEMS</b>	<b>42</b>	<b>341</b>	<b>234</b>	<b>703</b>	<b>245</b>	<b>714</b>
Tax on income for the period	-9	-71	-49	-147	-51	-149
<b>NET INCOME</b>	<b>33</b>	<b>270</b>	<b>185</b>	<b>556</b>	<b>194</b>	<b>565</b>
Average number of shares outstanding (thousands) <sup>1</sup>	152,572	152,572	152,572	152,572	152,572	152,572
Earnings per share, SEK <sup>1</sup>	0.22	1.77	1.21	3.64	1.27	3.70

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

## STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN MSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 months	2022
<b>NET INCOME</b>	<b>33</b>	<b>270</b>	<b>185</b>	<b>556</b>	<b>194</b>	<b>565</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
Items that have been or may be transferred to profit or loss for the period						
Changes in value of cash flow hedges	-153	116	-396	612	-689	319
Income tax effect on changes in value	32	-24	82	-126	142	-66
Translation differences	1	0	1	0	1	0
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-120</b>	<b>92</b>	<b>-313</b>	<b>486</b>	<b>-546</b>	<b>253</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD <sup>2</sup></b>	<b>-87</b>	<b>362</b>	<b>-128</b>	<b>1,042</b>	<b>-352</b>	<b>818</b>

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

## CONSOLIDATED BALANCE SHEET, SUMMARY

AMOUNTS IN MSEK	30 Sept 2023	30 Sept 2022	31 Dec 2022
Intangible assets	21	22	21
Property, plant and equipment	1,205	1,169	1,190
Financial assets	189	400	290
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,415</b>	<b>1,591</b>	<b>1,501</b>
Inventories	534	375	436
Current receivables	610	1,232	1,020
Cash and cash equivalents	364	431	465
<b>TOTAL CURRENT ASSETS</b>	<b>1,508</b>	<b>2,038</b>	<b>1,921</b>
<b>TOTAL ASSETS</b>	<b>2,923</b>	<b>3,629</b>	<b>3,422</b>
<b>Shareholders' equity</b>	<b>1,915</b>	<b>2,479</b>	<b>2,256</b>
Long-term liabilities			
Interest-bearing liabilities	68	120	111
Deferred tax liability	159	309	268
Other non-interest-bearing liabilities	56	57	57
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>283</b>	<b>486</b>	<b>436</b>
Current liabilities			
Interest-bearing liabilities	32	–	–
Non-interest-bearing liabilities	693	664	730
<b>TOTAL CURRENT LIABILITIES</b>	<b>725</b>	<b>664</b>	<b>730</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>2,923</b>	<b>3,629</b>	<b>3,422</b>
Shareholders' equity per share	12.55	16.25	14.79

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

AMOUNTS IN MSEK	Share capital	Other injected capital	Repurchased treasury shares	Other reserves		Retained earnings, incl. profit/loss for the year	Total share-holders' equity
				Hedging reserve	Translation difference		
Opening balance, 1 January 2022	153	730	-69	113	-8	608	1,527
Net income Jan-Sept						556	556
Other comprehensive income, Jan-Sept				486	1		487
Total comprehensive income for Jan-Sept				486	1	556	1,043
Dividends to shareholders, Jan-Sept						-91	-91
<b>Closing balance, 30 September 2022</b>	<b>153</b>	<b>730</b>	<b>-69</b>	<b>599</b>	<b>-7</b>	<b>1,073</b>	<b>2,479</b>
Net income Oct-Dec						9	9
Other comprehensive income, Oct-Dec				-233	1		-232
Total comprehensive income, Oct-Dec				-233	1	9	-223
<b>Closing balance, 31 December 2022</b>	<b>153</b>	<b>730</b>	<b>-69</b>	<b>366</b>	<b>-6</b>	<b>1,082</b>	<b>2,256</b>
Net income Jan-Sept						185	185
Other comprehensive income, Jan-Sept				-314	1		-313
Total comprehensive income for Jan-Sept				-314	1	185	-128
Dividends to shareholders, Jan-Sept						-213	-213
<b>Closing balance, 30 September 2023</b>	<b>153</b>	<b>730</b>	<b>-69</b>	<b>52</b>	<b>-5</b>	<b>1,054</b>	<b>1,915</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

