



PRESS RELEASE

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Arctic Paper S.A., Q3 2022:

Strong sales and continued high profitability

- Q3 consolidated sales revenue increased to PLN 1 402.1mn (EUR¹ 300.0mn).
- EBITDA Q3 was PLN 298.2mn (EUR¹ 63.8mn).
- EBIT Q3 was PLN 259.6mn (EUR¹ 55.5mn) and net profit PLN 281.5mn (EUR¹ 60.2mn).
- Net profit per share reached PLN 3,20 (EUR¹ 0,69).
- Revenues at an all-time high and strong results for both pulp and paper.
- The new flexible multifuel boiler in Munkedal went into operation in September.
- Group Business developer for the energy segment appointed.
- Record strong balance sheet – net debt/EBITDA ratio at -0,22.

“Our margin remained at a high level but was affected by higher costs for raw materials, energy, and transport.”

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 2022	Q3 2021	Change	Q1-Q3 2021	Q1-Q3 2021
Sales revenue, Arctic Paper Group	1 402.1	889.7	512.5	3 809.2	2 459.0
Sales revenue, Arctic Paper (paper segment)	1 042.1	645.0	397.2	2 810.3	1 719.1
EBITDA, Arctic Paper Group	298.2	102.1	196.1	834.0	258.5
EBITDA, Arctic Paper (paper segment)	205.7	46.3	159.4	562.9	129.0
EBIT, Arctic Paper Group	259.6	72.8	186.8	733.7	170.5
EBIT, Arctic Paper (paper segment)	185.6	27.1	158.5	503.4	71.8
Net profit, Arctic Paper Group	281.5	53.4	228.2	682.0	121.2
Net profit, Arctic Paper (paper segment)	159.0	35.4	123.5	449.4	61.4
Net profit per share ²	PLN 3,20	PLN 0,53	PLN 2,67	PLN 8,06	PLN 1,22
Net debt/EBITDA	-0.22	0.66	-0.88	-0.22	0.66

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. The complete quarterly report is available at arcticpapergroup.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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“Arctic Paper took an important step towards self-sufficiency, carbon neutrality and the circular economy when the new flexible multifuel boiler in Munkedal went into operation.”

Michał Jarczyński, CEO of Arctic Paper S.A.

The third quarter of 2022 was another strong quarter, with sales at all-time high and stable results. Arctic Paper's revenues increased by 58 percent compared with Q3 last year to PLN 1 402.1 million (889.7 million). The EBITDA result was tripled to PLN 298.2 million (102.1 million). As in the second quarter, both pulp and paper contributed to the strong results. Our financial position remains rock solid: Arctic Paper's net debt/EBITDA ratio reached -0,22 (0,66) at the end of the period, corresponding to a net debt of PLN -199.6 million (186.6 million).

Paper segment sales increased by 62 percent to PLN 1 042.1 million (645.0 million) with an EBITDA of PLN 205.7 million (46.3 million). Our margin remained at a high level but was affected by higher costs for raw materials, energy, and transport. Therefore, we have implemented a price increase after the end of the period. All three paper mills have continued to run on a very high production-capacity usage, reaching 96 percent for the period after minor maintenance shutdowns. Sales for the period were 168.000 tons (169.000 tons) and we have continued to effectively manage the production mix to optimize the value of the output.

For Rottneros – the pulp segment – the revenue for the third quarter increased by 41 percent to SEK 806 million (570 million) with an EBITDA result of SEK 233 million (130 million). Production volume for the period was up to 96 000 tons (92 000 tons). Rottneros decided during the period to discontinue the production of groundwood pulp. The cost of the closure is expected to be 60 MSEK, while Rottneros plans to invest 160 - 200 MSEK to significantly increase capacity and production in the mill's CTMP line.

For packaging, volumes declined slightly during the period in line with our ambition to maximize the production in terms of profit per ton and were 16 000 tons for the last twelve months.

The Group's stable position in the energy market is a prerequisite for the strong result. During the period Arctic Paper took an important step towards self-sufficiency, carbon neutrality and the circular economy when the new flexible multifuel boiler in Munkedal went into operation in September. The biomass boiler will provide the mill with another stable source of energy at a competitive price. The energy projects are running according to plan, and we have recruited a Group Business developer to coordinate the Group's activities in the area.

While our business is setting new records, the macroeconomic environment is more uncertain than ever. We have a high readiness for a period when both our customers and general demand can be severely affected by cost inflation and rising energy prices. I expect record results for the Group 2022. Even though we still look to the near future with confidence, we are at the same time well prepared with a strong balance sheet for more turbulent times that may follow, as well as for the upcoming planned investments.

Michał Jarczyński, CEO of Arctic Paper S.A.