

Q3 9/11/2022

# FINANCIAL RESULTS

## Q3 2022



ARCTIC PAPER

# DISCLAIMER

Please read the information below carefully



This presentation (the 'Presentation') was prepared by Arctic Paper SA (the 'Company') for information purposes only for use by investors, banks and the Company's customers as well as market analysts, and under no circumstances may it be treated as a part of an invitation or offer to purchase securities, an invitation to make investments or conduct transactions regarding securities, an inducement to make purchase offers or a recommendation to conclude any transactions, in particular transactions regarding the Company's securities.

The information contained in the Presentation was taken from publicly available sources which the Company believes to be reliable. However, the Company cannot guarantee its reliability or completeness, except for the information on the Company and its Group. The Company shall not be held liable for the consequences of decisions made on the basis of or in reliance on the information contained in this Presentation. The information contained in the Presentation has not been independently verified and may be subject to change at any time. The publication of the data contained in the Presentation by the Company does not constitute a breach of the provisions of the law which applies to companies whose shares are listed on

the regulated market, in particular the regulated market operated by the Warsaw Stock Exchange in Poland and NASDAQ OMX Stockholm in Sweden. The information contained herein has been published by the Company in its current and periodic reports, or constitutes a supplement thereto which is not required to be published by the Company in order to comply with the Company's reporting requirements as a listed company.

Under no circumstances should information contained in this Presentation be construed as the explicit or implicit submission of a representation, or warranty of any type by the Company or by persons acting on its behalf. Furthermore, neither the Company nor any person acting on its behalf shall be held liable in any respect for any damage which may arise as a result of negligence or for any other cause as a result of the use of this Presentation or any information contained in it, or for damage which may otherwise arise in connection with information constituting a part of this Presentation.

The Company is not obliged to publish updates and amendments to the information, data and representations contained in this Presentation as a result of a change of the Company's strategy or intentions, or the

appearance of unexpected facts or circumstances which affect such strategy or intentions of the Company, unless such an obligation arises from the provisions of law.

This Presentation contains information on the paper industry. With the exception of information indicated as originating from a specified source, the market information referred to above has been prepared on the basis of data received from third parties who are named in this Presentation and contains estimates, assessments, corrections and opinions based on the Company's experience and knowledge of the sector in which it conducts business. Because the market information referred to above may have been partially prepared with the use of estimates, assessments, corrections and opinions, and has not been verified by independent entities, to a certain extent, this information is of a subjective nature, with the exception of the information which has been indicated as information originating from third parties from a specified source. It is presumed that estimates, assessments, corrections and opinions are based on reasonable grounds and that the market information which has been prepared duly reflects the situation of the industry on the markets on which the Company conducts business. However, there

is no certainty that the estimates, assessments, corrections and opinions are the most appropriate basis for drawing conclusions on the market information or that market information taken from other sources may not differ significantly from the market information contained in this Presentation.

The Company would like to point out to the readers of this Presentation that the only reliable source of data on Arctic Paper's financial results, forecasts and events, as well as the Company's indicators, is the current and periodic reports submitted by the Company in compliance with reporting requirements under Polish and Swedish law.

**THIS PRESENTATION  
CONTAINS FINANCIAL  
RESULTS FOR Q3 2022.**

# AGENDA

---

PRESENTERS:

**Michał Jarczyński** / CEO Arctic Paper

**Göran Eklund** / CFO Arctic Paper

Summary Q3 2022

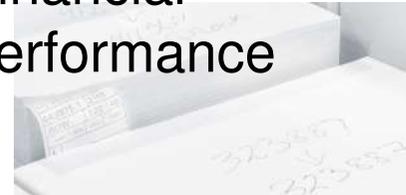
Paper



Packaging



Financial performance



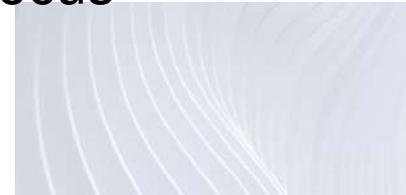
Pulp



Power



Focus



# SUMMARY Q3 2022

Arctic Paper Group Q3 2022 vs. Q3 2021

Net sales  
(PLN mn)

**1 402.1** / 889.7  
(Q3 2022) / (Q3 2021)

EBITDA  
(PLN mn)

**298.2** / 102.1  
(Q3 2022) / (Q3 2021)

Operating CF  
(PLN mn)

**245.1** / 50.6  
(Q3 2022) / (Q3 2021)

ROCE\*

**29.1%** / 10.3%  
(Q3 2022) / (Q3 2021)

Paper/Pulp EBITDA  
(PLN mn)

**206/93** / 46/56  
(Q3 2022) / (Q3 2021)

Net debt/EBITDA\*

**-0.22x** / 0.66x  
(EOP Q3 2022) / (EOP Q3 2021)

Paper sales  
volume

**168k t** / 169k t  
(Q3 2022) / (Q3 2021)

Pulp sales  
volume

**96k t** / 93k t  
(Q3 2022) / (Q3 2021)

\* rolling 12 months

# SUMMARY YTD SEP 2022

Arctic Paper Group YTD SEP 2022 vs. YTD SEP 2021

Net sales  
(PLN mn)

**3 809.2** / 2 459.0  
(YTD SEP 2022) / (YTD SEP 2021)

EBITDA  
(PLN mn)

**834.0** / 258.5  
(YTD SEP 2022) / (YTD SEP 2021)

Operating CF  
(PLN mn)

**481.4** / 105.3  
(YTD SEP 2022) / (YTD SEP 2021)

ROCE\*

**29.1%** / 10.3%  
(YTD SEP 2022) / (YTD SEP 2021)

Paper/Pulp EBITDA  
(PLN mn)