AMOUNTS IN MSEK	Jan–Sep 2023	Jan–Sep 2022	Rolling 12 months	2022
<b>EBIT</b>	<b>239</b>	<b>549</b>	<b>240</b>	<b>550</b>
Adjustment for items not included in cash flow	13	–	13	–
Depreciation/amortisation and impairment losses	89	111	118	140
<b>EBIT adjusted for items not affecting cash flow</b>	<b>341</b>	<b>660</b>	<b>371</b>	<b>690</b>
Received/paid financial items	3	-2	3	-2
Received/paid taxes	-102	-29	-105	-32
<b>Cash flow from operating activities before changes in working capital</b>	<b>242</b>	<b>629</b>	<b>269</b>	<b>656</b>
Change in working capital	-61	-179	1	-117
<b>Cash flow from operating activities</b>	<b>181</b>	<b>450</b>	<b>270</b>	<b>539</b>
Investments in non-current assets	-177	-64	-225	-112
Sale of non-current assets	5	–	5	–
Change in current financial investments	115	–	115	–
<b>Cash-flow from investing activities</b>	<b>-57</b>	<b>-64</b>	<b>-105</b>	<b>-112</b>
Borrowings, long-term loans	100	–	100	–
Amortisation, long-term bank loans	-112	-25	-121	-34
Dividend paid	-213	-91	-213	-91
<b>Cash flow from financing activities</b>	<b>-225</b>	<b>-116</b>	<b>-234</b>	<b>-125</b>
<b>Net cash flow for the period</b>	<b>-101</b>	<b>270</b>	<b>-69</b>	<b>302</b>
Cash and cash equivalents at start of period	465	161	431	161
Net cash flow for the period	-101	270	-69	302
Exchange rate difference in cash and cash equivalents	0	0	2	2
Closing cash and cash equivalents	364	431	364	465

## CHANGES IN INTEREST-BEARING LIABILITIES

AMOUNTS IN MSEK	Jan–Sep 2023	Jan–Sep 2022	Rolling 12 months	2022
<b>Interest-bearing liabilities on the balance sheet at the beginning of the period</b>	<b>111</b>	<b>145</b>	<b>120</b>	<b>145</b>
Changes included in cash flow from financing activities	–	–	–	–
Long-term loans taken out from banks	100	–	100	–
Amortisation of long-term loans taken out from banks	-112	-25	-121	-34
<b>Total</b>	<b>-12</b>	<b>-25</b>	<b>-21</b>	<b>-34</b>
Other changes:				
Via acquisition	–	–	–	–
Accrual of direct costs related to the issuance of bonds that are amortised over the term of the loan	–	–	–	–
<b>Interest-bearing liabilities on the balance sheet at the end of the period</b>	<b>99</b>	<b>120</b>	<b>99</b>	<b>111</b>



## PARENT COMPANY INCOME STATEMENT

AMOUNTS IN MSEK	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
<b>NET TURNOVER</b>	<b>14</b>	<b>6</b>	<b>8</b>
Other operating income	10	15	16
<b>OPERATING INCOME, TOTAL</b>	<b>24</b>	<b>21</b>	<b>24</b>
Result from hedging activities	-5	-43	-58
Other external costs	-28	-26	-36
Employee benefit expenses	-29	-30	-42
<b>EBITDA (Operating profit/loss before depreciation/amortisation and impairment)</b>	<b>-38</b>	<b>-78</b>	<b>-112</b>
Depreciation/amortisation and impairment losses	0	-3	-3
<b>EBIT (operating profit/loss)</b>	<b>-38</b>	<b>-81</b>	<b>-115</b>
Profit from participations in Group companies	0	0	534
Financial income	140	17	24
Financial expenses	-7	-3	-4
<b>TOTAL FINANCIAL ITEMS</b>	<b>133</b>	<b>14</b>	<b>554</b>
<b>PROFIT/LOSS AFTER FINANCIAL ITEMS</b>	<b>95</b>	<b>-67</b>	<b>439</b>
Tax on income for the period	0	0	-92
<b>NET INCOME</b>	<b>95</b>	<b>-67</b>	<b>347</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN MSEK	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
<b>NET INCOME</b>	<b>95</b>	<b>-67</b>	<b>347</b>
Other comprehensive income	–	–	–
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>95</b>	<b>-67</b>	<b>347</b>

