



## PRESS RELEASE

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Arctic Paper S.A., Q3, 2023:

**Our focus on margins continues to be successful**

- Q3 consolidated sales revenue amounted to PLN 854.8mn (EUR<sup>1</sup> 186.5mn).
- EBITDA in Q3 was PLN 124.5mn (EUR<sup>1</sup> 27.2mn).
- EBIT in Q3 was PLN 95.0mn (EUR<sup>1</sup> 20.7mn) and net profit PLN 58.2mn (EUR<sup>1</sup> 12.7mn).
- Continued focus on margins: The consolidated EBITDA margin reached 14.6 percent.
- Energy investment in Grycksbo adds revenue streams and enhances competitiveness.
- Net debt PLN -306.7mn (PLN -199.6mn), net debt/EBITDA at new record low of -0.59 (-0.22).

*“Our focus on margins rather than volumes continued to be successful and is helping to strengthen the Group at a time of significant investment in line with our strategy.”*

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

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

PLN (million)	Q3 2023	Q3 2022	Change	Q1-Q3 2023	Q1-Q3 2022
Sales revenue, Arctic Paper Group	854.8	1 402.1	-547.3	2 723.3	3 809.2
Sales revenue, Arctic Paper (paper segment)	590.3	1 042.1	-451.8	1 879.3	2 810.3
EBITDA, Arctic Paper Group	124.5	298.2	-173.7	379.0	834.0
EBITDA Arctic Paper (paper segment)	94.6	205.7	-111.1	256.0	562.9
EBIT, Arctic Paper Group	95.0	259.6	-164.5	290.0	733.7
EBIT Arctic Paper (paper segment)	74.2	185.6	-111.4	195.0	503.4
Net profit, Arctic Paper Group	58.2	281.5	-223.3	236.8	682.0
Net profit, Arctic Paper (paper segment)	44.4	159.0	-114.5	203.6	449.4
Net profit per share <sup>2</sup>	PLN 0.74	PLN 3.20	PLN -2.46	PLN 2.87	PLN 8.06
Net debt	-306.7	-199.6	-107.1	-306.7	-199.6

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.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.

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*“Arctic Paper continues to grow within sustainable energy solutions. During the quarter, a decision was made to invest SEK 285 million in Grycksbo. The investment will increase the mill's competitiveness and generate a new revenue stream.”*

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

The third quarter of 2023 appears weak compared to the corresponding quarter of 2022 – which was one of the strongest in the Group's history – but nevertheless delivered an EBITDA margin in line with our target. Our focus on margins rather than volumes continued to be successful. Arctic Paper's revenues decreased by 39 percent to PLN 854.8 million (1 402.1 million). EBITDA reached PLN 124.5 million (298.2 million) with a corresponding EBITDA margin of 14.6 percent. A strong cash flow during the period strengthened the Group's financial position as the net debt/EBITDA ratio reached a new record low of -0.59 (-0.22). Solid finances are an advantage at a time of significant future investment in line with our strategy.

For the paper segment, revenue decreased to PLN 590.3 million (1,042.1 million). During the first half of the year, demand weakened as customers reduced their stocks. During the third quarter, however, we have seen early signs of a recovery in demand. Capacity utilization for the period was up to 66 percent. We have continued to focus on margins and delivered an EBITDA margin for the period of 16.0 percent. As the comparative quarter was exceptional, it is worth noting that the result for paper is historically strong. We have obtained patent rights for an innovative barrier with antibacterial properties. The use of this specially developed formula ensures that Amber Care meets the ISO 20743 and ISO 18184 standards and the components of the mixture undergo decomposition without environmental pollution and are biodegradable.

The pulp segment – Rottneros – decreased its revenue to SEK 693 million (806) with an EBITDA of SEK 79 million (233), mainly driven by falling prices. The period was characterised by shrinking inventories and rising deliveries and the balance of market pulp shifted in favour of sellers. Investments are being made in the expansion of CTMP capacity, in renewable energy and energy storage.

The joint venture investment in a new production facility for molded fiber trays in Kostrzyn is progressing with the aim of being operational 2024. The timetable is impacted by lengthy equipment delivery times.

Arctic Paper continues to grow within sustainable energy solutions. During the quarter, a decision was made to invest SEK 285 million in an upgrade of the biofuel boiler and steam turbine in Grycksbo. The investment will increase the mill's competitiveness and generate a new revenue stream as the mill will produce 50 ktons of wood pellets per year at an estimated value of approximately SEK 100 million. The installation will also reduce energy costs by SEK 50 million. During the period, we also advanced our plan for the expansion of the 17 MW solar energy park in Kostrzyn.

Two years have passed since Arctic Paper launched its new strategy with the aim of diversifying into renewable energy and sustainable packaging. The challenges we have faced since then show that the strategy provides value, and we are on track to implement it. After strategy review, our focus in renewable energy will shift from wind turbines to solar parks. For packaging, we see more potential in fiber trays than in kraft paper. Our commitment to investing in higher margin, lower footprint and less volatile businesses remains intact.

Michal Jarczyński, CEO of Arctic Paper S.A.

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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)