



ARCTIC PAPER

# CONSOLIDATED ANNUAL REPORT 2023

Arctic Paper Capital Group  
Abbreviated financial information

Arctic Paper has prepared its 2023 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 2023 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.**

We ensure sustainability  
from forest to paper

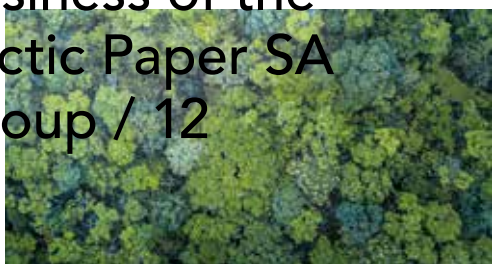
# TABLE OF CONTENTS

Letter from the President of the Management Board Arctic Paper SA / 06

Arctic Paper Group in 2023 / 8

Selected consolidated financial data / 10

## Description of the business of the Arctic Paper SA Group / 12



General information / 13

Business activity / 14

Our production facilities / 15

Our products / 16

Capital Group  
structure / 18

Shareholding  
structure / 19

Market Environment / 20

Market situation and strategy  
of the Group in 2023 / 24

Sales structure / 25

Sales markets / 26

Buyers / 27

Vendors & Suppliers / 28

Research and development / 30

Labour and environmental matters / 30

## Factors influencing the development of the Arctic Paper Group / 31

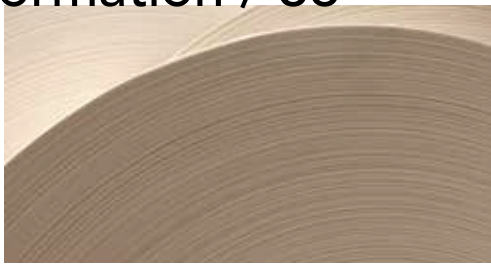


Information on market trends / 32

Factors influencing the financial results  
in the perspective of the next year / 35

---

## Supplementary information / 36



Composition of the Group / 37  
Management and supervisory bodies / 39  
Operational segments / 40  
Earnings per share / 45  
Dividend paid and proposed / 46  
Capital management / 47

## Consolidated Financial Statement / 48



Consolidated statement  
of profit and loss / 49  
Consolidated statement  
of financial position / 50  
Consolidated cash flow statement / 52



**MICHAŁ JARCZYŃSKI**  
CEO ARCTIC PAPER SA

**Dear Sirs,**

I am pleased to present to you the Arctic Paper Group's annual report for 2023.

It was yet another year during which we had to operate in a dynamically changing economic landscape. The economic situation, which was very favorable for us in 2022, changed dramatically, leading to a notable decline in demand and results across the entire industry. However, thanks to swift adjustment actions, we achieved very good results even with significantly reduced production. Focusing on the margins achieved rather than the production volume, brought the expected results. The achieved EBITDA level is the second-best result in the Group's history. It is worth noting the Group's robust financial position, strong balance sheet and high level of cash flow. This presents a twofold benefit, as it both reduces financial costs, especially at the current high interest rate levels, and enables the implementation of an ambitious investment plan related to the implementation of subsequent stages of the 4P strategy. The

majority of expenditures are allocated to the development of our two new, promising segments – energy and packaging. In just a few months (June 2024), a photovoltaic installation with a capacity of 17 MW will be commissioned at the Kostrzyn paper mill, and another one (with a capacity of 9 MW) is in the development phase. These initiatives will significantly reduce the carbon footprint of our production. We have started the construction of a new biomass installation for the factory in Grycksbo, which, in addition to generating green thermal energy necessary for paper production, will enable the production of 50 000 tons of wood pellets. These pellets will be sold as green fuel to customers in Germany and France.

The consistent implementation of the 4P strategy and the resultant accomplishments reaffirm that the Arctic Paper Group is a reliable and solid partner for its clients while simultaneously meeting the expectations of its shareholders.

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

Sincerely yours,

**Michał Jarczyński**

President of the Management Board of Arctic Paper SA



# ARCTIC PAPER GROUP IN 2023

SALES REVENUES

**3.549** MPLN

EBITDA

**475** MPLN

EBITDA MARGIN

**13.4%**

NET PROFIT

**272** MPLN

EARNINGS PER SHARE

**3.57** PLN



RETURN  
ON EQUITY

**15.1%**

RETURN  
ON ASSETS

**10.0%**

DIVIDEND PER SHARE\*

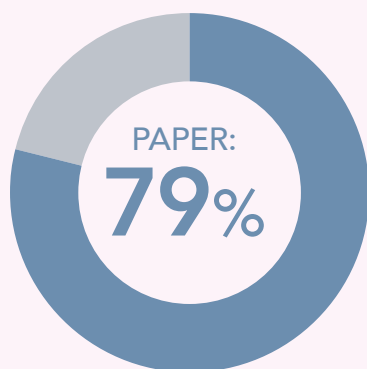


**1.00** PLN

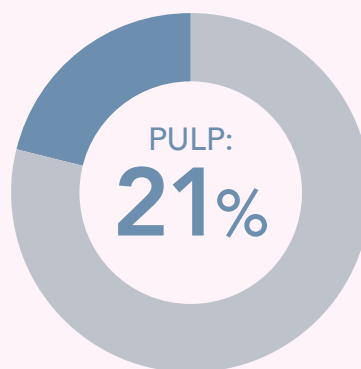
\*dividend proposal by the Management Board, the final decision on the payment of dividend will be taken by the Ordinary Shareholders Meeting



## EBITDA SPLIT



**376** MPLN



**99** MPLN

M PLN	2023	2022
Sales revenues	3 549.2	4 894.3
Profit on sales	745.7	1 410.8
Gross margin on sales (%)	21.0	28.8
EBITDA	475.3	974.0
EBITDA margin (%)	13.4	19.9
EBIT	357.1	843.0
EBIT margin (%)	10.1	17.2
Return on equity (%)	15.1	36.9
Return on assets (%)	10.0	23.3
Earnings per share (PLN)	3.75	9.11
Net cash flows from operating activity	471.2	607.4
Net debt to EBITDA ratio for the last 12 months (x)	(0.73)	(0.28)
Number of employees	1 525	1 509

