



## PRESS RELEASE

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## Arctic Paper S.A. Q4, 2023 - preliminary results\*: Strengthened positions in uncertain times

- Q4 sales revenue amounted to PLN 825,9mn (EUR<sup>1</sup> 181,8mn).
- EBITDA Q4 was PLN 96,3mn (EUR<sup>1</sup> 21,2mn) and the EBITDA margin 11,7 percent.
- FY 2023 sales revenue amounted to PLN 3 549,2mn (EUR<sup>1</sup> 781,1mn).
- EBITDA FY 2023 was PLN 475,3mn (EUR<sup>1</sup> 104,6mn) and the EBITDA margin 13,4 percent.
- Economic uncertainty still affected the market but early signs of recovery.
- Financing agreement signed for biomass plant and wood pellets production in Grycksbo.
- Management Board will recommend a dividend of PLN 1.0 per share (2.70).

\*The entire audited report FY2023 will be published on April 4<sup>th</sup>.

**“Arctic Paper will continue to drive our strategic diversification in energy and packaging, while maintaining our strong positions in paper and pulp.”**

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

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

PLN (million)	Q4, 2023	Q4, 2022	Changes	FY 2023	FY 2022
Sales revenue, Arctic Paper Group	825,9	1 085,1	-259,2	3 549,2	4 894,3
Sales revenue Arctic Paper (paper segment)	581,2	770,0	-188,8	2 460,4	3 580,0
EBITDA, Arctic Paper Group	96,3	140,0	-43,7	475,3	974,0
EBITDA Arctic Paper (paper segment)	119,8	122,3	-2,5	375,8	685,2
EBIT, Arctic Paper Group	67,1	109,3	-42,2	357,1	843,0
EBIT Arctic Paper (paper segment)	97,3	101,8	-4,5	292,3	605,2
Net profit, Arctic Paper Group	35,6	74,8	-39,2	272,4	756,8
Net profit, Arctic Paper (paper segment)	60,8	70,3	-9,5	264,3	519,6
Net profit per share <sup>2</sup> (PLN/share)	0,69	1,05	-0,36	3,57	9,11
Net debt	-347,5	-276,2	-71,3	-347,5	-276,2

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.

<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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**“Now we see positive signals for a changing trend on the market.”**

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

The year 2023 ended as it began, with a mixed picture due to the uncertainty affecting the general economy. For the fourth quarter, Arctic Paper's consolidated sales decreased to PLN 825.9 million (1,085.1 million), although it is worth noting that the comparative quarter was one of the best in the Group's history. EBITDA reached PLN 96.3 million (140.0), corresponding to an EBITDA-margin of 11.7 percent (12.9). The paper segment outperformed the pulp segment, reminding us of the advantages of combining the two segments as the fluctuations balance each other.

For the full year, the Group's consolidated sales reached PLN 3,549.2 million (4,894.3 million) with an EBITDA of PLN 475.3 million (974.0 million) and an EBITDA margin of 13.4 percent (19.9). This makes 2023 the second-best year in the Group's history. Given Arctic Paper's strong financial position, the management board can recommend a dividend of PLN 1.0 (2.7) without compromising the ambitious investment program for the Group.

Although the paper segment's sales decreased to PLN 581.2 million (770.0 million) compared to the exceptional period last year, EBITDA remained stable at PLN 119.8 million (122.3 million) and the EBITDA margin increased to 20.6 percent (15.9). The positive development is a result of our continued focus on efficiency and cost optimizing. The fourth quarter is normally weaker, but this year we saw positive signals of a change in demand on the paper market.

For Rottneros – the pulp segment – revenue for the fourth quarter decreased to SEK 637 million (730 million). EBITDA amounted to -76 MSEK (31) due to lower pulp prices, higher variable costs, and the annual maintenance shutdown in Vallvik. For the full year, sales reached SEK 2,755 million (2,980) with an EBITDA of SEK 252 million (691) thanks to volume growth and cost efficiency. During the period, the list price for NBSK has strengthened and reached 1,300 USD in January 2024.

For the packaging segment, the investment in a new production unit for molded fiber trays in Kostrzyn is delayed due to longer delivery times for the equipment. We expect production to begin in Q3, 2024.

During the period, a financing agreement was reached regarding the investments in upgrading the biomass plant and in supplementary production of wood pellets at the mill in Grycksbo. The 17 MWh solar project in Kostrzyn will be completed in the second quarter of 2024, and we are working to expand our portfolio of renewable energy projects to achieve self-sufficiency. We will continue to grow in the energy segment.

We have entered a new year, but the uncertainty that affected our operations in 2023 remains. However, the Group is stronger than ever, and Arctic Paper will continue to drive our strategic diversification in energy and packaging, while maintaining our strong positions in paper and pulp. As the green transition accelerates driven by both customer demands and new EU-regulations, it is more important than ever to have the financial strength to invest. Therefore, we look to the future with confidence.

Michał Jarczyński, CEO of Arctic Paper S.A.

**Table 1: Preliminary selected consolidated profit and loss account items**

<i>PLN '000</i>	4Q 2023	3Q 2023	4Q 2022	YTD 2023	YTD 2022
<b>Sales revenues</b>	<b>825 888</b>	<b>854 806</b>	<b>1 085 098</b>	<b>3 549 153</b>	<b>4 894 276</b>
<b>EBIT</b>	<b>67 073</b>	<b>95 035</b>	<b>109 287</b>	<b>357 068</b>	<b>842 979</b>
<b>EBITDA</b>	<b>96 322</b>	<b>124 517</b>	<b>139 979</b>	<b>475 304</b>	<b>973 973</b>
<b>Net profit/ (loss)</b>	35 608	58 226	74 822	272 388	756 822
<i>% of sales revenues</i>	4,31	6,81	6,90	7,67	15,46

**Table 2: Preliminary selected consolidated balance sheet items**

<i>PLN '000</i>	31.12.2023	30.09.2023	31.12.2022
Fixed assets	1 292 261	1 251 535	1 371 867
Inventories	444 930	468 705	601 205
Receivables	416 268	466 329	504 024
Other current assets	68 968	55 967	295 459
Cash and cash equivalents	500 449	494 764	481 930
<b>Total assets</b>	<b>2 722 877</b>	<b>2 737 299</b>	<b>3 254 485</b>
Equity	1 801 508	1 794 841	2 052 182
Short-term liabilities	641 617	655 983	806 906
Long-term liabilities	279 752	286 474	395 397
<b>Total equity and liabilities</b>	<b>2 722 877</b>	<b>2 737 299</b>	<b>3 254 485</b>

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

<i>PLN '000</i>	Q4 2023	Q3 2023	Q4 2022	YTD 2023	YTD 2022
Cash flows from operating activities	128 124	200 423	125 997	473 262	607 383
Cash flows from investing activities	(77 104)	(32 664)	(53 139)	(146 719)	(155 879)
Cash flows from financing activities	(38 743)	6 617	(18 740)	(290 993)	(124 588)
<b>Total cash flows</b>	<b>12 277</b>	<b>174 376</b>	<b>54 118</b>	<b>35 550</b>	<b>326 916</b>

**Financial calendar for 2024**

Annual report 2023: Year-end April 4<sup>th</sup>, Q1 2023: May 9<sup>th</sup>, Q2 2023: August 10<sup>th</sup>, Q3 2023: November 7<sup>th</sup>