## BALANCE SHEET – PARENT COMPANY

AMOUNTS IN MSEK	30 Sep 2023	30 Sep 2022	Jan-Dec 2022
Intangible assets	0	1	0
Property, plant and equipment	3	0	1
Financial assets <sup>1</sup>	731	823	664
<b>TOTAL NON-CURRENT ASSETS</b>	<b>734</b>	<b>824</b>	<b>665</b>
Current receivables <sup>2</sup>	632	122	637
Cash and cash equivalents	300	416	428
<b>TOTAL CURRENT ASSETS</b>	<b>932</b>	<b>538</b>	<b>1,065</b>
<b>TOTAL ASSETS</b>	<b>1,666</b>	<b>1,362</b>	<b>1,730</b>
Shareholders' equity	969	674	1,088
Long-term liabilities			
Interest-bearing	59	109	70
Non-interest-bearing	56	57	57
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>115</b>	<b>166</b>	<b>127</b>
Current liabilities			
Interest-bearing	32	32	32
Non-interest-bearing <sup>3</sup>	550	490	483
<b>TOTAL CURRENT LIABILITIES</b>	<b>582</b>	<b>522</b>	<b>515</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,666</b>	<b>1,362</b>	<b>1,730</b>

<sup>1</sup> Including receivables of 283 MSEK (283) from subsidiaries.<sup>2</sup> Includes receivables from subsidiaries of 601 (568) MSEK.<sup>3</sup> Includes liabilities to subsidiaries of 538 (443) 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.

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

## Net turnover

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

## FINANCIAL INSTRUMENTS

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

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

As a result of the 16 August 2022 decision to close the groundwood line at Rottneros Mill, the Group has electricity hedges that exceed the estimated consumption for 2023 and 2024. In accordance with IFRS 9, the portion of the hedge that is not matched by future cash flows is classified as financial items. Changes in value of the part that does not correspond to future cash flows are recognised after this date in net financial items and amounted to -7 MSEK for the period January–September 2023.

The financial derivatives consist of a purchase position of 12 MW. To eliminate the risk in the financial derivatives, a sell position of 10 MW has been taken which hedged 154 MSEK of the 165 MSEK recognised as financial income in 2022. Cash flow from the financial derivatives amounted to 115 MSEK for January–September 2023.

In June 2023, Rottneros AB refinanced its existing long-term loan agreements. The new agreement includes a loan of 100 MSEK with 32 MSEK in annual amortisation,

as well as revolving credits of up to 150 MSEK. The loan agreement has a term of two years with a one-year extension option. As before, the financing agreement includes a sustainability link whereby the interest terms are linked to some of the environmental and work environment criteria in the Group's long-term targets.

The nature of other financial assets and liabilities is in all essential respects the same as on 31 December 2022. The carrying amounts are deemed to be equal to actual values, which was also the case at the end of 2022, since the effect of discounting is not of material significance. Accounts receivables are covered by credit insurance, which reimburses most of any bad debt losses. The Company has long-term relationships with its customers and credit losses have historically been low.

## Transactions with related parties

During January–September 2023, Rottneros sold pulp to the related party Arctic Paper S.A. Group amounting to 7 (0) MSEK. Outstanding operating receivables for Arctic Paper as of 30 September 2023 totalled 0 (0) MSEK. The transactions took place on market terms.

