



# CONSOLIDATED ANNUAL REPORT 2022

Arctic Paper Capital Group  
Abbreviated financial information



ARCTIC PAPER



We ensure sustainability from forest to paper

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Arctic Paper has prepared its 2022 consolidated annual financial statement in the European Single Electronic Format (ESEF) which is the electronic reporting format in which issuers on EU regulated markets shall prepare their annual financial reports from 1 January 2020 based on Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format as amended.

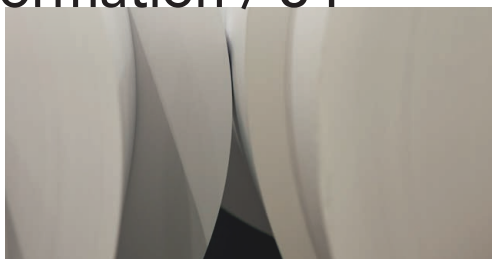
This abbreviated PDF version of consolidated financial statement of Arctic Paper Capital Group has been prepared solely only for the convenience of digital reading.

Despite all the efforts devoted to the conversion of XHTML file into PDF format, certain discrepancies, omissions or approximations may exist. In case of any differences between the PDF and the XHTML versions, the XHTML version is the only one legally binding and shall prevail.

**Arctic Paper, its representatives and employees decline all responsibility in this regard.**

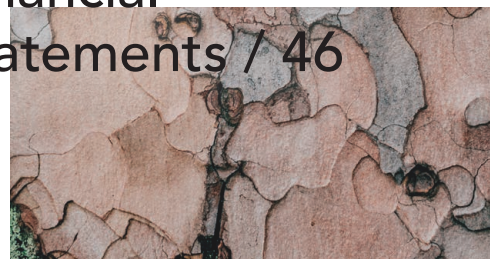
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**MICHAŁ JARCZYŃSKI**  
CEO ARCTIC PAPER S.A.

## Dear Sirs,

I am pleased to report that last year was another year in which the Arctic Paper group achieved very good results. It was a time of very dynamic change, with many factors having a significant impact on our business. We have modified our activities on an ongoing basis to suit the business environment.

The war in Ukraine has affected our activities to some extent. We have ceased trade with countries involved in this conflict. We were forced to find new sources of supply of raw materials. In previous years, we sold less than 1.5% of our total paper volume to these countries. The high demand in Europe allowed us to redirect this volume

to other countries in Western Europe. In regards to the humanitarian aspect, we joined in helping Ukrainian children by donating funds to buy medicine, clothing and food. As a paper manufacturer, we have donated more than 150,000 notebooks to Ukrainian schools.

The post-pandemic recovery in the European economy has led to an increase in our sales. We have experienced high demand for all our products. At the same time, there were inflationary factors, which increased production costs. This was particularly noticeable in the energy market, but cost increases also extended to other components, such as services



and transport. The prosperity of the paper industry has allowed us to successfully implement successive price increases on finished products to compensate for rising production costs. It is worth emphasising that our strategy is based on achieving our profitability targets and not on maximising the tonnage of paper sold. As a result, we performed very well throughout the year.

Throughout the year, we recorded high demand for pulp. The strong market momentum associated with the recovery of the global economy after the pandemic, as well as the continued trend of replacing plastic packaging with products made from natural raw materials, such as cellulose, enabled increased revenues in this segment.

The European energy market was very jittery and concerns about energy availability caused very high price fluctuations. Thanks to solutions already introduced in the past, such as generating some energy directly in factories or purchasing energy

based on multi-annual contracts, we were less exposed to drastic increases in energy prices. We are pursuing investment projects to significantly increase energy self-sufficiency – both in the paper and pulp segments.

The consistent implementation of the 4P strategy and the results achieved confirm that Arctic Paper is a reliable and solid partner for its customers and meets the expectations of its shareholders.

I would like to thank the entire Arctic Paper Group team for their consistency in achieving the tasks set before them.

Sincerely yours,

**Michał Jarczyński**

President of the Management Board  
of Arctic Paper SA



# SELECTED CONSOLIDATED FINANCIAL DATA

	PERIOD FROM 01.01.2022 TO 31.12.2022 PLN THOUSAND	PERIOD FROM 01.01.2021 TO 31.12.2021 PLN THOUSAND	PERIOD FROM 01.01.2022 TO 31.12.2022 EUR THOUSAND	PERIOD FROM 01.01.2021 TO 31.12.2021 EUR THOUSAND
Continuing operations				
Sales revenues	4 894 276	3 412 576	1 043 934	745 511
Profit/(loss) on operations	842 979	244 570	179 805	53 429
Gross profit/(loss)	927 578	223 115	197 849	48 742
Net profit/(loss) for the period	756 822	175 907	161 428	38 429
Net profit/(loss) attributable to the shareholders of the Parent Entity	631 001	127 154	134 591	27 778
Net cash flows from operating activities	607 381	238 193	129 553	52 036
Net cash flows from investing activities	(155 879)	(159 513)	(33 249)	(34 847)
Net cash flows from financing activities	(124 587)	(162 068)	(26 574)	(35 405)
Change in cash and cash equivalents	326 915	(83 388)	69 730	(18 217)
Weighted average number of ordinary shares	69 287 783	69 287 783	69 287 783	69 287 783
Diluted weighted average number of ordinary shares	69 287 783	69 287 783	69 287 783	69 287 783
EPS (in PLN/EUR)	9.11	1.84	1.94	0.40
Diluted EPS (in PLN/EUR)	9.11	1.84	1.94	0.40
Mean PLN/EUR exchange rate*			4.6883	4.5775




	AS AT 31 DECEMBER 2022 PLN THOUSAND	AS AT 31 DECEMBER 2021 PLN THOUSAND	AS AT 31 DECEMBER 2022 EUR THOUSAND	AS AT 31 DECEMBER 2021 EUR THOUSAND
Assets	3 254 485	2 389 266	693 935	519 473
Long-term liabilities	395 396	424 205	84 308	92 231
Short-term liabilities	806 907	722 065	172 052	156 991
Equity	2 052 182	1 242 996	437 575	270 252
Share capital	69 288	69 288	14 774	15 065
Number of ordinary shares	69 287 783	69 287 783	69 287 783	69 287 783
Diluted number of ordinary shares	69 287 783	69 287 783	69 287 783	69 287 783
Book value per share (in PLN/EUR)	29.62	17.94	6.32	3.90
Diluted book value per share (in PLN/EUR)	29.62	17.94	6.32	3.90
Declared or paid dividend (in PLN/EUR)	27 715 113	20 786 335	5 909 532	4 519 358
Declared or paid dividend per share (in PLN/EUR)	0.40	0.30	0.09	0.07
PLN/EUR exchange rate at the end of the period**			4.6899	4.5994

\* Profit and loss and cash flow statement items have been translated at the mean arithmetic exchange rates published by the National Bank of Poland, prevailing in the period that the presented data refers to.

\*\* Balance sheet items and book value per share have been converted at the average exchange rate announced by the National Bank of Poland (NBP) as at the balance sheet date.







# DESCRIPTION OF THE BUSINESS OF THE ARCTIC PAPER SA GROUP



# GENERAL INFORMATION

The Arctic Paper Group is a paper and pulp producer. We offer voluminous book paper and a wide range of products in this segment, as well as high-grade graphic paper. The Group produces numerous types of uncoated and coated wood-free paper as well as wood-containing uncoated paper for printing houses, paper distributors, book and magazine publishing houses, and the advertising industry. In connection with acquisition of the Rottneros Group in December 2012, the Group's assortment was expanded with the production of pulp. As at 31 December 2022, the Arctic Paper Group employed over 1,500 people in its Paper Mills, companies involved in sale of paper and in pulp producing companies, procurement office and a company producing food packaging. Our Paper Mills are located in Poland and Sweden, and have total production capacity of over 685,000 tonnes of paper per year. Our Pulp Mills located in Sweden have aggregated production capacities of over 400,000 tonnes of pulp annually. As at 31 December 2022, the Group had 13 Sales Offices ensuring access to all European markets, including Central and Eastern Europe. Our consolidated sales revenues for 12 months of 2022 amounted to PLN 4,894 million.

**Arctic Paper SA** is a holding company set up in April 2008. The Parent Entity is entered in the register of entrepreneurs of the National Court Register maintained by the District Court in Zielona Góra, 8th Commercial Division of the National Court Register, under KRS number 0000306944. The Parent Entity holds statistical number REGON 080262255. The Company has a foreign branch in Göteborg, Sweden.



# BUSINESS ACTIVITY

The principal business of the Arctic Paper Group is the production and sales of paper and pulp. The Group's additional business, partly subordinate to paper and pulp production, covers:

- 
- Generation of electricity,
  - Transmission of electricity,
  - Electricity distribution,
  - Heat production,
  - Heat distribution,
  - Logistics services,
  - Paper and pulp distribution.



# OUR PRODUCTION FACILITIES

**As on 31 December 2022, as well as on the day hereof,  
the Group owned the following Paper Mills:**

- the Paper Mill in Kostrzyn nad Odrą (Poland) has the production capacity of about 315,000 tonnes per year and mainly produces uncoated wood-free paper for general printing use such as printing books, brochures and forms, and for producing envelopes and other paper products;
- 

- the Paper Mill in Munkedal (Sweden) has the production capacity of about 160,000 tonnes and mainly produces fine uncoated wood-free paper used primarily for printing books and high-quality brochures;
- 

- the Paper Mill in Grycksbo (Sweden) has the production capacity of about 210,000 tonnes per year and produces coated wood-free paper used for printing maps, books, magazines, posters and printing of advertising materials.