# SELECTED CONSOLIDATED FINANCIAL DATA

	PERIOD FROM 01.01.2023 TO 31.12.2023 PLN '000	PERIOD FROM 01.01.2022 TO 31.12.2022 PLN '000	PERIOD FROM 01.01.2023 TO 31.12.2023 EUR '000	PERIOD FROM 01.01.2022 TO 31.12.2022 EUR '000
Continuing operations				
Sales revenues	3 549 153	4 894 276	781 121	1 044 090
Operating profit/(loss)	357 068	842 979	78 586	179 832
Gross profit/(loss)	340 917	927 577	75 031	197 879
Net profit/(loss) for the period	272 388	756 822	59 949	161 452
Net profit (loss) attributable to the shareholders of the Parent Entity	247 132	631 001	54 390	134 611
Net cash flows from operating activities	471 204	607 383	103 706	129 572
Net cash flows from investing activities	(146 720)	(155 879)	(32 291)	(33 253)
Net cash flows from financing activities	(288 934)	(124 588)	(63 591)	(26 578)
Change in cash and cash equivalents	(35 550)	326 916	(7 824)	69 741
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)	3.57	9.11	0.78	1.94
Diluted EPS (in PLN/EUR)	3.57	9.11	0.78	1.94
Mean PLN/EUR exchange rate*			4.5437	4.6876

	AS AT 31 DECEMBER 2023 PLN '000	AS AT 31 DECEMBER 2022 PLN '000	AS AT 31 DECEMBER 2023 EUR '000	AS AT 31 DECEMBER 2022 EUR '000
Assets	2 722 877	3 254 485	626 237	693 935
Long-term liabilities	279 753	395 397	64 341	84 308
Short-term liabilities	641 617	806 906	147 566	172 052
Equity	1 801 508	2 052 182	414 330	437 575
Share capital	69 288	69 288	15 936	14 774
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)	26.00	29.62	5.98	6.32
Diluted book value per share (in PLN/EUR)	26.00	29.62	5.98	6.32
Declared or paid dividend (in PLN/EUR)	187 077 014	27 715 113	43 025 992	5 909 532
Declared or paid dividend per share (in PLN/EUR)	2.70	0.40	0.62	0.09
PLN/EUR exchange rate at the end of the period**			4.3480	4.6899

\* The profit and loss items have been translated at the mean arithmetic exchange rates published by the National Bank of Poland from the beginning of the year until the end of the period covered with the report.

\*\* Balance sheet items and book value per share have been translated at the mean arithmetic exchange rates published by the National Bank of Poland, prevailing on the balance sheet date.



An aerial photograph of a dense, lush green forest, showing a variety of tree species and a thick canopy. The text is overlaid in the center of the image.

# 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 2023, the Arctic Paper Group employs over 1 500 people in its Paper Mills, companies involved in the 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 a total production capacity of over 695 000 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 2023, 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 2023 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 production and sales of paper and pulp. The Group's additional business, partly subordinate to paper and pulp production, covers:

- Production of packaging,
- 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 2023, 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 220 000 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 2023, as well as on the day hereof, the Group owned the following Pulp Mills:

- the Rottneros mill (Sweden) has a production capacity of around 160 000 tonnes per year and produces one type of mechanical fibre pulp: chemi-thermo mechanical 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 cable industry.



# OUR PRODUCTS

THE PRODUCT ASSORTMENT OF THE ARCTIC PAPER GROUP COVERS:

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

- white offset paper that we produce and distribute primarily under the Amber brand which is one of the most versatile types of paper destined for various applications;
- woodfree bulky book paper that 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, personalised direct mail correspondence.



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

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

---

**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.

---

**Unbleached sulphate pulp:**

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

---

**Mechanical fibre pulp:**

- chemi-thermo mechanical pulp (CTMP), which is mainly used in the production of printing and writing paper.

# 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 Giełda Papierów Wartościowych w Warszawie SA (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 and 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 notes to the consolidated financial statements (note 1 and 2).



# SHAREHOLDING STRUCTURE

Nemus Holding AB, a company under Swedish law (a company owned indirectly by Mr Thomas Onstad), is the majority shareholder of Arctic Paper SA, holding (as at 31 December 2023) 40 381 449 shares of our Company, which constitutes 59.15% of its share capital and corresponds to 59.15% 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 5 623 658 shares representing 8.12% 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 2023 was 68.13% and has not changed until the date of approval of this report.

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	41 581 449	60.01%	41 581 449	60.01%
<i>Nemus Holding AB</i>	40 981 449	59.15%	40 981 449	59.15%
<i>other entity</i>	600 000	0.87%	600 000	0.87%
– directly	5 623 658	8.12%	5 623 658	8.12%
<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>

as at 31.12.2023

The data in the above tables are shown as at the date of approval of this report, which has not changed as compared to 31 December 2023, and the date of publication of the quarterly report for Q3 2023, i.e. as at 7 November 2023.

