



PRESS RELEASE

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Arctic Paper S.A., Q1 2022:

Best quarterly group results in challenging times

- Q1 consolidated sales revenue was PLN 1 110,8mn (EUR¹ 240,1mn).
- EBITDA Q1 was PLN 205,7mn (EUR¹ 44,5mn).
- EBIT Q1 was PLN 176,1mn (EUR¹ 38,1mn) and net profit PLN 146,4mn (EUR¹ 31,6mn).
- Strong demand, and price increases offset rising costs for raw material, energy, and logistics.
- High-capacity utilization (99 %) requires active management of the output of paper production.
- Additional steps taken to diversify in green energy and packaging in line with 4P strategy.

“Since the launch of our 4P strategy in October, we have worked intensively to change and diversify the Group in line with the new focus. The steps we have taken - and the steps we are about to take - will transform our business.”

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

Selected financial results – Arctic Paper Group and Arctic Paper (paper segment)

PLN (million)	Q1 2022	Q1 2021	Change	Q4 2021
Sales revenue, Arctic Paper Group	1 110,8	782,8	327,9	953,5
Sales revenue, Arctic Paper (paper segment)	819,6	547,3	272,2	689,2
EBITDA, Arctic Paper Group	205,7	72,2	133,5	69,2
EBITDA, Arctic Paper (paper segment)	130,0	56,7	73,3	31,2
EBIT, Arctic Paper Group	176,1	43,2	132,9	74,1
EBIT, Arctic Paper (paper segment)	110,4	37,8	72,6	46,8
Net profit, Arctic Paper Group	146,4	32,3	114,1	54,7
Net profit, Arctic Paper (paper segment)	93,6	25,8	67,9	30,4
Net profit, PLN per share ²	1.74	0.42	1.32	0.62
Net debt	150,8	163,2	-12,4	119,1

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. The complete quarterly report is available at www.arcticpaper.com

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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“We have succeeded well in offsetting the rising costs of raw materials, energy, and logistics with paper price increases.”

Michał Jarczyński, CEO of Arctic Paper S.A.

The first quarter of 2022 was impressively strong, with continued solid demand for paper, pulp, and packaging. The increase in both paper and pulp prices increased the Group's revenues to PLN 1,110.8 million (782.8) and EBITDA to PLN 205.7 million (72.2), making the quarterly result the best in Arctic Paper's history with an EBITDA margin of 18.5 percent (9.2). The financial position is solid with a net debt / EBITDA ratio of 0.33 (0.70). The combination of pulp and paper, which have historically balanced each other through the economic cycles, now reinforces each other and the Group's performance even more clearly.

The paper segment increased revenues by almost 50 percent during the period and reached PLN 819.6 million (547.3) with an EBITDA of 130.0 million (56.7). Capacity utilization remained at a high of 99 percent (94) for the third quarter in a row and our mills are actively considering both the product and the price mix to optimize production. We have succeeded well in offsetting the rising costs of raw materials, energy, and logistics with paper price increases. We have not yet experienced any major disruptions in our logistics chain during the period, but we have updated our contingency plans to increase our readiness.

For the pulp segment, Rottneros, revenues increased to 660 MSEK (542) with an EBITDA of 174 MSEK (40) and a net result of 114 MSEK (5). The pulp market continues to be strong and the list price for NBSK returned to a historic high in March. Limited shipping opportunities from other regions and the rapidly growing interest in fossil-free packaging contributed to the positive development during the period.

For packaging, volume growth stabilized during the first quarter in line with our ambition to maximize production from our mills in terms of value per tonne. At the same time, we have advanced our plan to invest in new production capacity in the developing segment of sustainable packaging.

The rapid rise in energy prices proves the value of investing in green energy. As announced in December, we are now advancing our plan to build a solar energy park in Kostrzyn. During the period, we also signed an agreement with NTP to build a production plant on our premises and start production in 2025. At the same time, we will buy residual energy from the new plant, which will reduce our CO2 emissions by 20,000 tonnes annually.

Since the launch of our 4P strategy in October, we have worked intensively to change and diversify the Group in line with the new focus. The steps we have taken - and the steps we are about to take - will transform our business. While the Group's performance is at an all-time high, Russian aggression and the war in Ukraine have made the outlook for the economy more uncertain.

Michał Jarczyński, CEO of Arctic Paper S.A.

Financial calendar for 2022: Q2 2022: August 10th, 2022 * Q3 2022: November 7th, 2022

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