

Current report no. 7/2021

Dated: February 26th 2021

Subject: Preliminary financial results of Arctic Paper S.A. and Arctic Paper Group for the Q4 of 2020 and 2020 and recommendation on dividend payment

General legal basis:

Art. 17 sec. 1 of MAR – Inside information

Content:

Management Board of Arctic Paper S.A. ("Company", "Issuer") in reference with obtaining today an information about the value of preliminary selected financial data, herewith announces selected preliminary financial results of the Arctic Paper S.A. Group (the "Group") and the Issuer for the Q4 of 2020 and annual 2020:

Financial Results of Q4 2020:

Arctic Paper S.A. Group:

- Consolidated estimated sales revenues 714.7 mln PLN,
- Consolidated estimated net loss -14.8 mln PLN,

Arctic Paper S.A.

- Standalone estimated sales revenues 7.4 mln PLN,
- Standalone estimated net loss -1.0 mln PLN,

Financial Results of 2020:

Arctic Paper S.A. Group:

- Consolidated estimated sales revenues 2,847.5 mln PLN,
- Consolidated estimated net profit 103.6 mln PLN,

Arctic Paper S.A.

- Standalone estimated sales revenues 39.5 mln PLN,
- Standalone estimated net profit 3.4 mln PLN.

Detailed selected preliminary consolidated results of the Arctic Paper S.A. Group are presented in the attachment to this report.

The above financial results are estimates obtained during the preparation of the financial statements for 2020. The final standalone and consolidated results will be published in the annual report and may, to a limited extent, differ from the amounts presented above.

Publication of the Company's standalone annual report of 2020 and consolidated annual report of the Arctic Paper S.A. Group of 2020, together with the auditor's opinions, will take place on March 16th, 2021.

Taking into account the preliminary financial results of the Company and the Arctic Paper S.A. Group of 2020, the Management Board of the Company decided to recommend to the Annual General Meeting of the Company the payment of dividend from the Company's net profit of 2020 in the amount of PLN 0.30 gross per share.

The final recommendation regarding the distribution of the net profit of 2020 will be presented by the Management Board to the Annual General Meeting after the publication of the Company's annual report of 2020, which will take place on March 16th, 2021. The Management Board's recommendation will be a subject of the opinion of the Company's Supervisory Board.

Specific legal basis:

Art. 17 sec. 1 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

Attachment no 1 to the Current report no.7/2021 dated February 26th 2021
Table 1: Preliminary selected consolidated profit and loss account items

<i>PLN '000</i>	2020	2019	Change % 2020/2019
Sales revenues	2 847 450	3 117 118	(8,7)
<i>of which:</i>			
<i>Sales of paper</i>	<i>1 990 774</i>	<i>2 206 815</i>	<i>(9,8)</i>
<i>Sales of pulp</i>	<i>856 677</i>	<i>910 304</i>	<i>(5,9)</i>
Profit on sales	541 791	585 506	(7,5)
<i>% of sales revenues</i>	<i>19,03</i>	<i>18,78</i>	<i>0,2 p.p.</i>
Selling and distribution costs	(336 524)	(336 862)	(0,1)
Administrative expenses	(76 348)	(88 527)	(13,8)
Other operating income	65 280	78 111	(16,4)
Other operating expenses	(35 957)	(46 806)	(23,2)
EBIT	158 242	191 422	(17,3)
<i>% of sales revenues</i>	<i>5,56</i>	<i>6,14</i>	<i>(0,6) p.p.</i>
EBITDA	271 368	278 031	(2,4)
<i>% of sales revenues</i>	<i>9,53</i>	<i>8,92</i>	<i>0,6 p.p.</i>
Financial income	710	1 149	(38,2)
Financial expenses	(36 633)	(34 640)	5,8
Gross profit (loss)	122 318	157 931	(22,5)
Income tax	(18 733)	(33 250)	(43,7)
Net profit (loss)	103 586	124 681	(16,9)
<i>% of sales revenues</i>	<i>3,64</i>	<i>4,00</i>	<i>(0,4) p.p.</i>
Net profit/(loss) attributable to the shareholders of the Parent Entity	111 070	82 709	34,3
Net profit / (loss) per share (PLN) attributable to the shareholders of the Parent Entity	1,60	1,19	34,3

Table 2: Preliminary selected consolidated balance sheet items

<i>PLN '000</i>	31.12.2020	31.12.2019	Change 31/12/2020 -31/12/2019
Fixed assets	1 194 503	1 080 905	113 598
Inventories	365 491	353 774	11 717
Receivables	302 751	307 445	(4 694)
<i>including trade receivables</i>	297 543	302 121	(4 579)
Other current assets	18 337	27 744	(9 408)
Cash and cash equivalents	255 563	265 885	(10 321)
Total assets	2 136 646	2 035 753	100 893
Equity	1 033 033	870 528	162 505
Short-term liabilities	639 016	688 098	(49 082)
<i>of which:</i>			
<i>trade and other payables</i>	379 445	435 366	(55 922)
<i>interest-bearing debt</i>	148 426	161 591	(13 165)
<i>other non-financial liabilities</i>	111 146	91 141	20 005
Long-term liabilities	464 596	477 127	(12 531)
<i>of which:</i>			
<i>interest-bearing debt</i>	241 144	263 268	(22 124)
<i>other non-financial liabilities</i>	223 452	213 858	9 594
Total equity and liabilities	2 136 646	2 035 753	100 893

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

<i>PLN '000</i>	2020	2019	Change % 2020/2019
Cash flows from operating activities	211 464	342 290	(38,2)
<i>of which:</i>			
<i>Gross profit/(loss)</i>	122 318	157 931	(22,5)
<i>Depreciation/amortisation and impairment charge</i>	113 126	86 609	30,6
<i>Changes to working capital</i>	(25 051)	78 703	(131,8)
<i>Other adjustments</i>	1 072	19 047	(94,4)
Cash flows from investing activities	(141 239)	(121 834)	15,9
Cash flows from financing activities	(100 950)	(152 939)	(34,0)
Total cash flows	(30 725)	67 517	(145,5)