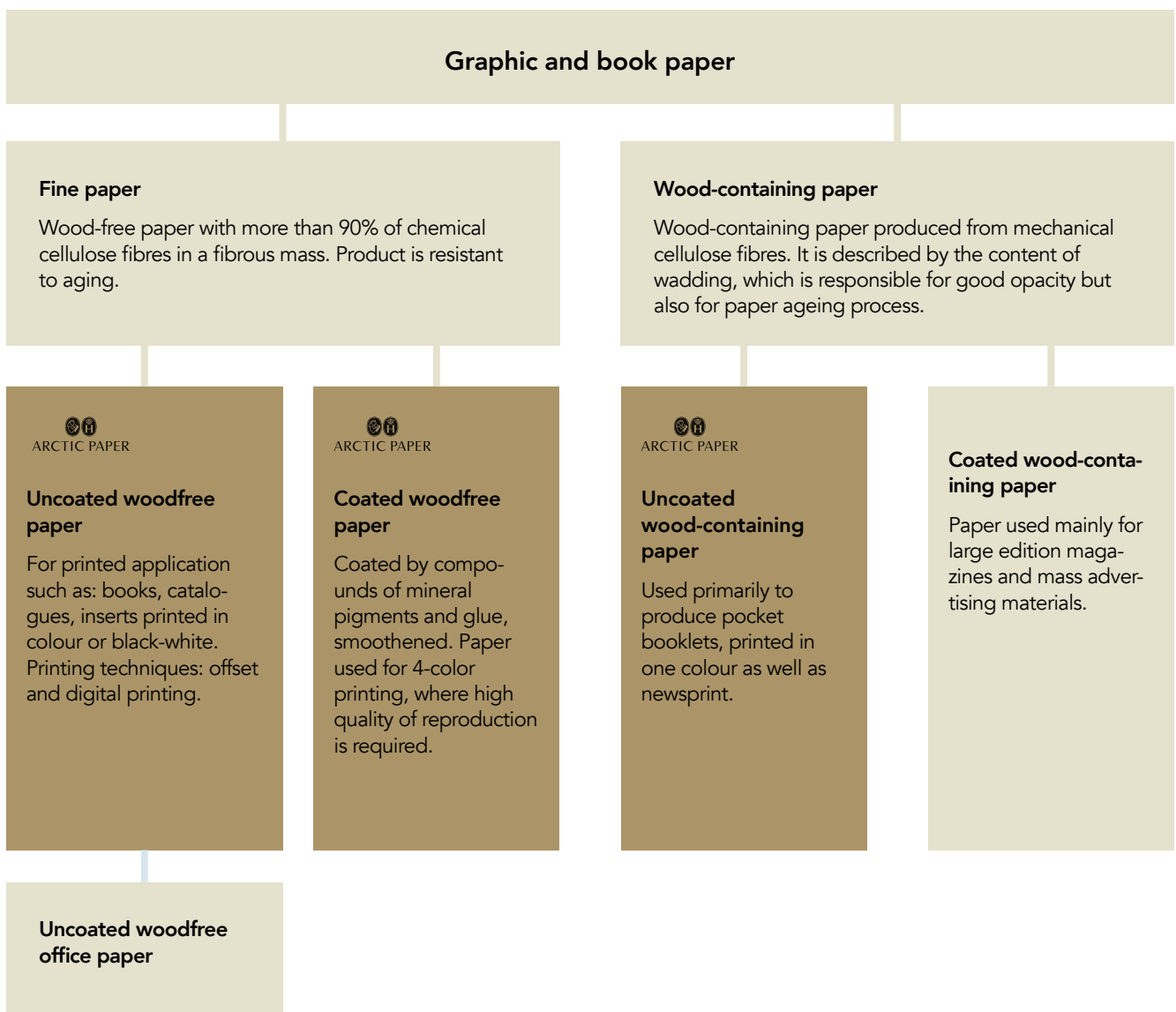
# MARKET ENVIRONMENT

## Segments of the graphic paper market

The graphic paper market is split into three core segments:

- coated and uncoated fine paper,
- coated and uncoated wood-containing 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:

---

**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 Calendared), 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.

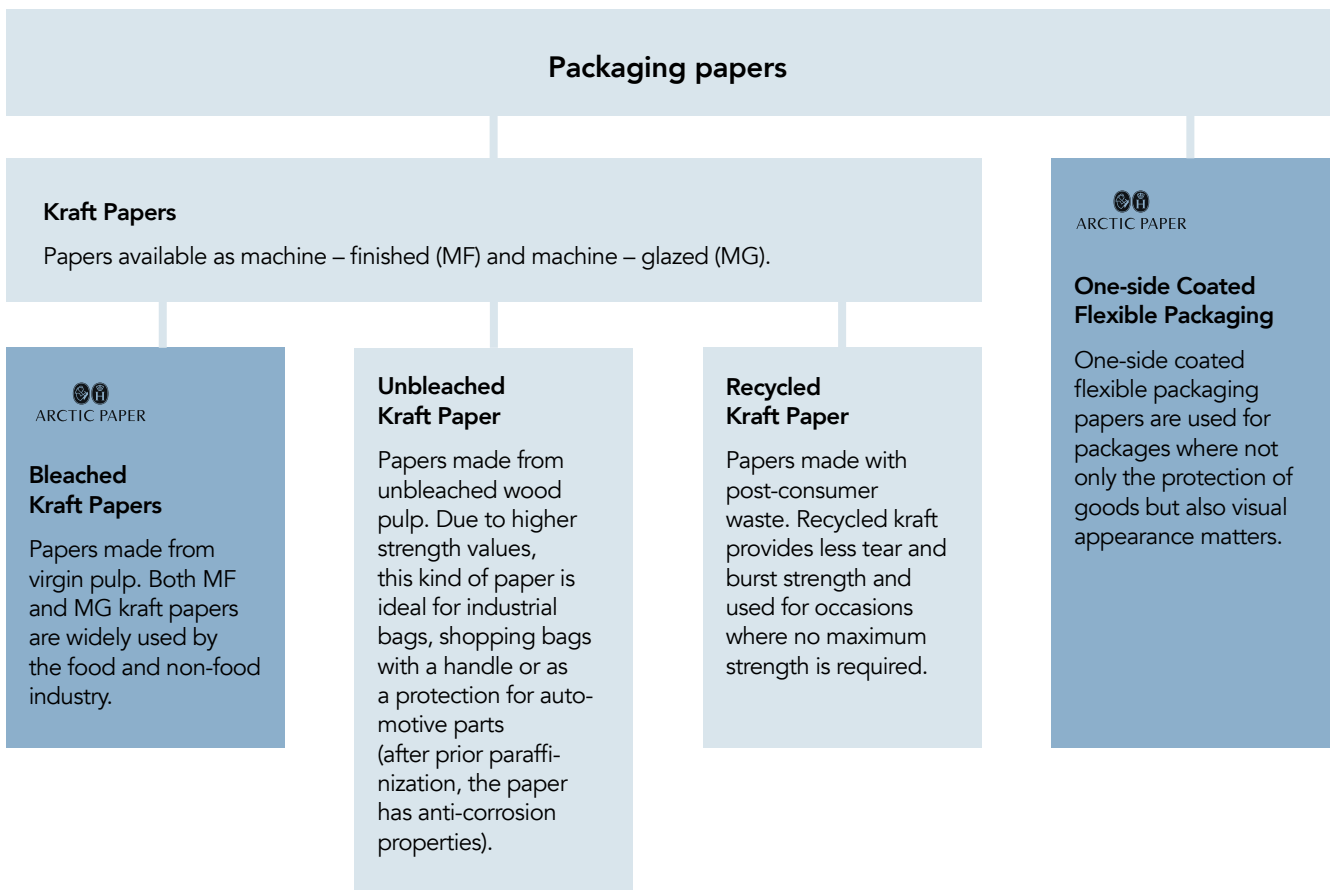
Additional information on the market environment is provided further in this report in the section: *Information on market trends*.

