

Rottneros AB

# Interim report January - June 2024

**+4%**  
Increased turnover

**30** MSEK  
EBIT for Q2 2024



Strong pulp market



Stable production and  
solid deliveries



# Continued stabilization of the operations

## Q2 2024 compared with (Q2 2023)

**NET TURNOVER** increased by 4 percent to 711 (681) MSEK. Compared to the first quarter of 2024, turnover rose by 3 percent due to higher market prices.

**THE LIST PRICE** of NBSK pulp was 16 percent higher compared with the second quarter of 2023. Compared with the first quarter of 2024, the list price rose 13 percent. The market price of CTMP rose by 1 percent compared with the second quarter of 2023 and decreased by 2 percent from the first quarter of 2024.

**PRODUCED VOLUME** amounted to 91.0 (93.2) thousand tonnes, which is 2 percent lower than in the corresponding quarter of 2023.

**VOLUME SOLD** rose to 88.6 (82.8) thousand tonnes, an increase of 7 percent.

**EBIT** (operating profit) was 30 (41) MSEK. Compared with the corresponding quarter of 2023, selling prices were lower while volumes were higher. EBIT increased from the first quarter of 2024 as a result of rising prices and higher production volumes.

**NET PROFIT** for the quarter amounted to 22 (34) MSEK. Earnings per share totaled 0.15 (0.22) SEK.

**THE BALANCE SHEET** remains strong. The equity/assets ratio was 64 (65) percent. Available liquidity amounted to 298 (714) MSEK. Net debt was 112 MSEK.

**INVESTMENTS** in the ongoing investment plan amounted to 216 (65) MSEK for the first half of the year.

	Apr–Jun 2024	Apr–Jun 2023	change	Jan–Mar 2024	change Q1-Q2/24	Jan–Jun 2024	Jan–Jun 2023	change	rolling 12 months	Jan–Dec 2023
Net turnover	711	681	30	688	23	1,399	1,425	-26	2,729	2,755
EBITDA, MSEK	65	71	-6	35	30	100	249	-149	103	252
EBIT, MSEK	30	41	-11	5	25	35	190	-155	-16	139
Profit/loss after financial items, MSEK	30	44	-14	-3	33	27	192	-165	-12	153
Net profit, MSEK	22	34	-12	-2	24	20	152	-132	-11	121
Earnings per share, SEK	0.15	0.22	-0.07	-0.02	0.17	0.13	1.00	-0.87	-0.07	0.79
Cash-flow from current operations, MSEK	6	17	-11	60	127	66	121	-55	49	104
Return on capital employed (rolling 12 months), %						-0.9	22.7		-0.9	7.9
Production, thousand tonnes	91.0	93.2	-2.2	84.3	6.7	175.3	182.8	-7.5	344.2	351.7
Deliveries*, thousand tonnes	88.6	82.8	5.8	89.8	-1.2	178.4	165.4	13.0	365.2	352.2

\* Excluding groundwood pulp

**711** MSEK

NET TURNOVER increased by 4 percent to 711 MSEK compared to the second quarter of 2023.

**30** MSEK

EBIT for the second quarter of 2024 increased from 5 MSEK in the first quarter of 2024.

**64** %

The equity/assets ratio was 64 percent and available liquidity totaled 298 MSEK.

**+7** %

Deliveries increased to 88.6 thousand tonnes.

**“Earnings improved compared with the previous quarter, which was negatively impacted by production disruptions”**



### Comments by the CEO

## Continued stabilization of the operations

After starting the year with production-related challenges, we delivered a better result than in the first quarter thanks to stable production and good cost control. At the same time, there are identified areas for improvements that will be addressed going forward. The pulp market continued to move in the right direction with clear price increases. In general, this year has been marked by a high pace of investment in our business, with all projects progressing as planned. Our strong focus on meeting customer needs and growing long-term niches, along with our solid financials, provides us with an excellent starting point. Safety, high availability and efficiency in the mills remain our top priorities.

Unfortunately, a serious workplace accident occurred in June at Rottneros Mill, where two people were seriously and one slightly injured while working on a transformer. The incident is deeply regrettable and something we view with great concern. The safety of our employees is, of course, always at the top of our agenda. The cause of the accident is now being thoroughly investigated.

Net turnover grew by 4 percent compared with the same quarter last year, to 711 MSEK, as a result of increased deliveries combined with higher pulp prices. Earnings improved compared with the previous quarter, which was negatively impacted by production disruptions. EBIT totaled 30 MSEK, which is 11 MSEK lower than the second quarter of 2023. A slight decline in production and higher prices and deliveries also affected the trend. Production for the Group as a whole decreased by 2 percent as

## Comments by the CEO

711 MSEK

Net turnover

30 MSEK

EBIT

298 MSEK

Available liquidity

a result of a slightly lower rate at Vallvik Mill. Rottneros Mill continued to perform well, with a 1 percent increase in production.

We continue to have a good supply of pulp wood, in part due to our long-term efforts to build close relationships with our suppliers. However, the steady increase in competition for wood causes prices to keep rising, albeit at a slower pace. We have secured the supply of pulp wood for the expanded production capacity at Rottneros Mill, which will come online in the final quarter of the year.

### **Intense investment activity, all projects proceeding according to plan**

This year, we have a fast pace of ongoing maintenance investments to guarantee reliable and stable production. In parallel, we are preparing for the future with our major investment projects, including expanded CTMP capacity and solar cells with associated battery storage at Rottneros Mill and the tall oil plant at Vallvik. The projects are proceeding according to plan, with start-ups scheduled for the summer and autumn. Investments will total approximately 430 MSEK for the year as a whole. Investments for the quarter totaled 134 MSEK.

### **Pulp market remains stable**

The market for spruce and pine-based chemical pulp based continued to show steady growth. A favorable supply-demand balance caused prices to continue rising during the quarter to around 1,600 USD per tonne of bleached chemical long-fiber pulp at the end of June, up about 150 USD since the end of March. Inventory levels were relatively low, while demand grew in

both Europe and North America. Overall, our customers are interested in increasing volumes, particularly in our niche segments such as e-pulp and filters.

### **Rottneros Packaging project on track, strong interest in our climate-smart packaging**

Interest in our fossil-free and climate-friendly packaging-solutions continues to be strong and is on the rise. Our investment project for large-scale production of molded fiber trays in Poland together with Arctic Paper is progressing as planned, with production expected to begin in the third quarter. The production lines will be installed after the summer.

### **A strong balance sheet ensures freedom of action**

We are maintaining our strong balance sheet despite the high pace of investment this year. It is a key element in our long-term efforts to develop and grow our business. The equity ratio at the end of the quarter was 64 percent, while available liquidity was 298 MSEK.

In conclusion, I would like to express my gratitude to all employees for their strong commitment to Rottneros. I would also like to thank our customers, suppliers, shareholders and the Board of Directors for their close and fruitful cooperation.

Lennart Eberleh  
President and CEO

**“We are maintaining our strong balance sheet despite the high pace of investment this year. It is a key element in our long-term efforts.”**

**Market overview – Pulp market**

# Strong market in Europe and USA, still weak in China

Global GDP growth is projected to be 3.2 percent this year and 3.3 percent in 2025. While overall inflation has been falling, it remains high in the service sector, which is delaying interest rate cuts from central banks. GDP growth in the EU is projected to rise from 0.6 percent last year to 1.2 percent in 2024 and 1.8 percent in 2025. China's GDP growth is expected to decline following the recovery in 2023 and stay at a lower level in 2024 and 2025. The USA is also expected to have slower economic growth in 2025.

Performance for market pulp was mixed during the quarter. Demand in Europe remained steady, while deliveries to China continued to fall. The strike in Finland in the first quarter strained the market, causing prices to rise.

Demand in Europe continued to be robust in the second quarter. In the year to May, demand was 13 percent higher than the previous year. Total production rose by 8 percent, with all segments showing an increase compared with 2023. Paper increased by 12 percent, board by 7 percent and the more stable tissue segment by 5 percent.