**As on 31 December 2022, as well as on the day hereof,  
the Group owned the following Pulp Mills:**

- The pulp mill in Rottneros (Sweden) has production capacity of about 160,000 tonnes annually and produces mainly two types of mechanical pulp: groundwood and chemithermomechanical pulp (CTMP);
- 

- the Pulp Mill in Vallvik (Sweden) has the annual production capacity of about 240,000 tonnes and produces two types of long-fibre sulphate pulp: fully bleached sulphate pulp and unbleached sulphate pulp. The most of Vallvik Pulp Mill production is known as NBSK pulp. The unbleached sulphate pulp produced by the Pulp Mill is characterised by very high purity and is primarily used to produce transformers and in the cable industry.

# OUR PRODUCTS

THE PRODUCT ASSORTMENT OF THE ARCTIC PAPER GROUP COVERS:

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## **Uncoated wood-free paper, in particular:**

- white offset paper, which we produce and distribute primarily under the Amber brand, that is one of the most versatile types of paper destined for various applications;
  - woodfree bulky book paper, which we produce under the Munken brand, used primarily for book printing;
  - high quality graphic paper with a particularly smooth or rough surface, used for printing various advertising and marketing materials, which we produce under the Munken Design brand;
- 

## **Coated wood-free paper, in particular:**

- coated woodfree paper, manufactured under the G and Arctic Volume brands, used primarily for printing of books, magazines, catalogues, maps and personalised direct mail correspondence;
- 

## **Uncoated wood-containing paper, in particular:**

- premium wood containing bulky book paper, which we produce and distribute under the Munken brand, and which has been developed specially for multi-colour and B/W printing of books;

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### **Packaging papers:**

- kraft paper, which is manufactured under the brand name Munken Kraft;
- one side coated packaging papers, produced under the brand name G-Flexmatt;

Both grades are ideal for a wide range of packaging applications, such as shopping bags, bags for loose food, packaging or laminates used in the food or non-food industry.

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### **Unbleached sulphate pulp:**

- fully bleached sulphate pulp and unbleached sulphate pulp, used primarily to produce printing and writing paper, cardboard, toilet paper and white packaging paper;

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### **Mechanical fibre pulp:**

- chemithermomechanical pulp (CTMP) and groundwood, which are used mainly for production of printing and writing papers.





## CAPITAL GROUP STRUCTURE

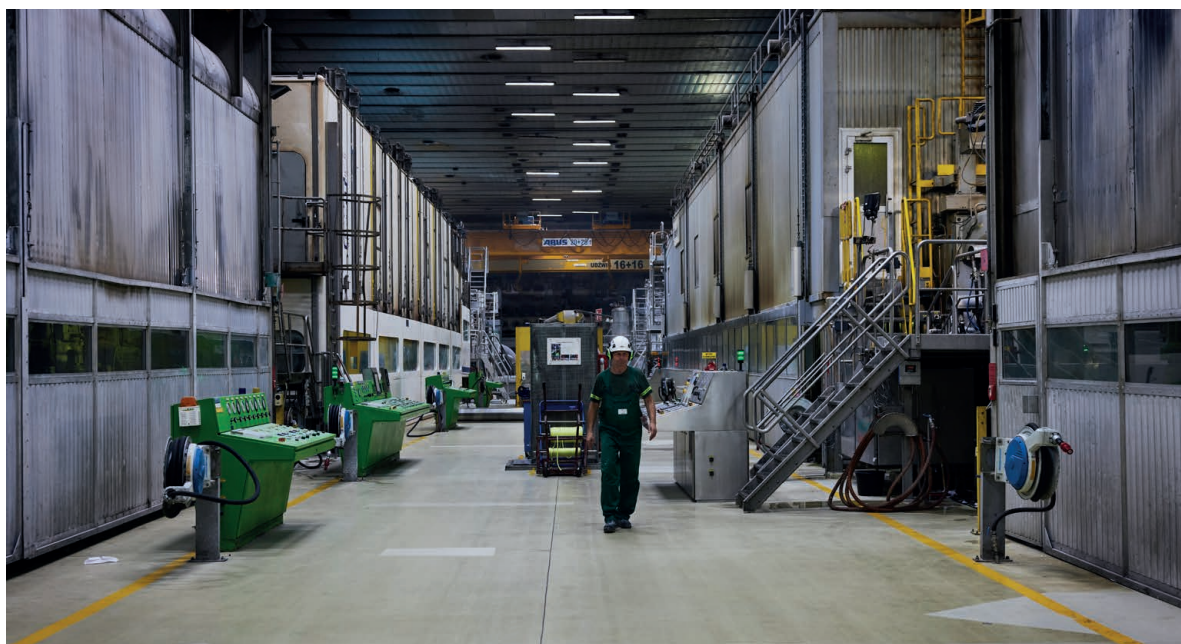
The Arctic Paper Capital Group comprises Arctic Paper SA, as the Parent Entity, and its subsidiaries, as well as joint ventures. Since 23 October 2009, Arctic Paper SA has been listed on the primary market of the Warsaw Stock Exchange and since 20 December 2012, in the NASDAQ stock exchange in Stockholm. The Group operates through its Paper Mills and Pulp Mills, its subsidiary producing packaging, as well as its sales Offices and Procurement Offices.

Detailed information on the organisation of the Arctic Paper Capital Group with identification of the consolidated entities is provided in the section 'Accounting principles (policies)' and in note to the consolidated financial statements (note 1 and 2).

## SHAREHOLDING STRUCTURE

Nemus Holding AB, a company under the Swedish law (a company owned indirectly by Mr Thomas Onstad), is the majority shareholder of Arctic Paper SA, holding (as at 31 December 2022) 40,381,449 shares of our Company, which constitutes 58.28% of its share capital and corresponds to 58.28% of the total number of votes at General Meetings. Thus, Nemus Holding AB is the Parent Entity of the Issuer.

Additionally, Mr Thomas Onstad, an indirect shareholder of Nemus Holding AB, holds directly 6,223,658 shares, representing 8.98% of the total number of shares in the Company, and via another entity – 600,000 shares, accounting for 0.87% of the total number of shares of the Issuer. Mr Thomas Onstad's total direct and indirect holding in the capital of Arctic Paper SA as at 31 December 2022 was 68.13% and has not changed until the date hereof.



SHAREHOLDER	NUMBER OF SHARES	SHARE IN THE SHARE CAPITAL [%]	NUMBER OF VOTES	SHARE IN THE TOTAL NUMBER OF VOTES [%]
<b>Thomas Onstad</b>	<b>47 205 107</b>	<b>68.13%</b>	<b>47 205 107</b>	<b>68.13%</b>
– indirectly via	40 981 449	59.15%	40 981 449	59.15%
<i>Nemus Holding AB</i>	40 381 449	58.28%	40 381 449	58.28%
<i>other entity</i>	600 000	0.87%	600 000	0.87%
– directly	6 223 658	8.98%	6 223 658	8.98%
<b>Other</b>	<b>22 082 676</b>	<b>31.87%</b>	<b>22 082 676</b>	<b>31.87%</b>
Total	69 287 783	100.00%	69 287 783	100.00%
Treasury shares	–	0.00%	–	0.00%
<b>Total</b>	<b>69 287 783</b>	<b>100.00%</b>	<b>69 287 783</b>	<b>100.00%</b>

The data in the above table are shown as at the date of approval of this report, which has not changed as compared to 31 December 2022, and the date of publication of the quarterly report for Q3 2022.

