



PRESS RELEASE

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Arctic Paper S.A., Q1 2021:

Arctic Paper is stronger than in many years

- Q1 consolidated sales revenue was PLN 782,8mn (EUR¹ 172,2mn).
- EBITDA Q1 was PLN 72,2mn (EUR¹ 15,9mn).
- EBIT Q1 was PLN 43,2mn (EUR¹ 9,5mn) and net profit PLN 32,3mn (EUR¹ 7,1mn).
- Continued recovery while the effect of rising pulp prices is delayed due to contractual terms.
- High capacity utilization of 94 percent in the paper segment and growth within kraft paper.
- New five-year financing agreement totalling PLN 300 million at better terms.
- New strategic group R&D function established to accelerate development in packaging.

“As pulp prices rise, the balance between pulp and paper segments is shifting, but the benefits of combining paper and pulp remain significant.”

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

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

PLN (000)	Q1 2021	Q1 2020	Change	Q4 2020
Sales revenue, Arctic Paper Group	782 812	813 948	- 31 136	714 667
Sales revenue, Arctic Paper (paper segment)	547 339	587 781	- 40 442	507 361
EBITDA, Arctic Paper Group	72 233	111 834	- 39 601	25 105
EBITDA, Arctic Paper (paper segment)	56 695	84 763	- 28 068	50 920
EBIT, Arctic Paper Group	43 183	79 665	- 36 482	- 4 786
EBIT, Arctic Paper (paper segment)	37 810	63 257	- 25 447	31 688
Net profit, Arctic Paper Group	32 269	62 289	- 30 020	- 14 833
Net profit, Arctic Paper (paper segment)	25 750	47 246	- 21 496	20 685
Net profit PLN per share ²	0.42	0.79	- 0.37	- 0.03
Net debt	163 168	215 865	-52 697	134 006

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. 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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“The recovery continued for the paper segment during the period and we have gained market positions.”

Michał Jarczyński, CEO of Arctic Paper S.A.

Arctic Paper stand strong while the pandemic is still affecting the European market. For the first quarter of 2021, consolidated sales amounted to PLN 782.8 million (813.9) with an EBITDA of PLN 72.2 million (111.8) – a solid result as the quarter for comparison was one of the best in the Group’s history. As pulp prices rise, the balance between pulp and paper is shifting, but the benefits of combining paper and pulp remain significant; two segments with different cycles that together provide a more balanced development.

The Groups financial position has been strengthened. During the period, a new five-year financing agreement was entered into, where the previous bond loans and other credits have been replaced with loans and credits totalling PLN 300 million at better terms than before, which reduces our financial costs.

For the first quarter, the paper segment reached total sales of PLN 547.3 million (PLN 587.8 million) with an EBITDA of PLN 56.7 million (PLN 84.8 million). The recovery continued for the paper segment during the period and we have gained market positions. Paper sales volumes was 161 000 tonnes (171 000) and capacity usage reached 94 percent (97), to be compared to the European average of around 80 percent.

Innovations, strong brands, a tradition of working close to the customers and flexible production are the key factors behind our progress. In line with our strategy for diversification, we saw strong growth within packaging, and we expect an increase in demand as the EU single-use plastics directive is finalised later this year. The Munken Kraft range sales grew by 152 percent during the period compared to Q1 last year. Arctic Paper Grycksbo will launch its first packaging product in Q2. Our goal is to continue to increase the share of packaging in the portfolio - not only as a paper supplier but also sustainable packaging. We have set up a new group R&D function to further increase the development of new products, including specialty papers (eg medical paper).

Although we have succeeded in protecting our employees, Covid-19 still affect the communities in which we operate. As the vaccine roll-out continues, we expect an upturn in the European economies and subsequently higher demand, but also higher raw material costs. From the beginning of the year pulp prices have increased significantly. These increases are not reflected in the result for Q1, as the price mechanisms in concluded contracts cause the changes to affect revenues and costs with a certain time delay. I expect these increases will have an impact on the results of both segments in the coming months. With the experience from the pulp price rally of 2017-2018 fresh in mind, our paper sales organisation is working proactively in order to offset the effects.

For the Group company Rottneros – the pulp segment – the improvements in the pulp market contributed positively during Q1, while an unusually cold winter and a weaker USD had negative effect. Sales reached SEK 542 million (585) with an EBITDA of SEK 40 million (80). Production reached 103 000 tonnes (109 000). The financial position remains strong with available liquidity amounting to SEK 513 million (569).

Despite the turbulent times, Arctic Paper is stronger than in many years. We are ready to meet the challenges and opportunities that 2021 may bring. We are currently working to revise our strategy and will return after the summer period with an update.

Michał Jarczyński, CEO of Arctic Paper S.A.

Financial calendar for 2021: Q2 2021: August 17th, 2021 * Q3 2021: November 9th, 2021

Arctic Paper S.A. is one of the leading producers of high-quality graphical fine paper in Europe and consists of three paper mills and four eco-friendly strong brands: Amber, Arctic, Munken and G. Most of the products are sold through the company’s sales organization in Europe. The Group is the main owner of the listed Swedish pulp producer Rottneros AB. Arctic Paper S.A. is listed on the Warsaw Stock Exchange and NASDAQ in Stockholm. For more information, visit arcticpaper.com