

Q4 21/02/2022

FINANCIAL RESULTS

PRELIMINARY Q4 2022



ARCTIC PAPER

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**THIS PRESENTATION
CONTAINS FINANCIAL
RESULTS FOR Q4 2022.**

AGENDA

PRESENTERS:

Michał Jarczyński / CEO Arctic Paper

Göran Eklund / CFO Arctic Paper

Summary preliminary Q4 2022

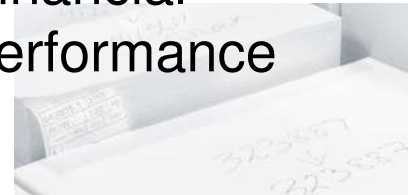
Paper



Packaging



Financial performance



Pulp



Power



Focus



SUMMARY PRELIMINARY Q4 2022

Arctic Paper Group Q4 2022 vs. Q4 2021

Net sales
(PLN mn)

1 085.1 / 953.5
(Q4 2022) / (Q4 2021)

EBITDA
(PLN mn)

140.0 / 69.2
(Q4 2022) / (Q4 2021)

Operating CF
(PLN mn)

126.0 / 133.0
(Q4 2022) / (Q4 2021)

ROCE*

34.4% / 14.7%
(Q4 2022) / (Q4 2021)

Paper/Pulp EBITDA
(PLN mn)

122/18 / 31/38
(Q4 2022) / (Q4 2021)

Net debt/EBITDA*

-0.28x / 0.36x
(EOP Q4 2022) / (EOP Q4 2021)

Paper sales
volume

117k t / 168k t
(Q4 2022) / (Q4 2021)

Pulp sales
volume

87k t / 96k t
(Q4 2022) / (Q4 2021)

* rolling 12 months

SUMMARY PRELIMINARY YTD DEC 2022

Arctic Paper Group YTD DEC 2022 vs. YTD DEC 2021

Net sales
(PLN mn)

4 894.3
(YTD DEC 2022) / **3 412.6**
(YTD DEC 2021)

EBITDA
(PLN mn)

974.0
(YTD DEC 2022) / **327.8**
(YTD DEC 2021)

Operating CF
(PLN mn)

607.4
(YTD DEC 2022) / **238.2**
(YTD DEC 2021)

ROCE*

34.4%
(YTD DEC 2022) / **14.7%**
(YTD DEC 2021)

Paper/Pulp EBITDA
(PLN mn)

685/289
(YTD DEC 2022) / **160/168**
(YTD DEC 2021)

Net debt/EBITDA*

-0.28x
(EOP DEC 2022) / **0.36x**
(DEC SEP 2021)

Paper sales
volume

616k t
(YTD DEC 2022) / **645k t**
(YDT DEC 2021)

Pulp sales
volume

388k t
(YTD DEC 2022) / **403k t**
(YTD DEC 2021)

* rolling 12 months



PAPER

MARKET DATA

Fine paper average market prices

DEC 2022 COMPARED TO SEP 2022

UWF average price change **+0,1%**

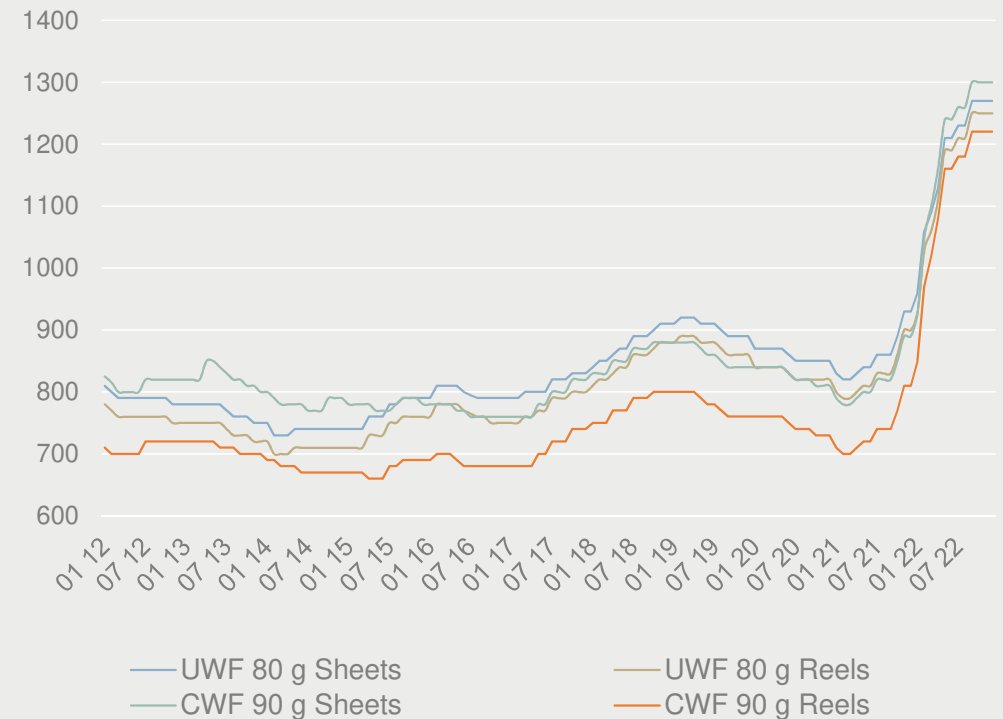
CWF average price change **+0,0%**

DEC 2022 COMPARED TO DEC 2021

UWF average price change **+37%**

CWF average price change **+53%**

GRAPHIC FINE PAPER PRICES – GERMAN MARKET



Source: Arctic Paper based on RISI data.

