



PRESS RELEASE

Kostrzyn nad Odra / Gothenburg, February 17, 2022

Arctic Paper S.A. Q4, 2021 - preliminary results*:

Strong result and positive outlook for both pulp and paper

- Q4 sales revenue amounted to PLN 953,5mn (EUR¹ 208,8mn).
- EBITDA Q4 was PLN 69,2mn (EUR¹ 15,2mn) and the EBITDA marginal 7,3 percent
- FY 2021 sales revenue amounted to PLN 3412,6mn (EUR¹ 747,2mn).
- EBITDA FY 2021 was PLN 327,8mn (EUR¹ 71,8mn) and the EBITDA margin 9,6 percent
- Record-strong demand for paper; active measures to optimise income per machine hour.
- Preparation for the construction of a 17 MW solar power plant in Kostrzyn has begun.
- New Managing Director of Arctic Paper's paper production in Sweden appointed.
- After the period: decision to invest in moulded tray factory together with Rottneros.
- Management Board will recommend a dividend of PLN 0.40 per share.

*The entire audited report FY2021 will be published on March 22.

“Solid results, a strong cash flow and nearly full production in graphical paper and pulp give us a resilient foundation as we continue to diversify and invest in packaging and renewable energy.”

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

Preliminary selected financial results: Arctic Paper Group & Arctic Paper (paper segment)

| PLN (million) | Q4, 2021 | Q4, 2020 | Changes | FY 2021 | FY 2020 |
|-----------------------------------------------|----------|----------|---------|---------|---------|
| Sales revenue, Arctic Paper Group | 953,5 | 714,7 | 238,9 | 3412,6 | 2847,5 |
| Sales revenue Arctic Paper (paper segment) | 689,2 | 507,4 | 181,9 | 2408,3 | 1990,8 |
| EBITDA, Arctic Paper Group | 69,2 | 25,1 | 44,1 | 327,8 | 271,4 |
| EBITDA Arctic Paper (paper segment) | 31,2 | 50,9 | -19,7 | 160,2 | 235,3 |
| EBIT, Arctic Paper Group | 74,1 | -4,8 | 78,9 | 244,6 | 158,2 |
| EBIT Arctic Paper (paper segment) | 46,8 | 31,7 | 15,1 | 118,7 | 163,0 |
| Net profit, Arctic Paper Group | 54,7 | -14,8 | 69,5 | 175,9 | 103,6 |
| Net profit, Arctic Paper (paper segment) | 30,4 | 20,7 | 9,7 | 91,8 | 121,5 |
| Net profit per share ² (PLN/share) | 0,62 | 0,01 | 0,61 | 1,84 | 1,60 |
| Net debt | 119,1 | 134,0 | -14,9 | 119,1 | 134,0 |

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.

¹Arctic 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 respectively.

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

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“In line with our 4P strategy, we will expand our investments in renewable and fossil-free energy. Rising and volatile energy prices confirm that this is the future.”

Michał Jarczyński, CEO of Arctic Paper S.A.

The year ended with a strong fourth quarter when both paper and pulp contributed in a balanced way to one of the best results in the Group's history. Consolidated sales for the fourth quarter increased by 33 percent to PLN 953.5 million (714.7 million) with EBITDA of PLN 69.2 million (25.1 million). For the full year, consolidated sales reached PLN 3412.6 million (2847.5 million) with an EBITDA of PLN 327.8 million (271.4 million). The Group's financial strength improved: net debt / EBITDA decreased to 0.36 (0.49) and operating cash flow reached PLN 238.2 million.

Demand for paper continued to develop positively during the period as the economic recovery was further strengthened in our European core markets. The strong demand has led to a shortage of paper when the printers shift sourcing from China to Eastern Europe due to logistical problems, a development that benefits Arctic Paper. The pulp price has been relatively stable, and we have effectively hedged our operations against volatile energy costs, while at the same time other costs are rising. To compensate for the effects, we raised our prices during the fourth quarter and again at the beginning of 2022. We are very close to full capacity usage, and we are now calculating profitability per machine hour to optimize production output. The fact that our average sales revenue per tonne has increased by 18 percent since Q4, 2020 illustrates the combined effect of higher prices and a healthier mix. Total paper production reached 167,000 tonnes for the period (150,000) with sales of 168,000 tonnes (146,000) and the pandemic had very limited impact on our business.