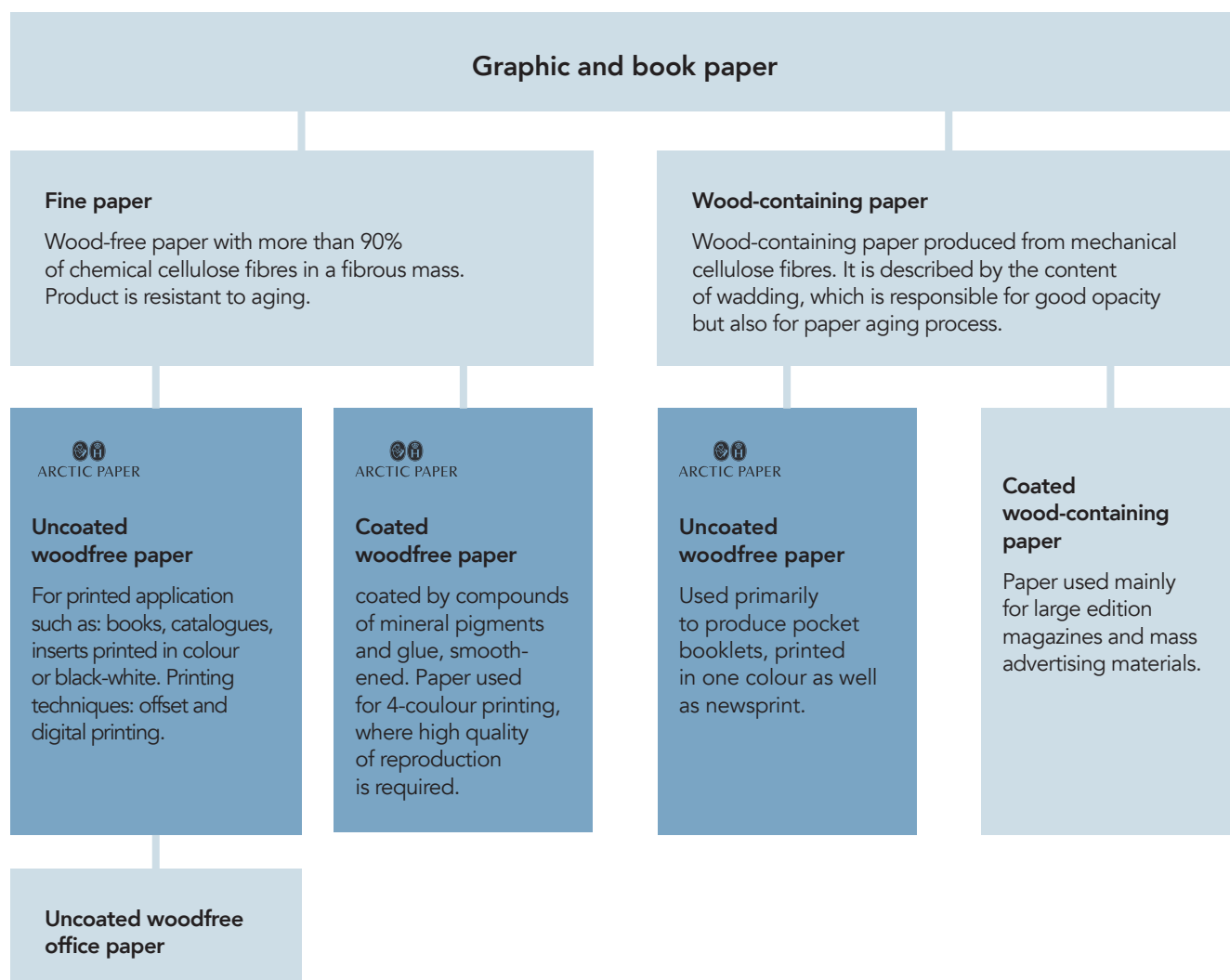
# MARKET ENVIRONMENT

## Segments of the graphic paper market

The graphic paper market is split into three core segments:

- coated and uncoated fine paper,
- newsprint paper,
- magazine paper.

The Group operates solely in the segment of high-quality graphic papers. We are not present in the newsprint and photocopy paper segments.



Below is a description of segments in the graphic market:

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**fine paper is wood-free paper where minimum 90% of fibre mass is pulp fibres obtained with chemical methods:**

- uncoated wood-free paper made of pulp. It may be subject to additional processing like surface sizing, calendering, surface or mass dyeing.
  - Two core categories of the paper include graphic paper (used e.g., to print books, handbooks and catalogues) and office copying paper.
  - coated wood-free paper made of pulp is subject to coating with pigment and glue mixtures (kaolin, calcium carbonate). The coating may be performed on paper machines (online) or outside paper machines (offline). Coating of paper improves its smoothness and transparency of the background, improves the quality of colour reproduction.
- 

**Wood-containing paper is most often manufactured of mechanical pulp or recycled-paper pulp, without or with small quantities of filler. It contains lignin, which increases the opacity of the paper but accelerates ageing.**

- uncoated wood-containing paper is manufactured of mechanical pulp, used to print magazines with rotogravure and offset techniques (newsprint) and to print single-colour publications. Products of the Group in that segment are usually used to print paperbacks.
- coated wood-containing paper is manufactured of mechanical pulp, it is double coated. It is used to print multi-colour magazines and catalogues. In that product group there is e.g.: SC (Super Calandered), MFC (Machine Finished Coated), LWC (Light Weight Coated), ULWC (Ultra-Light Weight Coated), MWC (Medium Weight Coated). The paper in the form of rolls is used for heat-set printing.

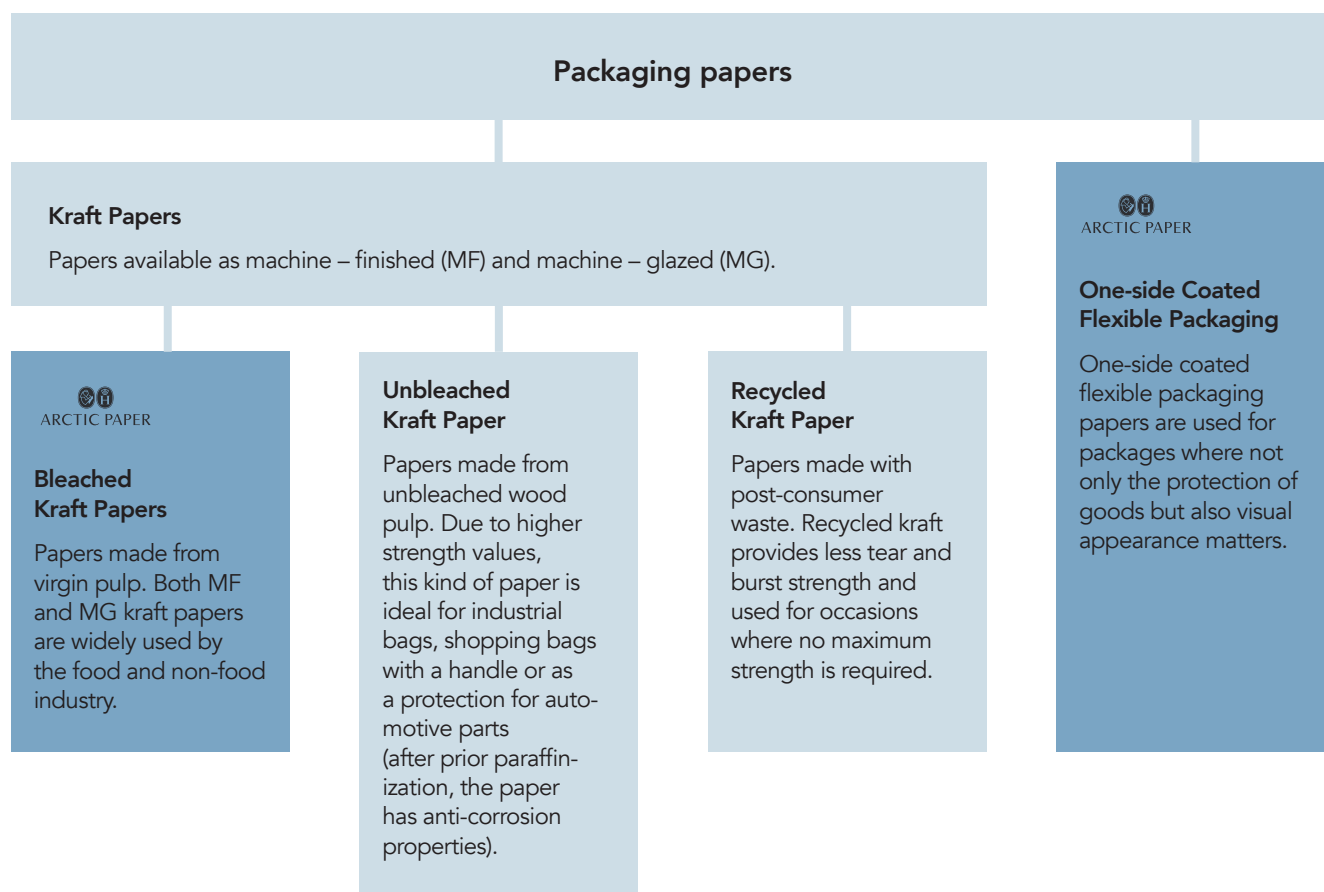
Additional information on the market environment is provided further in this report in the section: *Information on market trends*.

## Packaging paper market segments in which Arctic Paper operates:

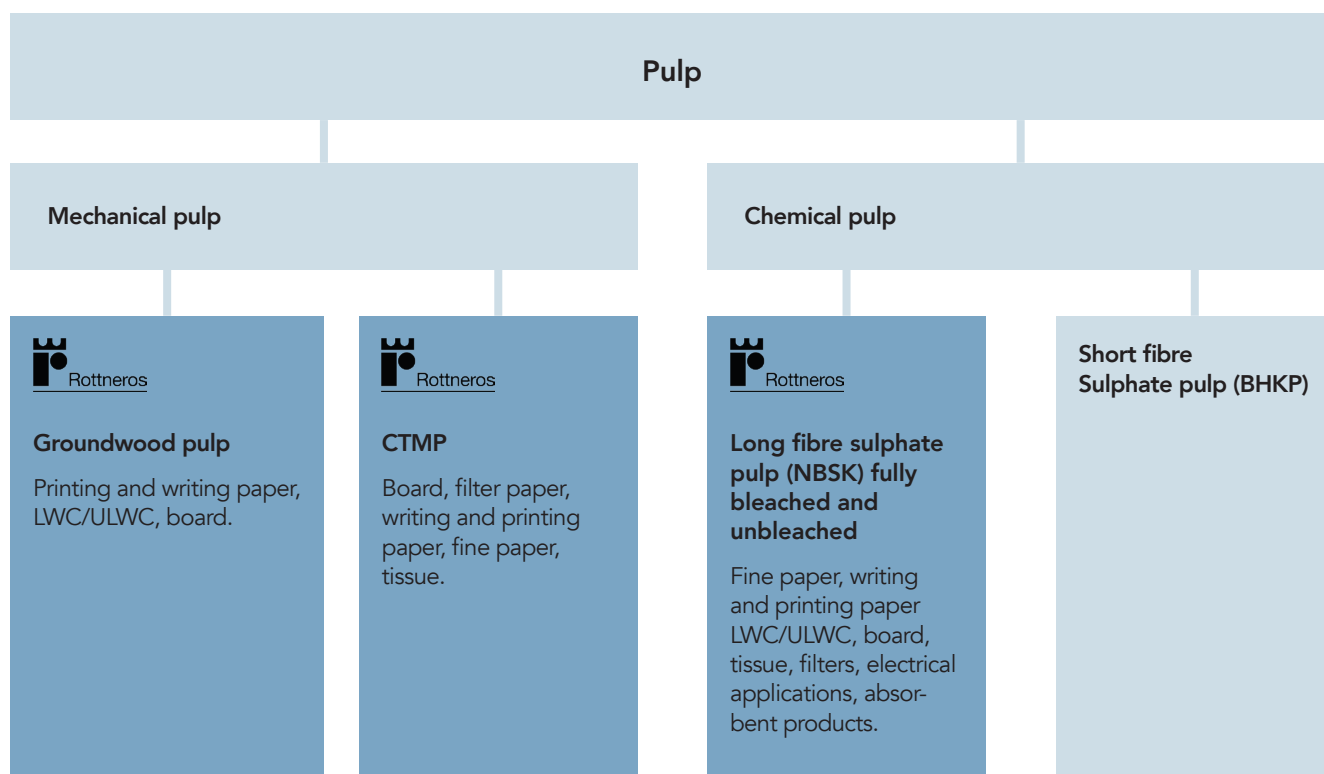
The packaging paper market in which Arctic Paper operates is divided into two basic segments:

