

NOT FOR PUBLICATION, DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, THE UNITED KINGDOM, CANADA, AUSTRALIA, SOUTH AFRICA, JAPAN OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION, DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL OR REQUIRE REGISTRATION OR ANY OTHER MEASURE IN ACCORDANCE WITH APPLICABLE LAW. PLEASE SEE "IMPORTANT INFORMATION" AT THE END OF THE PRESS RELEASE.

Rottneros resolves on a fully guaranteed rights issue of approximately SEK 300 million and announces terms

The Board of Directors of Rottneros AB (publ) ("Rottneros" or the "Company") has today, on 20 May 2025, resolved on a fully guaranteed new issue of shares with preferential right for existing shareholders of approximately SEK 300 million, before deduction of transaction costs (the "Rights Issue"). The purpose of the Rights Issue is to repay part of the Company's loans in order to reduce Rottneros' leverage ratio and to generally strengthen the Company's financial position in order to facilitate a sustainable long-term capital structure and increase the Company's financial flexibility. The Board of Directors' resolution on the Rights Issue is subject to approval by an Extraordinary General Meeting (the "EGM"), planned to be held on 12 June 2025. Notice to the EGM will be published through a separate press release. The Board of Directors also announces the issue terms of the Rights Issue through this press release.

The Rights Issue in brief

- Shareholders in Rottneros have preferential rights to subscribe for three (3) new shares per four (4) existing shares, i.e. a subscription ratio of 3:4. The subscription price has been set to SEK 2.65 per new share which, assuming that the Rights Issue is fully subscribed, will provide the Company with proceeds of approximately SEK 300 million, before deduction of transaction costs.
- Provided that the Rights Issue is approved by the EGM, the record date for the Rights Issue is 16 June 2025 and the subscription period will run from 18 June 2025 up to and including 3 July 2025.
- The Company's largest shareholder, Arctic Paper S.A. ("**Arctic Paper**"), representing 51.0 per cent of the total number of shares and votes in the Company, supports the Rights Issue and has undertaken to vote in favour of the Rights Issue at the EGM as well as subscribe for its pro rata share in the Rights Issue on certain conditions. Further, Arctic Paper has committed to underwrite the remaining part of the Rights Issue not covered by the subscription commitment on certain conditions. Hence, the Rights Issue is fully guaranteed.
- As indicated in the Company's Q1 interim report, which was published on 15 May 2025, the Company is conducting a constructive and positive dialogue with its lenders, which have agreed to certain amendments to the existing facilities agreement to secure a long-term sustainable financing for the Company in connection with the Rights Issue.

Lennart Eberleh, President and CEO of Rottneros

“We are very happy for the continued trust and strong support from our main shareholder in a situation where Rottneros has been affected by several unfavourable external factors. During the last years, we have made significant key investments to further optimise the organisation and are now implementing cost adjustments and operational efficiency measures in response to the effects of the worsening external conditions. We intend to use the net proceeds from the Rights Issue to reduce our leverage ratio and strengthen our financial position. With the measures taken, we will be able to benefit from and capitalise on commissioned investments as the market turns, and we have a strong long-term belief in the future”, says Lennart Eberleh, President and CEO of Rottneros.

Background and rationale

Rottneros has during the last two quarters experienced a challenging market and been affected by several unfavourable external factors, including rising raw material prices, the world market’s declining demand for mechanical pulp and an increasingly weaker US dollar exchange rate. These three factors have together negatively affected the Company’s financial performance.

In response to the effects of the worsening external conditions, Rottneros has executed cost adjustments and implemented operational efficiency measures across the organisation, including the redundancy notice that was announced at the end of March, through which the Company expects to reduce the total cost base by SEK 35–40 million annually, with full effect during the second half of 2025.

Rottneros has in addition commissioned several key investments during the last two years that constitute key elements for the Company’s strategic development, including the expansion of CTMP capacity and renewable energy production with associated energy storage at Rottneros Mill. In addition, the investment in a new tall oil plant at Vallvik Mill was completed in 2024, replacing older equipment. Furthermore, the subsidiary Rottneros Packaging’s sustainable packaging solutions project with Arctic Paper in Poland progressed and production started during the first quarter 2025. The cost adjustments and operational efficiency measures will allow the Company to benefit from and capitalise on recent commissioned investments when the market turns, with a strong long-term belief in the future and the market for high-quality pulp in the world.

As a result of Rottneros’ weakened financial results, the leverage ratio on a rolling 12-month basis has increased to a level that the Board of Directors does not consider sustainable in the long-term.

In order to reduce the Company’s leverage ratio through partial repayment of the Company’s loans and to generally strengthen the Company’s financial position in order to facilitate a sustainable long-term capital structure and increase the Company’s financial flexibility, Rottneros’ Board of Directors has today resolved on the Rights Issue.

Terms for the Rights Issue

The Board of Directors of Rottneros has today, on 20 May 2025, subject to approval by the EGM, resolved on a fully guaranteed new issue of shares with preferential right for existing shareholders of approximately SEK 300 million, before deduction of transaction costs.