## Packaging paper market segments in which Arctic Paper operates

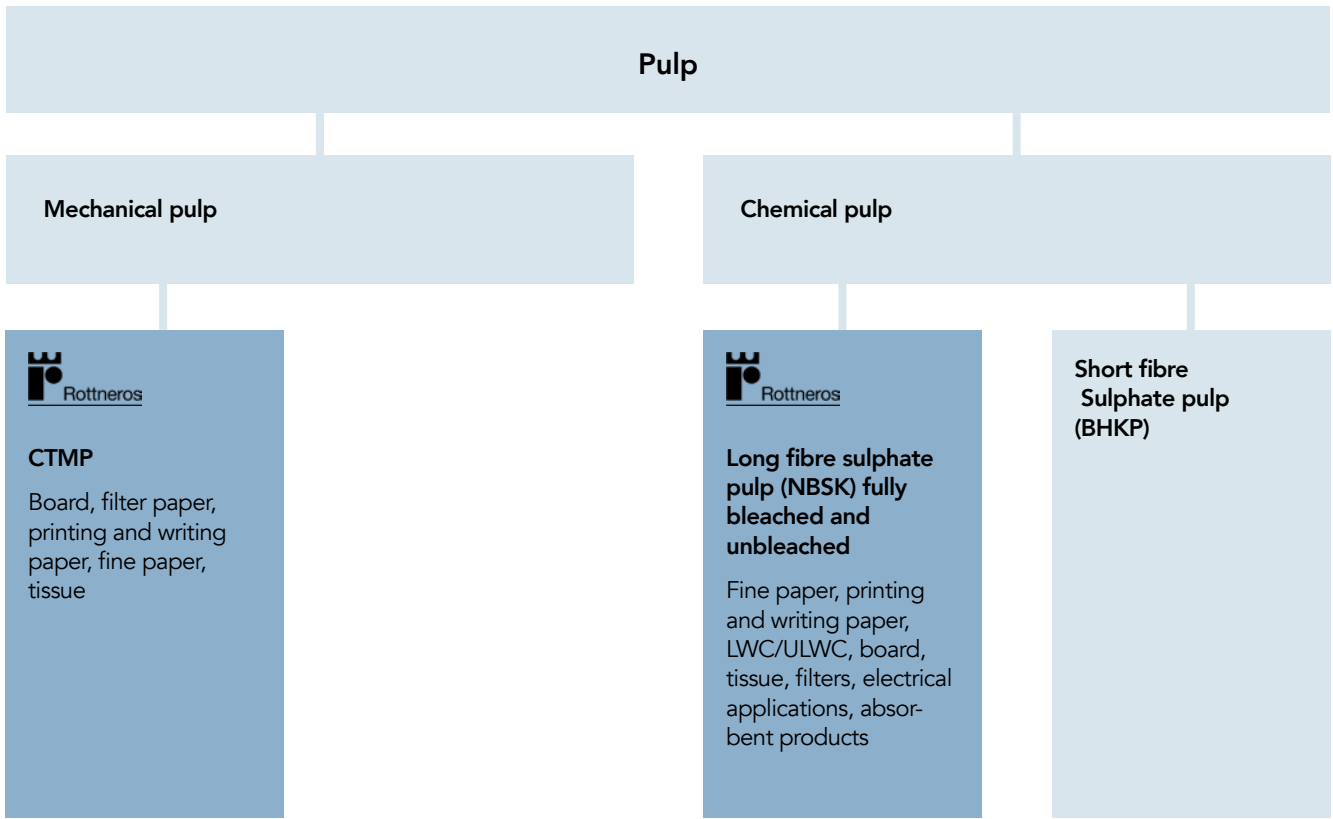
The packaging paper market, where Arctic Paper operates, is divided into two basic segments:

- 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-finished kraft paper and one-side coated matt surface packaging. We are not present in the other segments.

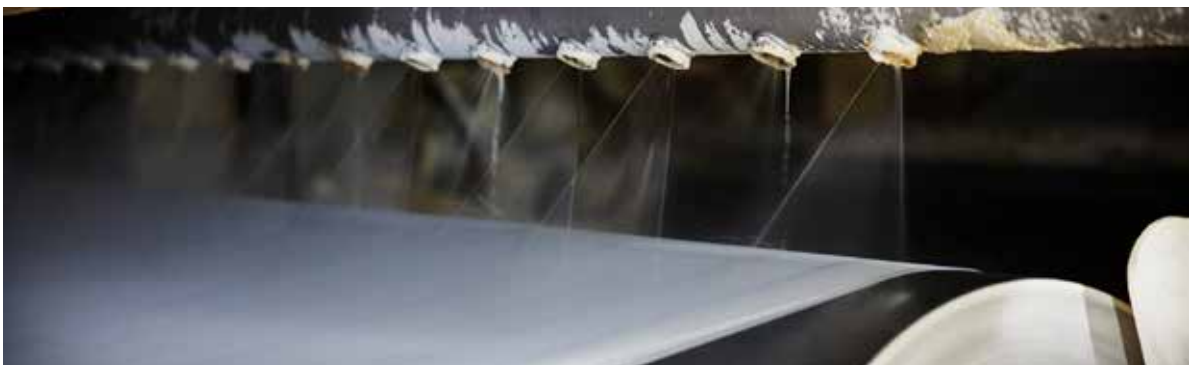


## Segments of the pulp market



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;
- chemi-thermo mechanical pulp (CTMP), which is mainly used in the production of printing and writing paper.