OPERATING DATA

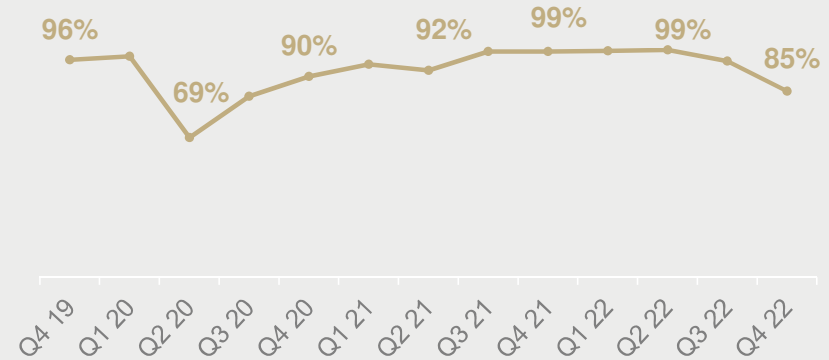
Average Q4 2022 use of production capacity: **85%**

11% LESS THAN IN Q3 2022
14% LESS THAN IN Q4 2021

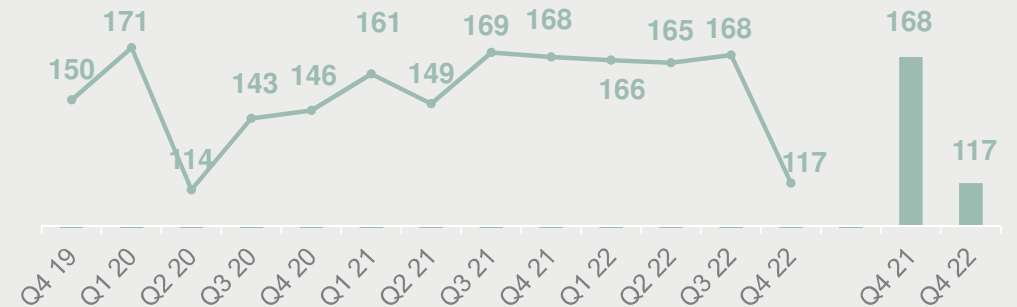
Q4 2022 total sales volume: **117k tons**

31% LESS THAN IN Q3 2022
30% LESS THAN IN Q4 2021

PRODUCTION CAPACITY FOR ARCTIC PAPER MILLS



PAPER SALES VOLUME



OPERATING DATA

Total revenue Q4 2022 (PLN 770mn)

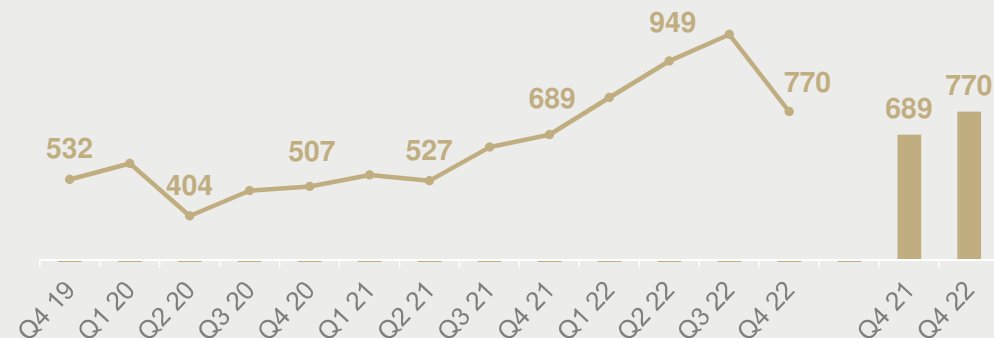
INCREASED BY 12% COMPARED TO Q4 2021

Average price Q4 2022 (PLN 6.57k)

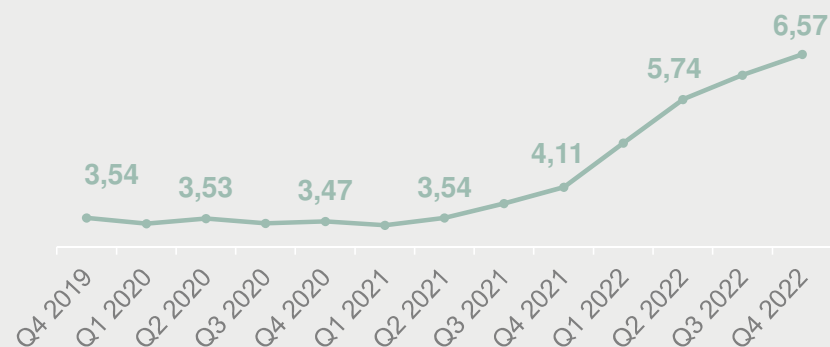
INCREASED BY 60% COMPARED TO AVERAGE IN Q4 2021

* price chart includes impact of fx fluctuations, product mix and market mix

PAPER SALES REVENUE (PLN mn)



PAPER SALES REVENUE PER TONNE (PLN k)*



PRODUCTS

AMBER

ADVANCED OFFSET
PRODUCTION
IN HEART OF EUROPE

- Top 3 brands in revenue share
- No 1 in European High Quality Bookpaper Sales
- No 1 in European Design Paper Sales

NOVEL PRODUCTS

Arctic Paper develops its packaging line Munken Kraft.
New coated product G-Flexmatt launched in Q2 2021.



