



PRESS RELEASE

Kostrzyn nad Odra / Gothenburg, February 15, 2023

Arctic Paper S.A. Q4, 2022 - preliminary results*:
The best year in the Group's history

- Q4 sales revenue amounted to PLN 1 085,1mn (EUR¹ 229,4mn).
- EBITDA Q4 was PLN 140,0mn (EUR¹ 29,6mn) and the EBITDA margin 12,9 percent
- FY 2022 sales revenue amounted to PLN 4 894,3mn (EUR¹ 1 035,0mn).
- EBITDA FY 2022 was PLN 974,0mn (EUR¹ 206,0mn) and the EBITDA margin 19,9 percent.
- Decline in demand on the paper market during Q4 as customers reduce their stocks.
- Focus on margins over volumes to maintain profitability.
- Arctic Paper move to the Mid-cap segment on Nasdaq Stockholm.
- Management Board will recommend a dividend of PLN 2.7 per share (0.30).

*The entire audited report FY2022 will be published on March 28.

"The strong results have significantly improved Arctic Paper's financial position."

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

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

PLN (million)	Q4, 2022	Q4, 2021	Changes	FY 2022	FY 2021
Sales revenue, Arctic Paper Group	1 085,1	953,5	131,6	4 894,3	3 412,6
Sales revenue Arctic Paper (paper segment)	770,0	689,2	80,8	3 580,0	2 408,3
EBITDA, Arctic Paper Group	140,0	69,2	70,7	974,0	327,8
EBITDA Arctic Paper (paper segment)	122,3	31,2	91,1	685,2	160,2
EBIT, Arctic Paper Group	109,3	74,1	35,2	843,0	244,6
EBIT Arctic Paper (paper segment)	101,8	46,8	55,0	605,2	118,7
Net profit, Arctic Paper Group	74,8	54,7	20,1	756,8	175,9
Net profit, Arctic Paper (paper segment)	70,3	30,4	39,9	519,6	91,8
Net profit per share ² (PLN/share)	1,05	0,62	0,43	9,11	1,84
Net debt	-276,2	119,1	-395,3	-276,2	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 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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“Arctic Paper has the necessary financial resources to invest in our strategic diversification into packaging and energy, while maintaining our positions in paper and pulp.”

Michał Jarczyński, CEO of Arctic Paper S.A.

The year 2022 ended with another strong period as the best year in the Group's history. For Q4, consolidated sales increased to PLN 1.085.1 million (953.5 million) while EBITDA doubled to PLN 140.0 million (69.2), corresponding to an EBITDA-margin of 12.9 percent (7.3).

For the full year the Group achieved consolidated sales of PLN 4,894.3 million (3,412.6 million), EBITDA of PLN 974.0 million (327.8 million) and an EBITDA-margin of 19.9 percent (9.6). Both paper and pulp contributed to growth in earnings. The strong results have significantly improved Arctic Paper's financial position: Net debt reached a record low of PLN -276.2 at the end of the year. We have used part of the positive operative cash flow to reduce debt to banks and for pension liabilities, thus making the Group more resilient in the event of a recession. Thanks to the excellent results, the management board will recommend a dividend of PLN 2.7 (0.30). The recommendation is reasonable given our strong balance sheet, while we are still well funded for the upcoming investments in energy and packaging.

Paper segment sales increased to PLN 770.0 million (689.2 million) with EBITDA of PLN 122.3 million (31.2 million). After a historically strong period, sales volumes decreased during the fourth quarter as customers reduced their stock before the turn of the year. The decline affected all qualities and subsegments, even though book and premium design papers are more stable against changes in demand. Arctic Paper focuses on profitability and has therefore chosen to prioritize margins over volumes. After a price increase early at the beginning of the period, paper sales revenue per ton reached PLN 6.6k, which is 60 percent above the average during the comparable period last year. Production capacity utilization for the period was 85 percent (99).

For Rottneros – the pulp segment – revenue for the fourth quarter increased by 22 percent to SEK 730 million (598 million) with an EBITDA result of SEK 31 million (88 million). The production volume for the period was 87.2 thousand tons (91.4) after the maintenance shutdown in Vallvik in December and a turbine failure. Rottneros saw declining demand and thus a slightly lower pulp price at the end of the period.

The development of our packaging segment has been deliberately held back as we managed production in terms of value per ton and graphical paper has shown better margins for several quarters. For the full year of 2022, 18.6 thousand tons of packaging paper were sold.

The energy projects are running according to plan. Several solar energy projects in Poland and Sweden are prepared for execution during 2023. Step by step, we are getting closer to self-sufficiency.

The past year was a record year for Arctic Paper and the Group entered 2023 strengthened. Although there is uncertainty about the immediate future, we can continue our transformation. Arctic Paper has the necessary financial resources to invest in our strategic diversification into packaging and energy, while maintaining our positions in paper and pulp.

Michał Jarczyński, CEO of Arctic Paper S.A.

Table 1: Preliminary selected consolidated profit and loss account items

<i>PLN '000</i>	4Q 2022	3Q 2022	4Q 2021	YTD 2022	YTD 2021
Sales revenues	1 085 098	1 402 141	953 547	4 894 276	3 412 576
EBIT	109 287	259 552	74 089	842 979	244 570
EBITDA	139 979	298 208	69 249	973 973	327 756
Net profit/(loss)	74 822	281 542	54 677	756 822	175 907

Table 2: Preliminary selected consolidated balance sheet items

<i>PLN '000</i>	31.12.2022	30.09.2022	31.12.2021
Fixed assets	1 371 867	1 489 812	1 301 750
Inventories	601 205	505 443	402 868
Receivables	504 024	752 836	410 939
Other current assets	295 459	454 469	105 782
Cash and cash equivalents	481 930	441 734	167 927
Total assets	3 254 485	3 644 293	2 389 266
Equity	2 052 182	2 247 163	1 242 996
Short-term liabilities	806 907	885 323	722 065
Long-term liabilities	395 396	511 806	424 205
Total liabilities	3 254 485	3 644 293	2 389 266

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

<i>PLN '000</i>	Q4 2022	Q3 2022	Q4 2021	YTD 2022	YTD 2021
Cash flows from operating activities	125 995	245 138	132 875	607 381	238 193
Cash flows from investing activities	(53 139)	(27 300)	(56 447)	(155 879)	(159 513)
Cash flows from financing activities	(18 739)	(34 999)	(53 463)	(124 587)	(162 068)
Total cash flows	54 117	182 839	22 965	326 915	(83 388)

Financial calendar for 2023

Annual report 2022: Year end March 28th, Q1 2023: May 9th, Q2 2023: August 10th, Q3 2023: November 7th