



PRESS RELEASE

Kostrzyn nad Odra / Gothenburg, August 12th 2025

Arctic Paper S.A., Q2/H1 2025:

Reinforcing the Group in challenging times

- Q2 consolidated sales revenue amounted to PLN 833.5mn (EUR¹ 197.0mn), a marginal decline compared to previous year.
- EBITDA in Q2 was PLN 0.0mn (EUR¹ 0.0mn).
- EBIT in Q2 was PLN -88.5mn (EUR¹ -20.9mn) and net profit PLN -75.0mn (EUR¹ -17.7mn).
- Cost reduction and efficiency improvement program will generate PLN 45-50mn savings 2026.
- Net debt/EBITDA ratio was 1.18 (-0.30).
- 10 MW expansion of PV-farm in Kostrzyn completed in June.
- Successful share issue and cost reduction to restore pulp segment competitiveness.

“To mitigate the impact of current headwinds and to safeguard the Group’s financial stability, we are working to optimize costs, increase operational efficiency and to reduce new investment spendings.”

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

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

PLN (million)	Q2 2025	Q2 2024	Change	H1 2025	H1 2024
Sales revenue, Arctic Paper Group	833,5	839,2	-5,8	1 656,2	1 804,6
Sales revenue, Arctic Paper (paper segment)	551,5	573,9	-22,4	1 130,3	1 274,9
EBITDA, Arctic Paper Group	0,01	70,4*	-70,4	22,9	182,4
EBITDA* Arctic Paper (paper segment)	6,0	41,6	-35,6	38,5	150,6
EBIT, Arctic Paper Group	-88,5	41,8	-130,3	-98,3	125,5
EBIT Arctic Paper (paper segment)	-16,0	23,7	-39,7	-3,9	113,5
Net profit, Arctic Paper Group	-75,0	24,2	-99,2	-98,8	105,7
Net profit, Arctic Paper (paper segment)	-14,7	11,2	-25,9	-18,7	109,1
Net profit per share ²	PLN -0.66	PLN 0.26	PLN -0.92	PLN -0.85	PLN 1.45
Net debt	164,2	-142,1	306,3	164,2	-142,1

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.

*EBITDA for Q2, 2024, adjusted with one-off events.

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 www.arcticpaper.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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“We do not anticipate a rapid recovery in Europe, but we remain confident that the 4P Strategy will drive long-term profitable growth.”

Michał Jarczyński, CEO of Arctic Paper S.A.

The second quarter of 2025 was highly affected by global uncertainty, volatile currencies, and high raw material costs. This created a triple negative impact, weighing on the result for the period. Arctic Paper's consolidated revenues remained stable at PLN 833,5 million (839,2 million) while adjusted EBITDA decreased to PLN 0,01 million (70,4) with the corresponding EBITDA margin of 0.0 percent (8.4). We recognize the need for improvement and are accelerating key initiatives to enhance performance and ensure a swift return to profitability, especially for the pulp segment.

To mitigate the impact of current headwinds and to safeguard the Group's financial stability, we have developed and are implementing a cost reduction and efficiency improvement program across the pulp, paper and energy segments. We are adjusting our resources to reflect reduced demand. These measures will generate annual savings of PLN 45–50 million starting in 2026. Working capital optimization will improve cash flow by PLN 35 million. Revenues from new business areas (e.g. packaging and pellets) are expected to increase EBITDA by approximately PLN 20 million in 2026.

For the paper segment, the uncertainty continued to dampen consumer mood and the demand in our core European markets, resulting in an increased pressure on prices. Arctic Paper's revenues per ton declined to 4.62 kPLN (5.04) while EBITDA reached PLN 6,0 million (41,6). Despite of the difficult market situation, we increased our sales volume reaching 119 000 tons (114 000), of which an increasing part was sold overseas, especially to the US. We continue to invest in new manufacturing technologies – new sheeters in Kostrzyn and Munkedal, and a modernisation of PM9 in Grycksbo – to meet future demands and strengthen competitiveness. While this will temporarily reduce capacity, it will enable more efficient workflows and lower operational complexity in the long term.

The pulp segment (Rottneros) was affected by unfavourable SEK/USD exchange rates, high raw material costs and a lower market price. The U.S. dollar weakened against the Swedish krona, depreciating about 5 percent during Q2, while pulp wood cost remained at a historic high in the Nordics. As a result of this, EBITDA for the period declined to -15 MSEK (65). Considering the ongoing weakness in the market for mechanical pulp (CTMP), we have recorded an impairment of 140 MSEK on fixed assets to align the balance sheet with current market conditions. In response to the challenging situation, cost adjustments and efficiency measures have been implemented, expected to reduce expenses in the second half of 2025. During the period, a rights issue was successfully completed and oversubscribed by ten percent, reflecting strong investor confidence and support for Rottneros future growth.

For the energy segment, the additional 10 MW PV-farm in Kostrzyn was finalized in June, further reducing energy costs for the mill and increasing the share of renewable energy. The investments in Grycksbo to upgrade the boiler and add production of wood pellets is proceeding according to plan and will be operational before year-end. The investment is expected to reduce costs and add an additional revenue stream for the mill. The packaging segment continued to develop stably. The moulded fibre tray production in Kostrzyn is now operational after a period of trimming.

We do not anticipate a rapid recovery in Europe next quarter given the persistently weak market environment, but we remain confident that the 4P Strategy will drive long-term growth and profitability. Given the cyclical nature of the pulp and paper sectors and the current market uncertainty, we are in the near term committed to a disciplined approach—focusing on controllable drivers such as cost efficiency, sound finances, competitiveness, and customer value to secure sustainable returns.

Michał Jarczyński, CEO of Arctic Paper S.A.

Financial calendar for 2025: Q3: November 6th, 2025

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