MOST COMPLETE MATT
COATED PAPER ASSORTMENT



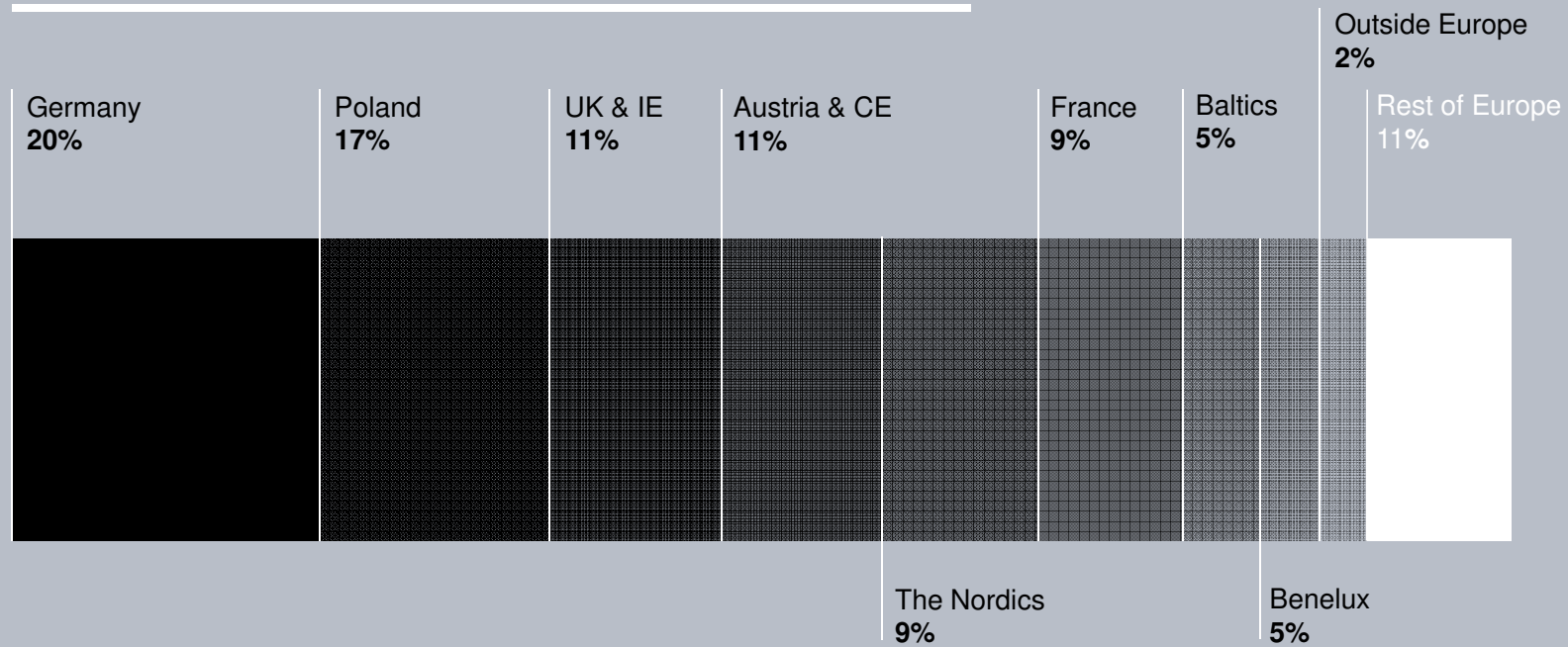
MUNKEN

BIGGEST UNCOATED
DESIGN BRAND



PRODUCTS

GEOGRAPHICAL SPLIT OF SALES



CLIENT STRUCTURE

Market segments/products portfolio/target groups

Printing Houses

Clients who purchase the Group's paper products directly.

Wholesalers

Direct customers who purchase, stock and distribute the Group's paper for resale to other users.

Publishers

Direct and indirect customers, who uses the Group's paper products for use in their publication activities, i.e., Random House, Bonniers, Hachette, Holtzbrinck, etc.