**563/271** / 129/130  
(YTD SEP 2022) / (YTD SEP 2021)

Net debt/EBITDA\*

**-0.22x** / 0.66x  
(EOP SEP 2022) / (EOP SEP 2021)

Paper sales  
volume

**501k t** / 485k t  
(YTD SEP 2022) / (YDT SEP 2021)

Pulp sales  
volume

**302k t** / 308k t  
(YTD SEP 2022) / (YTD SEP 2021)

\* rolling 12 months



# PAPER

# MARKET DATA

Fine paper average market prices

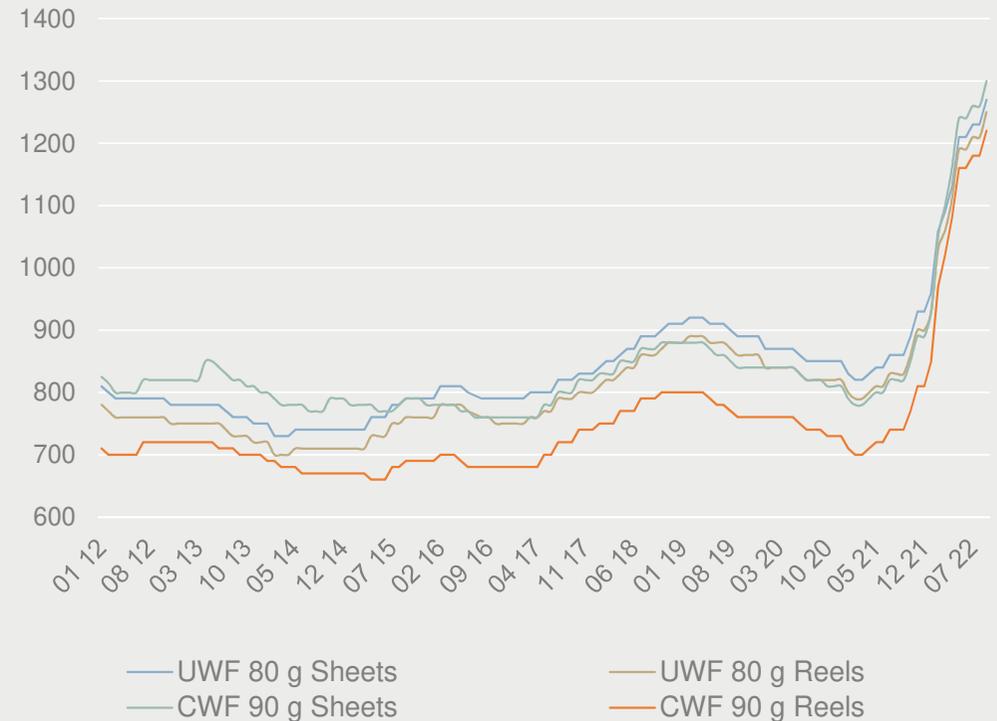
## SEP 2022 COMPARED TO JUN 2022

UWF average price change **+6%**  
CWF average price change **+6%**

## SEP 2022 COMPARED TO SEP 2021

UWF average price change **+47%**  
CWF average price change **+66%**

## GRAPHIC FINE PAPER PRICES – GERMAN MARKET



Source: Arctic Paper based on RISI data.

# OPERATING DATA

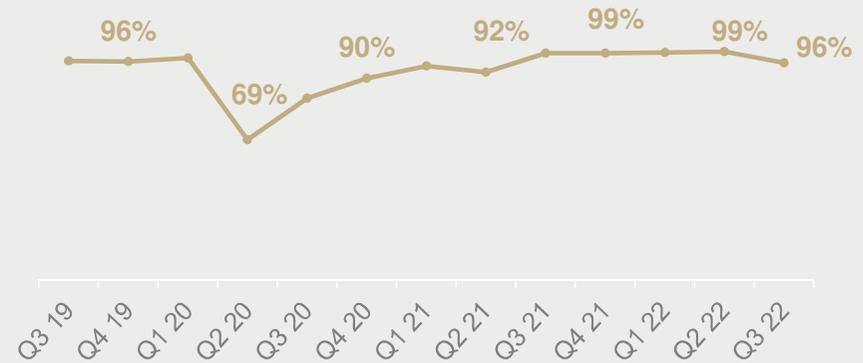
Average Q3 2022 use of production capacity: **96%**

**4% LESS THAN IN Q2 2022**  
**3% LESS THAN IN Q3 2021**

Q3 2022 total sales volume: **168k tons**

**2% HIGHER THAN IN Q2 2022**  
**1% LESS THAN IN Q3 2021**

## PRODUCTION CAPACITY FOR ARCTIC PAPER MILLS



## PAPER SALES VOLUME



# OPERATING DATA

Total revenue Q3 2022 (PLN 1 042mn)

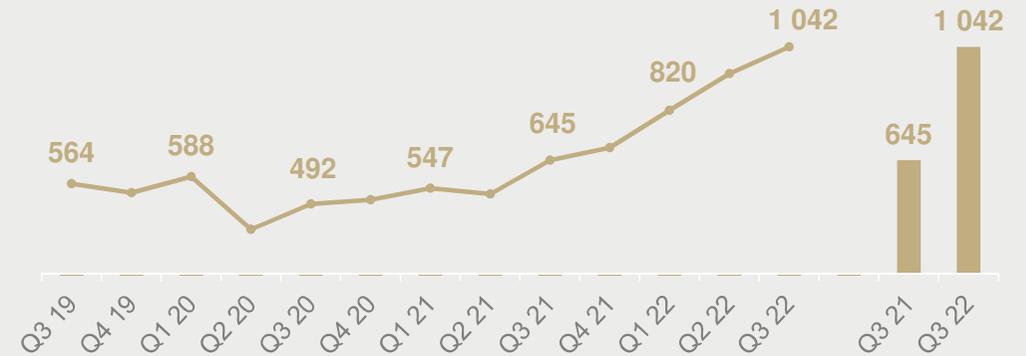
INCREASED BY 62% COMPARED TO Q3 2021

Average price Q3 2022 (PLN 6.19k)

