



## PRESS RELEASE

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Arctic Paper S.A., Q1 2025:

**Actions to strengthen the Group after weak first quarter**

- Q1 consolidated sales revenue was PLN 822,8mn (EUR<sup>1</sup> 195,8mn).
- EBITDA Q1 was PLN 22,9mn (EUR<sup>1</sup> 5,4mn).
- EBIT Q1 was PLN -9,8mn (EUR<sup>1</sup> -2,3mn) and net profit PLN -23,8mn (EUR<sup>1</sup> -5,7mn).
- Unfavourable currency rate development and high Scandinavian wood prices pressured pulp profitability, while global trade turbulences contributed to a hesitant paper market.
- Continued development of the energy segment with PV expansion and bio-energy project.

*“The Group is well positioned to navigate the ongoing global turbulence with a clear focus on long-term profitable growth opportunities.”*

Michał Jarczyński, CEO (see letter from the CEO on page 2)

**Selected financial results – Arctic Paper Group<sup>3</sup> and Arctic Paper (paper segment)**

PLN (million)	Q1 2025	Q1 2024	Change	Q4 2024
Sales revenue, Arctic Paper Group	822,8	965,4	-142,6	810,8
Sales revenue, Arctic Paper (paper segment)	578,8	701,0	-122,2	576,4
EBITDA, Arctic Paper Group	22,9	112,0	-89,1	38,8
EBITDA, Arctic Paper (paper segment)	32,6	109,0	-76,4	46,3
EBIT, Arctic Paper Group	-9,8	83,7	-93,5	11,3
EBIT, Arctic Paper (paper segment)	12,0	89,7	-77,7	30,1
Net profit, Arctic Paper Group	-23,8	81,6	-105,4	18,8
Net profit, Arctic Paper (paper segment)	-4,0	97,8	-101,8	26,9
Net profit, PLN per share <sup>2</sup>	-0.19	1.19	-1.38	0,34
Net debt	145,1	-310,0	455,1	-1,4

Arctic Paper Group consists of Arctic Paper S.A. (parent company), Arctic Paper mills (paper segment) and pulp producer Rottneros AB, in which Arctic Paper S.A. holds a 51 percent stake.

<sup>1</sup>Arctic Paper S.A. reports in PLN. In the English press release, the amounts above were converted to EUR at the average rates for the quarter. The complete quarterly report is available at [www.arcticpapergroup.com](http://www.arcticpapergroup.com)

<sup>2</sup> Net profit per share: net profit for the paper segment plus 51% of the net profit for Rottneros divided by the number of shares.

<sup>3</sup> Due to the consolidation rules, data regarding the pulp segment presented in the consolidated report of the Arctic Paper group may differ from the data presented in the Rottneros report.

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*“To mitigate the impact of current headwinds and to safeguard the Group’s financial stability, we have intensified our efforts on cost optimization and operational efficiency.”*

Michał Jarczyński, CEO of Arctic Paper S.A.

The first quarter of 2025 was marked by geopolitical turbulence and continued uncertainty regarding tariffs and trade barriers, which contributed to a cautious and hesitant market environment. Arctic Paper Group sales amounted to PLN 822,8 million (965,4), which is lower than for the strong quarter by comparison but slightly above Q4, 2024. High raw material prices continued to put pressure on profitability, resulting in an EBITDA of PLN 22,9 million (112,0), corresponding to an EBITDA margin of 2.8 percent (11.6).

To mitigate the impact of current headwinds and to safeguard the Group’s financial stability, we have intensified our efforts on cost optimization and operational efficiency. Considering this, decisions on new investment projects have been suspended, allowing us to prioritize the completion of ongoing initiatives, resulting in lower expected capex for 2025: PLN 270 million versus 423 million last year.

For the Paper segment, the weaker demand seen in recent quarters also characterized the first quarter. Sales amounted to PLN 578,8 million (701,0), remaining stable relative to the previous period, Q4 2024. The challenging market environment continued to pressure our profitability. As a result, EBITDA for the period declined to PLN 32,6 million (109,0), corresponding to an EBITDA margin of 5.6 percent (15.5). To increase our competitiveness, investments have been initiated to modernize the paper machines and further save energy at the mill in Grycksbo and at the mill in Munkedal, investments are made in our sheeting department to increase both efficiency and customer service.

The pulp segment’s results were significantly impacted by unfavourable import tariff decisions introduced in the U.S., which affected, among other things, pulp exports from Sweden. However, the greatest negative impact came from currency exchange rate fluctuations, particularly the weakening of the U.S. dollar against the Swedish krona. The pulp segment incurs most of its costs in Swedish krona, while all sales are settled in U.S. dollars. An additional factor is the continued very high wood prices in Scandinavia. Due to the weak performance in the pulp segment, an efficiency improvement program has been introduced, including decisions to reduce headcount and implement other cost-saving measures.

The packaging segment continued to develop stably. The investment in moulded fibre tray production in Kostrzyn is in the final phase and production will successively ramp up during the beginning of the year. Fiber-based packaging makes a big climate benefit when it replaces plastic-based packaging.

The previously initiated investments in renewable energy progressed according to plan. At the Kostrzyn mill, the expansion of the photovoltaic (PV) farm is on track for completion in the second quarter of 2025, bringing the total installed capacity to 30 MW. In Grycksbo, construction is underway for a 50,000-ton wood pellet production line, introducing a new revenue stream for the mill. Both the pellet production line and the upgraded bio-boiler are expected to be operational by year-end. These ongoing investments within the energy segment are set to strengthen the Group’s competitiveness and contribute to future growth.

In the near term, the challenging market environment and heightened uncertainty necessitate a continued focus on cost optimization and maintaining a strong balance sheet. We expect the current situation to persist at least during the first half of 2025. From a long-term perspective, our ambition to grow within renewable energy and packaging in line with our strategy remains intact, while we continue to defend our market positions in paper and pulp. The Group is well positioned to navigate the ongoing turbulence with a clear focus on long-term profitable growth opportunities.

Michał Jarczyński, CEO of Arctic Paper S.A.

Financial calendar 2025: Q2 2025: August 12th, Q3 2025: November 6th

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**Arctic Paper Group** is a European company and a leading producer of high-quality graphical fine paper, bio-based packaging solutions, high-quality wood pulp, and energy, increasingly of non-fossil origin. The company is present with its own sales offices in Europe. Arctic Paper S.A. is listed on the Warsaw Stock Exchange and NASDAQ in Stockholm. The Group is the main owner of the listed Swedish pulp producer Rottneros AB. For more information visit, [arcticpapergroup.com](https://arcticpapergroup.com)