

Current report no. 2/2023

Dated: February 15th 2023

Subject: Preliminary financial results of Arctic Paper S.A. and Arctic Paper Group for the Q4 of 2022 and 2022 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 2022 and annual 2022:

Financial Results of Q4 2022:

Arctic Paper S.A. Group:

- Consolidated estimated sales revenues 1,085.1 mln PLN,
- Consolidated estimated net profit 74.8 mln PLN,

Arctic Paper S.A.

- Standalone estimated sales revenues 4.1 mln PLN,
- Standalone estimated net profit 56.5 mln PLN,

Financial Results of 2022:

Arctic Paper S.A. Group:

- Consolidated estimated sales revenues 4,894.3 mln PLN,
- Consolidated estimated net profit 756.8 mln PLN,

Arctic Paper S.A.

- Standalone estimated sales revenues 72.5 mln PLN,
- Standalone estimated net profit 222.9 mln PLN.

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



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The estimated results achieved by the Group and the Company in 2022 are significantly higher than the results obtained in the previous year. The increase in estimated consolidated revenues and profit is due to the high demand for paper and the Group's balanced energy and raw materials policy.

On the other hand, a significant impact on the standalone net result had the reversal of the impairment loss on shares in Arctic Paper Investment AB (the company being the sole shareholder of Arctic Paper Grycksbo AB) of the amount of PLN 179 million.

The amount of impairment allowance in the consolidated financial statement has not changed due to the differences in the accounting treatment of the value of assets of this entity on consolidation level in relation to their book value on standalone level.

The above financial results are estimates obtained during the preparation of the financial statements for 2022. 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 2022 and consolidated annual report of the Arctic Paper S.A. Group of 2022, together with the auditor's opinions, will take place on March 28th, 2023.

Taking into account the preliminary financial results of the Company and the Arctic Paper S.A. Group of 2023, 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 2023 in the amount of PLN 2.70 gross per share.

The final recommendation regarding the distribution of the net profit of 2022 will be presented by the Management Board to the Annual General Meeting after the publication of the Company's annual report of 2022, which will take place on March 28th, 2023. 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. 2/2023 dated February 15th 2023

Table 1: Preliminary selected items of consolidated statement of profit and loss

<i>PLN'000</i>	2022	2021	Change % 2022/2021
Sales revenues	4 894 276	3 412 576	43,4
EBIT	842 979	244 570	244,7
EBITDA	973 973	327 756	197,2
Net profit/(loss)	756 822	175 907	330,2
Net profit / (loss) for the reporting period attributable to the shareholders of the Parent Entity	631 001	127 154	396,2

Table 2: Preliminary selected consolidated balance sheet items

<i>PLN'000</i>	31.12.2022	31.12.2021	Change 30.06.2022 -31.12.2021
Fixed assets	1 371 867	1 301 750	70 117
Inventories	601 205	402 868	198 337
Receivables	504 024	410 939	93 085
Other current assets	295 459	105 782	189 677
Cash and cash equivalents	481 930	167 927	314 003
Total assets	3 254 485	2 389 266	865 219
Equity	2 052 183	1 242 996	809 187
Short-term liabilities	806 906	722 065	84 841
Long-term liabilities	395 396	424 205	(28 809)
Total equity and liabilities	3 254 485	2 389 266	865 219

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

<i>PLN '000</i>	2022	2021	Change % 2022/2021
Cash flows from operating activities	607 381	238 193	155,0
Cash flows from investing activities	(155 879)	(159 513)	(2,3)
Cash flows from financing activities	(124 587)	(162 068)	(23,1)
Total cash flows	326 915	(83 388)	(492,0)