# MARKET SITUATION AND STRATEGY OF THE GROUP IN 2023

The year 2023 was a period of market challenges for the Arctic Paper Group. The market situation has become radically different from that of 2022. Demand for paper and pulp decreased significantly, which was reflected in lower capacity utilisation and financial performance. The inflationary environment posed further challenges to effective profitability management. Despite such an unfavourable market environment, the Group achieved very good results. It recorded its second-best result in its history, maintained a strong balance sheet and consistently pursued its strategy of developing two new segments – packaging and energy.





## SALES STRUCTURE

In 2023 and in 2022, the sales structure by main product lines was as follows:

PLN '000	2023	% SHARE	2022	% SHARE
<b>Paper</b>	<b>2 460 441</b>	<b>69%</b>	<b>3 579 803</b>	<b>73%</b>
Amber	1 047 941	30%	1 683 656	34%
G-Print	604 247	17%	497 935	10%
Munken	549 767	15%	729 265	15%
Arctic	217 431	6%	604 141	12%
AP Tech	41 031	1%	64 141	1%
Other	24	0%	664	0%
<b>Pulp</b>	<b>1 088 712</b>	<b>31%</b>	<b>1 314 473</b>	<b>27%</b>
NBSK and derivatives	984 514	28%	781 383	16%
Groundwood	-	0%	150 994	3%
CTMP	47 543	1%	285 793	6%
Other	56 655	2%	96 303	2%
<b>Total paper and pulp</b>	<b>3 549 153</b>	<b>100%</b>	<b>4 894 276</b>	<b>100%</b>

THOUSAND TONNES	2023	% SHARE	2022	% SHARE
<b>Paper</b>	<b>431</b>	<b>55%</b>	<b>617</b>	<b>61%</b>
Amber	190	24%	296	29%
G-Print	111	14%	91	9%
Munken	82	10%	108	11%
Arctic	39	5%	110	11%
AP Tech	8	1%	11	1%
Other	0	0%	0	0%
<b>Pulp</b>	<b>356</b>	<b>45%</b>	<b>389</b>	<b>39%</b>
NBSK and derivatives	235	30%	220	22%
Groundwood	-	0%	56	6%
CTMP	121	15%	113	11%
<b>Total paper and pulp</b>	<b>787</b>	<b>100%</b>	<b>1 006</b>	<b>100%</b>

In 2023 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 2023, there is a quantitative decrease and a quantitative increase in paper and pulp sales.

---

## MARKETS

In 2023 the share of Group sales outside Poland was 88% compared to 2022 (83%). This year, similarly to previous years, sales were focused on European markets. The share of those markets in the overall value of sales was 88% in 2023 (2022: 98%).

# BUYERS

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

- **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,
- **end users and brand owners** – 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 2023 show that the share of the largest buyer did not exceed 12% 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.

## 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 from the Baltic states.

## 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.

## 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 suppliers. The Group's consolidated costs for 2023 show that the share of the largest service provider did not exceed 10% of total costs.



# RESEARCH AND DEVELOPMENT

The Arctic Paper Group mainly carries out development work aimed at streamlining and modernizing production processes, improving cost and energy efficiency and improving the quality of the products offered.

During the period covered by this report, the paper and pulp mills carried out development work aimed at improving the production process, reducing energy and raw material consumption and optimising the cost of the production process.

## LABOUR AND ENVIRONMENTAL MATTERS

Matters concerning the Group's employees and protection of the environment are described in detail in the document *"Non-financial information of the Arctic Paper SA Capital Group"* published separately – *"Sustainability Report 2023"*.





# FACTORS INFLUENCING THE DEVELOPMENT OF THE ARCTIC PAPER GROUP

# INFORMATION ON MARKET TRENDS

## Supplies of fine paper

---

In Q4 2023 the Arctic Paper Group recorded an increased level of orders versus Q3 2023 by 4.5% and an increase of orders versus the same period of 2022 by 3.5%.

Source of data: Analysis by Arctic Paper

## Paper prices

---

At the end of Q4 2023, average prices for high-grade papers were lower by respectively: 9.8% for UWF papers and by 12.2% for CWF papers compared to the corresponding prices at the end of 2022.

In the period from October to December 2023, 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 remained unchanged for both UWF and CWF papers.

The average prices invoiced by Arctic Paper in EUR for comparable products in the segment of uncoated wood-free paper (UWF) at the end of 2023 dropped by 20.8% versus the end of 2022 while in the segment of coated wood-free paper (CWF) the prices dropped by 16.8%.

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

---

At the end of Q4 2023, the pulp prices were as follows: NBSK 1,244 USD/tonne and BHKP 1,001 USD/tonne. The average NBSK price in Q4 2023 was 18.6% lower than in the same period last year, while BHKP was 34.2% lower. The average pulp price in Q4 2023 was higher by 1.4% for NBSK and higher by 8.8% for BHKP as compared to Q3 2023.

The average cost of pulp per ton of produced paper as calculated for the AP Group, expressed in PLN, in Q4 2023 decreased by 13.8% versus Q3 2023 and decreased by 44.1% versus Q4 2022. The share of pulp costs in cost of paper sales in Q4 of the current year amounted to 49% and decreased compared to the level recorded in Q4 2022 (61%).

In the four quarters of 2023, the AP Group used pulp in the production process in the following structure: BHKP 75%, NBSK 20% and other 5%.

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

## Currency exchange rates

---

The EUR/PLN exchange rate at the end of Q4 2023 amounted to 4.3480 and was lower by 6.2% than at the end of Q3 2023 and lower by 7.3% than at the end of Q4 2022. The average exchange rate in Q4 2023 was lower by 1.8% than in Q3 2023 and amounted to 4.4193 versus 4.4995. The average exchange rate in Q4 2023 was by 6.6% lower than in Q4 2022.

The EUR/SEK exchange rate at the end of December 2023 stood at 11.0947 against 11.4942 at the end of Q3 2023 and 11.1320 at the end of Q4 2022, representing an appreciation of the SEK against the EUR of 3.5% and 0.3% respectively.