Pulp deliveries to China have gradually declined so far this year. In the year to May, deliveries are now at -1 percent and the decline is expected to continue in the coming months.

The list price for NBSK in Europe rose from 1,400 USD to 1,620 USD in the second quarter. During the quarter, net prices increased from 770 USD to approximately 864 USD. Net NBSK prices in China rose from about 730 USD to 790 USD, but the trend is pointing downward once again. Global net prices for BCTMP remained unchanged at around 510 USD during the quarter.

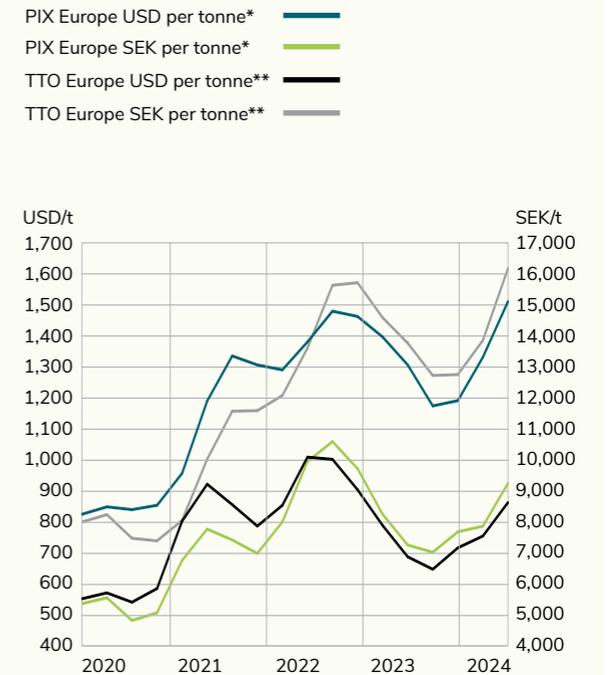
Tissue production in the main markets (excl. China) in the year to April shows an increase of 4 percent compared with 2023. Tissue paper is not a large market for Rottneros, but it is the largest area of use for market pulp globally, with more than 40 percent of the market.

Deliveries of printing and writing papers recovered in the second quarter. In the year to April, shipments rose by 5 percent in key markets (excl. China) compared with 2023, with a particularly strong growth rate in Europe at 13 percent. Rottneros withdrew from the printing and writing papers segment in 2022, but it is still the second largest use of market pulp globally.

In the year to May, global demand for market pulp was 4 percent higher than in 2023, split between hardwood pulp at +6 percent and softwood pulp at +2 percent. Demand for unbleached pulp (UKP) decreased by 8 percent compared with 2023. Global CTMP demand increased by 6 percent, with robust growth in Europe and Asia (excluding China) and a decline in China.

Manufacturers' global stocks in April of long-fiber pulp were 36 days and of short-fiber pulp 45 days, essentially unchanged since the first quarter. Stocks of both grades can be characterized as within the range of a well-balanced market.

## NBSK PRICES 2020–2024



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

Performance April – June

# Strong market and higher turnover

+4 %

Higher turnover

Turnover amounted to 711 (681) MSEK, an increase of 4 percent. Demand was robust and market prices continue to rise during the quarter. Sales volume increased by 7 percent to 88.6 (82.8) thousand tonnes. Compared with the first quarter of 2024, sales volume was down 1 percent, while turnover rose by 3 percent on higher prices.

-2 MSEK

Higher variable costs

Compared with the second quarter of 2023, the list price of NBSK rose by 16 percent in USD. The development of Rottneros' sales prices lags behind list prices, as reflected in the comparison with the same quarter of 2023. Compared with the first quarter of 2024, the list price of NBSK rose by 13 percent. The market price of CTMP remained essentially unchanged compared with both the second quarter of 2023 and the first quarter of 2024.

Pulp price hedging gave a negative outcome of -8 (-2) MSEK. Sales of products other than pulp totaled 92 (71) MSEK, corresponding to 13 percent of turnover.

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

The variable costs, based on SEK per tonne produced, increased by 2 MSEK for the second quarter of 2024 compared with the same period in 2023.

Electricity prices have been relatively low during the quarter. The system price was 0.41 (0.64) SEK per kWh. Rottneros' consumption takes place primarily in electricity area SE3, where the price has been 0.36 (0.54) SEK per kWh. Rottneros hedges most of its electricity consumption. The realized outcome for electricity price hedges was 1 (11) MSEK. The net cost of the Group's electricity consumption was 0.34 (0.30) SEK per kWh in the first quarter.

Fixed costs were lower than in the second quarter of 2023 and decreased by 8 MSEK.

Depreciation and amortization for the period was 35 (30) MSEK. In addition to scheduled depreciation of 30 MSEK, an impairment charge for non-current assets of 5 MSEK was recognized.

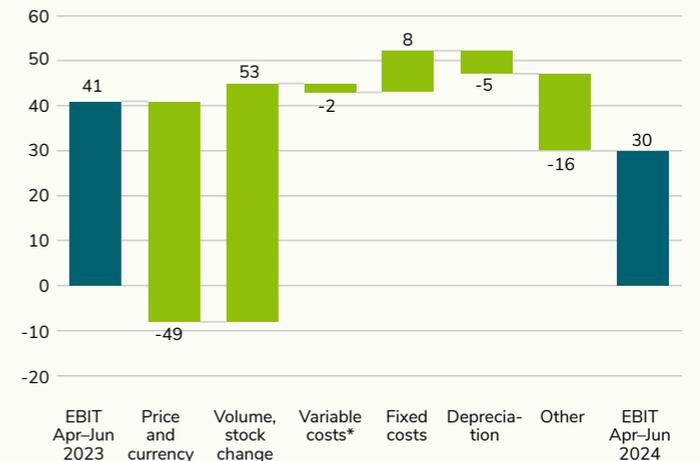
The item "other" in the chart includes the results of activities other than the sale of pulp, as well as currency revaluation effects.

EBIT for the quarter was 30 (41) MSEK. A robust pulp market with rising prices, stable sales volumes and lower fixed costs had a positive impact, while higher variable costs pressured margins.

## QUARTERLY COMPARISON

	Apr-Jun 2024	Apr-Jun 2023	change, %	Jan-Mar 2024	change, %
NBSK, USD	1,511	1,307	16	1,332	13
SEK/USD	10.69	10.52	2	10.39	3
NBSK, SEK	16,150	13,749	17	13,839	17
Net turnover, MSEK	711	681	4	688	3
EBIT, MSEK	30	41	-27	5	500

## DIFFERENCE IN EBIT SECOND QUARTER 2024 COMPARED WITH SECOND QUARTER 2023 (MSEK)



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

**Production and deliveries**

# Increased deliveries, stable production

Rottneros Mill continues to produce at a high level. CTMP production was 32,700 tonnes compared to 32,500 tonnes in the corresponding quarter last year. It is at the same level as the first quarter, thereby tying the quarterly record.

The production volume of sulphate pulp at Vallvik Mill was 58,300 (60,700) tonnes, a 4 percent decline. Total production for the group was 91,000 (93,200) tonnes, which is 2 percent lower than the previous year. In the first half of the year, production decreased 4 percent to 175,300 (182,800) tonnes due to production issues at Vallvik early in the year.

Customer deliveries of sulphate pulp and CTMP increased by 7 percent to 88,600 (82,800) tonnes. For the first half of the year, corresponding deliveries increased by 8 percent to 178,400 (165,400) tonnes. During the period, demand has been solid in Rottneros' main markets.