- Kraft paper, which is divided into bleached, unbleached and recycled fibre papers,
- packaging papers coated on one side.

The Group operates exclusively in the segment of machine-whitened kraft paper and single-side coated matt surface packaging. We are not present in the other segments.

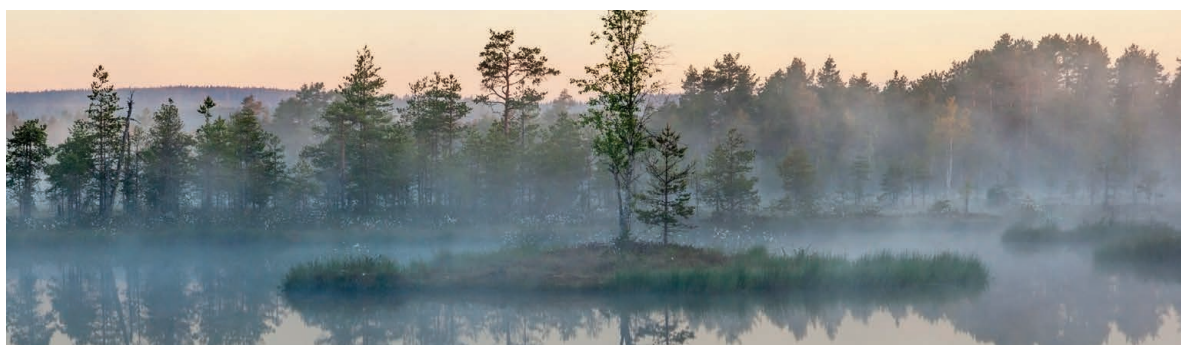


## Segments of the pulp market



Since December 2012, along with the acquisition of Rottneros AB, our assortment has been expanded by:

- fully bleached sulphate pulp and unbleached sulphate pulp, used primarily to produce printing and writing paper, cardboard, toilet paper and white packaging paper;
- chemithermomechanical pulp (CTMP) and groundwood, which are used mainly for production of printing and writing papers.



# DEVELOPMENT DIRECTIONS AND STRATEGY

2022 was the first year of implementation of the previously adopted strategy. The Company's strategic directions are reflected in its 4 pillars: packaging, energy, graphic paper and pulp.

With its strong position as a premium paper producer and owner of the recognisable Graphic Paper and Pulp brands, as part of its Four Pillars(4P) strategy, the Group will invest in two new business areas where sustainability and renewable resources – packaging and energy – play a key role.

THE GROUP'S MAIN STRATEGIC OBJECTIVES IN THE 2030 PERSPECTIVE ARE:

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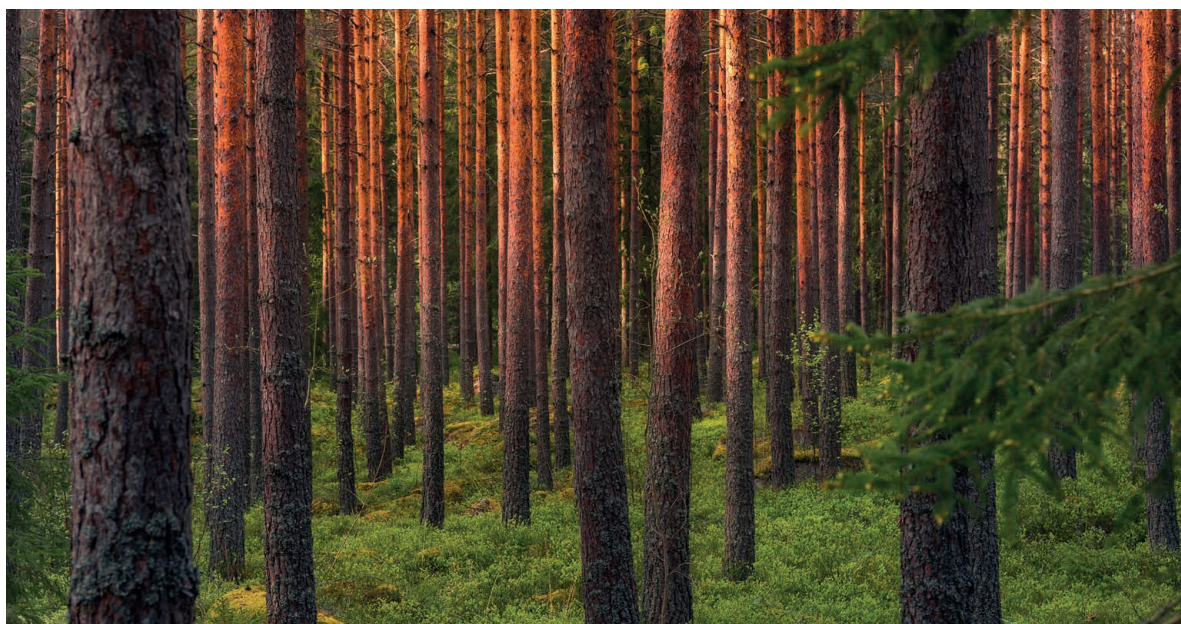
REVENUE GROWTH BY 25 PER CENT,  
AN INCREASE IN EBITDA OF AROUND 70 PER CENT,  
AN INCREASE IN EBITDA MARGIN TO 15 PER CENT.

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The total investment between 2022 and 2030 in all four pillars is planned at over PLN 1.5 billion, of which around 40 per cent will be allocated to new business areas. The Group assumes that it will achieve carbon neutrality by 2035 at the latest.







## SALES STRUCTURE

In 2022 and in 2021, the sales structure by main product lines was as follows:

THOUSAND TONS	2022	SHARE %	2021	SHARE %
<b>Paper</b>	<b>617</b>	<b>61%</b>	<b>648</b>	<b>62%</b>
Amber	296	29%	310	30%
G-Print	91	9%	95	9%
Munken	108	11%	107	10%
Arctic	110	11%	115	11%
AP Tech	11	1%	17	2%
Other	0	0%	4	0%
<b>Pulp</b>	<b>389</b>	<b>39%</b>	<b>392</b>	<b>38%</b>
NBSK and derivatives	220	22%	212	20%
Groundwood	56	6%	69	7%
CTMP	113	11%	111	11%
<b>Total paper and pulp</b>	<b>1 006</b>	<b>100%</b>	<b>1 040</b>	<b>100%</b>

PLN '000	2022	SHARE %	2021	SHARE %
<b>Paper</b>	<b>3 579 803</b>	<b>73%</b>	<b>2 408 330</b>	<b>71%</b>
Amber	1 683 656	34%	1 093 092	32%
G-Print	497 935	10%	321 211	9%
Munken	729 265	15%	520 685	15%
Arctic	604 141	12%	398 475	12%
AP Tech	64 141	1%	62 104	2%
Other	664	0%	12 762	0%
<b>Pulp</b>	<b>1 314 473</b>	<b>27%</b>	<b>1 004 245</b>	<b>29%</b>
NBSK and derivatives	781 383	16%	603 627	18%
Groundwood	150 994	3%	132 177	4%
CTMP	285 793	6%	202 163	6%
Other	96 303	2%	66 278	2%
<b>Total paper and pulp</b>	<b>4 894 276</b>	<b>100%</b>	<b>3 412 576</b>	<b>100%</b>

In 2022, there were no material changes to the sales structure of paper and pulp by the Group or in the revenue structure from sales of paper and pulp by the Group by its products. In 2022, there is a quantitative decrease and a quantitative increase in paper sales and pulp sales by value.

## SALES MARKETS

In 2022, the share of Group sales outside Poland was 88%, as compared to 89% in 2021. This year, similarly to previous years, sales were focused on European markets. The share of those markets in the overall value of sales was 91% in 2022 (2021: 88%).

The geographical structure of sales revenues by the main markets in 2022 and in 2021 is presented in note 10.1 to the consolidated financial statements.