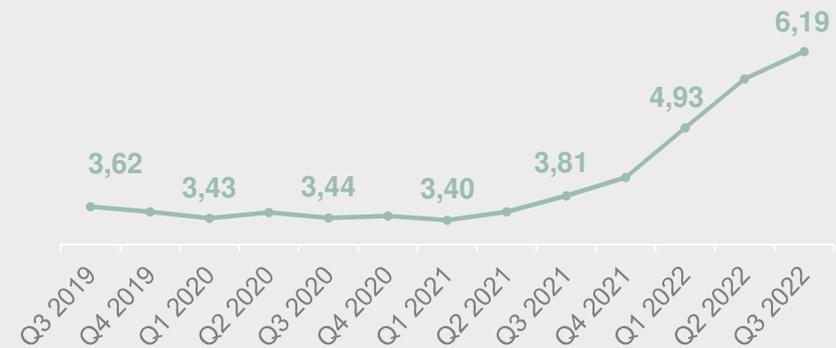
INCREASED BY 63% COMPARED TO AVERAGE IN Q3 2021

\* price chart includes impact of fx fluctuations, product mix and market mix

PAPER SALES REVENUE (PLN mn)



PAPER SALES REVENUE PER TONNE (PLN k)\*



# PRODUCTS

## AMBER

ADVANCED OFFSET  
PRODUCTION  
IN HEART OF EUROPE

- Top 3 brands in revenue share
- No 1 in European High Quality Bookpaper Sales
- No 1 in European Design Paper Sales

### NOVEL PRODUCTS

---

Arctic Paper develops its packaging line Munken Kraft.  
New coated product G-Flexmatt launched in Q2 2021.



MOST COMPLETE MATT  
COATED PAPER ASSORTMENT



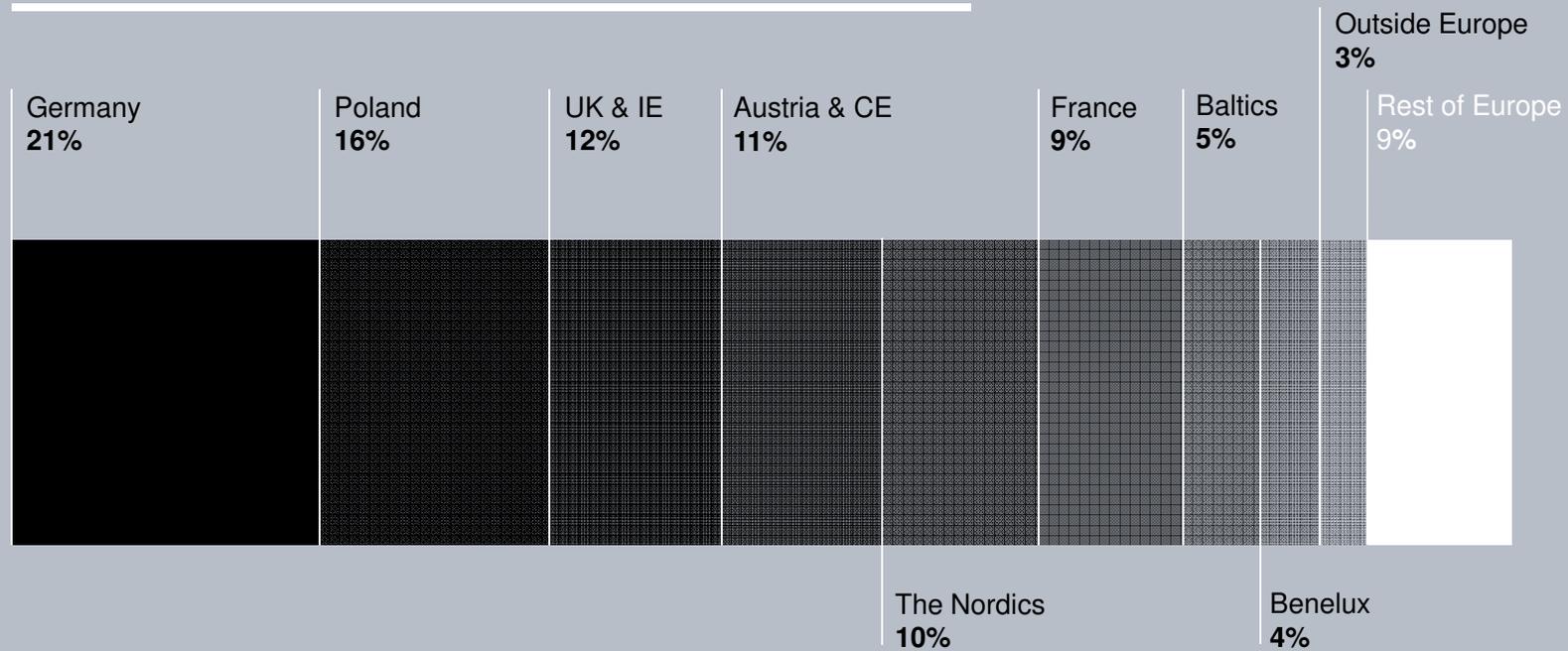
## MUNKEN

BIGGEST UNCOATED  
DESIGN BRAND



# PRODUCTS

## GEOGRAPHICAL SPLIT OF SALES



# CLIENT STRUCTURE

Market segments/products portfolio/target groups

---

## Printing Houses

Clients who purchase the Group's paper products directly.

## Wholesalers

Direct customers who purchase, stock and distribute the Group's paper for resale to other users.

## Publishers

Direct and indirect customers, who uses the Group's paper products for use in their publication activities, i.e., Random House, Bonniers, Hachette, Holtzbrinck, etc.



## Advertising Industry

Predominantly indirect customers, who use our products, i.e., Deutsche Bank, Karl Lagerfeld, Kenzo, L'Oreal, Louis Vuitton, Nike, Mercedes Benz, etc.

## Advertising and Design

Predominantly indirect customers but are of significant importance in requiring and recommending our products to end users.