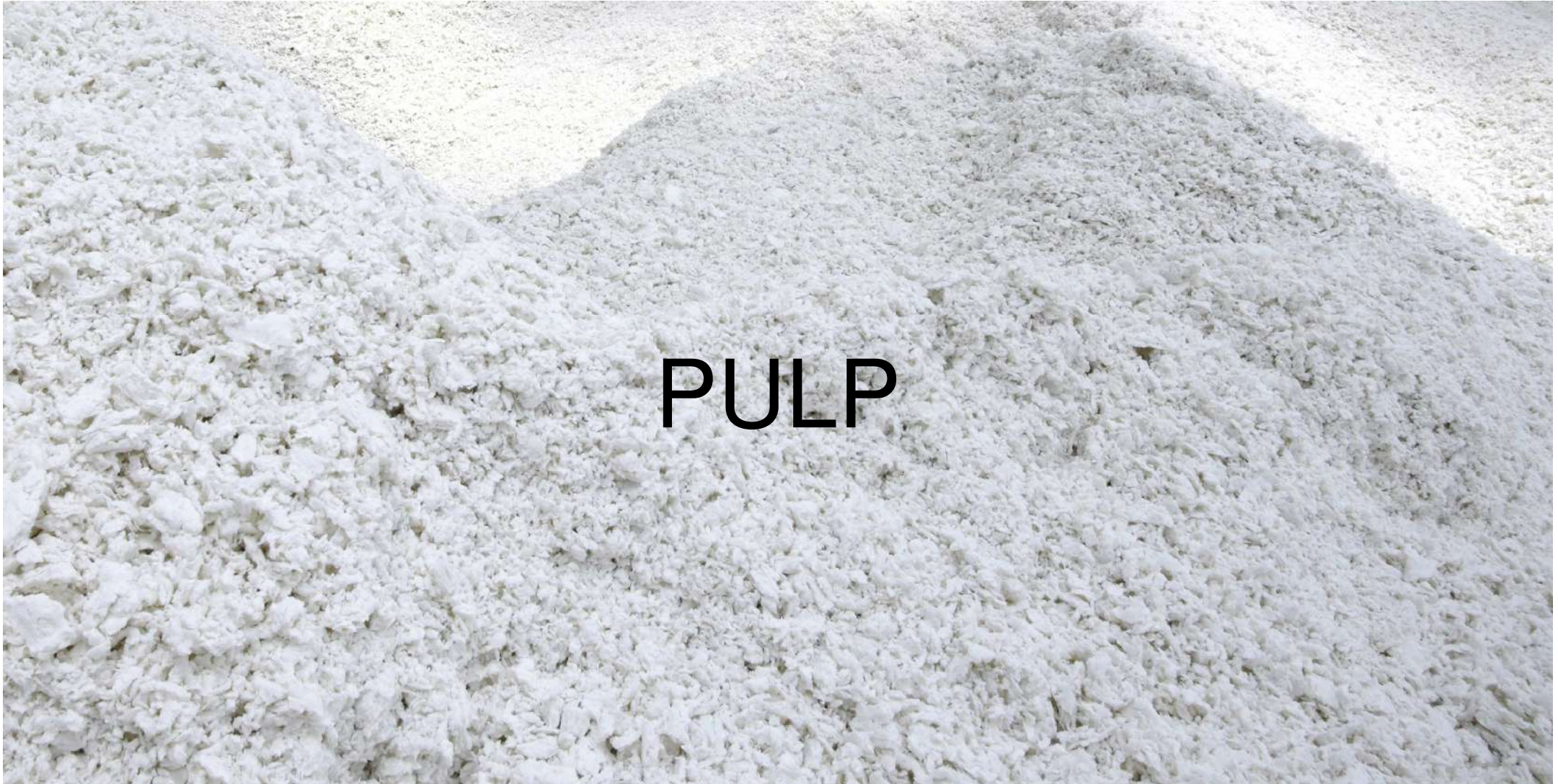


Advertising Industry

Predominantly indirect customers, who use our products, i.e., Deutsche Bank, Karl Lagerfeld, Kenzo, L'Oreal, Louis Vuitton, Nike, Mercedes Benz, etc.

Advertising and Design

Predominantly indirect customers but are of significant importance in requiring and recommending our products to end users.



MARKET DATA

Pulp – European pulp prices

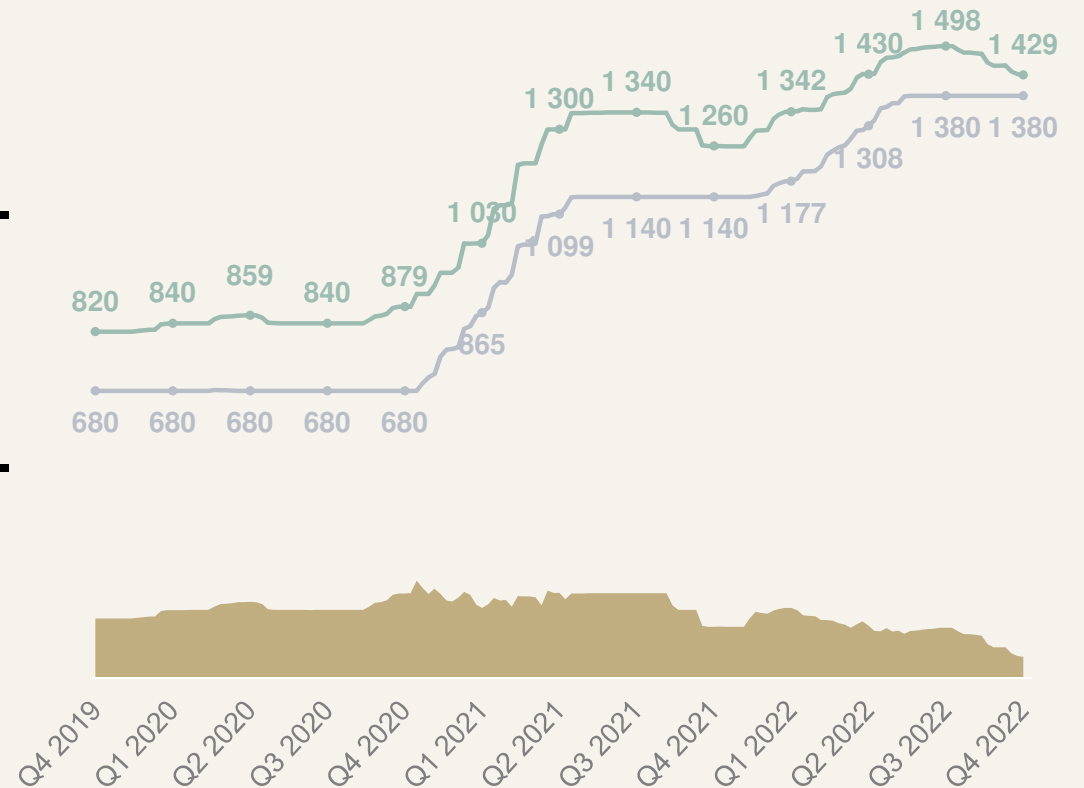
AVERAGE PRICE Q4 2022 COMPARED TO Q4 2021