**Maintenance shutdowns and seasonal variations**

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

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

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

**PRODUCTION AND DELIVERIES**

Production, tonnes	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Rolling 12months	Jan–Dec 2023
Sulphate pulp	58,300	60,700	109,900	121,400	218,100	229,600
CTMP	32,700	32,500	65,400	61,400	126,100	122,100
<b>TOTAL</b>	<b>91,000</b>	<b>93,200</b>	<b>175,300</b>	<b>182,800</b>	<b>344,200</b>	<b>351,700</b>

Deliveries, tonnes	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Rolling 12months	Jan–Dec 2023
Sulphate pulp	53,800	57,000	111,200	111,700	230,900	231,400
CTMP	34,800	25,800	67,200	53,700	134,300	120,800
<b>TOTAL</b>	<b>88,600</b>	<b>82,800</b>	<b>178,400</b>	<b>165,400</b>	<b>365,200</b>	<b>352,200</b>
Groundwood pulp	0	100	0	4,700	0	4,700

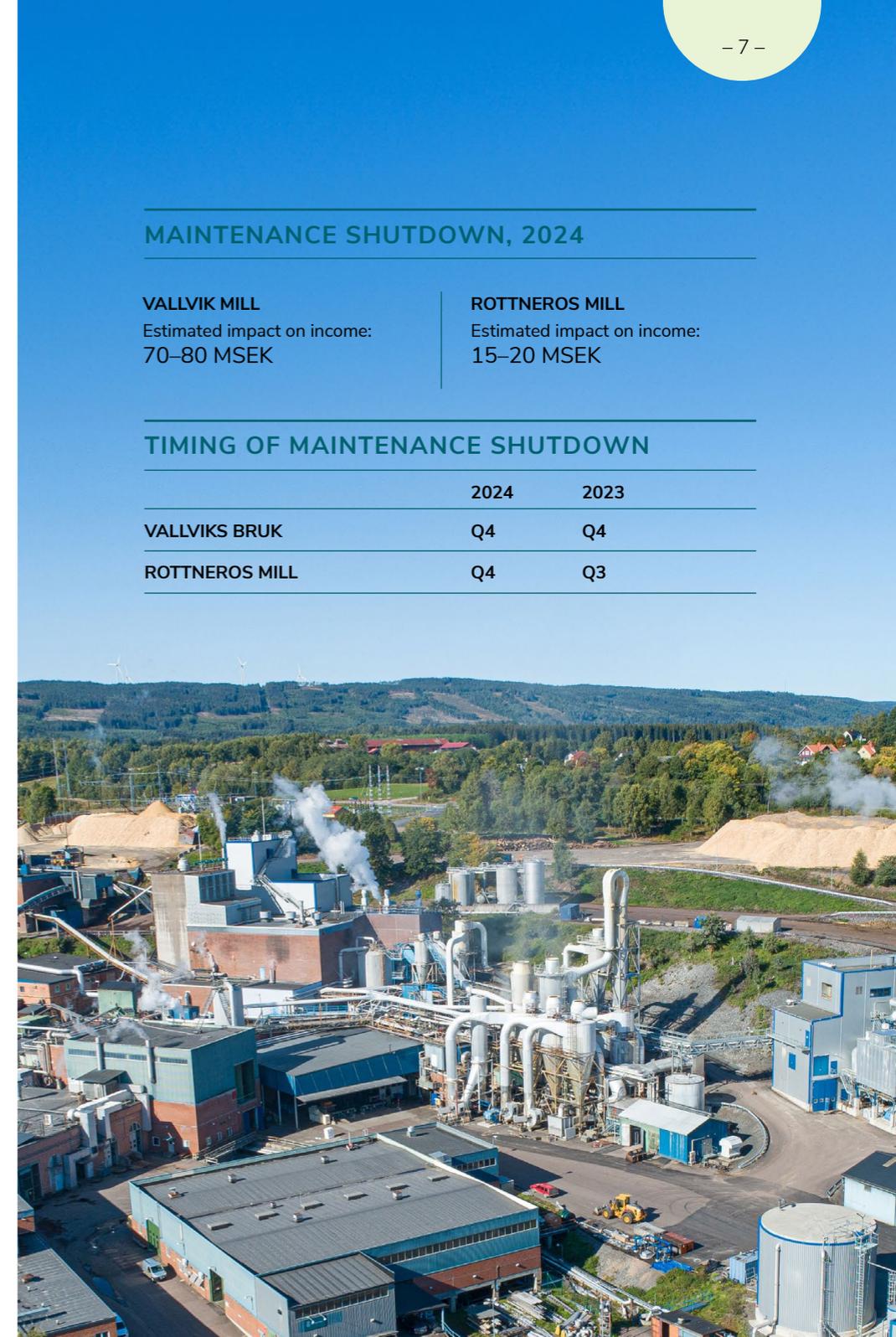
**MAINTENANCE SHUTDOWN, 2024**

**VALLVIK MILL**  
Estimated impact on income:  
70–80 MSEK

**ROTTNEROS MILL**  
Estimated impact on income:  
15–20 MSEK

**TIMING OF MAINTENANCE SHUTDOWN**

	2024	2023
VALLVIKS BRUK	Q4	Q4
ROTTNEROS MILL	Q4	Q3



Performance, January – June

# Recovery from production issues at the beginning of the year

+1 %

Higher turnover, adjusted for groundwood pulp

Turnover amounted to 1,399 (1,425) MSEK, a decline of 2 percent. Adjusted for groundwood pulp, which has not been included in the product portfolio since the second quarter of 2023, sales rose by 1 percent. Excluding groundwood pulp, sales volume increased by 8 percent to 178.4 (165.4) thousand tonnes.

-29 MSEK

Higher variable costs

The price of NBSK rose by 5 percent in USD compared with the first half of 2023. The change in the list price will affect the Rottneros' sales prices with a time lag. Weak global demand for CTMP resulted in lower market prices for the product. Taken together, price and currency effects had a negative impact on profit of -145 MSEK.

Pulp price hedging gave a negative outcome of -10 (-8) MSEK. Sales of products other than pulp increased to 179 (145) MSEK, corresponding to 13 percent of turnover.

Variable costs were at a higher level and increased by about 29 MSEK, based on SEK per tonne produced, for the comparative period. Wood prices are higher, while consumption of electricity and fuels has been high. The cost of chemicals has dropped from last year's high level.

The price of electricity is lower than in the corresponding period in 2023. The system price was 0.53 (0.80) SEK per kWh. Rottneros' consumption takes place primarily in electricity area SE3, where the price was 0.50 (0.69) SEK per kWh. Rottneros hedges most of its electricity consumption. The realized outcome for electricity price hedges was 15 (40) MSEK. The net

cost of the Group's electricity consumption was 0.34 (0.23) SEK per kWh during the period.

Fixed costs were at the same level as in 2023. Employee expenses were lower due to fewer employees, while the cost of maintenance and other external items rose.

Depreciation and amortization for the period was 65 (59) MSEK. In addition to scheduled depreciation of 60 MSEK, an impairment charge for non-current assets of 5 MSEK was recognized.

The item "other" in the chart includes the results of activities other than the sale of pulp, as well as currency revaluation effects.

EBIT was 35 (190) MSEK. Earnings gradually improved over the period following a very weak pulp market in the latter part of 2023. Compared with the first half of 2023, selling prices were lower and variable costs were higher. The production volume was lower due to winter-related production problems at Vallvik Mill. In addition to lower volume and lost revenue, the problems contributed to higher variable costs per tonne and increased fixed costs.

JANUARY – JUNE 2024

	Jan-Jun 2024	Jan-Jun 2023	change %
NBSK, USD	1,422	1,352	5
SEK/USD	10.53	10.47	1
NBSK, SEK	14,976	14,156	6
Net turnover, MSEK	1,399	1,425	-2
EBIT, MSEK	35	190	-82

DIFFERENCE IN EBIT JANUARY – JUNE 2024 COMPARED WITH THE SAME IN PERIOD 2023 (MSEK)



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

# Other items

## Financial items in the income statement

Financial items (net) totaled -8 (-2) MSEK for the first half of the year. In addition to interest income and expenses, this item consists of the change in value of financial derivatives.

Since the groundwood line was closed in 2022, electricity price hedges for 2023 and 2024 exceed future cash flows and have now been classified as financial derivatives. The change in value of the contracts that are not locked in is recognized under financial items. The effect for the period was -8 MSEK.