# INNOVATIONS

## **New „barrier paper”**

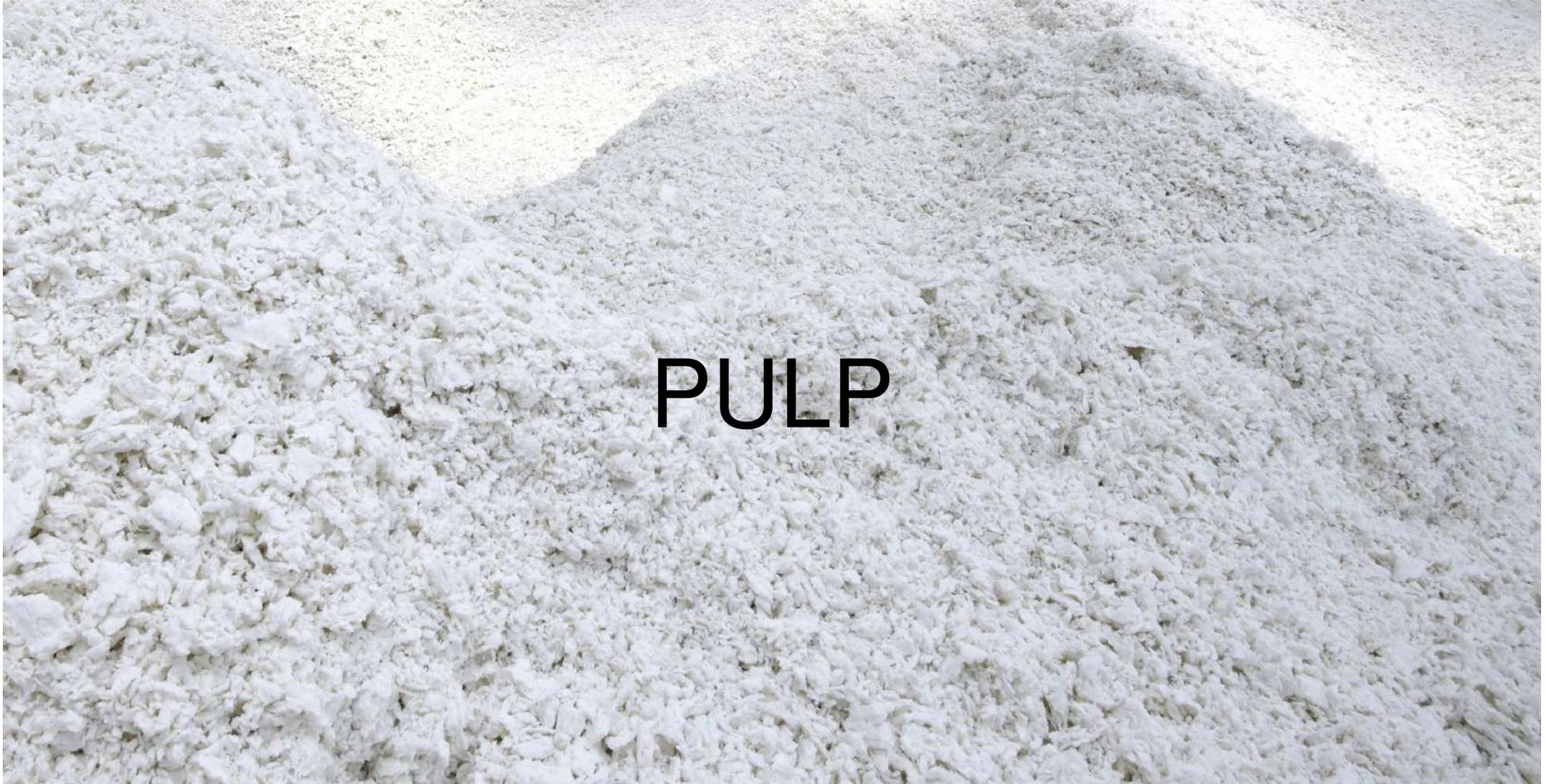
Packaging paper with applied barriers, e.g. greaseproof, waterproof, high temperature resistant, moisture resistant

## **Amber Care™**

Amber Care™ special paper **with antibacterial and antiviral properties**

## **New „nano fiber paper”**

Graphic paper with nano fibres to increase opacity and to reduce energy usage and proportion of classic cellulose fibers



# MARKET DATA

Pulp – European pulp prices

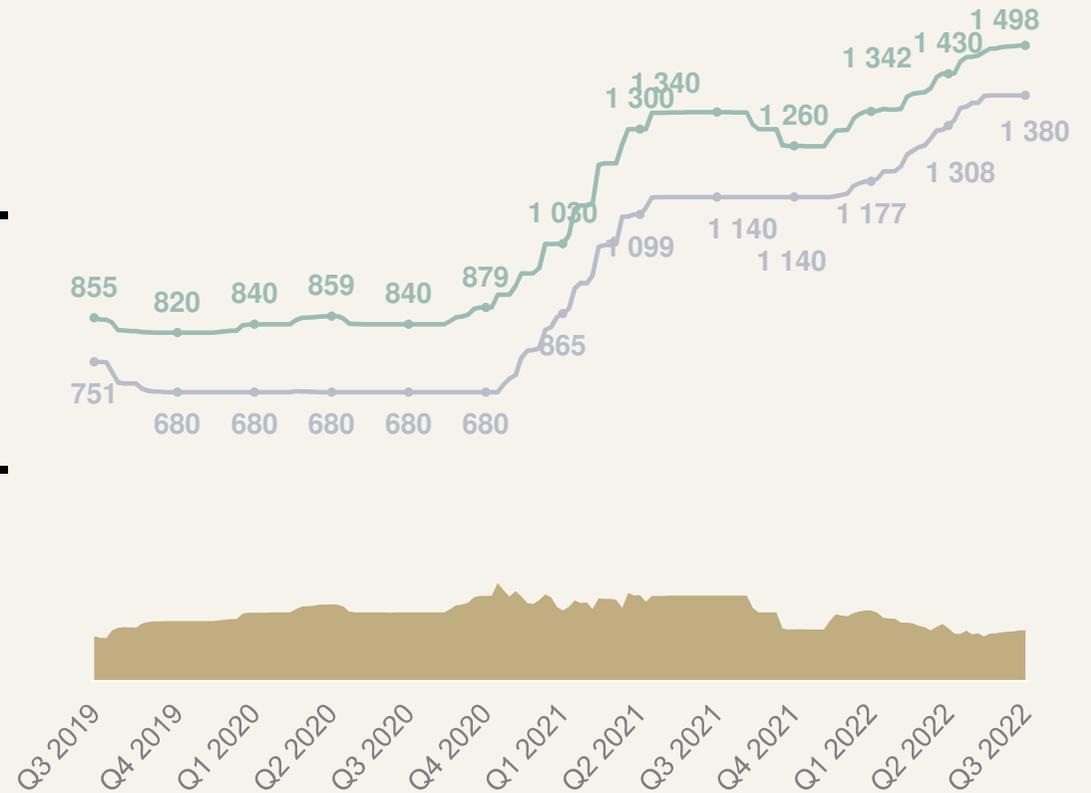
## AVERAGE PRICE Q3 2022 COMPARED TO Q3 2021