ROTTNEROS' NET TURNOVER

AMOUNTS IN MSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 months	Full year 2022
Sales of pulp	635	748	1,922	2,086	2,598	2,762
Results from pulp price hedging	3	-14	-5	-43	-20	-58
Sales of by-products and other	28	26	92	71	117	96
Sales of pulp wood	27	46	109	136	153	180
TOTAL NET TURNOVER	693	806	2,118	2,250	2,848	2,980

NET TURNOVER BY GEOGRAPHIC MARKET

AMOUNTS IN MSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 months	Full year 2022
Sweden	135	158	436	455	661	680
Other Nordic countries	58	60	225	195	304	274
Germany	91	125	296	349	404	457
Italy	27	81	114	284	221	391
Rest of Europe	108	93	301	251	321	271
North America	50	73	167	201	210	244
Asia	218	216	570	515	718	663
Rest of world	6	0	9	0	9	0
TOTAL NET TURNOVER	693	806	2,118	2,250	2,848	2,980

BREAKDOWN OF PULP TURNOVER BY USE

AMOUNTS IN MSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 months	Full year 2022
Board and packaging	196	279	569	691	758	880
Printing and writing papers	8	51	54	196	124	266
Filters	154	162	479	422	599	542
Electrotechnical applications	128	97	373	290	493	410
Tissue paper	65	31	163	87	190	114
Special applications	68	101	227	289	337	399
Fiber cement	2	0	25	0	90	65
Other	14	27	32	111	7	86
TOTAL PULP TURNOVER	635	748	1,922	2,086	2,598	2,762

FAIR VALUE FOR DERIVATIVES, 31 DECEMBER 2022

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

FAIR VALUE FOR DERIVATIVES, 30 SEPTEMBER 2023

Hedging	Hedged volume	Maturity	Hedging level	Fair value (MSEK)
Pulp, futures sold	10,500 tons	2023-2024	13,273 SEK/ton	5
Electricity, forward purchase, cash flow hedge	625,440 MWh	2023-2028	0.398 SEK/kWh	59
Electricity, forward, financial	39,610 MWh	2023-2024	–	42
TOTAL FAIR VALUE				106



## GROUP PERFORMANCE IN SUMMARY

	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 months	2022	2021	2020	2019
<b>Income statement, MSEK</b>							
Net turnover	2,118	2,250	2,848	2,980	2,303	2,093	2,376
EBITDA	328	660	359	691	385	77	374
Depreciation/amortisation and impairment losses	-89	-111	-119	-141	-118	-119	-106
EBIT	239	549	240	550	267	-42	268
Financial items (net financial items)	-5	154	5	164	-21	-19	-21
<b>Profit/loss after financial items</b>	<b>234</b>	<b>703</b>	<b>245</b>	<b>714</b>	<b>246</b>	<b>-61</b>	<b>247</b>
<b>Net income</b>	<b>185</b>	<b>556</b>	<b>194</b>	<b>565</b>	<b>198</b>	<b>-50</b>	<b>194</b>
<b>Statement of cash flow, MSEK</b>							
Cash flow from operating activities	181	450	270	541	288	85	462
Investments in non-current assets	-57	-64	-105	-112	-123	-128	-109
Cash flow after investments in non-current assets	124	386	165	429	165	-43	353
Cash flow from financing activities	-225	-116	-234	-125	-334	-3	-214
<b>Net cash flow</b>	<b>-101</b>	<b>270</b>	<b>-69</b>	<b>304</b>	<b>-169</b>	<b>-46</b>	<b>138</b>
<b>Balance sheet items, MSEK</b>							
Non-current assets	1,415	1,591	1,415	1,501	1,339	1,285	1,280
Inventories	534	375	534	436	327	355	375
Current receivables	610	1,232	610	1,020	555	287	342
Cash and cash equivalents	364	431	364	465	161	330	376
Net debt (+) / net cash (-)	-296	-311	-296	-354	-16	81	35
Shareholders' equity	1,915	2,479	1,915	2,256	1,527	1,301	1,380
Long-term interest-bearing liabilities	68	120	68	111	145	411	411
Long-term non-interest-bearing liabilities	215	366	215	325	207	150	176
Current interest-bearing liabilities	32	0	–	–	–	–	–
Current non-interest-bearing liabilities	693	664	693	730	503	395	406
Capital employed	1,651	2,168	1,651	1,902	1,511	1,382	1,415
<b>Total shareholders' equity and liabilities</b>	<b>2,923</b>	<b>3,629</b>	<b>2,923</b>	<b>3,422</b>	<b>2,382</b>	<b>2,257</b>	<b>2,373</b>