Our packaging business continued to grow and reached 18,600 tonnes for the full year, which corresponds to a growth of 118 percent compared to 2020. In mid-February, the boards of Arctic Paper and Rottneros have decided to proceed with the plan to invest 15 million euro in a moulded tray factory in Kostrzyn. The joint venture project is expected to be operational in 2023.

For the Group company Rottneros – the pulp segment – sales for the fourth quarter amounted to SEK 598 million (490 million) and EBITDA to SEK 88 million (-65 million). For the full year 2021, pulp segment sales amounted to SEK 2303 million (2093 million) with an EBITDA of SEK 385 million (77 million) while production reached 395 300 tonnes (412 600 tonnes). The European pulp market continues to be strong and Rottneros' niches - not least packaging - have grown during the year.

In line with our 4P strategy, we will expand our investments in renewable and fossil-free energy. During the period, we have begun to prepare a 17 MW solar cell installation in Kostrzyn. Rising and volatile energy prices confirm that this is the future. We have also agreed with a Polish-based company that will build a production facility on our premises in Kostrzyn and start production in 2025, from which we will buy recycled residual heat and thereby reduce emissions.

For 2022, we have positive outlooks for both pulp and paper. Solid results, a strong cash flow and nearly full production in graphical paper and pulp give us a resilient foundation as we continue to diversify and invest in packaging and renewable energy.

Michał Jarczyński, CEO of Arctic Paper S.A.

Table 1: Preliminary selected consolidated profit and loss account items

| <i>PLN '000</i> | 4Q 2021 | 3Q 2021 | 4Q 2020 | YTD 2021 | YTD 2020 |
|--------------------------------|----------------|----------------|-----------------|------------------|------------------|
| Sales revenues | 953 547 | 889 656 | 714 667 | 3 412 576 | 2 847 450 |
| <i>of which:</i> | | | | | |
| <i>Sales of paper</i> | 689 247 | 644 963 | 507 361 | 2 408 330 | 1 990 774 |
| <i>Sales of pulp</i> | 264 299 | 244 694 | 207 306 | 1 004 246 | 856 677 |
| Profit on sales | 202 346 | 182 488 | 97 788 | 707 928 | 541 791 |
| <i>% of sales revenues</i> | 21,22 | 20,51 | 13,68 | 20,74 | 19,03 |
| Selling and distribution costs | (100 507) | (98 547) | (85 369) | (381 287) | (336 524) |
| Administrative expenses | (31 248) | (23 164) | (21 009) | (103 080) | (76 348) |
| Other operating income | 27 474 | 20 709 | 13 847 | 73 749 | 65 280 |
| Other operating expenses | (23 976) | (8 712) | (10 044) | (52 741) | (35 957) |
| EBIT | 74 089 | 72 773 | (4 786) | 244 570 | 158 242 |
| <i>% of sales revenues</i> | 7,77 | 8,18 | (0,67) | 7,17 | 5,56 |
| EBITDA | 69 249 | 102 099 | 25 105 | 327 756 | 271 368 |
| <i>% of sales revenues</i> | 7,26 | 11,48 | 3,51 | 9,60 | 9,53 |
| Financial income | 1 365 | 333 | 78 | 3 435 | 710 |
| Financial expenses | (3 511) | (7 032) | (11 781) | (24 890) | (36 633) |
| Gross profit/(loss) | 71 943 | 66 074 | (16 489) | 223 115 | 122 318 |
| Income tax | (17 266) | (12 713) | 1 656 | (47 207) | (18 733) |
| Net profit/(loss) | 54 677 | 53 361 | (14 833) | 175 907 | 103 586 |
| <i>% of sales revenues</i> | 5,73 | 6,00 | (2,08) | 5,15 | 3,64 |