The new shares will be issued at a subscription price of SEK 2.65 per share. No commission will be charged. Rottneros' existing shareholders have preferential rights to subscribe for new shares in proportion to their existing shareholdings. Anyone who on the record date 16 June 2025 is registered as a shareholder in Rottneros' share register maintained by Euroclear Sweden AB is entitled to three (3) subscription rights for each existing share. Four (4) subscription rights entitle subscription of one new share.

In the event that not all shares are subscribed for by virtue of subscription rights, the Board of Directors shall decide on the allocation of shares which have not been subscribed for by virtue of subscription rights. In such case, shares shall firstly be allocated to those who also subscribed for shares by virtue of subscription rights, regardless of whether or not they were shareholders on the record date, and in case of oversubscription, allocation shall be made pro rata to the number of subscription rights each have exercised for subscription of shares or, to the extent this is not possible, by a drawing of lots. Secondly, allocation shall be made to others who have applied for subscription of shares without virtue of subscription rights, and in case of oversubscription, allocation shall be made pro rata to the number of shares specified in each subscription application or, to the extent this is not possible, by a drawing of lots. Thirdly, allocation shall be made to Arctic Paper according to its underwriting commitment.

The Rights Issue is expected to increase Rottneros' share capital by a maximum of SEK 114,428,943, from the current SEK 153,393,890 to SEK 267,822,833 through an issuance of a maximum of 114,428,943 shares. After the Rights Issue, the number of shares in the Company is expected to amount to a maximum of 267,822,833 shares.

The record date for determining who is entitled to receive subscription rights is 16 June 2025. This means that Rottneros' share will be traded including the right to participate in the Rights Issue up to and including 12 June 2025.

Provided that the Rights Issue is approved by the EGM, the subscription period will run from 18 June 2025 up to and including 3 July 2025. The Board of Directors of Rottneros is entitled to extend the subscription period and the time of payment which, if applicable, will be announced through a press release on 3 July 2025 at the latest.

Trading in subscription rights will take place on Nasdaq Stockholm during the period from 18 June 2025 up to and including 30 June 2025 and the trading in paid subscribed shares is expected to take place on Nasdaq Stockholm during the period from 18 June 2025 up to and including 16 July 2025.

Shareholders who choose not to participate in the Rights Issue will have their ownership diluted by approximately 42.9 per cent, calculated on the number of shares after the Rights Issue (excluding 821,965 own shares held in treasury by Rottneros), but will have the opportunity to partially gain economic compensation for this dilution by selling their subscription rights no later than 30 June 2025.

Support from the Company's largest shareholder

The Company's largest shareholder Arctic Paper, representing 51.0 per cent of the total number of shares and votes in the Company, supports the Rights Issue and has undertaken to vote in favour of the Rights Issue at the EGM and to subscribe for its pro rata share in the Rights Issue.

Further, Arctic Paper has committed to underwrite the remaining part of the Rights Issue not covered by the subscription commitment. Hence, the Rights Issue is fully guaranteed. For the underwriting commitment, a cash fee of 2.5 per cent of the underwritten amount is paid, corresponding to approximately SEK 3.7 million.

Arctic Paper's commitments are subject to the condition that the Company enters into an amendment and restatement agreement in relation to an amended and restated facilities agreement prior to the EGM (see "*Financing discussions*" below).

The Company assesses that it conducts protected activities according to the Act (2023:560) on the Review of Foreign Direct Investments (the "**FDI Act**"). Consequently, an investment in shares in the Rights Issue (other than by exercising preferential rights), which results in an investor acquiring a shareholding corresponding to or exceeding a threshold of 10, 20, 30, 50, 65, or 90 per cent of the total number of votes in the Company after the completion of the Rights Issue, must be reported to the Inspectorate for Strategic Products before the investment and, if applicable, the corresponding authority in accordance with legislation in another jurisdiction, and cannot be completed until the Inspectorate for Strategic Products and, if applicable, another corresponding authority in another jurisdiction, has left the notification without action or approved the investment ("**FDI decision**"). As a result, Arctic Paper's underwriting commitment, in relation to any shares that would require a prior FDI decision ("**FDI Shares**"), is conditional upon Arctic Paper obtaining such an FDI decision no later than 15 November 2025.

Financing discussions

As indicated in the Company's Q1 interim report, which was published on 15 May 2025, the Company is conducting a constructive and positive dialogue with its lenders and has agreed a term sheet with the lenders on certain amendments to its existing facilities agreement. The amended and restated facilities agreement will include among other things a liquidity covenant and a profitability target replacing the current leverage covenant up to and including 30 September 2026.

Preliminary timetable

The below timetable for the Rights Issue is preliminary and may be adjusted.

