



## PRESS RELEASE

Kostrzyn nad Odra / Gothenburg, November 9<sup>th</sup>, 2020

Arctic Paper S.A., Q3 2021:

**Strong demand and growing revenues**

- Q3 consolidated sales revenue was PLN 889.7mn (EUR<sup>1</sup> 195.6mn).
- EBITDA Q3 was PLN 102.1mn (EUR<sup>1</sup> 22.4mn).
- EBIT Q3 was PLN 72.8mn (EUR<sup>1</sup> 16.0mn) and net profit PLN 53.4mn (EUR<sup>1</sup> 11.7mn).
- Combination of pulp and paper continues to stabilise results as fluctuations offset each other.
- Strong quarter with paper production on record-high and the order books are full for the year.
- New group strategy for 2030 adding packaging & power using existing strengths.
- LOI signed with Rottneros to invest in sustainable fibre tray production in Kostrzyn.

*“Arctic growth will be built on four pillars: paper, pulp, packaging, and power. A first step in this direction was taken at the end of October when Arctic Paper and Rottneros signed a letter of intent to develop a moulded tray factory in Arctic Paper's premises in Kostrzyn.”*

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

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

PLN (million)	Q3 2021	Q3 2020	Change	Q1-Q3 2021	Q1-Q3 2020
Sales revenue, Arctic Paper Group	889.7	702.8	186.8	2 459.0	2 132.8
Sales revenue, Arctic Paper (paper segment)	645.0	491.9	153.1	1 719.1	1 483.4
EBITDA, Arctic Paper Group	102.1	86.4	15.7	258.5	246.3
EBITDA, Arctic Paper (paper segment)	46.3	69.7	-23.4	129.0	184.4
EBIT, Arctic Paper Group	72.8	59.1	13.6	170.5	163.0
EBIT, Arctic Paper (paper segment)	27.1	52.0	-24.9	71.8	131.3
Net profit, Arctic Paper Group	53.4	45.4	8.0	121.2	118.4
Net profit, Arctic Paper (paper segment)	35.4	43.5	-8.1	61.4	100.8
Net profit per share <sup>2</sup>	PLN 0.53	PLN 0.64	PLN -0.11	PLN 1.22	PLN 1.59
Net debt/EBITDA	0.7	0.5	0.2	0.7	0.5

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.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.

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*“We meet strong demand in the pulp and paper markets and our order books are full for next two months.”*

Michał Jarczyński, CEO of Arctic Paper S.A.

The third quarter was a strong quarter: Arctic Paper's revenues increased to PLN 889.7 million (702.8 million) with EBITDA of PLN 102.1 million (86.4 million). While the balance between paper and pulp has changed in favor of pulp, the consolidated result once again proves the advantage of combining the two segments. Our financial position remains strong with a net debt / EBITDA ratio of 0.66 (0.48).

We meet strong demand in the pulp and paper markets and our order books are full for the next two months. Paper segment sales increased to PLN 645.0 million (491.9 million) while EBITDA decreased to PLN 46.3 million (69.7 million) due to higher production costs. We have raised our prices to compensate for the effects of higher prices on raw materials, energy and transport. We are also facing logistics challenges related to the limited availability of means of transport. Production capacity utilization reached a record high of 99% (83) with production and sales of 169,000 tons (143,000 tons) which is above the pre-pandemic level.

For Rottneros – the pulp segment – the revenues for the third quarter increased by 12 percent to SEK 570 million (508 million) with an EBITDA result of SEK 130 million (33 million). The production volume for the period was 92 200 tons (110 200 tons) due to a planned maintenance stop that did not take place during the comparable period 2020. Pulp prices have stabilized on a high level, and we see a strong demand.

After the period, we presented our new Group strategy for 2030. The 4P strategy points in the direction of a more resilient, diversified and fast-growing business with better margins and higher profitability. By building on synergies and competencies from the two existing segments - paper and pulp, which will be further developed - we add packaging and power. With the new strategy, the goal is to increase EBITDA by 70 percent and the EBITDA margin to 15 percent by 2030. Total investments are planned to exceed PLN 1.5 billion for the period 2022-2030, and the Group will reach carbon neutrality at latest 2035.

Arctic growth will be built on four pillars: paper, pulp, packaging, and power. A first step in this direction was taken at the end of October when Arctic Paper and Rottneros signed a letter of intent to develop a molded tray factory in Arctic Paper's premises in Kostrzyn. The joint venture is planned to be fully operational by the end of 2023 and is expected to generate an annual income of EUR 9-11 million. The investment is expected to be EUR 12-15 million and the planned production of 60-80 million sustainable fiber trays that can withstand heat is excellent for the rapidly growing market for ready-to-eat food.

The new strategy shows us the direction for the future. Given that and our strong consolidated results, I feel confident that we are heading in the right direction.

Michał Jarczyński, CEO of Arctic Paper S.A.