



## PRESS RELEASE

Kostrzyn nad Odra / Gothenburg, August 10<sup>th</sup> 2023

Arctic Paper S.A., Q2/H1 2023:

**Focus on future growth opportunities in weaker market**

- Q2 consolidated sales revenue amounted to PLN 836.2mn (EUR<sup>1</sup> 181.3mn).
- EBITDA in Q2 was PLN 68.9mn (EUR<sup>1</sup> 14.9mn).
- EBIT in Q2 was PLN 39.3mn (EUR<sup>1</sup> 8.5mn) and net profit PLN 46.9mn (EUR<sup>1</sup> 10.2mn).
- Net debt at PLN -134.1mn (PLN -12.6mn).
- Dividend of PLN 2.7 per share was distributed according to the dividend policy.
- Despite weaker demand, agile production management and cost effectiveness resulted in an EBITDA margin of 8.2 percent.
- Focus on long term strategic initiatives to diversify towards green energy and packaging.
- After the period, a decision was taken to invest SEK 285mn in energy production in Grycksbo.

*“We continue to focus on expanding our energy segment as an important step towards climate neutrality and as an additional future revenue stream.”*

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

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

PLN (million)	Q2 2023	Q2 2022	Change	H1 2023	H1 2022
Sales revenue, Arctic Paper Group	836,2	1 296,3	-460,0	1 868,5	2 407,0
Sales revenue, Arctic Paper (paper segment)	566,7	948,6	-381,9	1 289,0	1 768,1
EBITDA, Arctic Paper Group	68,9	330,1	-261,1	254,5	535,8
EBITDA Arctic Paper (paper segment)	47,6	227,2	-179,6	161,4	357,2
EBIT, Arctic Paper Group	39,3	298,1	-258,7	195,0	474,1
EBIT Arctic Paper (paper segment)	27,4	207,4	-180,0	120,8	317,8
Net profit, Arctic Paper Group	46,9	254,1	-207,2	178,6	400,5
Net profit, Arctic Paper (paper segment)*	76,3	196,8	-120,5	159,1	290,4
Net profit per share <sup>2</sup>	PLN 0,57	PLN 3,12	PLN -2,54	PLN 2,13	PLN 4,86
Net debt	-134.1	-12.6	-121.5	-134.1	-12.6

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. The complete quarterly report is available at [www.arcticpapergroup.com](http://www.arcticpapergroup.com)

<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.

\*Included the dividend from Rottneros AB.

Further information provided by:

Michał Jarczyński, CEO, Arctic Paper S.A.  
Phone +46 10 451 7005  
E-mail: [michal.jarczynski@arcticpaper.com](mailto:michal.jarczynski@arcticpaper.com)

Katarzyna Wojtkowiak, CFO, Arctic Paper S.A.  
Phone +48 61 626 2004  
E-mail: [katarzyna.wojtkowiak@arcticpaper.com](mailto:katarzyna.wojtkowiak@arcticpaper.com)

*“The volatility of the pulp and paper markets serves as a reminder of the importance of our long-term strategic plan to diversify into energy and packaging, while maintaining our strong positions in the pulp and paper markets.”*

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

The second quarter of 2023 was a challenging period as demand weakened compared to the record quarter last year, which was one of the best in the history of the Group. In line with the general market, Arctic Paper’s revenues decreased by 36 percent to PLN 836.2 million (1 296.3 million). Our short-term focus on margins instead of volumes was effective, and EBITDA reached PLN 68.9 million (330.1 million) with a corresponding EBITDA margin of 8.2 percent. Arctic Paper’s financial position remains rock solid with a net debt/EBITDA-ratio of -0.19 (-0.02). The strong balance sheet is a good point of departure as we now proceed with new investments in line with our long-term strategy to diversify in energy and packaging.

For the paper segment, revenues amounted to PLN 566.7 million (948.6 million) as customers in all segments and all markets continued to reduce their inventories, while the general economic activity also was lower than the corresponding period last year. EBITDA reached PLN 47.6 million (227.2 million). As a result of our adaptive focus on margins, our income per tonne remained at PLN 5 850 (5 740) while production capacity usage reached 55 percent for the period (99).

The pulp segment – Rottneros – decreased its revenue to SEK 681 million (784) with an EBITDA of SEK 71 million (253), driven by a challenging pulp market and further price declines, while the strong USD benefitted the margins. During the quarter, reductions and efficiency improvements were implemented to increase competitiveness. A long-term agreement to secure renewable energy was signed.

The joint venture investment with Rottneros in a new production facility for molded fiber trays in Kostrzyn is progressing as planned with the aim of being operational during the first quarter of 2024. The interest for molded fibre packaging as a sustainable choice was amplified when exhibited at Interpack in Düsseldorf.

We continue to focus on expanding our energy segment as an important step towards climate neutrality and as an alternative future revenue stream. After the end of the period, we have decided to invest SEK 285 million in an upgrade of the biofuel boiler and steam turbine in Grycksbo. First and foremost, the investment will increase both the energy output and the flexibility; secondly it will add the production of up to 50 000 tonnes of wood pellets per year. A contract was signed for the construction of a 16 MW solar farm in Kostrzyn. In addition, a 1.2 MW PV installation will be built on the roof of the mill in Kostrzyn.

In an environment of inflation and recession in Europe, recovery of graphical and packaging markets may take time. We are prepared to meet a situation where demand remain low, and we will continue to focus on our margins and adapt accordingly. The volatility of the pulp and paper markets serves as a reminder of the importance of our long-term strategic plan to diversify into energy and packaging, while maintaining our strong positions in the pulp and paper markets. We are working intensively to develop future growth opportunities in line with the 4P strategy.

Michał Jarczyński, CEO of Arctic Paper S.A.

Financial calendar for 2023: Q3: November 7<sup>th</sup>, 2023

---

**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](http://arcticpapergroup.com)