## Financing

In June 2023, Rottneros refinanced its existing long-term loan agreements. The agreement includes a loan of 100 MSEK with 32 MSEK in annual amortization, as well as revolving credits facilities of up to 150 MSEK. The loan agreement has a term of two years with a one-year extension option. The extension option was exercised so that the loan matures in June 2025.

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

The Group's cash and cash equivalents amounted to 16 MSEK at the end of the quarter, compared with 196 MSEK at the end of 2023. Interest-bearing liabilities were 128 MSEK at the end of the quarter. Net debt was 112 MSEK, compared with net cash of 105 MSEK at the end of 2023. Total granted and unused credit facilities amounted to 232 MSEK.

The equity/assets ratio amounted to 64 (65) percent as of 30 June, 2024. Equity per share totaled 11.31 (13.12) SEK at the end of the quarter.

## Cash flow

Cash flow from operating activities for January – June was 66 (121) MSEK.

Cash flow after investments in fixed assets was -140 (132) MSEK.

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

Net cash flow for the first half of the year was 180 (-84) MSEK.

## Investments

Group investments in property, plant and equipment amounted to 216 (65) MSEK for January – June 2024. Most of the investments relate to major ongoing projects. Total investments are expected to reach 430 MSEK for the year.

Vallvik Mill is investing in a new tall oil plant. The total investment is estimated at 93 MSEK and runs over 2023 and 2024. A tall oil plant is part of the chemical recovery process in a sulphate pulp mill, where soap is separated and refined into tall oil. Tall oil is a valuable by-product that can replace fossil oils and be a raw material in other products.

An investment of 180 MSEK was made to significantly increase CTMP production at the Rottneros Mill from the current 125 thousand tonnes to approximately 165 thousand tonnes. The additional volume is mainly destined for the growing market segments of board and packaging, as well as tissue. The increased capacity will be commissioned in autumn 2024.

Rottneros Mill is investing 93 MSEK in renewable energy. The investments include a solar park and batteries for energy storage and are part of a long-term effort to reduce exposure to the electricity market. Start-up is planned for 2024.

## Parent Company

Profit/loss after financial items for January – June 2024 was -51 (60) MSEK. The result was impacted by revaluation of electricity and pulp price derivatives of -29 (0) MSEK, which are reported as other operating expenses. The revaluation relates to derivative contracts with negative values that are recognized according to the lower value principle.

# Long-term targets

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

## LONG-TERM TARGETS AND TARGET ACHIEVEMENT 2024

FINANCIAL TARGETS	Target	Outcome June 2024
Distribution of net profit	30-50 percent	63 percent of net profit in 2023
Average growth, produced tonne pulp	3 percent/year	-4 percent
Revenue, non-pulp	At least 10 percent	13 percent
Equity/assets ratio	Over 50 percent	64 percent

SOCIAL TARGETS	Target	Outcome June 2024
Safety, accidents with sick leave	Annual improvement of LTIFR**	6.2 (outcome 2023: 10.2)
Proportion female employees	At least 30 percent by 2025	18 percent

ENVIRONMENTAL TARGETS	Target	Outcome 2023 (measured per year)**
Fossil emissions of CO <sub>2</sub> according to GHG scope 1	Fossil-free production 2030	8,972 tonnes*** (outcome 2022: 8,982 tonnes)
Fossil emissions of CO <sub>2</sub> according to GHG scope 2	Fossil-free production 2030	98,809 tonnes (outcome 2022: 114,383 tonnes)
COD emissions/tonne pulp	Annual improvement	14.9 kg/tonne (outcome 2022: 15.8 kg/tonne)

\* LTIFR – Lost Time Injury Frequency Rate: Number of accidents with sick leave per 1 million hours worked, measured over a rolling 12-month period.  
 \*\* The outcome is measured per year.  
 \*\*\* The 2023 volume includes 1,752 tonnes for internal transport and company cars. These items are not included in the outcome for 2022.

# Areas of development

## Rottneros Packaging

Rottneros Packaging focuses on developing and optimizing the production of molded fiber trays. One focus area is high-barrier packaging with extended shelf life for food. Packaging with simpler functional requirements is also under development. Rottneros trays can withstand high heat and are excellent for frozen or chilled foods. The raw material is pulp from Rottneros Mill.

## Joint ventures

### Rottneros Packaging's investment in Poland

As part of its development strategy, the Group has formed a jointly owned company in Packaging in Poland together with Arctic Paper.

The purpose of the company is to build and operate a factory for the production of molded fiber trays on a large industrial scale. The investment in the factory is estimated to total the equivalent of approximately 230 MSEK and will largely be financed through long-term loans. Production capacity is expected to reach approximately 80 million packages per year, which is significantly more compared with the current plant in Sunne. The company is expected to have an annual turnover in the region of 140 MSEK when the factory reaches full capacity utilization.

### Blue Ocean Closures

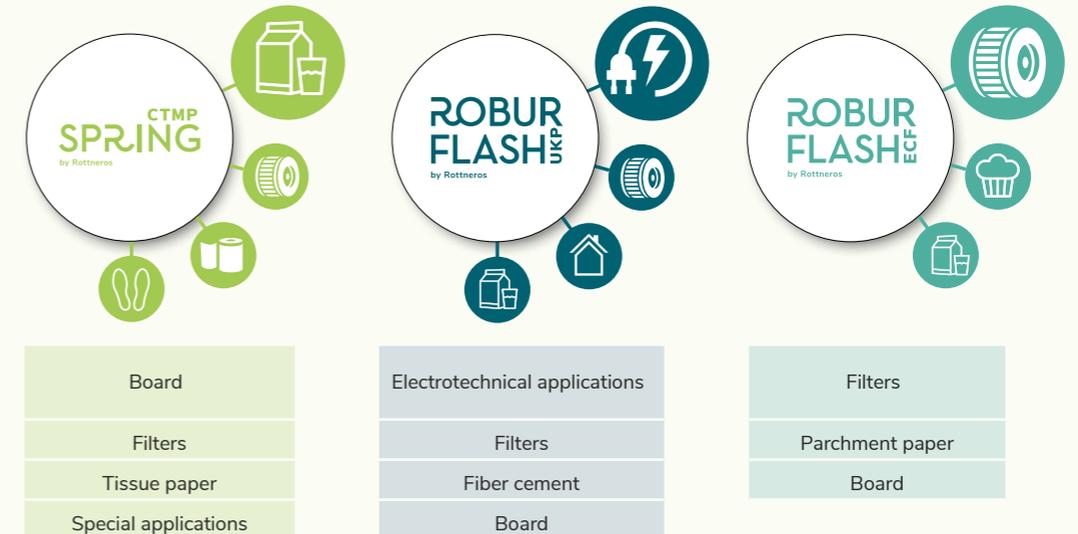
Rottneros became a stakeholder of Blue Ocean Closures in December 2023. Blue Ocean Closures is developing a unique dry forming technology to produce fiber-based closures for consumer packaging on a large scale. The aim is to replace current plastic solutions in a global market. The innovative technology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

## New brand and clearer positioning for optimal customer value

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

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

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



# Risk management

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

## Currency exposure, USD and EUR

Although Rottneros issues invoices in different currencies, the underlying currency for the pulp price is predominantly USD. The underlying exposure to USD is thus high. The direct inflow of USD corresponds with about 65 percent of the inflow and of EUR about 25 percent. However, the impact of exchange rate fluctuations on indirect exposure is delayed, as the normal duration of a customer contract is between one and three months.

The average SEK/USD exchange rate for January – June 2024 was 10.53 SEK, while in the same period in 2023 it was 10.47.

The Group has hedged SEK/USD with a "Risk Reversal," where the sale of USD takes place within an interval. At the end of the quarter, 39 MUSD was hedged with monthly maturities until May 2025 in the range of 9.94–11.05 SEK/USD.

## Pulp price

The price of pulp (NBSK) is set in USD, while production costs are largely incurred in SEK. As of 30 June, 2024, the Group held pulp price hedges for 6,000 tonnes with a maturity between July and December 2024 at an average price of 13,284 SEK per tonne. The fair value of these unrealized price hedges was -21 MSEK at 30 June, 2024.