# BUYERS

The base of our customers covers both direct and indirect buyers. Direct buyers purchase the Group's products at our Paper Mills. Indirect buyers do not buy the Group's products on their own and resort to the services of advertising companies or paper wholesalers, nevertheless, they constitute an important target group of marketing activities of Arctic Paper, since it is indirect buyers that recommend the use of the Group's papers to direct buyers. The groups of direct and indirect buyers of products include:

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- **printing houses** – they are direct buyers straight from the Group's Paper Mills,
  - **wholesalers** – they are direct buyers of paper manufactured by the Group for further re-sale,
  - **publishers** – they are direct and indirect buyers of paper manufactured by the Group straight from the Group for their publishing business and instruct or recommend the use of our paper to printing houses to which they commission the printing of books and other publications,
  - **advertising agencies** – they are mainly indirect buyers that do not buy our products directly; however, they play an important role in commissioning and recommending our products to printing houses, in particular high-quality paper to print annual reports of companies, brochures, leaflets and packaging,
  - **final buyers** – those are direct and indirect buyers that buy our products directly; they also play an important role in commissioning and recommending our products to printing houses to which they commission printing services.
- 

Pulp Mill products are mainly bought by customers that produce paper for printing, paper hygienic products and cardboard, as well as electrical devices and filters. Pulp is supplied to entities that do not have the capacity to produce pulp by themselves and to buyers that produce certain types of pulp and look for suppliers of other types of pulp. In our opinion, we are not materially dependent on any single specific buyer. The Group's consolidated revenues for 2022 show that the share of the largest buyer did not exceed 10% of total sales revenues.

# VENDORS & SUPPLIERS

In its business, the Group relies on the following goods and services:

- 
- Pulp for Paper Mills,
  - Wood for Pulp Mills,
  - Chemicals,
  - Electricity,
  - Transport services.

## Pulp

Pulp is the core material used by the Group to produce paper. The Group acquires pulp on the basis of revolving annual contracts concluded under framework agreements or one-off transactions.

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## Wood

Wood is the core material used by the Pulp Mills to produce pulp. The Rottneros Group has a procurement department placing orders with sawmills in Sweden as well as its subsidiary company – SIA Rottneros Baltic, purchasing wood for the Pulp Mill in Vallvik in Eastern Europe, primarily in Latvia and Russia.

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## Chemicals

The core chemicals used to produce papers are fillers (mainly calcium carbonate), starch (of maize, potatoes, tapioca), optical bleaching agents and other chemicals. Chemicals are also used to produce cellulose.

## Electricity

In its production processes, the Group uses electricity and heat energy. The entire demand for electricity and heat energy for the Paper Mill in Kostrzyn is covered with its own heat and power plant using natural gas. The gas is supplied pursuant to a contract with a Polish supplier (PGNiG) at annual indexed prices in line with changes to the sectoral indicators published by GUS [Central Statistical Office of Poland] subject to negotiations of the indexation formula when the contractual change levels are exceeded. Gas is acquired from deposits located close to Kostrzyn nad Odrą and delivered to the Paper Mill with a local pipeline.

In autumn 2022, a new boiler designed to generate steam from waste fuels was commissioned at the Arctic Paper Munkedals mill. The boiler is designed to handle any solid fuel. The paper mill is also powered by electricity from an internal hydroelectric power station, mains electricity and steam from a natural gas boiler. Energy for the Paper Mill Arctic Paper Grycksbo is obtained from biomass and electricity is partly acquired from external suppliers.

The Rottneros Pulp Mill covers its entire demand for electricity with purchases from external suppliers. The Vallvik Pulp Mill provides for about 75% of its demand for electricity with its own resources. The remaining demand for electricity is covered with purchases from external suppliers.

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## Transport services

The Group does not operate its own means of transportation and resorts to specialised external entities for distribution of its products from Paper Mills and warehouses to buyers.

Entities in the Group are not dependent on those providers. The Group's consolidated revenues for 2021 show that the share of the largest service provider did not exceed 10% of total sales revenues.





# RESEARCH AND DEVELOPMENT

In the Arctic Paper Group, development work is primarily carried out to streamline and modernise production processes, improve cost and energy efficiency and improve the quality of the products offered. In the period covered with this report, the Paper Mills and Pulp Mills carried out development works to improve production processes, in particular to shorten the idle time of paper machines, as well as works aimed at improving the paper/pulp quality and extending the assortment and to improve the quality properties of the products.

An important goal of development works last year was the development of new products, especially packaging and barrier papers. In the area of packaging papers, the work focused on obtaining a product with increased resistance to water and fats. A global trend of replacing plastic packaging with cellulose and paper packaging is expected, especially in the food packaging segment.

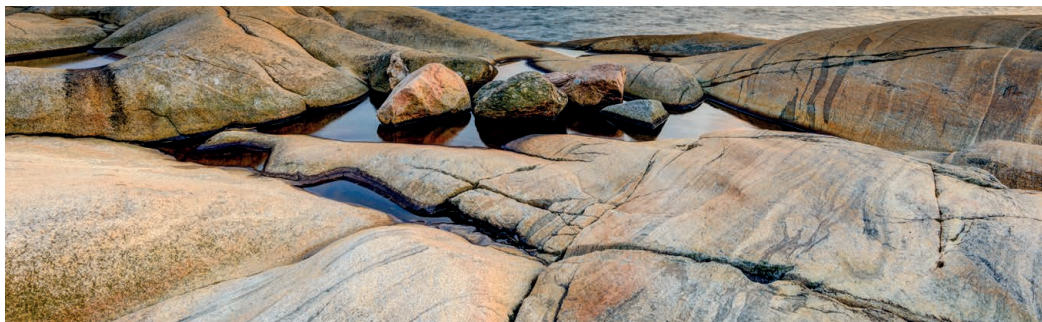


## LABOUR MATTERS AND ENVIRONMENT

Matters concerning the Group's employees and environmental care are described in detail in the separately published document Non-financial information of the Arctic Paper SA Capital Group – Sustainability Report 2022.







## INFORMATION ON MARKET TRENDS

### Supplies of fine paper

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In Q4 2022, the Arctic Paper Group recorded a decreased level of orders as compared to Q3 2022 by 30.5% and a decrease of orders versus the equivalent period of 2021 by 30.1%.

Source of data: Analysis by Arctic Paper

### Paper prices

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At the end of Q4 2022, average prices for high-grade papers were higher by respectively: 37.3% for UWF papers and by 52.9% for CWF papers, compared to the corresponding prices at the end of 2021.

In the period from October to December 2022, the prices of uncoated wood-free paper (UWF) and coated wood-free paper (CWF) for selected markets: Germany, France, Spain, Italy and the UK expressed in EUR and GBP recorded a 0.1% increase for UWF papers and remained unchanged for CWF papers.

The average prices invoiced by Arctic Paper in EUR for comparable products in the segment of uncoated wood-free paper (UWF) grew, and at the end of 2022 were higher by 53.8% versus the end of 2021, while in the segment of coated wood-free paper (CWF) the prices grew by 59.7%.

Source: For market data – RISI, price changes for selected markets in Germany, France, Spain, Italy and the UK in local currencies for graphic papers similar to the product portfolio of the Arctic Paper Group. The prices are expressed without considering specific rebates for individual customers and they include neither additions nor price reductions in relation to the publicly available price lists. The estimated prices for each month reflect orders placed in the month, while the deliveries may take place in the future. Because of that, RISI price estimates for a particular month do not reflect the actual prices at which deliveries are performed but only express ordering prices. For Arctic Paper products, the average invoiced sales prices for all served markets in EUR.

## Pulp prices

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At the end of Q4 2022, the pulp prices were as follows: NBSK 1,429 USD/tonne and BHKP 1,380 USD/tonne. The average price of NBSK in Q4 2022 was higher by 12% compared to the equivalent period of the previous year while the price of BHKP was by 21.1% higher. The average pulp price in Q4 2022 was lower by 1.2% for NBSK and higher by 0.9% for BHKP as compared to Q3 2022.

The average cost of pulp per ton of produced paper as calculated for the AP Group, expressed in PLN, in Q4 2022 increased by 11.1% versus Q3 2022 and increased by 43.9% versus Q4 2021. The share of pulp costs in cost of paper sales in Q4 of the current year amounted to 61% and grew compared to the level recorded in Q4 2021 (57%).

In the four quarters of 2021, the AP Group used pulp in the production process in the following structure: BHKP 71%, NBSK 22% and other 7%.

Source of data: [www.foex.fi](http://www.foex.fi) Arctic Paper analysis

## Currency exchange rates

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The EUR/PLN exchange rate at the end of Q4 2022 amounted to 4.6899 and was lower by 3.7% than at the end of Q3 2022 and higher by 2% than at the end of Q4 2021. The average exchange rate in Q4 2022 was lower by 0.4% than in Q3 2022 and amounted to 4.7292 versus 4.7469. The average exchange rate in Q4 2022 was by 2.4% higher than in Q4 2021.

The EUR/SEK exchange rate at the end of December 2022 stood at 11.1320 against 10.9066 at the end of Q3 2022 and 10.2528 at the end of Q4 2021, implying an appreciation of the EUR against the SEK by respectively: 2.1% and 8.6%.

For this pair, the mean exchange rate in Q4 was 3% higher compared to Q3 2022. The mean exchange rate in Q4 2022 was 8% higher than in the corresponding period of 2021.

The changes mean depreciation of SEK vis-a-vis EUR in Q4 2022, which had a favourable impact on the Group's financial results, primarily with reference to the sales revenues generated by the Swedish factories that rely on prices in EUR.