For this pair, the mean exchange rate in Q4 was by 2.5% lower compared to Q3 2023. The mean exchange rate in Q4 2023 was by 4.9% higher than in the corresponding period of 2022.

The changes mean an appreciation of SEK vis-a-vis EUR in Q4 2023 versus Q3 2023 which had an unfavourable 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 2023, the USD/PLN rate recorded a decrease by 9.9% versus the end of Q3 2023 and amounted to 3.9350. The average rate in Q4 2023 was 4.1113, compared to 4.1360 in Q3 2023 and 4.6397 in Q4 2022. This represents an appreciation of the PLN against the USD of 0.6% q/q and a strong appreciation of 11.4% y/y.

At the end of Q4 2023, the USD/SEK rate amounted to 10.0408 and was by 7.3% lower than at the end of Q3 2023. The average rate in Q4 2023 was 10.6757, 0.5% lower than the average rate in Q4 2022.

The average annual change in the USD/SEK exchange rate (+4.9%) adversely affected the costs realised in USD by the Swedish paper mills, in particular pulp costs. With regard to the Kostrzyn paper mill, changes in the average annual USD/PLN exchange rate (-5.8%) had a favourable impact on costs realised in USD, in particular pulp costs.

At the end of December 2023, the EUR/USD rate amounted to 1.1050 compared to 1.0609 at the end of Q3 2022 and to 1.0655 at the end of December 2022. In terms of percentage, that means an appreciation of EUR to USD by 4.2% versus Q3 2023 and an appreciation of the currency by 3.7% versus the equivalent period of the previous year. In Q4 2023, the mean exchange rate of the pair amounted to 1.0755 compared to 1.0884 in Q3 2023 (-1.2%).

The appreciation of the EUR against the SEK on an average annual basis (+8% y/y) adversely affected the Group's financial results, mainly due to a reduction in sales revenue generated in EUR and expressed in SEK. The strengthening of the PLN against the USD in the corresponding period had a positive impact on the purchase prices of raw material at the Kostrzyn mill. The SEK weakening against the USD y/y had a negative impact on the above costs at the Swedish paper mills



# 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:

---

- 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 in 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, financial results of Paper Mills may be negatively influenced by increasing pulp prices, particularly BHKP. 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

## 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	
			31 DECEMBER 2023	31 DECEMBER 2022
Arctic Paper Kostrzyn SA	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Paper production	100%	100%
Arctic Paper Munkedals AB	Sweden, SE 455 81 Munkedal	Paper production	100%	100%
Arctic Paper Mochenwangen GmbH	Germany, Fabrikstrasse 62, DE-882, 84 Wolpertswende	Non-operating company, formerly paper production	99.74%	99.74%
Arctic Paper Grycksbo AB	Sweden, Box 1, SE 790 20 Grycksbo	Paper production	100%	100%
Arctic Paper UK Limited	United Kingdom, 8 St Thomas Street SE1 9RR London	Trading company	100%	100%
Arctic Paper Baltic States SIA	Latvia, K. Vardemara iela 33-20, Riga LV-1010	Trading company	100%	100%
Arctic Paper Deutschland GmbH	Germany, Am Sandtorkai 71, D-20457 Hamburg	Trading company	100%	100%
Arctic Paper Benelux SA	Belgium, Ophemstraat 24, B-3050 Oud-Heverlee	Trading company	100%	100%
Arctic Paper Schweiz AG	Switzerland, Gutenbergstrasse 1, CH-4552 Derendingen	Trading company	100%	100%
Arctic Paper Italia srl	Italy, Via Chiaravalle7, 20122 Milan	Trading company	100%	100%
Arctic Paper Danmark A/S	Dania, Korskindelund 6 DK-2670 Greve	Trading company	100%	100%
Arctic Paper France SAS	Francia, 30 rue du Chateau Des Rentiers, 75013, Paris	Trading company	100%	100%
Arctic Paper Espana SL	Hiszpania, Avenida Diagonal 472-474, 9-1 Barcelona	Trading company	100%	100%
Arctic Paper Papierhandels GmbH	Austria, Hainborgerstrasse 34A, A-1030 Wien	Trading company	100%	100%
Arctic Paper Polska Sp. z o.o.	Poland, Okrężna 9, 02-916 Warsaw	Trading company	100%	100%

Arctic Paper Norge AS	Norway, Eikenga 11-15, NO-0579 Oslo	Trading company	100%	100%
Arctic Paper Sverige AB	Sweden, SE 455 81 Munkedal	Trading company	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%
Arctic Paper Investment GmbH *	Germany, Fabrikstrasse 62, DE-882, 84 Wolpertswende	Activities of holding companies	100%	100%
Arctic Paper Finance AB	Sweden, Box 383, 401 26 Göteborg	Activities of holding companies	100%	100%
Arctic Paper Verwaltungs GmbH *	Germany, Fabrikstrasse 62, DE-882 84 Wolpertswende	Activities of holding companies	100%	100%
Arctic Paper Immobilienverwaltung GmbH&Co. KG*	Germany, Fabrikstrasse 62, DE-882 84 Wolpertswende	Activities of holding companies	94.90%	94.90%
Arctic Paper Investment AB **	Sweden, Box 383, 401 26 Göteborg	Activities of holding companies	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%
Munkedals Kraft AB	Sweden, 455 81 Munkedal	Production of hydropower	100%	100%
Kostrzyn Packaging Sp. z o.o.	Poland, ul. Fabryczna 1, 66-470 Kostrzyn nad Odrą	Production of packaging	76%	100%
Kalltorp Kraft Hb	Sweden, Trollhatan	Water power production	50%	50%
Rottneros AB	Sweden, Söderhamn	Activities of holding companies	51.27%	51.27%
Rottneros Bruk AB	Sweden, Rottneros	Pulp production	51.27%	51.27%
Utansjo Bruk AB	Sweden, Söderhamn	Non-operating company	51.27%	51.27%
Vallviks Bruk AB	Sweden, Vallvik	Pulp production	51.27%	51.27%
Nykvist Skogs AB	Sweden, Gräsmark	Company grouping forest owners	51.27%	51.27%
Rottneros Packaging AB	Sweden, Sunne	Production of food packaging	51.27%	51.27%
SIA Rottneros Baltic	Latvia, Kuldiga	Procurement bureau	51.27%	51.27%

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

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

# MANAGEMENT AND SUPERVISORY BODIES

## Management Board of the Parent Entity

As at 31 December 2023, the Parent Entity's Management Board was composed of:

- 
- **Michał Jarczyński** – President of the Management Board appointed on 10 December 2018, with effect from 1 February 2019;
  - **Katarzyna Wojtkowiak** – Member of the Management Board appointed on 29 May 2023;
  - **Fabian Langenskiöld** – Member of the Management Board appointed on 14 August 2023.
- 

## Supervisory Board of the Parent Entity

As at 31 December 2023, 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.