Arctic Paper S.A. is one of the leading producers of high-quality graphical fine paper in Europe and consists of three paper mills and four eco-friendly strong brands: Amber, Arctic, Munken and G. Most of the products are sold through the company's sales organization in Europe. The Group is the main owner of the listed Swedish pulp producer Rottneros AB. Arctic Paper S.A. is listed on the Warsaw Stock Exchange and NASDAQ in Stockholm. For more information, visit arcticpaper.com

Table 2: Preliminary selected consolidated balance sheet items

| <i>PLN '000</i> | 31.12.2021 | 30.09.2021 | 31.12.2020 |
|----------------------------------------|------------------|------------------|------------------|
| Fixed assets | 1 301 750 | 1 246 233 | 1 194 503 |
| Inventories | 402 868 | 391 816 | 365 491 |
| Receivables | 410 939 | 458 128 | 302 751 |
| <i>including trade receivables</i> | <i>402 530</i> | <i>449 071</i> | <i>297 543</i> |
| Other current assets | 105 781 | 54 515 | 18 337 |
| Cash and cash equivalents | 167 927 | 145 891 | 255 563 |
| Total assets | 2 389 266 | 2 296 582 | 2 136 646 |
| Equity | 1 242 996 | 1 153 170 | 1 033 033 |
| Short-term liabilities | 722 066 | 686 294 | 639 016 |
| <i>of which:</i> | | | |
| <i>trade and other payables</i> | <i>506 813</i> | <i>485 310</i> | <i>367 751</i> |
| <i>interest-bearing debt</i> | <i>96 659</i> | <i>89 528</i> | <i>148 426</i> |
| <i>other non-financial liabilities</i> | <i>118 594</i> | <i>111 455</i> | <i>122 840</i> |
| Long-term liabilities | 424 205 | 457 119 | 464 596 |
| <i>of which:</i> | | | |
| <i>interest-bearing debt</i> | <i>190 363</i> | <i>242 959</i> | <i>241 144</i> |
| <i>other non-financial liabilities</i> | <i>233 841</i> | <i>214 159</i> | <i>223 452</i> |
| | - | - | - |
| Total liabilities | 2 389 266 | 2 296 582 | 2 136 646 |

Table 3: Preliminary selected items of the consolidated cash flow statements

| <i>PLN '000</i> | Q4 2021 | Q3 2021 | Q4 2020 | YTD 2021 | YTD 2020 |
|--------------------------------------------------------|-----------------|------------------|-----------------|-----------------|-----------------|
| Cash flows from operating activities | 132 876 | 50 630 | 23 907 | 238 193 | 211 464 |
| <i>of which:</i> | | | | | |
| <i>Gross profit/(loss)</i> | <i>71 943</i> | <i>66 074</i> | <i>(16 489)</i> | <i>223 115</i> | <i>122 318</i> |
| <i>Depreciation/amortization and impairment charge</i> | <i>(4 840)</i> | <i>29 327</i> | <i>29 891</i> | <i>83 186*</i> | <i>113 126</i> |
| <i>Changes to working capital</i> | <i>90 301</i> | <i>(41 719)</i> | <i>55 422</i> | <i>(33 166)</i> | <i>(25 164)</i> |
| <i>Other adjustments</i> | <i>(24 528)</i> | <i>(3 052)</i> | <i>(44 917)</i> | <i>(34 941)</i> | <i>1 184</i> |
| Cash flows from investing activities | (56 447) | (40 168) | (33 617) | (159 513) | (141 239) |
| Cash flows from financing activities | (53 463) | (111 650) | (14 934) | (162 068) | (100 950) |
| Total cash flows | 22 965 | (101 188) | (24 644) | (83 388) | (30 25) |

**Depreciation and amortization is positively impacted by adjustment to the value of Arctic Paper Grycksbo assets by 25MPLN.*

Financial calendar for 2022

Annual report 2021: March 22nd, Q1 2022: May 9th, Q2 2022: August 10th, Q3 2022: November 7th

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