At the end of Q4 2022, the USD/PLN rate recorded a decrease by 11.1% versus the end of Q3 2022 and amounted to 4.4018. The average rate in Q4 2022 was 4.6397, compared to 4.7139 in Q3 2022 and 4.0421 in Q4 2021. This represents an appreciation of the PLN against the USD of 1.6% quarter-on-quarter and a strong weakening of 14.8% year-on-year.

At the end of Q4 2022, the USD/SEK rate amounted to 10.4481 and was 5.8% lower than at the end of Q3 2022. The mean exchange rate in Q4 2022 amounted to 10.7288, which was an increase by 21% compared to Q4 2021.

The changes of the USD/SEK exchange rates adversely affected the costs incurred in USD by the Swedish Pulp Mills, in particular the costs of pulp. For the Paper Mill in Kostrzyn, the changes of annual average USD/PLN exchange rate also had an unfavourable impact on USD-denominated expenses, in particular the cost of pulp.

At the end of December 2022, the EUR/USD rate amounted to 1.0655 compared to 0.9831 at the end of Q3 2021 and to 1.1329 at the end of December 2020. In terms of percentage, that means an appreciation of EUR to USD by 8.4% versus Q3 2022 and a depreciation of the currency by 6% versus the equivalent period of the previous year. In Q4 2022, the mean exchange rate of the pair amounted to 1.0208, compared to 1.0074 in Q3 2022 (1.3%).

The weakening of the SEK against the euro on an average annual basis had a favourable impact on the Group's financial performance, mainly due to an increase in sales revenues generated in euro but expressed in SEK. The weakening of the PLN against the USD in 2022 had a negative impact on raw material purchase prices at the Kostrzyn mill. SEK depreciating vis-a-vis USD negatively affected the costs in the Paper Mills in Sweden.



# FACTORS INFLUENCING THE FINANCIAL RESULTS IN THE PERSPECTIVE OF THE NEXT YEAR

The material factors that have an impact on the financial results over the next quarter, include:

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- Shaping demand for high-grade paper in Europe at a time of a tense geopolitical situation, high energy prices and elevated inflation, as well as an expected economic slowdown. Over the recent years, there has been a major decrease of demand for fine paper in Europe (level of executed orders). Further negative developments in the market may adversely affect order levels to our Paper Mills. The intensification of remote working may have the additional effect of reducing demand for high-quality graphic papers and therefore negatively affect the Group's financial performance.
- Price changes of fine paper. In particular, the possibility to maintain the prices of Arctic Paper products in local currencies in view of the declining supply/demand in Europe and in the context of exchange rates fluctuations will have a material influence on the financial results. Paper prices are going to be of particular importance for the Paper Mill of Grycksbo, which – in connection with the market changes – experiences the greatest adverse impact of drop of sales volumes, prices as well as of exchange rate fluctuations.
- Price fluctuations of raw materials, including pulp for Paper Mills and electricity for all operational entities. In particular, Papermill's financial performance may be adversely affected by persistently high cellulose prices, including BHKP in particular. On the other hand, dropping NBSK pulp prices may negatively affect the financial results of Pulp Mills. Fluctuations of electricity prices in Sweden may also have a material impact on the results generated by the Group. In the future, such market changes may translate into changes of sales profitability in Paper Mills of AP Munkedals and AP Grycksbo, as well as in Pulp Mills of Rottneros and Vallvik.
- Changes in currency rates, in particular, the appreciation of PLN and SEK in relation to EUR and GBP, the appreciation of PLN in relation to SEK, and the depreciation of PLN and SEK in relation to USD, may have an adverse effect on the financial results. However, the Group's Pulp Mills may benefit from the appreciation of USD in relation to SEK.





# SUPPLEMENTARY INFORMATION



# REPORT ON NON-FINANCIAL INFORMATION

Apart from this report, the Group publishes a separate report on non-financial information for the Arctic Paper Capital Group.

## COMPOSITION OF THE GROUP

The Group is composed of Arctic Paper SA and the following subsidiaries:

UNIT	REGISTERED OFFICE	BUSINESS ACTIVITY	GROUP'S INTEREST IN THE EQUITY OF THE SUBSIDIARY ENTITIES AS AT		
			28 MARCH 2023	31 DECEMBER 2022	31 DECEMBER 2021
Arctic Paper Kostrzyn SA	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Paper production	100%	100%	100%
Arctic Paper Munkedals AB	Sweden, SE 455 81 Munkedal	Paper production	100%	100%	100%
Arctic Paper Mochenwangen GmbH	Germany, Fabrikstrasse 62, DE-882, 84 Wolpertswende	Non-operating company, formerly paper production	99.74%	99.74%	99.74%
Arctic Paper Grycksbo AB	Sweden, Box 1, SE 790 20 Grycksbo	Paper production	100%	100%	100%
Arctic Paper UK Limited	United Kingdom, 8 St Thomas Street SE1 9RR London	Trading company	100%	100%	100%
Arctic Paper Baltic States SIA	Latvia, K. Valdemara iela 33-20, Riga LV-1010	Trading company	100%	100%	100%
Arctic Paper Deutschland GmbH	Germany, Am Sandtorkai 72, D-20457 Hamburg	Trading company	100%	100%	100%
Arctic Paper Benelux S.A.	Belgium, Ophemstraat 24, B-3050 Oud-Heverlee	Trading company	100%	100%	100%
Arctic Paper Schweiz AG	Switzerland, Gutenbergstrasse 1, CH-4552 Derendingen	Trading company	100%	100%	100%
Arctic Paper Italia srl	Italy, Via Cavriana 7, 20 134 Milan	Trading company	100%	100%	100%
Arctic Paper Danmark A/S	Denmark, Korskindelund 6 DK-2670 Greve	Trading company	100%	100%	100%
Arctic Paper France SAS	France, 43 rue de la Breche aux Loups, 75012 Paris	Trading company	100%	100%	100%
Arctic Paper Espana SL	Spain, Avenida Diagonal 472-474, 9-1 Barcelona	Trading company	100%	100%	100%
Arctic Paper Papierhandels GmbH	Austria, Hainborgerstrasse 34A, A-1030 Wien	Trading company	100%	100%	100%
Arctic Paper Polska Sp. z o.o.	Poland, Okrężna 9, 02-916 Warszawa	Trading company	100%	100%	100%

Arctic Paper Norge AS	Norway, Eikenga 11-15, NO-0579 Oslo	Trading company	100%	100%	100%
Arctic Paper Sverige AB	Sweden, SE 455 81 Munkedal	Trading company	100%	100%	100%
Arctic Power Sp.z o.o. (poprzednio Arctic Paper East Sp. z o.o.)	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Production of energy	100%	100%	100%
Arctic Paper Investment GmbH *	Germany, Fabrikstrasse 62, DE-882, 84 Wolpertswende	Activities of holding companies	100%	100%	100%
Arctic Paper Finance AB	Sweden, Box 383, 401 26 Göteborg	Activities of holding companies	100%	100%	100%
Arctic Paper Verwaltungs GmbH *	Germany, Fabrikstrasse 62, DE-882, 84 Wolpertswende	Activities of holding companies	100%	100%	100%
Arctic Paper Immobilienverwaltung GmbH&Co. KG*	Germany, Fabrikstrasse 62, DE-882, 84 Wolpertswende	Activities of holding companies	94.90%	94.90%	94.90%
Arctic Paper Investment AB **	Sweden, Box 383, 401 26 Göteborg	Activities of holding companies	100%	100%	100%
EC Kostrzyn Sp. z o.o.	Poland, ul. Fabryczna 1, 66-470 Kostrzyn nad Odrą	Rental of properties and machines and equipment	100%	100%	100%
Munkedals Kraft AB	Sweden, 455 81 Munkedal	Production of hydropower	100%	100%	100%
Kostrzyn Packaging Sp. z o.o.	Poland, ul. Fabryczna 1, 66-470 Kostrzyn nad Odrą	Production of packaging	100%	100%	n.a.
Rottneros AB	Sweden, Söderhamn	Activities of holding companies	51.27%	51.27%	51.27%
Rottneros Bruk AB	Sweden, Rottneros	Pulp production	51.27%	51.27%	51.27%
Utansjö Bruk AB	Sweden, Söderhamn	Non-operating company	51.27%	51.27%	51.27%
Vallviks Bruk AB	Sweden, Vallvik	Pulp production	51.27%	51.27%	51.27%
Nykivist Skogs AB	Sweden, Gräsmark	Company grouping forest owners	51.27%	51.27%	51.27%
Rottneros Packaging AB	Sweden, Sunne	Production of food packaging	51.27%	51.27%	51.27%
SIA Rottneros Baltic	Latvia, Kuldīga	Procurement bureau	51.27%	51.27%	51.27%

\* companies established for the purpose of the acquisition of Arctic Paper Mochenwangen GmbH

\*\* company established to acquire Grycksbo Paper Holding AB (closed in 2015) and indirectly Arctic Paper Grycksbo AB

In May 2022, Kostrzyn Packaging Sp. z o.o. was established, which will ultimately own the moulded cellulose fibre packaging plant.

As at 31 December 2022, and as well as on the day hereof, the percentage of voting rights held by the Group in its subsidiaries corresponded to the percentage held in the share capital of those entities. All subsidiaries within the Group are consolidated under the full method from the day of obtaining control by the Group and cease to be consolidated from the day the control has been transferred out of the Group.