NBSK (long fiber): **11% higher**  
 BHKP (short fiber): **20% higher**

## AVERAGE PRICE Q3 2022 COMPARED TO Q2 2022

NBSK (long fiber): **7% higher**  
 BHKP (short fiber): **10% higher**

## PULP PIX INDEXES EUROPE



Source: Arctic Paper based on Foex data

# OPERATING DATA

Pulp production & deliveries

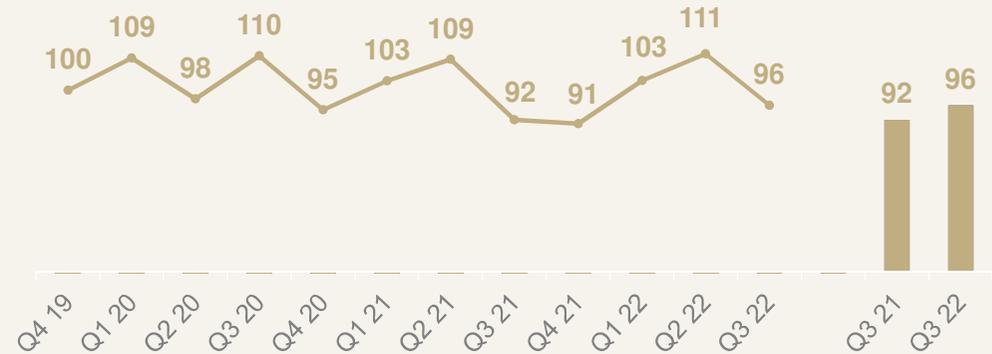
Q3 2022 total production: **96k tons**

**13% LOWER THAN IN Q2 2022**  
**4% HIGHER THAN IN Q3 2021**

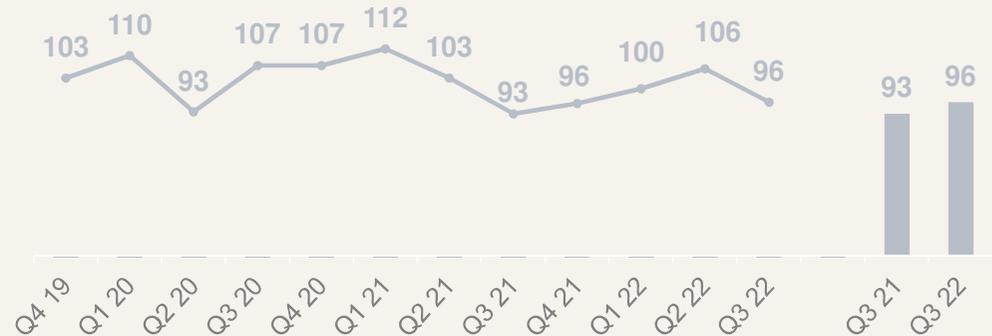
Q3 2022 total deliveries: **96k tons**

**10% LOWER THAN IN Q2 2022**  
**4% HIGHER THAN IN Q3 2021**

PULP PRODUCTION (1,000 TONNE)



PULP DELIVERIES (1,000 TONNE)



# OPERATING DATA

Revenue and prices

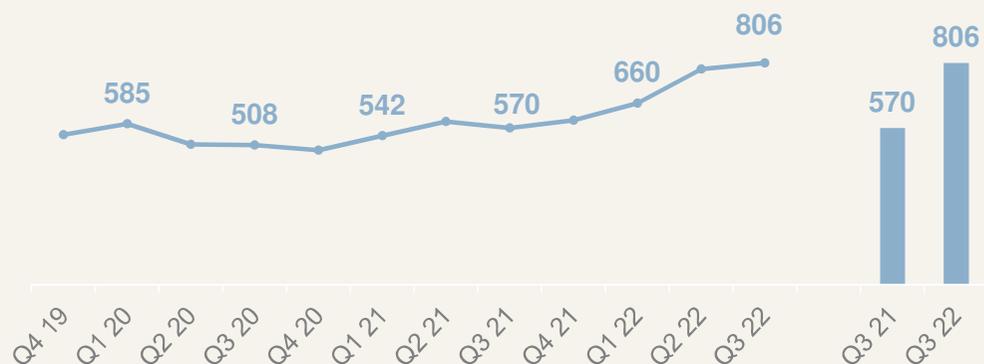
Total revenue Q3 2022 (**SEK 806mn**)

**INCREASED BY 41% COMPARED TO Q3 2021**

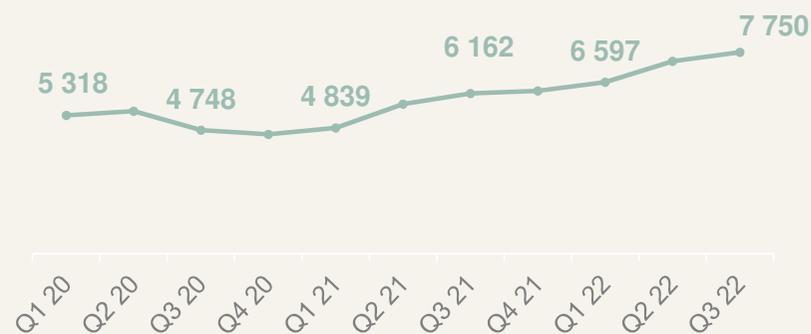
Average price in Q3 2022 (**SEK 7.8k per tonne**)

**INCREASED BY 26% COMPARED TO Q3 2021**

PULP SALES REVENUE (SEK mn)