NBSK (long fiber): **12% higher**
 BHKP (short fiber): **21% higher**

AVERAGE PRICE Q4 2022 COMPARED TO Q3 2022

NBSK (long fiber): **1% lower**
 BHKP (short fiber): **1% higher**

PULP PIX INDEXES EUROPE



Source: Arctic Paper based on Foex data

OPERATING DATA

Pulp production & deliveries

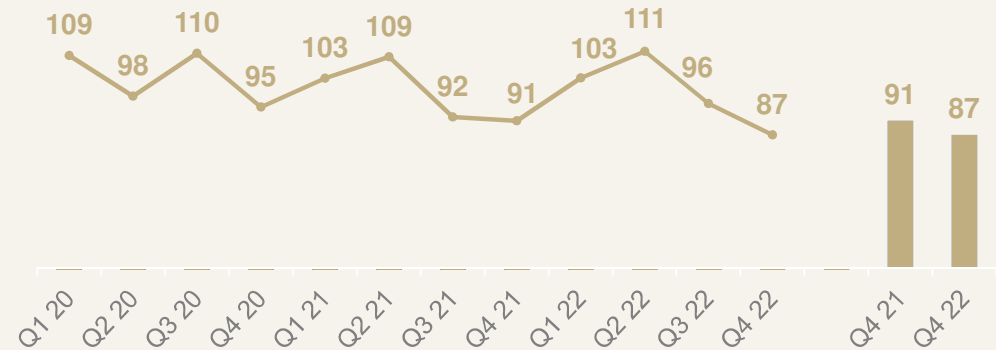
Q4 2022 total production: **87k tons**

9% LOWER THAN IN Q3 2022
4% LOWER THAN IN Q4 2021

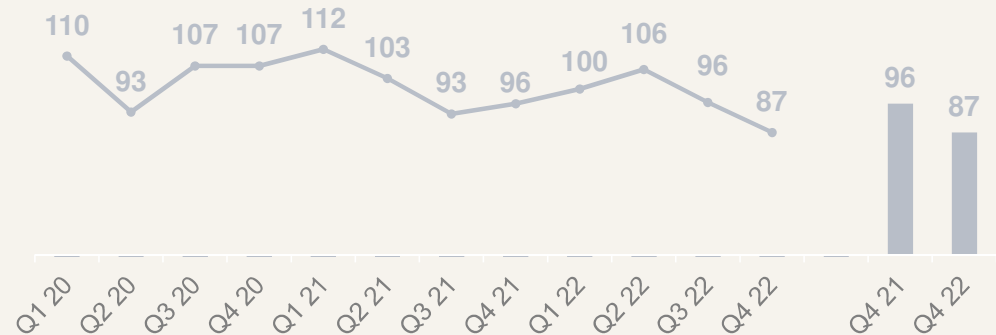
Q4 2022 total deliveries: **87k tons**

9% LOWER THAN IN Q3 2022
9% LOWER THAN IN Q4 2021

PULP PRODUCTION (1,000 TONNE)



PULP DELIVERIES (1,000 TONNE)



OPERATING DATA

Revenue and prices

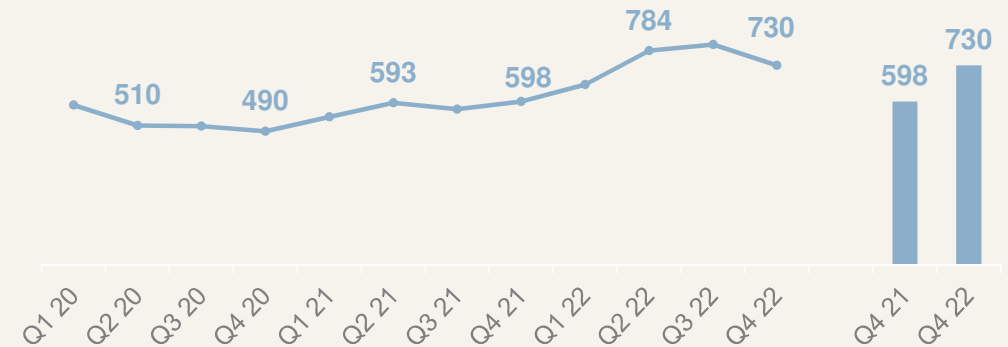
Total revenue Q4 2022 (SEK 730mn)

INCREASED BY 22% COMPARED TO Q4 2021

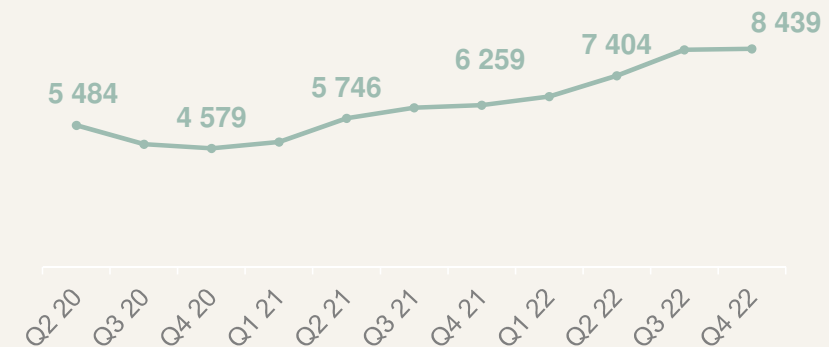
Average price in Q4 2022 (SEK 8.4k per tonne)

INCREASED BY 35% COMPARED TO Q4 2021

PULP SALES REVENUE (SEK mn)