## Audit Committee of the Parent Entity

As at 31 December 2023, 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).

## 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 "PAPER" SEGMENT 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)** – production of coated wood-free paper under the brands of G-Print and Arctic.



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

---

- **Rottneros pulp mill (Sweden)** – produces mainly mechanical fibre pulp and chemi-thermo mechanical pulp (CTMP), production level of about 160 000 tonnes annually;
- **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. Production level of about 240 000 tonnes annually.

THE GROUP IDENTIFIES THE FOLLOWING BUSINESS SEGMENTS:

---

1. **Paper** – this segment includes uncoated and coated papers:

- **Uncoated paper** – paper for printing or other graphic purposes, including wood-free and wood 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.
- 2. **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 chemi thermo mechanical 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 (transactions concerning Kostrzyn Packaging regarding fixed assets under construction and sales with the Rottneros Group) and the results of operations of Arctic Paper SA (mainly intercompany services).

#### THE DIVISION OF THE BUSINESS SEGMENTS INTO PAPER AND PULP IS DICTATED BY THE FOLLOWING CONSIDERATIONS:

- 
- 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 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.

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 2023 and as at 31 December 2023.



	PAPER	PULP	TOTAL	EXCLUSIONS	TOTAL CONTINUING OPERATIONS
<b>Revenues</b>					
Sales to external customers	2 460 441	1 088 712	3 549 153	-	3 549 153
Sales between segments	-	2 794	2 794	(2 794)	-
Total segment revenues	2 460 441	1 091 506	3 551 947	(2 794)	3 549 153
<b>Result of the segment</b>					
Adjusted EBITDA	380 946	104 198	485 144	(9 839)	475 304
Depreciation/ amortisation	(83 255)	(34 665)	(117 920)	(317)	(118 237)
Operating profit/(loss)	297 691	69 533	367 224	(10 156)	357 068
Interest income	7 366	5 547	12 912	(2 581)	10 331
Interest expense	(4 342)	(3 566)	(7 908)	1 624	(6 284)
FX gains and other financial income	3 446	3 962	7 408	(2 670)	4 738
FX losses and other financial expenses	(19 951)	(4 754)	(24 705)	(231)	(24 936)
<b>Gross profit</b>	<b>284 209</b>	<b>70 722</b>	<b>354 931</b>	<b>(14 014)</b>	<b>340 917</b>
Assets of the segment	1 762 824	1 057 151	2 819 975	(105 172)	2 714 803
Liabilities of the segment	670 887	279 817	950 704	(150 542)	800 162
Capital expenditures	(123 971)	(80 166)	(204 136)	3 964	(200 172)
Interests in joint ventures	4 891	-	4 891	-	4 891

Twelve-month period ended on 31 December 2023 and as at 31 December 2023

# EARNINGS PER SHARE

Earnings per share are established by dividing the net profit/(loss) 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 2023	YEAR ENDED ON 31 DECEMBER 2022
Net profit/(loss) attributable to the shareholders of the Parent Entity	247 132	631 001
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	3.57	9.11
--	------	------

## Diluted profit/(loss) per share (in PLN)

from the profit/(loss) for the period attributable to the shareholders of the Parent Entity	3.57	9.11
---	------	------

In the period between the balance sheet date and the date hereof there were no other transactions related to ordinary shares or potential ordinary shares.

## 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 2023.

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 15 February 2024, the Management Board of the Company, taking into account the preliminary financial results of the Company and the Arctic Paper SA Capital Group for 2023, 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 2023, in the total amount of PLN 69 287 783.00 i.e. PLN 1.00 gross per share. The Management Board's recommendation will be reviewed by the Supervisory Board and will be submitted to the Annual General Meeting for resolution. The final decision on the distribution of the Company's 2023 profit and the payment of the dividend will be taken by the Annual General Meeting.



# CAPITAL MANAGEMENT

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

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 year ended on 31 December 2023 and 31 December 2022.

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 2023	AS AT 31 DECEMBER 2022
Bank loans and other financial liabilities	152 940	205 766
Trade and other payables	447 917	551 211
Minus cash and cash equivalents	(500 449)	(481 930)
Net debt	100 408	275 048
Equity	1 801 508	2 727 665
Equity and net debt	1 901 915	3 002 713
<b>Leverage ratio</b>	<b>0.05</b>	<b>0.09</b>



# CONSOLIDATED FINANCIAL STATEMENTS

for the year ended on 31 December 2023



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	YEAR ENDED ON 31 DECEMBER 2023	YEAR ENDED ON 31 DECEMBER 2022
<b>Continuing operations</b>		
Revenues from sales of paper and pulp	3 549 153	4 894 276
Sales revenues	3 549 153	4 894 276
Costs of sales	(2 803 469)	(3 483 519)
Gross profit/(loss) on sales	745 683	1 410 757
Selling and distribution costs	(340 973)	(445 197)
Administrative expenses	(124 077)	(138 766)
Other operating income	129 397	85 778
Other operating expenses	(52 963)	(69 593)
Operating profit/(loss)	357 068	842 979
Financial income	15 069	92 767
Financial expenses	(31 220)	(8 169)
Gross profit/(loss)	340 917	927 577
Income tax	(68 528)	(170 755)
Net profit/(loss) from continuing operations	272 388	756 822
Net profit/(loss) for the financial year	272 388	756 822
<b>Attributable to:</b>		
The shareholders of the Parent Entity	247 132	631 001
To the non-controlling shareholder	25 256	125 821
<b>Earnings per share:</b>		
basic earnings from the profit/(loss) attributable to the shareholders of the Parent Entity	3.57	9.11
diluted earnings from the profit attributable to the shareholders of the Parent Entity	3.57	9.11