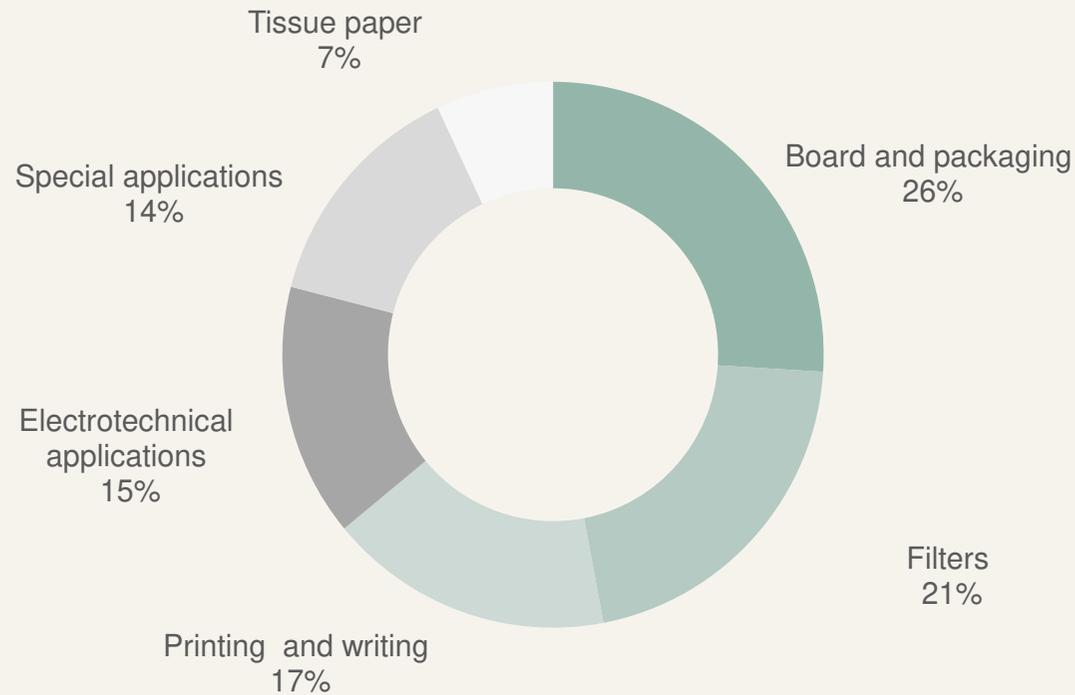


PULP SALES REVENUE PER TONNE (SEK)



# PULP – REPLACEMENT MATERIAL FOR PLASTIC

Pulp Sales (Rottneros) by application 2021





# PACKAGING

# DEVELOPMENT

## PACKAGING PAPERS:

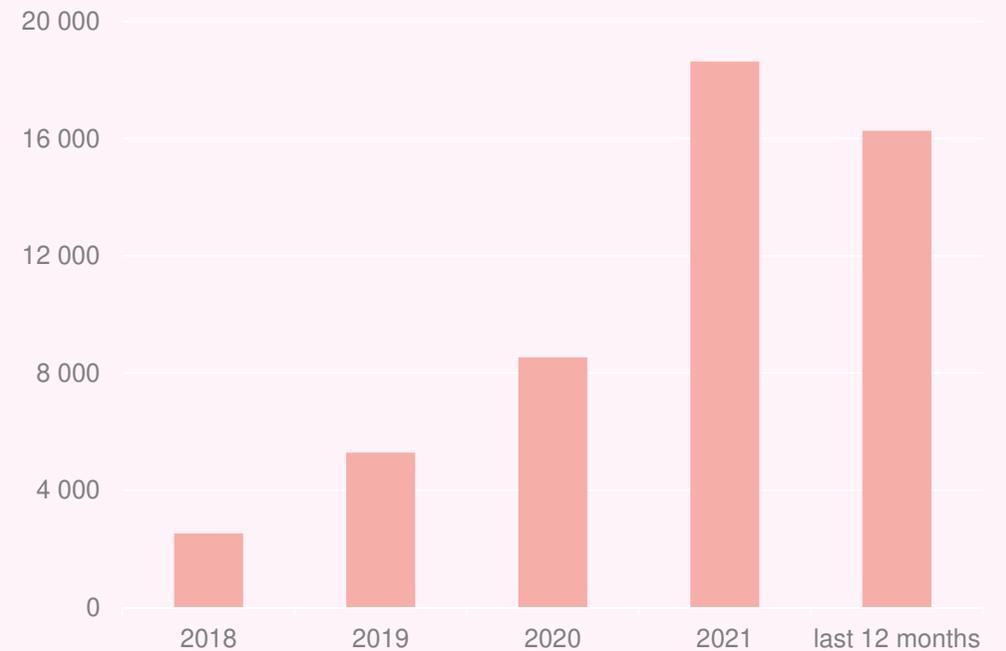
### **Munken Kraft**

Uncoated packaging paper

### **G-Flexmatt**

New coated product G-Flexmatt  
launched on the market in Q2 2021

## PACKAGING PAPER SALES DEVELOPMENT (t)





# POWER GENERATION

---

Hydroelectric power plant in Munkedal produced **over 9 GWh of green energy in YTD SEP 2022.**

Biomass power plant in Grycksbo produced **over 14 GWh of green energy and 582,000 GJ of green heat in YTD SEP 2022.**

---

Solar farm in Kostrzyn and new installed farm in Grycksbo **produced in YTD SEP 2022 1.3 GWh of green energy.**



---

The new flexible multifuel boiler in Munkedal went into operation in September.



---

New PV farms instalations in our mills in Grycksbo and Munkedal.