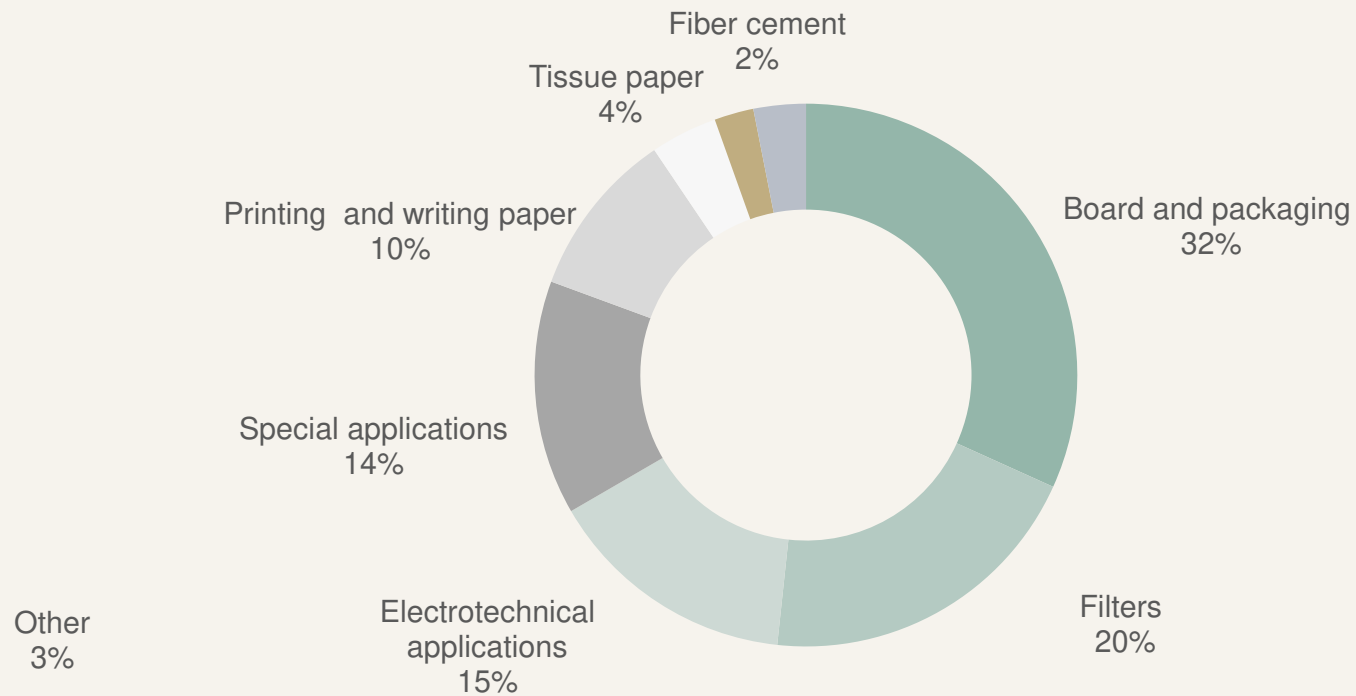


PULP SALES REVENUE PER TONNE (SEK)



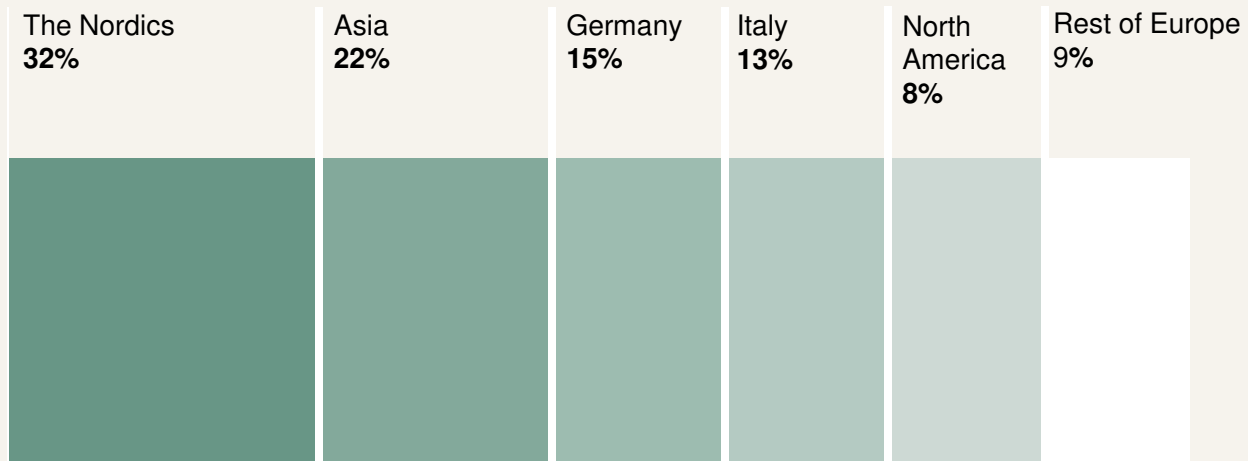
PULP – REPLACEMENT MATERIAL FOR PLASTIC

Pulp Sales (Rottneros) by application 2022



PULP

GEOGRAPHICAL SPLIT OF SALES





PACKAGING

DEVELOPMENT

PACKAGING PAPERS:

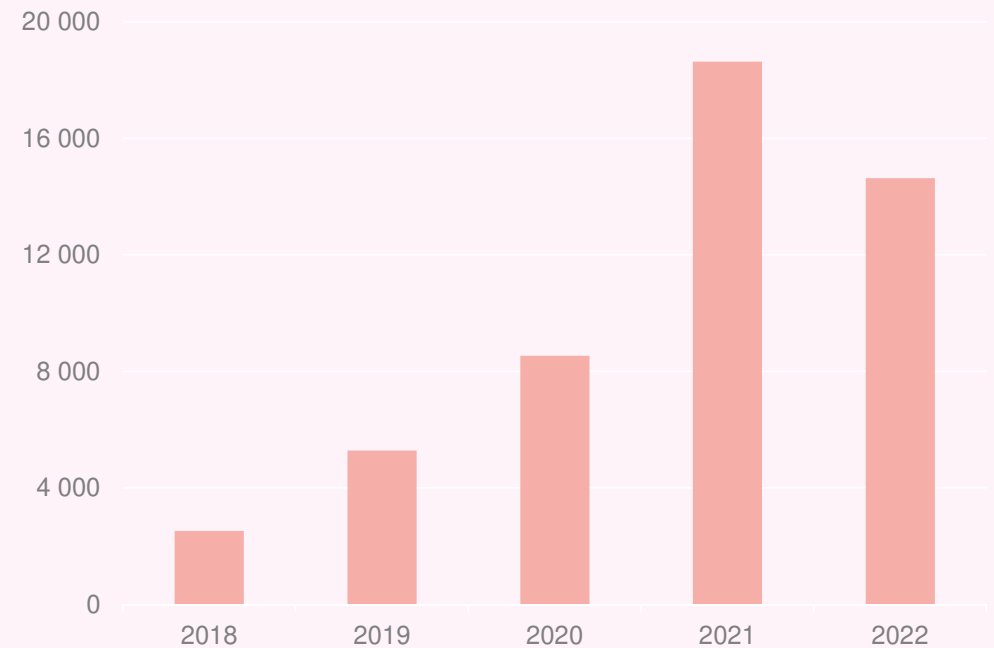
Munken Kraft

Uncoated packaging paper

G-Flexmatt

New coated product G-Flexmatt
launched on the market in Q2 2021

PACKAGING PAPER SALES DEVELOPMENT (t)





POWER GENERATION

Hydroelectric power plant in Munkedal produced **over 17 GWh of green energy in 2022.**

Biomass power plant in Grycksbo produced **over 15 GWh of green energy and 200 GWh of green heat in 2022.**

Solar farm in Kostrzyn and Grycksbo **produced in 2022 1.4 GWh of green energy.**



The new flexible multifuel boiler in Munkedal went into operation in September.



New PV farms instalations in our mills in Grycksbo and Munkedal.



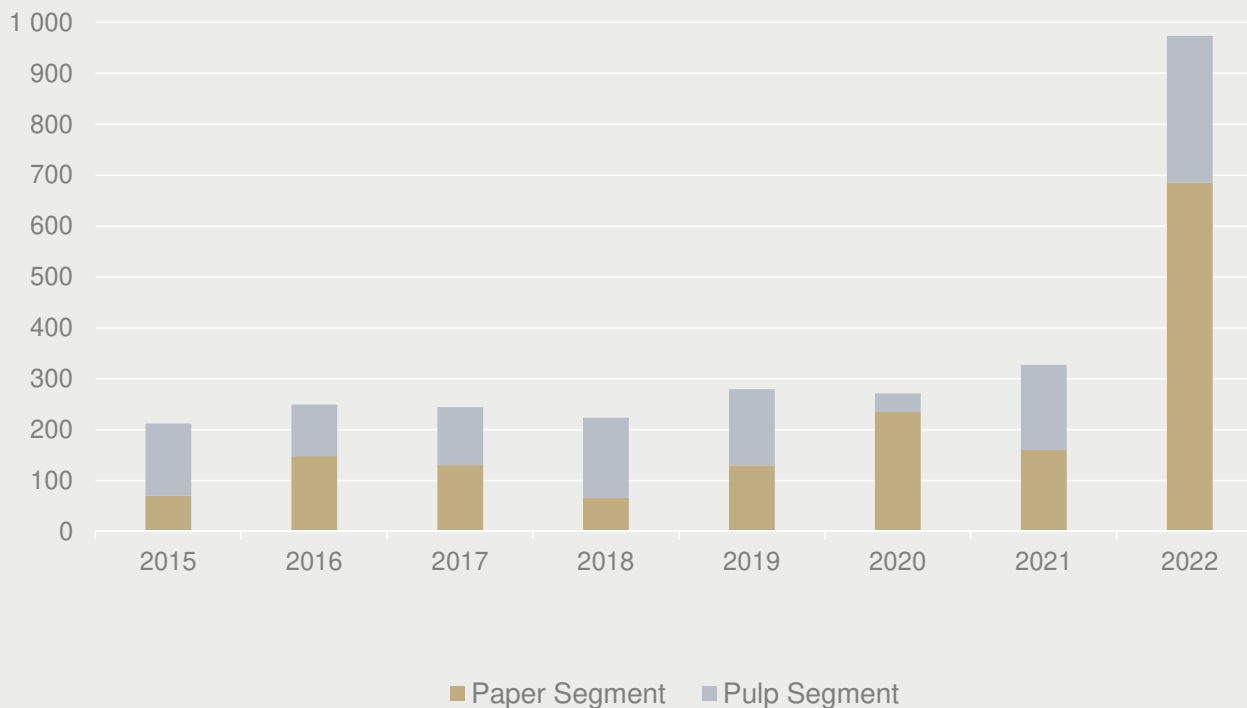
FINANCIAL PERFORMANCE

EBITDA EVOLUTION 2015 – 2022 (PLN mn)

