



## PRESS RELEASE

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Arctic Paper S.A., Q2/H1 2022:

**Best group results create strong base for investments**

- Q2 consolidated sales revenue increased by 65 percent to PLN 1 296.3mn (EUR<sup>1</sup> 279.6mn).
- EBITDA in Q2 reached record high PLN 330.1mn (EUR<sup>1</sup> 71.2mn).
- EBIT in Q2 was PLN 298.1mn (EUR<sup>1</sup> 64.3mn) and net profit PLN 254.1mn (EUR<sup>1</sup> 54.8mn).
- Net debt at record-low PLN -12.6mn (PLN 152.6mn).
- Capacity utilization in the paper production was 99 percent for the fourth quarter in a row.
- Effective energy hedging and the biomass boiler in Munkedal will be put into operation in Q3.
- The Groups first dividend policy was adopted in July.

*“The strong balance sheet is setting us up for the future as we continue with our investment plans in line with the strategy.”*

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

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

PLN (million)	Q2 2022	Q2 2021	Change	H1 2022	H1 2021
Sales revenue, Arctic Paper Group	1 296,3	786,6	509,7	2 407,0	1 569,4
Sales revenue, Arctic Paper (paper segment)	948,6	526,8	421,8	1 768,1	1 074,1
EBITDA, Arctic Paper Group	330,1	84,2	245,9	535,8	156,4
EBITDA Arctic Paper (paper segment)	227,2	26,0	201,2	357,2	82,7
EBIT, Arctic Paper Group	298,1	54,5	243,5	474,1	97,7
EBIT Arctic Paper (paper segment)	207,4	6,9	200,5	317,8	44,7
Net profit, Arctic Paper Group	254,1	35,6	218,5	400,5	67,9
Net profit, Arctic Paper (paper segment)	196,8	0,2	196,5	290,4	26,0
Net profit per share <sup>2</sup>	PLN 3,12	PLN 0,27	PLN 2,85	PLN 4,86	PLN 0,69
Net debt	-12.6	152.6	-165.2	-12.6	152.6

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 respectively. The complete quarterly report is available at [www.arcticpaper.com](http://www.arcticpaper.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.

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*“For Arctic Paper, it is an important part of our strategy to accelerate the path to self-sufficiency with the goal of becoming carbon neutral by 2030.”*

*Michał Jarczyński, CEO of Arctic Paper S.A.*

The second quarter of 2022 was the best in the group’s history. Arctic Paper’s revenues increased by 65 percent to PLN 1 296.3 million (786.6 million). Both paper and pulp contributed to the improvement, which resulted in an EBITDA of PLN 330.1 million (84.2 million). The EBITDA margin reached 25.5 percent as Arctic Paper – like the industry in general – thrived in a uniquely positive business environment.

Arctic Paper’s financial position is solid and was further strengthened during the period thanks to a strong cash flow of PLN 218,3 (30,6) million, resulting in a record low net debt/EBITDA-ratio of -0.02 (0.57). The strong balance sheet is setting us up for the future as we continue with our investment plans in line with the strategy.

For the paper segment, revenue rose by 80 percent to PLN 948.6 million (526.8 million). EBITDA reached a record high of PLN 227.2 million (26.0 million) driven by higher prices and an effective production management. We have continued to work successfully with the production mix to optimize the output, while the effects of rising costs have been offset by price increases. Our energy sources are mainly local, including the gas supply in Kostrzyn, and we have an effective hedging in place to minimize energy costs. Thanks to the great efforts of our team, capacity utilization remained at 99 percent (92).

The pulp segment – Rottneros – increased its revenue by 32 percent to SEK 784 million (593) with a record EBITDA of SEK 253 million (127), driven by a production at all time high and a strong pulp market. The pulp segment has intensified its focus on profitability through efficiency and productivity improvements.

For packaging, volumes were stable in line with our ambition to maximize the output in terms of value per ton. Our plan to invest EUR 15 million in new production capacity in Kostrzyn is progressing according to plan, with start-up scheduled for the end of 2023. The project will be run as a joint venture with Rottneros.

Energy is a key issue for European industry. For Arctic Paper, it is an important part of our strategy to accelerate the path to self-sufficiency with the goal of becoming carbon neutral by 2030. The biomass boiler in Munkedal will be put into operation during the summer of 2022 and will provide the mill with another stable energy source at a competitive price.

In conclusion, we are working in line with the 4P strategy to invest in a more diversified business. The excellent results provide us with the financial strength to continue to do so. We have managed to protect our business from the effects of a volatile market, and we look to the near future with confidence.

Michał Jarczyński, CEO of Arctic Paper S.A.

Financial calendar for 2022: Q3 2022: November 7<sup>th</sup>, 2022

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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](http://arcticpapergroup.com)