## Electricity

All external electricity for the mills, about 200 GWh annually, is purchased directly via the Nord Pool electricity exchange. Electricity consumption will rise in line with increased CTMP production by about 40 GWh per year. Beginning in 2025, exposure to Nord Pool will be reduced by approximately 30 GWh per year as a result of the PPA agreement described below.

At the end of June 2024, electricity prices were hedged as shown in the following table. The table shows the hedged proportion of forecasted consumption and the average hedged price in SEK/kWh. The hedged share includes the PPA described below until 2028. The fair value of the unrealized electricity price hedges was 18 MSEK as at 30 June, 2024. The amount excludes the volume in excess of electricity demand where the value is hedged by the sale of matching instruments. These hedges are classified as financial instruments.

The high level of hedging protects Rottneros against sharp price fluctuations. Because of the imbalance between electricity price areas a certain percentage of the contracts are hedged in relation to area SE3. The average price level for electricity at Nord Pool (area SE3) during the period January–June 2024 was 0.50 (0.69) SEK per kWh.

In June 2023, Rottneros entered into a long-term agreement to purchase electricity in the form of a Power Purchase Agreement (PPA) including Guarantees of Origin (GOs). The agreement covers over 30 GWh/year of clean wind energy that will be delivered over an 8.5-year period starting in 2025 at a fixed price in SE3.

See p. 51–58 of the 2023 Annual Report for further info on risks.

## ELECTRICITY HEDGES AT 30 JUNE, 2024

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

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

# The share and shareholders

## Number of shares and treasury shares

The number of shares in Rottneros totals 153,393,890. Rottneros' holding of treasury shares amounts to 821,965 shares. No change in treasury shares occurred in 2024.

## Share price development January – June 2024

At the end of June 2024, the share price was 11.78 (12.18 at the end of 2023) SEK. The average price during the first half of the year was 11.85 (14.35) SEK.

## LARGEST SHAREHOLDERS AT 30 JUNE, 2024

Shareholders	Number of shares (=votes)	Percent of capital
Arctic Paper S.A.	78,230,883	51.0
PROAD AB	11,713,249	7.6
UBS Switzerland AG, W8IMY	7,427,397	4.8
Caceis Bank, Switzerland Branch, W8IMY	5,600,000	3.7
Dimensional Fund Advisors	2,809,978	1.8
Avanza Pension	2,589,710	1.7
SEB AB, Luxembourg Branch, W8IMY	2,204,000	1.4
Caceis Bank Spain SAU, W8IMY	1,155,113	0.8
Handelsbanken fonder	969,128	0.6
SEB Investment Management	832,565	0.5
<b>Total for ten largest owners – in terms of holding</b>	<b>113,532,023</b>	<b>74.0</b>
Other shareholders	39,039,902	25.5
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 2020 TO 30 JUNE, 2024



## FORTHCOMING FINANCIAL INFORMATION

**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 24 July 2024

**Per Lundeen**  
Chairman of the Board

**Roger Mattsson**  
Board member

**Conny Mossberg**  
Board member

**Julia Onstad**  
Board member

**Johanna Svanberg**  
Board member

**Magnus Wikström**  
Board member

**Mika Palmu**  
Employee representative

**Jerry Sohlberg**  
Employee representative

**Lennart Eberleh**  
President and CEO

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

This information was submitted for publication, through the agency of the contact persons set out below, on 24 July, 2024 at 8:00 a.m. A Swedish and an English version of this report have been prepared. The Swedish version shall prevail in the event of differences between the two reports.

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Lennart Eberleh, CEO and President

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**Rottneros AB (publ) 556013-5872**

# Auditor's report

**Introduction**

We have reviewed the condensed interim financial information (interim report) of Rottneros AB (publ) as of 30 June 2024 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 24 July 2024

PricewaterhouseCoopers AB

Bo Karlsson  
Responsible Authorized Public Accountant

Tomas Rahm  
Authorized Public Accountant

## CONSOLIDATED INCOME STATEMENT

AMOUNTS IN MSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Rolling 12 months	Full year 2023
<b>NET TURNOVER</b>	<b>711</b>	<b>681</b>	<b>1,399</b>	<b>1,425</b>	<b>2,729</b>	<b>2,755</b>
Change in finished goods inventories	26	37	-2	91	-84	9
Other operating income	0	15	30	31	34	35
<b>Operating income, total</b>	<b>737</b>	<b>733</b>	<b>1,427</b>	<b>1,547</b>	<b>2,679</b>	<b>2,799</b>
Raw materials and consumables	-462	-441	-917	-878	1,700	-1,661
Other external costs	-133	-127	-266	-253	-586	-573
Employee benefit expenses	-76	-94	-143	-166	-279	-302
Other operating expenses	-1	0	-1	-1	-11	-11
<b>EBITDA (operating profit/loss before depreciation/ amortization and impairment)</b>	<b>65</b>	<b>71</b>	<b>100</b>	<b>249</b>	<b>103</b>	<b>252</b>
Depreciation/amortization and impairment losses	-35	-30	-65	-59	-119	-113
<b>EBIT (operating profit/loss)</b>	<b>30</b>	<b>41</b>	<b>35</b>	<b>190</b>	<b>-16</b>	<b>139</b>
Financial income	1	4	3	7	20	24
Financial expenses	-1	-1	-11	-5	-16	-10
<b>Total financial items</b>	<b>0</b>	<b>3</b>	<b>-8</b>	<b>2</b>	<b>4</b>	<b>14</b>
<b>PROFIT/LOSS AFTER FINANCIAL ITEMS</b>	<b>30</b>	<b>44</b>	<b>27</b>	<b>192</b>	<b>-12</b>	<b>153</b>
Tax on income for the period	-8	-10	-7	-40	1	-32
<b>NET INCOME<sup>1</sup></b>	<b>22</b>	<b>34</b>	<b>20</b>	<b>152</b>	<b>-11</b>	<b>121</b>
Average number of shares outstanding (thousands)	152,572	152,572	152,572	152,572	152,572	152,572
Average number of shares outstanding after dilution (thousands)	152,572	152,572	152,572	152,572	152,572	152,572
Earnings per share (SEK)	0.15	0.22	0.13	1.00	0.07	0.79
Earnings per share, diluted (SEK)	0.15	0.22	0.13	1.00	0.07	0.79

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

## STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN MSEK	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Rolling 12 months	Full year 2023
<b>NET INCOME</b>	<b>22</b>	<b>34</b>	<b>20</b>	<b>152</b>	<b>-11</b>	<b>121</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
Items that have been or may be transferred to profit or loss for the period						
Changes in value of cash flow hedges	-33	-9	-96	-243	-238	-385
Income tax effect on changes in value	7	2	20	50	49	79
Translation differences	0	0	0	0	0	0
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>-26</b>	<b>-7</b>	<b>-76</b>	<b>-193</b>	<b>-189</b>	<b>-306</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD<sup>2</sup></b>	<b>-4</b>	<b>27</b>	<b>-56</b>	<b>-41</b>	<b>-200</b>	<b>-185</b>

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

## CONSOLIDATED BALANCE SHEET, SUMMARY

AMOUNTS IN MSEK	30 Jun 2024	30 Jun 2023	31 Dec 2023
Intangible assets	21	21	21
Property, plant and equipment	1,423	1,186	1,274
Financial assets	124	243	175
<b>Total non-current assets</b>	<b>1,568</b>	<b>1,450</b>	<b>1,470</b>
Inventories	489	583	493
Current receivables	636	678	658
Cash and cash equivalents	16	382	196
<b>Total current assets</b>	<b>1,141</b>	<b>1,643</b>	<b>1,347</b>
<b>TOTAL ASSETS</b>	<b>2,708</b>	<b>3,093</b>	<b>2,817</b>
<b>Shareholders' equity</b>	<b>1,725</b>	<b>2,002</b>	<b>1,858</b>
Long-term liabilities			
Interest-bearing liabilities	46	76	59
Deferred tax liability	134	201	158
Other non-interest-bearing liabilities	36	57	65
<b>Total long-term liabilities</b>	<b>216</b>	<b>334</b>	<b>282</b>
Current liabilities			
Interest-bearing liabilities	82	32	32
Non-interest-bearing liabilities	685	725	645
<b>Total current liabilities</b>	<b>767</b>	<b>757</b>	<b>677</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>2,708</b>	<b>3,093</b>	<b>2,817</b>
<b>Shareholders' equity per share</b>	<b>11.31</b>	<b>13.12</b>	<b>12.18</b>

