



## PRESS RELEASE

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Arctic Paper S.A., Q2/H1 2021:

**Focus on growth in sustainable packaging**

- Q2 consolidated sales revenue increased to PLN 786.6mn (EUR<sup>1</sup> 173.3mn).
- EBITDA in Q2 was PLN 84.2mn (EUR<sup>1</sup> 18.5mn).
- EBIT in Q2 was PLN 54.5mn (EUR<sup>1</sup> 12.0mn) and net profit PLN 35.6mn (EUR<sup>1</sup> 7.8mn).
- The combination of pulp and paper strengthen the Group as the economic recovery continues.
- Debt reduced by one third to PLN 152.6mn (PLN 221.8mn).
- 242 percent volume growth in packaging paper during H1/2021 compared with H1/2020.
- Product launches within sustainable packaging expands our range to new application areas.
- Dividend of PLN 0.30 (PLN 0.20) per share paid in July, after the period.

*“During the period we have seen a continued recovery in demand and more favourable market conditions.”*

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

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

PLN (million)	Q2 2021	Q2 2020	Change	H1 2021	H1 2020
Sales revenue, Arctic Paper Group	786,6	616,0	170,6	1 569,4	1 429,9
Sales revenue, Arctic Paper (paper segment)	526,8	403,8	123,0	1 074,1	991,5
EBITDA, Arctic Paper Group	84,2	48,0	36,2	156,4	159,9
EBITDA Arctic Paper (paper segment)	26,0	30,0	-3,9	82,7	114,7
EBIT, Arctic Paper Group	54,5	24,2	30,3	97,7	103,9
EBIT Arctic Paper (paper segment)	6,9	16,0	-9,1	44,7	79,3
Net profit, Arctic Paper Group	35,6	10,8	24,8	67,9	73,1
Net profit, Arctic Paper (paper segment)	0,2	10,1	-9,9	26,0	57,3
Net profit per share <sup>2</sup>	PLN 0.27	PLN 0.15	PLN 0.12	PLN 0.69	PLN 0.94
Net debt	152.6	221.8	-69.1	152.6	221.8

Arctic Paper Group consists of Arctic Paper S.A. (parent company), Arctic Paper mills (paper segment) and pulp producer Rottneros AB, in which Arctic Paper S.A. holds a 51 percent stake.

<sup>1</sup>Arctic Paper S.A. reports in PLN. In the English press release, the amounts above were converted to EUR at the average rates for the quarter respectively. The complete quarterly report is available at [www.arcticpaper.com](http://www.arcticpaper.com)

<sup>2</sup> Net profit per share: net profit for the paper segment plus 51% of the net profit for Rottneros divided by the number of shares.

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*“We expect our packaging business to continue to grow as more companies shift to sustainable alternatives to plastic and we have intensified our efforts to identify new market opportunities.”*

*Michal Jarczyński, CEO of Arctic Paper S.A.*

As the market recovery continued during the second quarter of 2021, Arctic Paper's revenues and earnings increased significantly compared to Q2, 2020. The Group's EBITDA amounted to PLN 84.2 million (48.0 million) and revenues to PLN 786.6 million (616.0 million). The balance between paper and pulp is shifting in favour of pulp while paper remains stable, and the consolidated result again shows the value of combining the two segments. Arctic Paper's financial position improved during the period: net debt was reduced by one third or PLN 69.1mn to PLN 152,6 million (221,8) and the new financing agreement that entered into force during the second quarter will reduce our costs.

The paper segment reached an EBITDA of PLN 26.0 million (30,0 million) and a turnover of PLN 526.8 million (403.8 million). During the period we have seen a continued recovery in demand and more favourable market conditions. Paper sales volumes reached 149 000 tonnes (114 000) with a positive effect on the order backlog and our capacity usage is still significantly above the European average at 92 percent (69) despite our planned maintenance shutdown in June. But the economic upturn has also resulted in a pressure on operating costs as raw materials, packaging and freight is becoming more expensive. We strive to offset the effects of cost inflation with higher prices for our products: during Q2 the average revenue per ton increased by 3.9 percent.

During the period Arctic Paper Grycksbo launched a new product line – G-Flexmatt – suitable for both food and non-food packaging purposes. We have also added new qualities to the fast-growing Munken Kraft range produced in Munkedal and Kostrzyn to further expand our offering in line with the sales strategy. In H1/2021, Munken Kraft volumes increased by 242 percent compared to H1/2020. We expect our packaging business to continue to grow as more companies shift to sustainable alternatives to plastic and we have intensified our efforts to identify new market opportunities.

For Rottneros – the pulp segment – the second quarter was strong with growth in sales, production, and financial results. The revenues increase to SEK 593 million (510 million) with an EBIT result of SEK 97 million (2 million). The production volume for the period increased to 109 200 tonnes (97 700 tonnes).

To sum up, we are well positioned to explore the opportunities as European markets gradually return to a higher degree of normality. The transition to more packaging will contribute to a healthier mix, while we will maintain and develop our strength in graphical paper. In September, our strategy review with a view to 2030 will be presented.

Michal Jarczyński, CEO of Arctic Paper S.A.

Financial calendar for 2021: Q3, November 9<sup>th</sup>, 2021

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**Arctic Paper S.A.** is one of the leading producers of high-quality graphical fine paper in Europe and consists of three paper mills and four eco-friendly strong brands: Amber, Arctic, Munken and G. Most of the products are sold through the company's 14 sales offices in Europe. The Group is the main owner of the listed Swedish pulp producer Rottneros AB. Arctic Paper S.A. is listed on the Warsaw Stock Exchange and NASDAQ in Stockholm. For more information, visit [arcticpaper.com](http://arcticpaper.com)