12 June 2025

EGM for approval of the Board of Directors' resolution on the Rights Issue

12 June 2025	Last day of trading in the share including right to participate in the Rights Issue with preferential right
13 June 2025	First day of trading in the share excluding right to participate in the Rights Issue with preferential right
16 June 2025	Record date for participation in the Rights Issue, i.e. shareholders who are registered in the share register on this date will receive subscription rights for participation in the Rights Issue
17 June 2025	Estimated date for publication of the Annex IX document
18 June – 30 June 2025	Trading in subscription rights on Nasdaq Stockholm
18 June – 3 July 2025	Subscription period
18 June – 16 July 2025	Trading in BTA (paid subscribed shares) on Nasdaq Stockholm
7 July 2025	Estimated date for publication of preliminary results of the Rights Issue
8 July 2025	Estimated date for publication of final results of the Rights Issue
12 August 2025	Publication of the Q2 interim report 2025 (updated date)

Advisers

In connection with the Rights Issue, Rottneros has appointed Danske Bank A/S, Danmark, Sverige Filial as Sole Global Coordinator and Bookrunner and Advokatfirman Cederquist KB as legal adviser.

For more information, please contact:

Lennart Eberleh, President and CEO, Rottneros AB

Phone: +46 (0) 270 622 65

E-mail: lennart.eberleh@rotnneros.com

Monica Pasanen, CFO, Rottneros AB

Phone: +46 (0) 270 622 70

E-mail: monica.pasanen@rotnneros.com

About Rottneros

Rottneros is an independent producer of market pulp. The Group comprises the parent company Rottneros AB, listed on Nasdaq Stockholm, and its subsidiaries Rottneros Bruk AB and Vallviks Bruk AB with operations involving the production and sale of market pulp. The Group also includes Rottneros Packaging AB, which manufactures fibre trays, and the wood procurement company SIA Rottneros Baltic in Latvia and the forest operator Nykvist Skogs AB. The Group has a turnover of approximately SEK 2.7 billion and approximately 285 employees.

This information is information that Rottneros AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 07.30 CEST on 20 May 2025.

Important information

In certain jurisdictions, the publication, announcement or distribution of this press release may be subject to restrictions according to law and persons in such jurisdictions where this press release has been published or distributed should inform themselves and abide by such legal restrictions. The recipient of this press release is responsible for using this press release and the information herein in accordance with applicable rules in the respective jurisdiction.

This press release and the information herein is not for release, distribution or publication, in whole or in part, directly or indirectly, in or into the United States including its territories, any state of the United States and the District of Columbia), the United Kingdom, Canada, Australia, South Africa, Japan or any other state or jurisdiction in which such release, distribution or publication would be unlawful or require registration or any other measures in accordance with applicable law. The information in this press release may not be forwarded, reproduced or disclosed in such a manner that would contravene such restrictions or would require additional offer documents, registrations or any other measure.

None of the securities referred to herein (collectively, the “**Securities**”) have been or will be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state or other jurisdiction in the United States, and may not be offered, pledged, sold, delivered or otherwise transferred, directly or indirectly, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Company does not intend to register any of the Securities in the United States or to conduct a public offering of the Securities in the United States.

This announcement does not constitute an offer of securities to the public in the United Kingdom. No prospectus has been or will be registered in the United Kingdom in respect of the securities. In the United Kingdom, this press release is being distributed to and is directed only at “investment professionals” falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”), or high net worth companies and other persons to whom the information may lawfully be communicated, falling within Article 49(2)(a) to (e) of the Order (all such persons together being referred to as “**Relevant Persons**”). Any investment activity to which this communication relates will only be available to and will only be engaged with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this press release or any of its contents.

In the EEA Member States, with the exception of Sweden (each such EEA Member State, a “Relevant State”), this press release and the information contained herein are intended only for and directed to qualified investors as defined in Article 2 (e) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the “Prospectus Regulation”). The Securities are not intended to be offered to the public in any Relevant State and are only available to qualified investors except in accordance with exceptions in the Prospectus Regulation. Persons in any Relevant State who are not qualified investors should not take any actions based on this press release, nor rely on it.

The press release is for informational purposes only and does not constitute an offer to sell or issue, or the solicitation of an offer to buy or acquire, or subscribe for, any Securities or any other financial instruments in the Company. Any offer in respect of any of the Securities will only be made through the information document that the Company expects to publish in due course. Offers will not be made to, and application forms will not be approved from, subscribers (including shareholders), or persons acting on behalf of subscribers, in any jurisdiction where applications for such subscription would contravene applicable laws or regulations, or would require prospectuses, filings, or other measures in addition to those required under Swedish law. Measures in violation of the restrictions may constitute a breach of relevant securities laws.

This press release contains forward-looking statements that reflect the Company's current view of future events as well as financial and operational development. Words such as "intend", "assess", "expect", "may", "plan", "estimate" and other expressions involving indications or predictions regarding future development or trends, not based on historical facts, identify forward-looking statements and reflect the Company's beliefs and expectations and involve a number of risks, uncertainties and assumptions which could cause actual events and performance to differ materially from any expected future events or performance expressed or implied by the forward-looking statement. The information contained in this press release is subject to change without notice and, except as required by applicable law, the Company does not assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained in it and nor does it intend to. You should not place undue reliance on forward-looking statements, which speak only as of the date of this press release. As a result of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements as a prediction of actual future events or otherwise.

This announcement does not constitute an investment recommendation. The price and value of securities and any income from them can go down as well as up and you could lose your entire investment. Past performance is not a guide to future performance. Information in this announcement cannot be relied upon as a guide to future performance.