## 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 shareholders' equity
				Hedging reserve	Translation difference		
<b>Opening balance, 1 January 2023</b>	<b>153</b>	<b>730</b>	<b>-69</b>	<b>366</b>	<b>-6</b>	<b>1,082</b>	<b>2,256</b>
Net income Jan–Jun						152	152
Other comprehensive income Jan–Jun				-193	–		-193
Total comprehensive income, Jan–Jun				-193	–	152	-41
Dividends to shareholders, Jan–Jun						-213	-213
<b>Closing balance, 30 June, 2023</b>	<b>153</b>	<b>730</b>	<b>-69</b>	<b>173</b>	<b>-6</b>	<b>1,021</b>	<b>2,002</b>
Net income Jul–Dec						-31	-31
Other comprehensive income Jul–Dec				-113	–		-113
Total comprehensive income Jul–Dec				-113	–	-31	-144
Dividends to shareholders, Jul–Dec						–	0
<b>Closing balance, 31 December, 2023</b>	<b>153</b>	<b>730</b>	<b>-69</b>	<b>60</b>	<b>-6</b>	<b>990</b>	<b>1,858</b>
Net income Jan–Jun						20	20
Other comprehensive income Jan–Jun				-76	-1		-77
Total comprehensive income, Jan–Jun				-76	-1	20	-57
Dividends to shareholders, Jan–Jun						-76	-76
<b>Closing balance, 30 June, 2024</b>	<b>153</b>	<b>730</b>	<b>-69</b>	<b>-16</b>	<b>-7</b>	<b>934</b>	<b>1,725</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

AMOUNTS IN MSEK	Jan–Jun 2024	Jan–Jun 2023	Rolling 12 months	Full year 2023
<b>EBIT</b>	<b>35</b>	<b>190</b>	<b>-16</b>	<b>139</b>
Adjustment for items not included in cash flow	6	16	-14	-4
Depreciation/amortization and impairment losses	64	59	123	118
<b>EBIT adjusted for items not affecting cash flow</b>	<b>105</b>	<b>265</b>	<b>93</b>	<b>253</b>
Received/paid financial items	-1	2	1	4
Received/paid taxes	-32	-24	-121	-113
<b>Cash flow from operating activities before changes in working capital</b>	<b>72</b>	<b>243</b>	<b>-27</b>	<b>144</b>
Change in working capital	-6	-122	76	-40
<b>Cash flow from operating activities</b>	<b>66</b>	<b>121</b>	<b>49</b>	<b>104</b>
Investments in property, plant and equipment and intangible assets	-216	-65	-356	-205
Investments in financial assets	–	–	-96	-96
Sale of non-current assets	2	–	9	7
Change in current financial investments	8	76	86	154
<b>Cash-flow from investing activities</b>	<b>-206</b>	<b>11</b>	<b>-357</b>	<b>-140</b>
Borrowings, long-term loans	4	100	4	100
Amortization, long-term bank loans	-18	-103	-35	-120
Change in credit facilities	50	–	50	0
Dividend paid	-76	-213	-76	-213
<b>Cash flow from financing activities</b>	<b>-40</b>	<b>-216</b>	<b>-57</b>	<b>-233</b>
<b>NET CASH FLOW FOR THE PERIOD</b>	<b>-180</b>	<b>-84</b>	<b>-365</b>	<b>-269</b>
Cash and cash equivalents at start of period	196	465	382	465
Net cash flow for the period	-180	-84	-365	-269
Exchange rate difference in cash and cash equivalents	0	1	-1	0
Closing cash and cash equivalents	16	382	16	196

## CHANGES IN INTEREST-BEARING LIABILITIES

AMOUNTS IN MSEK	Jan–Jun 2024	Jan–Jun 2023	Rolling 12 months	Full year 2023
<b>Interest-bearing liabilities on the balance sheet at the beginning of the period</b>	<b>91</b>	<b>111</b>	<b>108</b>	<b>111</b>
Changes included in cash flow from financing activities	–	–	–	–
Long-term loans taken out from banks	4	100	4	100
Change in bank overdraft facilities	50	0	50	0
Amortization of long-term loans taken out from banks	-17	-103	-34	-120
<b>Total</b>	<b>37</b>	<b>-3</b>	<b>-30</b>	<b>-20</b>
Other changes:				
Via acquisition	–	–	–	–
Accrual of direct costs related to the issuance of bonds that are amortized over the term of the loan	–	–	–	–
<b>Interest-bearing liabilities on the balance sheet at the end of the period</b>	<b>128</b>	<b>108</b>	<b>78</b>	<b>91</b>

## PARENT COMPANY INCOME STATEMENT

AMOUNTS IN MSEK	Jan–Jun 2024	Jan–Jun 2023	Jan–Dec 2023
<b>NET TURNOVER</b>	<b>12</b>	<b>9</b>	<b>18</b>
Other operating income	3	7	11
<b>Operating income, total</b>	<b>15</b>	<b>16</b>	<b>29</b>
Result from hedging activities	-10	-8	-2
Other external costs	-23	-17	-38
Employee benefit expenses	-21	-20	-40
Other operating expenses	-29	0	0
<b>EBITDA (operating profit/loss before depreciation/amortization and impairment)</b>	<b>-68</b>	<b>-29</b>	<b>-51</b>
Depreciation/amortization and impairment losses	0	0	0
<b>EBIT (operating profit/loss)</b>	<b>-68</b>	<b>-29</b>	<b>-51</b>
Profit from participations in Group companies	0	0	133
Financial income	20	93	187
Financial expenses	-3	-4	-10
<b>Total financial items</b>	<b>17</b>	<b>89</b>	<b>310</b>
<b>PROFIT/LOSS AFTER FINANCIAL ITEMS</b>	<b>-51</b>	<b>60</b>	<b>259</b>
Tax on income for the period	5	0	-53
<b>NET INCOME</b>	<b>-46</b>	<b>60</b>	<b>206</b>

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN MSEK	Jan–Jun 2024	Jan–Jun 2023	Jan–Dec 2023
<b>NET INCOME</b>	<b>-46</b>	<b>60</b>	<b>206</b>
Other comprehensive income	–	–	–
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-46</b>	<b>60</b>	<b>206</b>

## BALANCE SHEET – PARENT COMPANY

AMOUNTS IN MSEK	30 Jun 2024	30 Jun 2023	31 Dec 2023
Intangible assets	0	0	0
Property, plant and equipment	3	2	3
Financial assets <sup>1</sup>	704	678	758
<b>Total non-current assets</b>	<b>707</b>	<b>680</b>	<b>761</b>
Current receivables <sup>2</sup>	852	608	825
Cash and cash equivalents	0	323	158
<b>Total current assets</b>	<b>852</b>	<b>931</b>	<b>983</b>
<b>TOTAL ASSETS</b>	<b>1,559</b>	<b>1,611</b>	<b>1,744</b>
<b>Shareholders' equity</b>	<b>958</b>	<b>934</b>	<b>1,080</b>
Long-term liabilities			
Interest-bearing	36	67	51
Non-interest-bearing	8	56	54
<b>Total long-term liabilities</b>	<b>44</b>	<b>123</b>	<b>105</b>
Current liabilities			
Interest-bearing	32	32	32
Non-interest-bearing <sup>3</sup>	525	522	527
<b>Total current liabilities</b>	<b>557</b>	<b>554</b>	<b>559</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,559</b>	<b>1,611</b>	<b>1,744</b>

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

<sup>2</sup> Includes receivables from subsidiaries of 845 (568) MSEK.