Effective hedging of both segments – to stabilize financial results

Q4 2022 EBITDA PLN 140.0mn

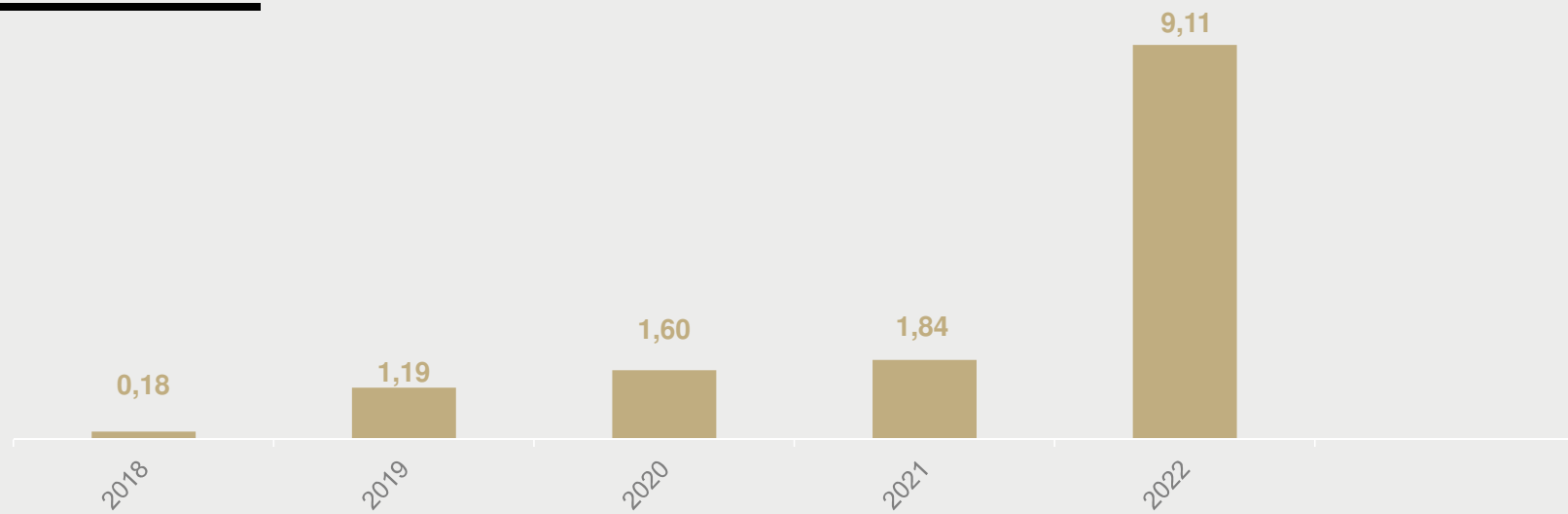
PLN 158mn LOWER THAN Q3 2022
PLN 71mn HIGHER THAN Q4 2021



NET DEBT/EBITDA 2018 – 2022



NET PROFIT PER SHARE*



* net profit for the paper segment plus 51% of the net profit for Rottneros divided by the number of shares.



FOCUS

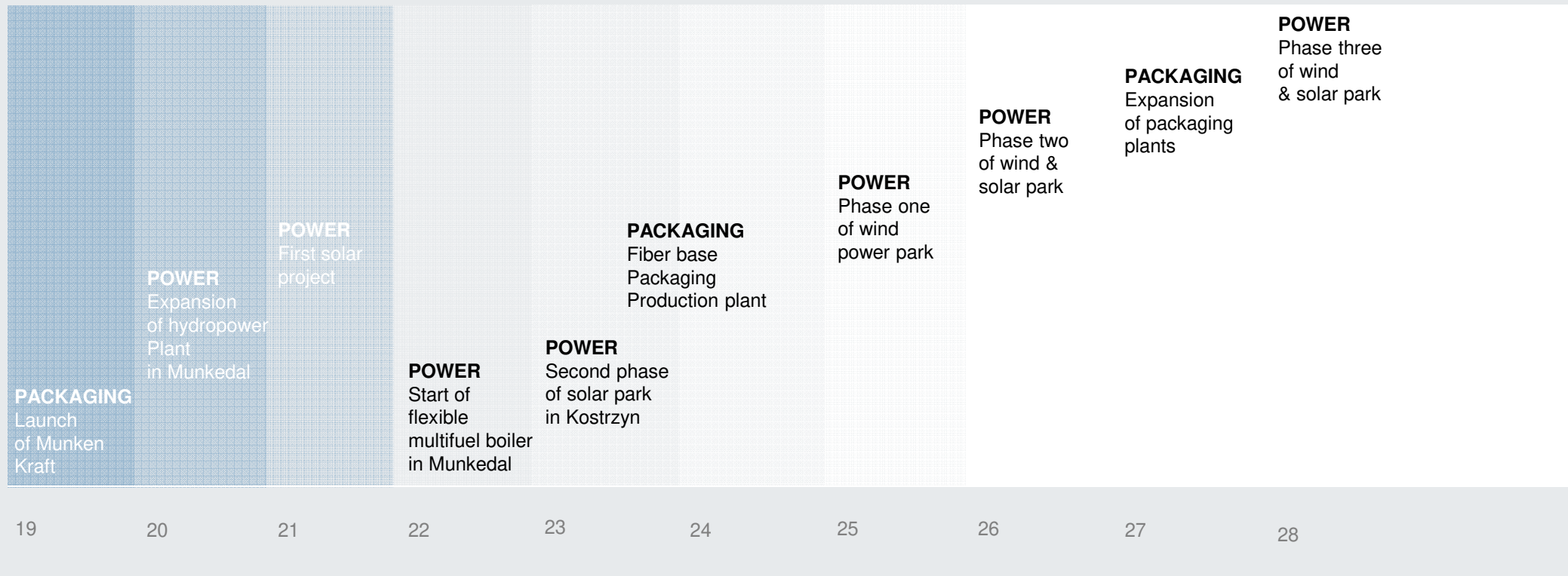
-
- Uncertain macroeconomic environment, demand can be severely affected by cost inflation, high energy prices and general market conditions
 - Focus on margins over volumes to maintain profitability
 - The energy projects are running according to plan. Several solar energy projects in Poland and Sweden are prepared for execution during 2023
 - Management Board will recommend a dividend of PLN 2.7 per share



THE ROAD MAP

Milestones ahead

THE WAY FORWARD



SHARING OUR STORY WITH YOU

Hedged against
volatility of
profitability & high
fluctuation of energy

Growth
in packaging

Increasing share
of renewable and
fossil-free energy

Predictable capex
aimed at continued
improvements

Owner
of brands valued
by customers

Established position
on the market with
a high entry barrier

Stable
ownership
structure

Sustainable
production
processes

New strategy

4P FOR FUTURE ARCTIC