	Jan-Sep 2023	Jan-Sep 2022	Rolling 12 months	2022	2021	2020	2019
<b>Key performance indicator</b>							
EBITDA margin, %	15.5	29.3	12.6	23.2	16.7	3.7	15.7
EBIT-margin, %	11.3	24.4	8.4	18.5	11.6	-2.0	11.3
Profit margin, %	11.0	31.2	8.6	24.0	10.7	-2.9	10.4
Return on equity (rolling 12 months), %	10.1	23.3	10.1	29.9	14.0	-3.7	13.7
Return on capital employed (rolling 12 months), %	17.3	29.1	17.3	32.2	18.5	-3.0	17.7
Equity/assets ratio, %	66	68	66	66	64	58	58
Debt/equity ratio, %	-15	-13	-15	-16	-1	6	3
<b>Other</b>							
Average number of employees	291	313	308	319	316	318	303
Pulp production, 1,000 tons	271.5	309.9	366.2	397.1	395.3	412.6	406.0
Pulp deliveries, 1,000 tons	277.1	301.9	352.5	388.4	403.2	416.5	408.3
List price of NBSK pulp, USD per ton <sup>1</sup>	1,293	1,384	1,410	1,404	1,198	843	984
SEK/USD <sup>2</sup>	10.59	9.92	10.55	10.12	8.58	9.21	9.46
List price of NBSK pulp, SEK per ton	13,692	13,731	14,879	14,213	10,280	7,765	9,304

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

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

QUARTERLY DATA GROUP

	2023			2022				2021			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income statement, MSEK											
Net turnover	693	681	744	730	806	784	660	598	570	593	542
EBITDA	79	71	178	31	233	254	174	88	130	127	40
Depreciation/amortisation and impairment losses	-30	-30	-29	-30	-49	-34	-29	-30	-29	-30	-29
EBIT	49	41	149	1	185	220	145	58	101	97	11
Financial items (net financial items)	-7	3	-1	10	156	-1	-1	-1	-11	-4	-4
Profit/loss after financial items	42	44	148	11	341	219	144	57	90	93	7
Tax on income for the period	-9	-10	-30	-2	-71	-46	-30	-8	-19	-19	-2
Net income	33	34	118	9	270	172	114	49	71	74	5
Per share											
Earnings per share, SEK	0.22	0.22	0.77	0.06	1.77	1.13	0.75	0.32	0.47	0.48	0.03
Other											
Pulp production, 1,000 tons	88.8	93.2	89.6	87.2	96.2	110.5	103.2	91.4	92.2	109.2	102.5
Pulp deliveries, 1,000 tons	102.3	82.9	87.2	86.5	95.9	106.0	100.0	95.5	92.5	103.2	112.0
List price of NBSK pulp, SEK per ton	12,706	13,749	14,568	15,693	15,613	13,589	12,063	11,573	11,557	10,012	8,044

SHARE DATA<sup>1</sup>

		Jan–Sept 2023	Jan–Sept 2022	Rolling 12 months	2022	2021	2020	2019
Shares outstanding at the beginning of the period <sup>2</sup>	Number	152,572	152,572	152,572	152,571	152,572	152,572	152,572
Shares outstanding at the end of the period <sup>2</sup>	Number	152,572	152,572	152,572	152,572	152,572	152,572	152,572
Average number of shares outstanding <sup>2</sup>	Number	152,572	152,572	152,572	152,572	152,572	152,572	152,572
Repurchased treasury shares <sup>2</sup>	Number	822	822	822	822	822	822	822
Earnings per share	SEK	1.21	3.59	1.32	3.70	1.28	-0.33	1.27
Cash flow after investments/share <sup>3</sup>	SEK	0.03	2.53	0.30	2.80	1.07	-0.30	2.30
Equity per share	SEK	12.55	16.19	12.55	14.78	9.99	8.53	9.05
Dividend <sup>4</sup>								
Ordinary dividend	SEK	0.50	0.40	0.50	0.40	–	–	0.40
Extra dividend	SEK	0.90	0.20	0.90	0.20	0.45	–	1.00
Total	SEK	1.40	0.60	1.40	0.60	0.45	–	1.40
Dividend/equity per share	%	11.2	3.7	11.2	4.1	4.5	–	15.5
Share price at end of period	SEK	10.80	13.58	10.80	12.22	10.42	8.15	11.40
Market price/equity/share	times	0.9	0.8	0.9	0.8	1.0	1.0	1.3
P/E ratio per share	times	8.9	3.8	8.2	3.3	8.1	-24.7	9.0

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



# Alternative key performance indicators

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

Rottneros also uses the key indicators P/E ratio, Earnings per share and Operating profit/loss per share, which the Company believes are relevant for investors and other readers. Alternative key ratios can be defined in different ways by other companies and therefore may not be comparable with similar measures used by other companies.