# MANAGEMENT AND SUPERVISORY BODIES

## Management Board of the Parent Entity

As at 31 December 2022, the Parent Entity's Management Board was composed of:

- 
- **Michał Jarczyński** – President of the Management Board appointed on 1 February 2019;
  - **Göran Eklund** – Member of the Management Board appointed on 30 August 2017.
- 

Up to the date of publication of these annual consolidated financial statements, there have been no changes in the composition of the Parent Entity's Management Board.

## Supervisory Board of the Parent Entity

As at 31 December 2022, the Parent Entity's Supervisory Board was composed of:

- 
- **Per Lundeen** – Chairman of the Supervisory Board appointed on 22 September 2016 (appointed to the Supervisory Board on 14 September 2016);
  - **Roger Mattsson** – Deputy Chairman of the Supervisory Board appointed on 22 September 2016 (appointed as a Member of the Supervisory Board on 14 September 2014);
  - **Thomas Onstad** – Member of the Supervisory Board appointed on 22 October 2008;
  - **Zofia Dzik** – Member of the Supervisory Board appointed on 22 June 2021;
  - **Anna Jakubowski** – Member of the Supervisory Board appointed on 22 June 2021.
- 

Until the date hereof, there were no changes to the composition of the Supervisory Board of the Parent Entity.

## Audit Committee of the Parent Entity

As at 31 December 2022, the Parent Entity's Audit Committee was composed of:

- 
- **Anna Jakubowski** – Chairperson of the Audit Committee appointed on 22 June 2021 (appointed as Member of the Audit Committee on 5 August 2021);
  - **Zofia Dzik** – Member of the Audit Committee appointed on 22 June 2021 (appointed as Member of the Audit Committee on 5 August 2021);
  - **Roger Mattsson** – Audit Committee Member appointed on 14 September 2014 (appointed as Audit Committee Member on 23 June 2016).
- 

Until the date hereof, there were no changes in the composition of the Audit Committee of the Parent Entity.

## OPERATIONAL SEGMENTS

Operational segments cover continuing activities. The Group's principal activity is the production of paper and pulp.

THE PAPER PRODUCTION BUSINESS IS PRESENTED AS THE "UNCOATED" AND "COATED" SEGMENTS AND INCLUDES THE FINANCIAL RESULTS OF, AMONG OTHERS, THREE PAPER MILLS:

- 
- **Arctic Paper Kostrzyn SA (Poland)** – produces high-quality uncoated graph paper under the Amber brand;
  - **Arctic Paper Munkedals AB (Sweden)** – produces high-quality uncoated graphic paper under the Munken brand;
  - **Arctic Paper Grycksbo (Sweden)** – produces coated wood-free paper under the G-Print and Arctic brands.

THE CELLULOSE BUSINESS IS PRESENTED AS THE "CELLULOSE" SEGMENT AND INCLUDES, AMONG OTHERS, TWO CELLULOSE PLANTS:

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- **the Pulp Mill in Rottneros (Sweden)** produces mainly two types of mechanical pulp: groundwood and chemithermomechanical pulp (CTMP);
- **the Pulp Mill in Vallvik (Sweden)** produces two types of long-fibre sulphate pulp: fully bleached sulphate pulp and unbleached sulphate pulp. The most of Vallvik Pulp Mill production is known as NBSK pulp.

THE GROUP IDENTIFIES THE FOLLOWING BUSINESS SEGMENTS:

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- **Uncoated paper** – paper for printing or other graphic purposes, including wood-free and wood-containing paper. Uncoated wood-free paper can be produced from various types of pulp, with different filler content, and can undergo various finishing processes, such as surface sizing and calendering. Two main categories of this type of paper are graphic paper (used for example for printing books and catalogues) and office papers (for instance, photocopy paper); however, the Group currently does not produce office paper. Uncoated wood paper from mechanical pulp intended for printing or other graphic purposes. That type of paper is used to print magazines with rotogravure and offset techniques. The Group's products in this segment are usually used for printing paperbacks;





- **Coated paper** – wood-free paper for printing or other graphic purposes, one-side or two-side coated with mixtures containing mineral pigments, such as china clay, calcium carbonate, etc. The coating process can involve different methods, both on-line and off-line, and can be supplemented by super-calendering to ensure a smooth surface. Coating improves the quality of printed photos and illustrations;
- **Pulp** – fully bleached sulphate pulp and unbleached sulphate pulp which is used mainly for the production of printing and writing papers, cardboard, toilet paper and white packaging paper, as well as chemithermomechanical pulp (CTMP) and groundwood, which are used mainly for production of printing and writing papers.

The exclusions include the exclusions of turnover and settlements between segments and the results of operations of Arctic Paper SA and Arctic Paper Finance AB.

#### THE SPLIT OF SEGMENTS INTO THE UNCOATED AND COATED PAPER SEGMENTS AND PULP IS DUE TO THE FOLLOWING FACTORS:

- 
- Demand for products and their supply, as well as the prices of products sold in the market are affected by operational factors characteristic for each segment, such as e.g., the production capacity level in the specific paper and pulp segment,
  - The key operating parameters, such as inflow of orders or the level of production costs, are determined by the factors that are similar for each paper and pulp segment,
  - The products manufactured at the Paper Mills operated by the Group may (with certain restrictions) be allocated to production in other entities within the same paper segment, which to a certain extent distorts the financial results generated by each Paper Mill,
  - The results of the Arctic Paper Group are under the pressure of global market trends with respect to the prices of paper and pulp, and to a lesser extent are subject to the specific conditions of the production entities.

Every month, on the basis of internal reports received from companies (apart from companies of the Rottneros Group), the results in each operating segment are analysed by the management of the Group. The financial results of companies in the Rottneros Groups are analysed on the basis of quarterly financial results published on the websites of Rottneros AB. Arctic Paper Kostrzyn SA and Arctic Paper Munkedals AB, constituting separate operating segments, are considered by the Group as one reporting segment.

The operating results are measured primarily on the basis of EBITDA, calculated by adding depreciation/amortisation and impairment allowances to tangible fixed assets and intangible assets to operating profit (loss), in each case in compliance with EU IFRS. In accordance with EU IFRS, EBITDA is not a metric of operating profit (loss), operational results or liquidity. EBITDA is a metric that the Management Board uses to manage the operations.

Transactions between segments are concluded at arms' length, like between unrelated entities. The table below presents data concerning revenues and profit, as well as certain assets and liabilities under continuing operations, split by segments of the Group for the period of 12 months ended on 31 December 2022 and as at 31 December 2022.



	UNCOATED	COATED	PULP	TOTAL	ELIMINATIONS	CONTINUING OPETATIONS
<b>Revenues</b>						
Sales to external customers	2 495 842	1 083 960	1 314 473	4 894 276	–	4 894 276
Sales between segments	(21)	2 398	–	2 377	(2 377)	–
Total segment revenues	2 495 821	1 086 358	1 314 473	4 896 653	(2 377)	4 894 276
<b>Result of the segment</b>						
EBITDA	479 412	217 640	288 478	985 530	(11 557)	973 973
Depreciation/ amortisation	(69 217)	(10 604)	(50 945)	(130 766)	(228)	(130 994)
Operating profit (loss)	410 195	207 036	237 534	854 764	(11 785)	842 979
Interest income	1 194	497	1 764	3 455	(588)	2 867
Interest expense	(2 383)	(2 326)	(2 205)	(6 914)	269	(6 646)
FX gains and other financial income	2 550	567	89 102	92 218	(2 318)	89 900
FX losses and other financial expenses	361	(571)	–	(210)	(1 313)	(1 523)
<b>Gross profit</b>	<b>411 917</b>	<b>205 202</b>	<b>326 194</b>	<b>943 314</b>	<b>(15 736)</b>	<b>927 578</b>
Assets of the segment	1 464 156	464 264	1 414 303	3 342 723	(97 697)	3 245 026
Liabilities of the segment	625 292	248 415	348 415	1 222 122	(197 570)	1 024 552
Capital expenditures	(82 504)	(17 426)	(54 815)	(154 745)	(134)	(154 879)
Interests in joint ventures	4 264	–	–	4 264	–	4 264

# EARNINGS PER SHARE

Earnings per share are established by dividing the net profit (loss) or net profit (loss) from continuing operations for the reporting period attributable to the Company's ordinary shareholders by the weighted average number of ordinary shares outstanding in the reporting period.

The information regarding profit (loss) and the number of shares which constituted the base to calculate earnings per share and diluted earnings (loss) per share is presented below (all shares are ordinary shares and belong to the same class):

	YEAR ENDED ON 31 DECEMBER 2022	YEAR ENDED ON 31 DECEMBER 2021
Net profit (loss) attributable to the shareholders of the Parent Entity	631 001	127 154
Total number of shares	69 287 783	69 287 783
Weighted average number of shares	69 287 783	69 287 783
Diluted weighted average number of ordinary shares	69 287 783	69 287 783

## Profit (loss) per share (in PLN)

basic earnings from the profit (loss) for the period attributable to the shareholders of the Parent Entity	9.11	1.84
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## Diluted profit (loss) per share (in PLN)

from the profit (loss) for the period attributable to the shareholders of the Parent Entity	9.11	1.84
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## DIVIDEND PAID AND PROPOSED

Dividend is paid based on the net profit disclosed in the standalone annual financial statements of Arctic Paper SA after covering losses carried forward from the previous years. As on the date hereof, the Company had no preferred shares.

The possibility of disbursement of potential dividend by the Company to its shareholders depends on the level of payments received from its subsidiaries. The risk associated with the Company's ability to disburse dividend was described in the part "Risk factors" of the annual report for 2022.

