

# Correction: Solid results and further forward-looking investments (correction of the press release dated August 8th 2024)

## PRESS RELEASE

Kostrzyn nad Odra / Gothenburg, September 6<sup>th</sup> 2024

Arctic Paper S.A., Q2/H1 2024:

*Incorrect statement that the press release constitutes such information which Arctic Paper S.A. is obliged to make public pursuant to the EU Market Abuse Regulation. The press release does not contain inside information.*

- Q2 consolidated sales revenue amounted to PLN 839.2mn (EUR <sup>1</sup> 194.4mn).
- Adjusted EBITDA in Q2 was PLN 78.4mn (EUR <sup>1</sup> 18.2mn).
- EBIT in Q2 was PLN 41.8mn (EUR <sup>1</sup> 9.7mn) and net profit PLN 24.2mn (EUR <sup>1</sup> 5.6mn).
- Net debt at PLN -142.1mn (PLN -134.1mn).
- A dividend of PLN 1,0 per share was distributed according to the dividend policy.
- 17 MW expansion of PV-farm in Kostrzyn completed: plans to add another 9 MW in Q1, 2025.
- Reorganization of sales & customer service ongoing, saving PLN 15mn with full effect in 2025.
- One-off events (sales transformation & receivables write-off) charged EBITDA by PLN 8mn.

*“The second quarter, normally a weaker quarter, was this year affected by the slow recovery in key European markets and by historically high raw material prices.”*

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 2024	Q2 2023	Change	H1 2024	H1 2023
Sales revenue, Arctic Paper Group	839,2	836,2	+3,0	1 804,6	1 868,5
Sales revenue, Arctic Paper (paper segment)	573,1	566,7	+6,4	1 274,9	1 289,0
EBITDA*, Arctic Paper Group	78,4	68,9	+9,5	190,4	254,5
EBITDA* Arctic Paper (paper segment)	49,6	47,6	+2,0	158,6	161,4
EBIT, Arctic Paper Group	41,8	39,3	+2,5	125,5	195,0
EBIT Arctic Paper (paper segment)	23,7	27,4	-3,6	113,5	120,8
Net profit, Arctic Paper Group	24,2	46,9	-22,7	105,7	178,6
Net profit, Arctic Paper (paper segment)	11,2	76,3	-65,1	109,1	159,1
Net profit per share <sup>2</sup>	PLN 0,26	PLN 0,57	PLN -0,31	PLN 1,45	PLN 2,13
Net debt	-142.1	-134.1	-8.1	-142.1	-134.1

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 adjusted with one-off events

<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.arcticpaper.com](http://www.arcticpaper.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.

*“The combination of forward-looking investments, cost awareness and continued focus on margins makes Arctic Paper well prepared to take advantage of any market-related opportunities that may arise.”*

Michał Jarczyński, CEO of Arctic Paper S.A.

The second quarter, normally a weaker quarter, was this year affected by the slow recovery in key European markets and by historically high raw material prices. Arctic Paper's revenues reached PLN 839.2 million (836.2 million), while adjusted EBITDA improved to PLN 78.4 million (68.9) with the corresponding EBITDA margin of 9.3 percent (8.2). Arctic Paper's financial position was further strengthened, and the net debt/EBITDA-ratio reached -0.35 (-0.19). During the period, continued investments were made in line with our long-term strategy to diversify the Group's operations.

For the paper segment, revenue was PLN 573.1 million (566.7 million). The fragile recovery we saw in the paper market in the first quarter of the year slowed down, especially in the important German market. Adjusted EBITDA reached PLN 49.6 million (47.6 million). We continue to focus on defending our margins, although raising prices to offset the higher cost of pulp is challenging. As a result of these efforts, the EBITDA margin increased slightly to 8.6 percent (8.4), while our income per tonne decreased to at PLN 5.04k (5.85k), the latter mainly due to currency effects from a stronger zloty. During the period, Arctic Paper started a modernization of its paper sales and customer service organization to increase efficiency. The change is estimated to result in annual savings of approximately PLN 15 million with full effect in 2025.

The pulp segment – Rottneros – delivered a better result as the production-related challenges that hampered the first quarter have been dealt with. The pulp market continued to move in the right direction with clear price increases, at the same time as rising pulpwood prices squeezed the margin. Net sales rose to SEK 711 million (681) with an EBITDA result of SEK 65 million (71). Rottneros continued its ambitious investment program to expand both CTMP capacity and renewable energy production.

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 in the autumn. The interest in fossil-free and climate-friendly packaging solutions continues to be strong.

Arctic Paper's growing power segment is an important alternative future revenue stream as well as a step to reaching climate neutrality in the future. We continue to invest in green energy. In June, the 17 MW expansion of our PV-farm in Kostrzyn was operational. This will add an additional 18 GWh of renewable energy per year to power our mill. We are preparing to build another PV-farm in Kostrzyn with a capacity of 9 MW, which will be launched in Q1 2025. The investment in an expansion of the biofuel boiler and steam turbine in Grycksbo is progressing according to plan and is expected to be completed in the summer 2025.

The recovery in our main segments and most important markets may take time, and we expect the current market situation to persist in the third quarter of the year. The volatility in our markets underlines the importance of continuing to diversify our business into energy and packaging, while maintaining our strong positions in pulp and paper. Almost 50 percent of capital expenditure in H1 was allocated to projects in the energy and packaging segment – in line with the 4P strategy implementation plan. The combination of forward-looking investments, cost awareness and continued focus on margins makes Arctic Paper well prepared to take advantage of any market-related opportunities that may arise.

Michał Jarczyński, CEO of Arctic Paper S.A.

Financial calendar for 2024: Q3: November 7<sup>th</sup>, 2024

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