## DEFINITIONS FOR IFRS AND ALTERNATIVE KEY PERFORMANCE INDICATORS

### EBITDA

Earnings before interest, taxes, depreciation, and amortization (Operating profit before depreciation/amortisation and impairment losses).

### EBIT

Earnings before interest and taxes (operating profit).

### EBIT margin

EBIT as a percentage of net turnover.

### Profit margin

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

### Shareholders’ equity per share

Shareholders’ equity divided by number of shares.

### Cash flow after investments

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

### Net debt/net cash

Interest-bearing liabilities less cash and cash equivalents.

### Capital employed

Shareholders’ equity plus interest-bearing liabilities less cash and cash equivalents.

### Return on capital employed (rolling 12 months)

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

### Return on equity (rolling 12 months)

Net profit for the last 12 months, as a percentage of average equity (average of equity at the beginning of the period and at the end of the period).

### Equity/assets ratio

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

### Liquidity

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

### Available liquidity

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

### Debt/equity ratio

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

### P/E ratio

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

### Operating profit/loss per share

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

# Glossary

<p><b>Market pulp</b></p> <p>Pulp sold on the market and transported to the customer. Market pulp accounts for about one third of pulp production world-wide. The remaining two thirds are produced at integrated paper and board mills, or used internally within a group.</p>	<p><b>CTMP</b></p> <p>Chemi-Thermo-Mechanical Pulp. Development of TMP, mechanical pulp where the raw material is impregnated with chemicals. Stronger than TMP. The term is used in Europe for both bleached and unbleached pulp.</p>	<p><b>High-yield pulp</b></p> <p>Groundwood pulp, TMP and CTMP/BCTMP.</p>	<p><b>Long-fibre pulp</b></p> <p>Pulp where the raw material is softwood, which has longer cellulose fibre than hardwood.</p>	<p><b>TMP</b></p> <p>Thermo-Mechanical Pulp: mechanical pulp produced using a technique in which the chips are preheated with steam, but without chemicals.</p>
<p><b>BCTMP</b></p> <p>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).</p>	<p><b>ECF</b></p> <p>Elemental Chlorine Free. Sulphate pulp bleached using chlorine dioxide, not chlorine.</p>	<p><b>Chemical pulp</b></p> <p>Pulp produced by boiling raw timber 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.</p>	<p><b>Mechanical pulp</b></p> <p>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.</p>	<p><b>UKP</b></p> <p>Unbleached Kraft Pulp, unbleached sulphate pulp.</p>
<p><b>BEK</b></p> <p>Bleached Eucalyptus Kraft pulp.</p>	<p><b>GHG Scope 1</b></p> <p>Carbon dioxide emissions from fossil fuels during production in own operations.</p>	<p><b>Short-fibre pulp</b></p> <p>Pulp where the raw material is hardwood, which has shorter cellulose fibre than softwood.</p>	<p><b>NBSK</b></p> <p>Northern Bleached Softwood Kraft: bleached long-fibre sulphate pulp. The leading indicator of world market prices.</p>	
<p><b>COD</b></p> <p>Chemical Oxygen Demand, chemical method for measuring oxygen-demanding substances.</p>	<p><b>GHG Scope 2</b></p> <p>Carbon dioxide emissions from electricity and other energy purchased for operations.</p>	<p><b>LTIFR</b></p> <p>Lost Time Injury Frequency Rate indicates the number of accidents with sick leave per million hours worked.</p>	<p><b>Groundwood pulp (SGP)</b></p> <p>Mechanical pulp based on roundwood as a raw material.</p>	



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