<sup>3</sup> Includes liabilities to subsidiaries of 489 (443) MSEK.

# Supplementary disclosures, notes in summary and other information

## ACCOUNTING POLICIES

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

The accounting policies, definitions of key ratios and calculation methods are the same as those used in the last annual report.

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

## Net turnover

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

## FINANCIAL INSTRUMENTS

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

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

With the decision to close the groundwood line at Rottneros Mill, the Group had electricity hedges that exceeded the estimated consumption for 2024. In accordance with IFRS 9, the portion of the hedge that is not matched by future cash flows is classified as financial items. Changes in value of the part that does not correspond to future cash flows are recognized in net financial items and amounted to -8 MSEK for the period January – June 2024.

The financial derivatives as of 31 December, 2023 consist of a purchase position of 7 MW. Cash flow from the realized financial derivatives totaled 8 MSEK for the period January – June 2024.

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

with a one-year extension option. The option was exercised so that the loan matures in June 2025. As before, the financing agreement includes a sustainability link whereby the interest terms are linked to some of the environmental and work environment criteria in the Group's long-term targets.

The nature of other financial assets and liabilities is in all essential respects the same as on 31 December 2023. The carrying amounts are deemed to be equal to actual values, which was also the case at the end of 2023, since the effect of discounting is not of material significance. Accounts receivables are covered by credit insurance, which reimburses most of any bad debt losses. The Company has long-term relationships with its customers and credit losses have historically been low.

## AVERAGE NUMBER OF EMPLOYEES

The average number of employees was 287 (284) for the period January – June.

## RELATED PARTY TRANSACTIONS

During the period January – June 2024, Rottneros had sales to the related party Arctic Paper S.A. group amounting to 11 (7) MSEK. Outstanding operating receivables from Arctic Paper amounted to 8 (0) MSEK at 30 June, 2024. The transactions took place on market terms.

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

## CHANGES IN GROUP MANAGEMENT

Anders Persson was appointed Director of Strategic Development in April 2024 and is a member of the Group management.

## ROTTNEROS' NET TURNOVER

AMOUNTS IN MSEK	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Rolling 12 months	Full year 2023
Sales of pulp	627	612	1,230	1,287	2,435	2,492
Results from pulp price hedging	-8	-2	-10	-8	-4	-2
Sales of by-products and other	32	30	68	64	124	120
Sales of wood	60	41	111	82	174	145
<b>TOTAL NET TURNOVER</b>	<b>711</b>	<b>681</b>	<b>1,399</b>	<b>1,425</b>	<b>2,729</b>	<b>2,755</b>

## NET TURNOVER BY GEOGRAPHIC MARKET

AMOUNTS IN MSEK	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Rolling 12 months	Full year 2023
Sweden	143	148	305	301	609	605
Other Nordic countries	73	88	145	167	263	285
Germany	90	88	192	205	357	370
Italy	31	34	60	87	123	150
Rest of Europe	147	94	256	193	455	392
North America	61	55	123	117	227	221
Asia	161	172	313	352	680	719
Rest of world	5	2	5	3	14	12
<b>TOTAL NET TURNOVER</b>	<b>711</b>	<b>681</b>	<b>1,399</b>	<b>1,425</b>	<b>2,729</b>	<b>2,755</b>

## BREAKDOWN OF PULP TURNOVER BY USE

AMOUNTS IN MSEK	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Rolling 12 months	Full year 2023
Board and packaging	145	175	305	373	661	729
Printing and writing papers	8	5	14	46	35	67
Filters	150	153	294	325	562	593
Electrotechnical applications	141	123	254	245	498	489
Tissue paper	81	56	146	98	277	229
Special applications	66	80	148	159	287	298
Fiber cement	20	15	35	23	52	40
Other	16	5	34	18	62	46
<b>TOTAL PULP TURNOVER</b>	<b>627</b>	<b>612</b>	<b>1,230</b>	<b>1,287</b>	<b>2,435</b>	<b>2,492</b>

## FAIR VALUE FOR DERIVATIVES AS AT 31 DECEMBER 2023

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

## FAIR VALUE OF DERIVATIVE INSTRUMENTS AT 30 JUNE, 2024

Hedging	Hedged volume	Maturity	Hedging level	Fair value (SEK m)
Pulp, futures sold	6,000 tonnes	2024	13,275 SEK/tonne	-21
Currency, forward sell/buy (corridor)	39 MUSD	2024-03–2025-04	9.94–10.98 SEK/USD	0
Electricity, forward purchase, cash flow hedge	460,872 MWh	2024–2028	0.428 SEK/kWh	18
Electricity, forward, financial	31,087 MWh	2024		4
<b>TOTAL FAIR VALUE</b>				<b>1</b>

## GROUP PERFORMANCE IN SUMMARY

AMOUNTS IN MSEK	Jan–Jun 2024	Jan–Jun 2023	Rolling 12 months	2023	2022	2021	2020
<b>Income statement</b>							
Net turnover	1,399	1,425	2,729	2,755	2,980	2,303	2,093
EBITDA	100	249	103	252	691	385	77
Depreciation/amortization and impairment losses	-65	-59	-119	-113	-141	-118	-119
EBIT	35	190	-16	139	550	267	-42
Financial items (net financial items)	-8	2	4	14	164	-21	-19
<b>Profit/loss after financial items</b>	<b>27</b>	<b>192</b>	<b>-12</b>	<b>153</b>	<b>714</b>	<b>246</b>	<b>-61</b>
<b>Net income</b>	<b>20</b>	<b>152</b>	<b>-11</b>	<b>121</b>	<b>565</b>	<b>198</b>	<b>-50</b>
<b>Statement of cash flow, MSEK</b>							
Cash flow from operating activities	66	121	49	104	541	288	85
Investments in non-current assets	-206	11	-357	-140	-112	-123	-128
Cash flow after investments in non-current assets	-140	132	-308	-36	429	165	-43
Cash flow from financing activities	-40	-216	-57	-233	-125	-334	-3
<b>Net cash flow</b>	<b>-180</b>	<b>-84</b>	<b>-365</b>	<b>-269</b>	<b>304</b>	<b>-169</b>	<b>-46</b>
<b>Balance sheet items</b>							
Non-current assets	1,568	1,450	1,564	1,470	1,501	1,339	1,285
Inventories	489	583	489	493	436	327	355
Current receivables	636	678	636	658	1,020	555	287
Cash and cash equivalents	16	382	16	196	465	161	330
Net debt (+) / net cash (-)	112	-306	112	-105	-354	-16	81
Shareholders' equity	1,725	2,002	1,725	1,858	2,256	1,527	1,301
Long-term interest-bearing liabilities	46	76	46	59	111	145	411
Long-term non-interest-bearing liabilities	170	258	170	223	325	207	150
Current interest-bearing liabilities	82	32	82	32	–	–	–
Current non-interest-bearing liabilities	685	725	682	645	730	503	395
Capital employed	1,837	1,728	1,837	1,753	1,902	1,511	1,382
<b>Total shareholders' equity and liabilities</b>	<b>2,708</b>	<b>3,093</b>	<b>2,705</b>	<b>2,187</b>	<b>3,422</b>	<b>2,382</b>	<b>2,257</b>

