

Current report number 29/2021

Date: October 22nd 2021

Subject: Letter of intent regarding the joint investment of Arctic Paper and Rottneros

General legal basis:

Art. 17 sec. 1 of MAR – inside information

Content:

The Management Board of Arctic Paper S.A. ("Company", "Issuer") informs that on October 21, 2021, Arctic Paper SA and Rottneros AB signed a letter of intent to establish a joint venture to build a moulded cellulose fiber packaging factory. The start-up of the new factory in Kostrzyn nad Odrą in Poland is planned for the end of 2023. The investment is expected to amount to EUR 12-15 million (approx. PLN 55-70 million), including the Issuer's share of 50%. The method of financing the investment is still under arrangements.

The production capacity of the new factory is estimated at 60-80 million trays per year. According to the Issuer's estimates, the investment will generate an annual revenue of 9-11 MEUR (approx. PLN 40-50).

The new investment will benefit from the experience of Rottneros Packaging AB in the production of cellulose packaging. The planned products are both non-laminated and laminated trays for packing in the so-called a modified atmosphere with an oxygen barrier that provides up to three weeks of shelf life for packaged articles.

The investment is an important element of the implementation of the new Arctic Paper 4P strategy, which includes broadening the Arctic Paper offer with new, rapidly developing segments (packaging production, production and energy trading).

The Issuer will inform about the next stages of implementing the provisions of the letter of intent in separate current reports.

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.