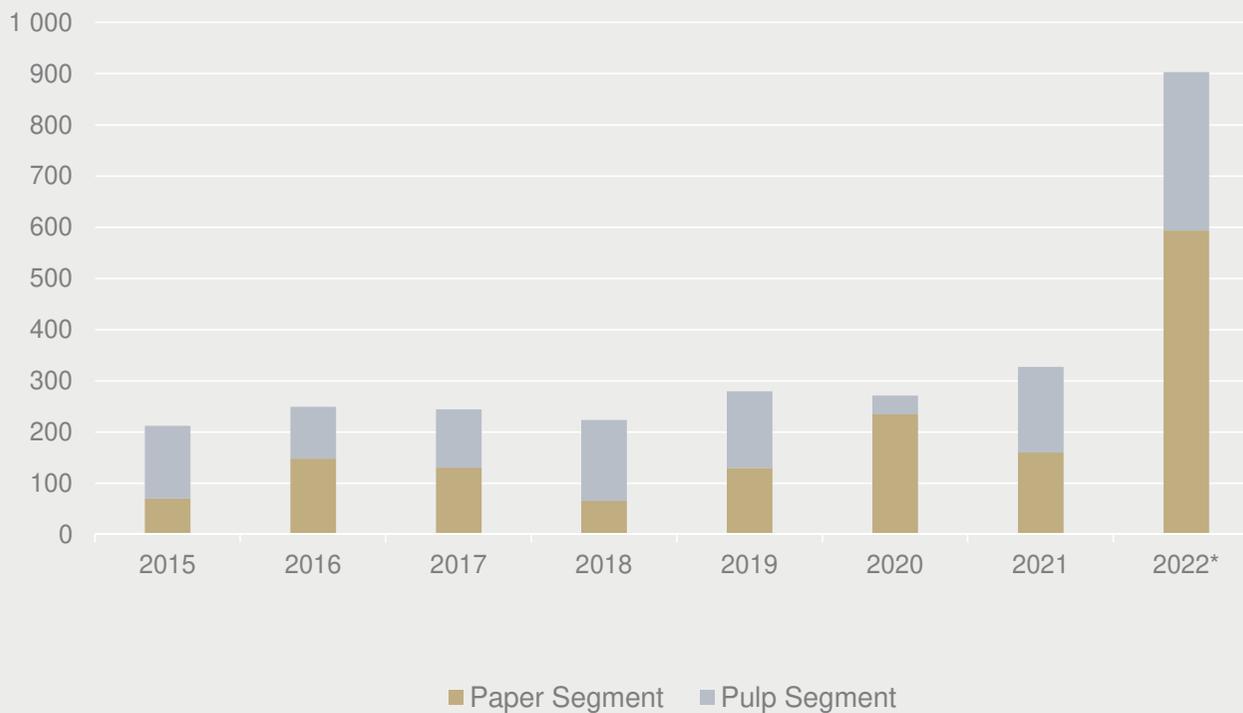
# FINANCIAL PERFORMANCE

# EBITDA EVOLUTION 2015 – 2022 (PLN mn)

Effective hedging of both segments – to stabilize financial results

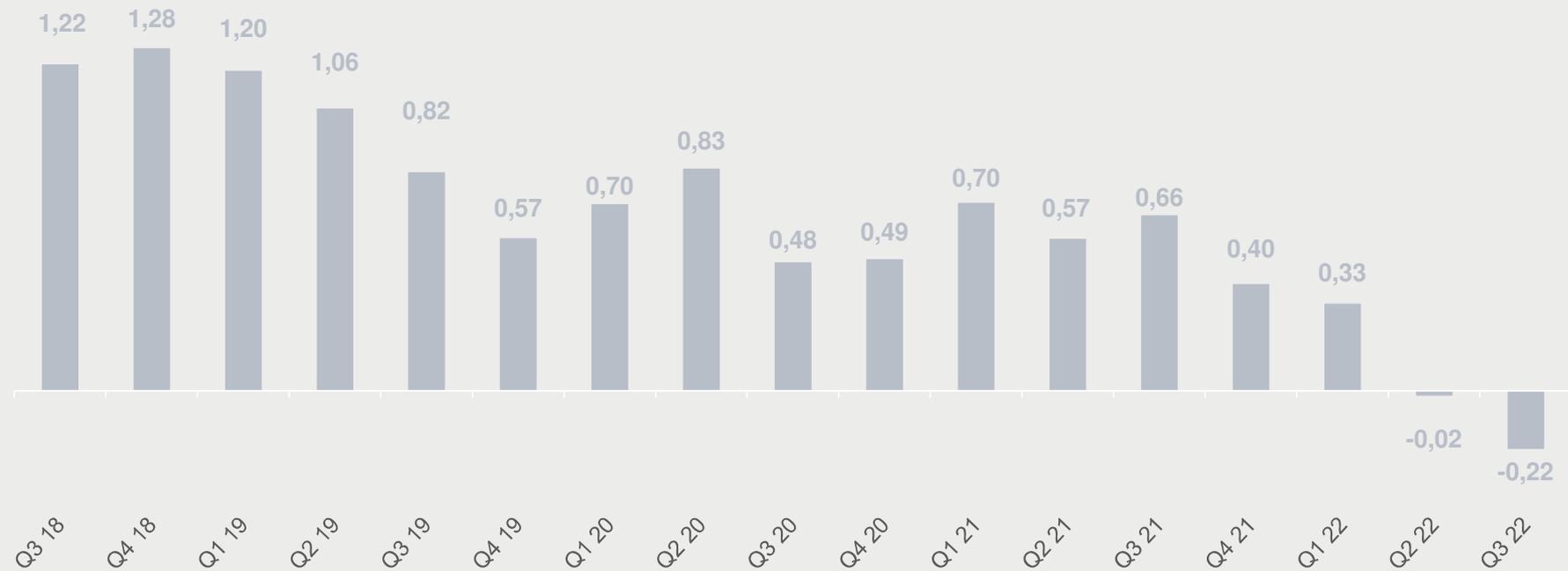
Q3 2022 EBITDA PLN **298.2mn**

PLN 32mn LOWER THAN Q2 2022  
PLN 196mn HIGHER THAN Q3 2021



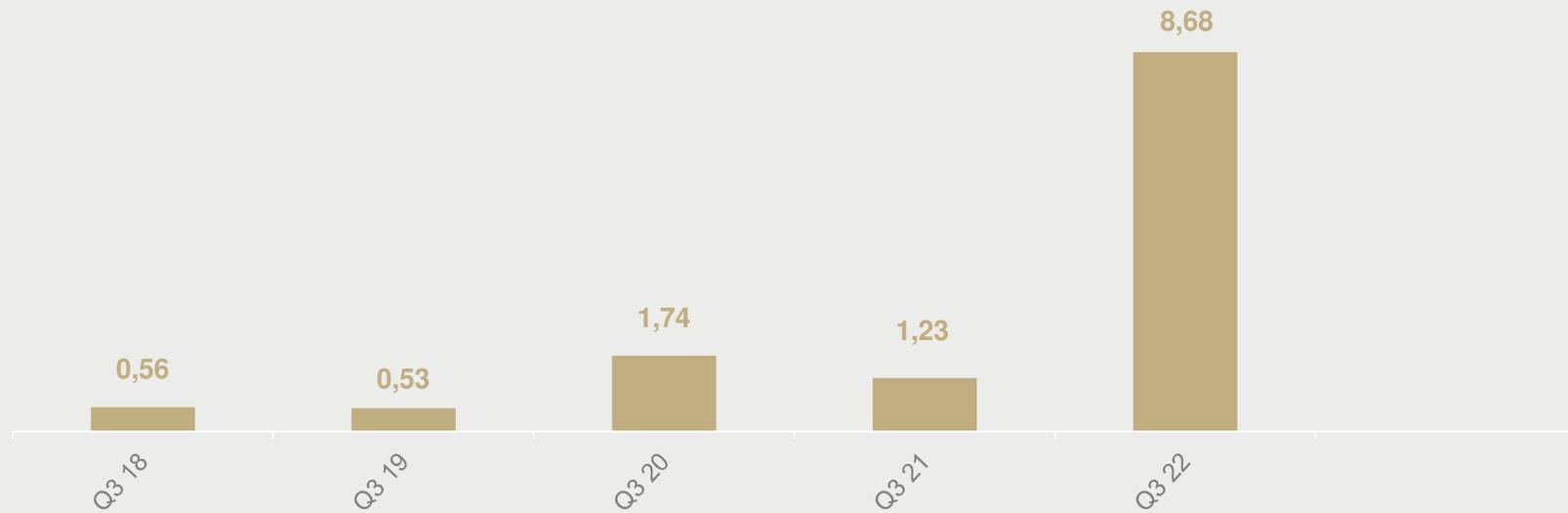
\* rolling 12 months

# NET DEBT/EBITDA 2018 – 2022



# NET PROFIT PER SHARE

12 rolling months\*



\* rolling 12 months net profit for the paper segment plus 51% of the net profit for Rottneros divided by the number of shares.



# FOCUS

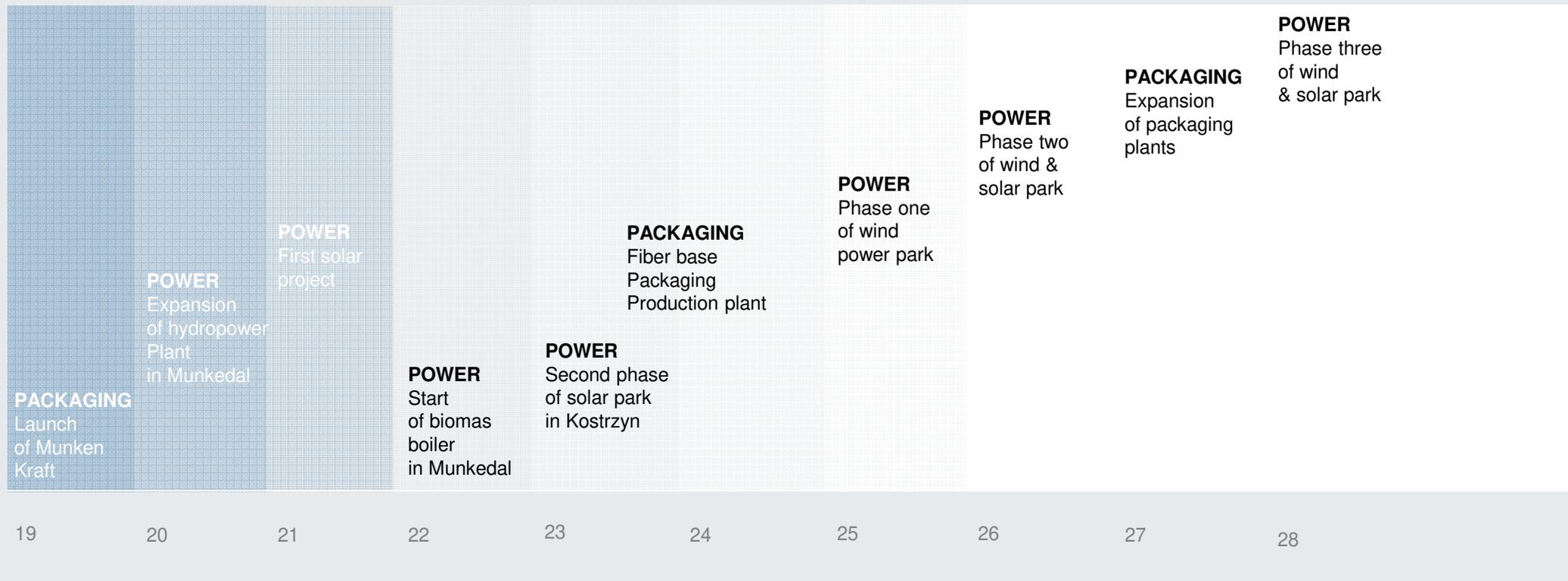
- 
- Uncertain macroeconomic environment, demand can be severely affected by cost inflation and high energy prices
  - The Group's stable position on the energy market is prerequisite for the strong results
  - Remaining high volatility on gas market, very high costs for raw materials and transport
  - The new flexible multifuel biomass boiler in Munkedal went into operation in September, important step towards self-sufficiency, carbon neutrality and the circular economy has been done
  - The energy projects are running according to plan, Group Business developer for the energy segment appointed



# THE ROAD MAP

Milestones ahead

## THE WAY FORWARD



# SHARING OUR STORY WITH YOU

---

Hedged against  
volatility of  
profitability & high  
fluctuation of energy

Growth  
in packaging

Increasing share  
of renewable and  
fossil-free energy

Predictable capex  
aimed at continued  
improvements

Owner  
of brands valued  
by customers

Established position  
on the market with  
a high entry barrier

Stable  
ownership  
structure

Sustainable  
production  
processes

New strategy

# 4P FOR FUTURE ARCTIC



ARCTIC PAPER