In connection with the term and revolving loan agreements signed on 2 April 2021, the Company's ability to pay dividends is subject to the Group meeting certain financial ratios in the period prior to payment (as that term is defined in the term and revolving credit facility agreement) and there being no event of default (as that term is defined in the term and revolving loan agreement).

On 22 June 2022, the General Meeting of the Company, having considered the Management Board's proposal on dividend payment, resolved to allocate the Company's net profit for the financial year 2021 and a part of net profits from previous years accumulated on the Company's reserve capital, in the total amount of PLN 27,715,113.20 for dividend payment to the Company's shareholders. Dividend per share was PLN 0.40 gross. Pursuant to the resolution of the AGM, on 08 July 2022, the Company paid a dividend, as recommended by the Management Board and the Supervisory Board.

On 15 February 2023, the Management Board of the Company, taking into account the preliminary financial results of the Company and the Arctic Paper SA Group for 2022, decided to recommend to the Annual General Meeting of the Company the payment of a dividend from the Company's net profit for the financial year 2022, in the total amount of PLN 187,077,014.10, i.e., PLN 2.70 gross per share.





# CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an adequate credit rating and healthy capital ratios in order to support the Group's business operations and maximise the shareholder value.

The Group has not established a specific level of credit rating and capital ratios that it considers appropriate, as it depends on the current market conditions and the situation of the Group. The Group manages its capital structure and makes adjustments to it, in light of changes in the economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to its shareholders, return capital to the shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended on 31 December 2022 and 31 December 2021.

The Group monitors its equity using a leverage ratio, which is net debt divided by total equity plus net debt. The Group's rules stipulate that this ratio should be within a range of up to 0.55. The Group includes interest bearing loans, trade and other payables, net of cash and cash equivalents within its net debt.

ARCTIC PAPER GROUP	AS AT 31 DECEMBER 2022	AS AT 31 DECEMBER 2021
Bank loans and other financial liabilities	205 766	287 022
Trade and other payables	551 211	506 812
Minus cash and cash equivalents	(481 930)	(167 927)
Net debt	275 048	625 907
Equity	2 052 182	1 242 996
Equity and net debt	2 327 229	1 868 903
<b>Leverage ratio</b>	<b>0.12</b>	<b>0.33</b>





# CONSOLIDATED FINANCIAL STATEMENTS

for the year ended on 31 December 2022



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	NOTE	YEAR ENDED ON 31 DECEMBER 2022	YEAR ENDED ON 31 DECEMBER 2021
<b>Continuing operations</b>			
Revenues from sales of paper and pulp	10.1	4 894 276	3 412 576
Sales revenues		4 894 276	3 412 576
Costs of sales	11.5	(3 483 519)	(2 704 647)
Profit (loss) on sales		1 410 757	707 929
Selling and distribution costs	11.5	(445 197)	(381 287)
Administrative expenses	11.5	(138 766)	(103 080)
Other operating income	11.1	85 778	73 749
Other operating expenses	11.2	(69 593)	(52 741)
Profit (loss) on operations		842 979	244 570
Financial income	11.3	92 767	3 435
Financial expenses	11.4	(8 169)	(24 890)
Gross profit (loss)		927 577	223 115
Income tax	13	(170 755)	(47 208)
Net profit (loss) for the financial year		756 822	175 907
<b>Attributable to:</b>			
The shareholders of the Parent Entity		631 001	127 154
To the non-controlling shareholder		125 821	48 753
<b>Earnings per share:</b>			
basic earnings from the profit (loss) attributable to the shareholders of the Parent Entity	14	9.11	1.60
diluted earnings from the profit attributable to the shareholders of the Parent Entity	14	9.11	160

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	NOTE	AS AT 31 DECEMBER 2022	AS AT 31 DECEMBER 2021
<b>Fixed assets</b>			
Tangible fixed assets	16	1 125 004	1 155 280
Investment properties	18	1 763	2 978
Intangible assets	19	63 899	56 667
Goodwill	19	8 847	9 421
Interests in joint ventures	20.3	4 264	2 943
Other financial assets	20.1	162 617	59 858
Other non-financial assets	20.2	277	300
Deferred income tax asset	13.3	5 196	14 303
<b>TOTAL FIXED ASSETS</b>		<b>1 371 867</b>	<b>1 301 750</b>
<b>Current assets</b>			
Inventories	22	601 205	402 868
Trade and other receivables	23	503 391	402 530
Corporate income tax receivables		633	8 409
Other non-financial assets	20.2	12 048	8 424
Other financial assets	20.1	283 411	97 358
Cash and cash equivalents	24	481 930	167 927
<b>TOTAL CURRENT ASSETS</b>		<b>1 882 618</b>	<b>1 087 516</b>
<b>TOTAL ASSETS</b>		<b>3 254 485</b>	<b>2 389 266</b>



EQUITY AND LIABILITIES	NOTE	AS AT 31 DECEMBER 2022	AS AT 31 DECEMBER 2021
<b>Equity (attributable to the shareholders of the Parent Entity)</b>			
Share capital	25.1	69 288	69 288
Reserve capital	25.3	407 976	407 976
Other reserves	25.4	312 447	201 226
FX differences on translation	25.2	(39 794)	7 534
Retained earnings/Accumulated losses	25.5	837 701	226 113
		<b>1 587 618</b>	<b>912 137</b>
<b>Non-controlling interests</b>	<b>25.6</b>	<b>464 563</b>	<b>330 859</b>
<b>TOTAL EQUITY</b>		<b>2 052 181</b>	<b>1 242 996</b>
<b>Long-term liabilities</b>			
Interest-bearing loans, bonds and borrowings	26	139 166	161 210
Provisions	28	1 264	1 346
Employee liabilities	27	43 547	111 993
Other financial liabilities	26	23 158	29 153
Deferred income tax liability	13	177 750	106 633
Grants and deferred income	29.2	10 512	13 870
		<b>395 397</b>	<b>424 205</b>
<b>Short-term liabilities</b>			
Interest-bearing loans, bonds and borrowings	26	35 387	84 489
Provisions	28	9 202	494
Other financial liabilities	26	8 055	12 170
Trade and other payables	29.1	551 211	506 812
Employee liabilities	27	133 165	107 028
Income tax liability		55 043	3 914
Grants and deferred income	29.2	14 843	7 158
		<b>806 906</b>	<b>722 065</b>
<b>TOTAL LIABILITIES</b>		<b>1 202 303</b>	<b>1 146 270</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3 254 484</b>	<b>2 389 266</b>



# CONSOLIDATED STATEMENT OF CASH FLOW

	NOTE	12-MONTH PERIOD ENDED ON 31 DECEMBER 2022	12-MONTH PERIOD ENDED ON 31 DECEMBER 2021
<b>Cash flows from operating activities</b>			
Gross profit (loss)		927 577	223 115
Adjustments for:		(255 264)	46 256
Depreciation/amortisation	11.6	130 994	114 672
Impairment of non-financial assets			(31 486)
FX gains/(loss)		7 371	3 200
Interest, net		3 315	17 804
Profit/(loss) on investing activities		1 714	647
(Increase)/decrease in trade and other receivables		(124 010)	(114 759)
(Increase)/decrease in inventories		(223 436)	(44 459)
Increase/(decrease) in liabilities except loans, borrowings, bonds and other financial liabilities		89 375	139 265
Change in non-financial assets		(4 569)	(7 506)
Change in provisions		(8 888)	1 295
Change in pension provisions and employee liabilities		(26 663)	(5 707)
Change in grants and deferred income		4 868	1 040
Co-generation certificates and CO <sub>2</sub> emission rights		(11 746)	(8 658)
Change in settlement of realised forward contracts that meet hedge accounting rules		(20 913)	(18 811)
Change in accounting for unrealized forward contracts not meeting hedge accounting rules		(72 340)	
Other		(336)	(281)
<b>Total flows from operations</b>		<b>672 313</b>	<b>269 371</b>
<b>Income tax paid</b>		<b>(64 930)</b>	<b>(31 178)</b>
<b>Net cash flows from operating activities</b>		<b>607 383</b>	<b>238 193</b>

**Cash flows from investing activities**

Disposal of tangible fixed assets and intangible assets			911
Purchase of tangible fixed assets and intangible assets		(154 879)	(159 874)
Other capital outflows / inflows		(1 000)	(550)
<b>Net cash flows from investing activities</b>		<b>(155 879)</b>	<b>(159 513)</b>

**Cash flows from financing activities**

Change to overdraft facilities		(18 313)	18 332
Repayment of leasing liabilities		(6 790)	(12 179)
Repayment of other financial liabilities		1	1
Inflows under contracted loans and borrowings			214 642
Repayment of loans and borrowings		(48 049)	(328 976)
Dividend paid to shareholders of AP SA	15	(27 715)	(20 786)
Dividend paid to non-controlling shareholders	25.6	(20 088)	(15 178)
Interest paid		(3 634)	(17 924)
<b>Net cash flows from financing activities</b>		<b>(124 588)</b>	<b>(162 068)</b>

Increase (decrease) in cash and cash equivalents		326 916	(83 388)
Net FX differences		(12 913)	(4 248)
<i>Increase (decrease) in cash and cash equivalents after effects of exchange rate changes</i>		<i>314 003</i>	<i>(87 636)</i>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>167 927</b>	<b>255 563</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>24</b>	<b>481 930</b>	<b>167 927</b>