	Jan–Jun 2024	Jan–Jun 2023	Rolling 12 months	2023	2022	2021	2020
<b>Key performance indicator</b>							
EBITDA margin, %	7.1	17.5	3.8	9.1	23.2	16.7	3.7
EBIT margin, %	2.5	13.3	-0.6	5.0	18.5	11.6	-2.0
Profit margin, %	1.9	13.5	-0.4	5.6	24.0	10.7	-2.9
Return on equity (rolling 12 months), %	-0.6	26.0	0.7	5.9	29.9	14.0	-3.7
Return on capital employed (rolling 12 months), %	0.9	32.3	0.9	7.6	32.2	18.5	-3.0
Equity/assets ratio, %	64	65	64	66	66	64	58
Debt/equity ratio, %	6	-15	6	-6	-16	-1	6
<b>Other</b>							
Average number of employees	287	284	289	293	319	316	318
Pulp production, 1,000 tonnes	175.3	182.8	344.2	351.7	397.1	395.3	412.6
Pulp deliveries, 1,000 tonnes	178.4	170.1	365.2	356.9	388.4	403.2	416.5
Pulp price of NBSK pulp, USD per tonne <sup>1</sup>	1,422	1,352	1,252	1,268	1,404	1,198	843
SEK/USD <sup>2</sup>	10.53	10.47	10.54	10.61	10.12	8.58	9.21
Pulp price of NBSK pulp, SEK per tonne	14,976	14,156	14,196	13,455	14,213	10,280	7,765

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

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

## QUARTERLY DATA GROUP

	2024		2023				2022				2021			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Income statement, MSEK</b>														
Net turnover	711	688	637	693	681	744	730	806	784	660	598	570	593	542
EBITDA	65	35	-76	79	71	178	31	233	254	174	88	130	127	40
Depreciation/amortization and impairment losses	-35	-30	-24	-30	-30	-29	-30	-49	-34	-29	-30	-29	-30	-29
EBIT	30	5	-100	49	41	149	1	185	220	145	58	101	97	11
Financial items (net financial items)	0	-8	19	-7	3	-1	10	156	-1	-1	-1	-11	-4	-4
Profit/loss after financial items	30	-3	-81	42	44	148	11	341	219	144	57	90	93	7
Tax on income for the period	-8	1	17	-9	-10	-30	-2	-71	-46	-30	-8	-19	-19	-2
<b>Net income</b>	<b>22</b>	<b>-2</b>	<b>-64</b>	<b>33</b>	<b>34</b>	<b>118</b>	<b>9</b>	<b>270</b>	<b>172</b>	<b>114</b>	<b>49</b>	<b>71</b>	<b>74</b>	<b>5</b>
<b>Per share</b>														
Earnings per share, SEK	0.15	-0.02	-0.42	0.22	0.22	0.77	0.06	1.77	1.13	0.75	0.32	0.47	0.48	0.03
<b>Other</b>														
Pulp production, 1,000 tonnes	91.0	84.30	80.00	88.80	93.20	89.60	87.20	96.20	110.50	103.20	91.40	92.20	109.20	102.50
Pulp deliveries, 1,000 tonnes	89	89.80	84.50	102.30	82.90	87.20	86.50	95.90	106.00	100.00	95.50	92.50	103.20	112.00
Pulp price of NBSK pulp, SEK per tonne	16,150	13,839	12,736	12,706	13,749	14,568	15,693	15,613	13,589	12,063	11,573	11,557	10,012	8,044

SHARE DATA<sup>1</sup>

		Jan–Jun 2024	Jan–Jun 2023	Rolling 12 months	2023	2022	2021	2020
Shares outstanding at the beginning of the period <sup>2</sup>	Number	152,572	152,572	152,572	152,572	152,572	152,572	152,572
Shares outstanding at the end of the period <sup>2</sup>	Number	152,572	152,572	152,572	152,572	152,572	152,572	152,572
Average number of shares outstanding <sup>2</sup>	Number	152,572	152,572	152,572	152,572	152,572	152,572	152,572
Buy-back of treasury shares <sup>2</sup>	Number	822	822	822	822	822	822	822
Earnings per share	SEK	0.13	1.00	0.08	0.79	3.70	1.28	-0.33
Cash flow after investments/share <sup>3</sup>	SEK	0.98	0.37	2.64	-1.29	2.80	1.07	-0.30
Equity per share	SEK	11.31	13.12	11.31	12.18	14.78	9.99	8.53
Dividend <sup>4</sup>								
Ordinary dividend	SEK	0.50	0.50	0.50	0.50	0.40		–
Extra dividend	SEK		0.90		0.90	0.20	0.45	–
Total	SEK	0.50	1.40	0.50	1.40	0.60	0.45	–
Share price at end of period	%	11.78	11.58	11.78	11.5	4.1	4.5	–
Direct yield <sup>5</sup>	SEK	4	11	4	12.18	12.22	10.42	8.15
Total return <sup>5</sup>	%	1	6	6	11	23	33	-29
Market price/equity/share	times	1.0	0,9	1.0	1.0	0.8	1.0	1.0
P/E ratio per share	times	90.6	11.6	147.3	15.4	3.3	8.1	-24.7

<sup>1</sup> None of the key performance indicators are affected by any dilution effect.<sup>2</sup> Number of shares in thousands, excluding Rottneros' treasury shares.<sup>3</sup> Cash flow from operating activities less investments in non-current assets, divided by average number of shares outstanding.<sup>4</sup> Refers to dividends paid in each year.<sup>5</sup> Return in relation to the share price at the beginning of the period.

# Alternative key performance indicators

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

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

## DEFINITIONS FOR IFRS AND ALTERNATIVE KEY PERFORMANCE INDICATORS

### EBITDA

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

### EBIT

Earnings before interest and taxes (operating profit).

### EBIT margin

EBIT as a percentage of net turnover.

### Profit margin

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

### Shareholders' equity per share

Shareholders' equity divided by number of shares.

### Cash flow after investments

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

### Net debt/net cash

Interest-bearing liabilities less cash and cash equivalents.

### Capital employed

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

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

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

### Return on equity (rolling 12 months)

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

### Equity/assets ratio

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

### Liquidity

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

### Available liquidity

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

### Debt/equity ratio

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

### P/E ratio

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

### Operating profit/loss per share

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

# Glossary

## **BCTMP**

Bleached Chemi-Thermo-Mechanical Pulp: bleached mechanical pulp where the raw material is impregnated with chemicals. Stronger than TMP. The term is common in North America and Asia (see CTMP).

## **BEK**

Bleached Eucalyptus Kraft pulp.

## **Chemical pulp**

Pulp produced by boiling pulp wood with chemicals. The pulp can be bleached to a higher brightness and a higher strength than mechanical pulp. Chemical pulp is usually sulphate pulp, but can also be sulphite pulp.

## **COD**

Chemical Oxygen Demand, chemical method for measuring oxygen-demanding substances.

## **CTMP**

Chemi-Thermo-Mechanical Pulp. Development of TMP, mechanical pulp where the raw material is impregnated with chemicals. Stronger than TMP. The term is used in Europe for both bleached and unbleached pulp.

## **ECF**

Elemental Chlorine Free. Sulphate pulp bleached using chlorine dioxide, not chlorine.

## **GHG Scope 1**

Carbon dioxide emissions from fossil fuels during production in own operations.

## **GHG Scope 2**

Carbon dioxide emissions from electricity and other energy purchased for operations.

## **Groundwood pulp (SGP)**

Mechanical pulp based on roundwood as a raw material.

## **High-yield pulp**

Groundwood pulp, TMP and CTMP/BCTMP.

## **LTIFR**

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

## **Long-fiber pulp**

Pulp where the raw material is softwood, which has longer cellulose fiber than hardwood.

## **Market pulp**

Pulp sold on the market and transported to the customer. Market pulp accounts for about one third of pulp production worldwide. The remaining two thirds are produced at integrated paper and board mills, or used internally within a group.

## **Mechanical pulp**

Pulp produced using a mechanical process for fiber separation and processing. Has a higher level of bulk, stiffness and opacity than chemical pulp. Groundwood pulp, TMP and CTMP/BCTMP are types of mechanical pulp.

## **NBSK**

Northern Bleached Softwood Kraft: bleached long-fiber sulphate pulp. The leading indicator of world market prices.

## **Short-fiber pulp**

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

## **TMP**

Thermo-Mechanical Pulp: mechanical pulp produced using a technique in which the chips are preheated with steam, but without chemicals.

## **UKP**

Unbleached Kraft Pulp, unbleached sulphate pulp.

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



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