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	AS AT 31 DECEMBER 2023	AS AT 31 DECEMBER 2022
<b>Fixed assets</b>		
Tangible fixed assets	1 166 171	1 125 004
Investment properties	1 751	1 763
Intangible assets	58 464	63 899
Goodwill	8 230	8 847
Interests in joint ventures	4 891	4 264
Other financial assets	49 414	162 617
Other non-financial assets	158	277
Deferred income tax asset	3 183	5 196
<b>TOTAL FIXED ASSETS</b>	<b>1 292 261</b>	<b>1 371 867</b>
<b>Current assets</b>		
Inventories	444 930	601 205
Trade and other receivables	415 421	503 391
Corporate income tax receivables	847	633
Other non-financial assets	17 170	12 048
Other financial assets	51 798	283 411
Cash and cash equivalents	500 449	481 930
<b>TOTAL CURRENT ASSETS</b>	<b>1 430 616</b>	<b>1 882 618</b>
<b>TOTAL ASSETS</b>	<b>2 722 877</b>	<b>3 254 485</b>



EQUITY AND LIABILITIES	AS AT 31 DECEMBER 2023	AS AT 31 DECEMBER 2022
<b>Equity (attributable to the shareholders of the Parent Entity)</b>		
Share capital	69 288	69 288
Reserve capital	443 805	407 976
Other reserves	175 639	312 447
FX differences on translation	(107 340)	(39 794)
Retained earnings/Accumulated losses	862 035	837 702
	<b>1 443 427</b>	<b>1 587 619</b>
<b>Non-controlling interests</b>	<b>358 081</b>	<b>464 563</b>
<b>TOTAL EQUITY</b>	<b>1 801 508</b>	<b>2 052 182</b>
<b>Long-term liabilities</b>		
Loans payables	79 311	139 166
Provisions	5 095	1 264
Employee liabilities	41 139	43 547
Other financial liabilities	24 887	23 158
Deferred income tax provision	121 208	177 750
Grants and deferred income	8 113	10 512
	<b>279 752</b>	<b>395 397</b>
<b>Short-term liabilities</b>		
Loans payables	43 862	35 387
Provisions	1 240	9 202
Other financial liabilities	4 880	8 055
Trade and other payables	447 917	551 211
Employee liabilities	105 525	133 165
Income tax liability	29 485	55 043
Grants and deferred income	8 708	14 843
	<b>641 617</b>	<b>806 906</b>
<b>TOTAL LIABILITIES</b>	<b>921 370</b>	<b>1 202 303</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 722 877</b>	<b>3 254 485</b>

# CONSOLIDATED CASH FLOW STATEMENT

	YEAR ENDED ON 31 DECEMBER 2023	YEAR ENDED ON 31 DECEMBER 2022
<b>Cash flows from operating activities</b>		
Gross profit/(loss)	340 917	927 577
Adjustments for:	217 095	(255 264)
Depreciation/amortisation	118 237	130 994
FX gains/(loss)	(4 610)	7 371
Interest, net	6 682	3 315
Profit/(loss) on investing activities	2 291	1 714
(Increase)/decrease in inventories	129 807	(223 436)
Increase/(decrease) of liabilities except loans, borrowings, bonds and other financial liabilities	(96 201)	89 375
Change in non-financial assets	(27 959)	(4 569)
Change in provisions	4 797	(8 888)
Change in pension provisions and employee liabilities	(17 820)	(26 663)
Change in grants and deferred income	(7 813)	4 868
Co-generation certificates and CO <sub>2</sub> emission rights	2 221	(11 746)
Change in settlement of realised forward contracts that meet hedge accounting rules	46 526	(20 913)
Change in accounting for unrealized forward contracts not meeting hedge accounting rules	(3 566)	(72 340)
Other	(410)	(336)
<b>Total flows from operations</b>	<b>558 012</b>	<b>672 313</b>
<b>Income tax paid</b>	<b>(86 808)</b>	<b>(64 930)</b>
<b>Net cash flows from operating activities</b>	<b>471 204</b>	<b>607 383</b>
<b>Cash flows from investing activities</b>		

Disposal of tangible fixed assets and intangible assets	2 989	-
Purchase of tangible fixed assets and intangible assets	(200 172)	(154 879)
Outflows from bank deposit set up for more than 3 months	(41 520)	-
Proceeds from bank deposit set up for more than 3 months	41 520	-
Interest received	531	-
Proceeds from forward contracts that do not comply with hedge accounting rules	61 013	-
Purchase of long-term financial assets	(11 490)	-
Other capital outflows / inflows	409	(1 000)
<b>Net cash flows from investing activities</b>	<b>(146 720)</b>	<b>(155 879)</b>

**Cash flows from financing activities**

Change to overdraft facilities	-	(18 313)
Repayment of leasing liabilities	(9 795)	(6 790)
Repayment of other financial liabilities	(795)	1
Proceeds from borrowing	39 619	-
Repayment of loans	(80 761)	(48 049)
Dividend paid to shareholders of AP SA	(187 077)	(27 715)
Dividend paid to non-controlling shareholders	(41 849)	(20 088)
Interest paid	(8 276)	(3 634)
<b>Net cash flows from financing activities</b>	<b>(288 934)</b>	<b>(124 588)</b>

Increase/(decrease) in cash and cash equivalents	35 550	326 916
Net FX differences	(17 030)	(12 913)
<i>Increase (decrease) in cash and cash equivalents after effects of exchange rate changes</i>	<i>18 520</i>	<i>314 003</i>
<b>Cash at the beginning of the period</b>	<b>481 930</b>	<b>167 927</b>
<b>Cash at the end of the period</b>	<b>500 449</b>	<b>481 930</b>

