



# FINANCIAL RESULTS

Q2 2023



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 Q2 2023.

# AGENDA

---

PRESENTERS:

**Michał Jarczyński** / CEO Arctic Paper

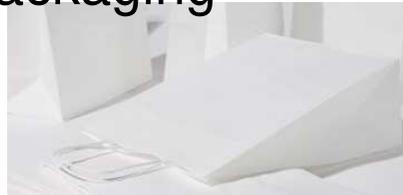
**Katarzyna Wojtkowiak** / CFO Arctic Paper

Summary Q2 2023

Paper



Packaging



Financials



Pulp



Power



Focus



# SUMMARY Q2 2023

Arctic Paper Group Q2 2023 vs. Q2 2022

Net sales  
(PLN mn)

**836.2** / 1 296.3  
(Q2 2023) / (Q2 2022)

EBITDA  
(PLN mn)

**68.9** / 330.1  
(Q2 2023) / (Q2 2022)

Operating CF  
(PLN mn)

**99.5** / 218.3  
(Q2 2023) / (Q2 2022)

ROCE\*

**30.3%** / 26.9%  
(Q2 2023) / (Q2 2022)

Paper/Pulp EBITDA  
(PLN mn)

**48/21** / 227/103  
(Q2 2023) / (Q2 2022)

Net debt/EBITDA\*

**-0.19x** / -0.02x  
(EOP Q2 2023) / (EOP Q2 2022)

Paper sales  
volume

**97k t** / 165k t  
(Q2 2023) / (Q2 2022)

Pulp sales  
volume

**83k t** / 106k t  
(Q2 2023) / (Q2 2022)

\* rolling 12 months

# SUMMARY H1 2023

Arctic Paper Group H1 2023 vs. H1 2022

Net sales  
(PLN mn)

**1 868.5** / **2 407.0**  
(H1 2023) / (H1 2022)

EBITDA  
(PLN mn)

**254.5** / **535.8**  
(H1 2023) / (H1 2022)

Operating CF  
(PLN mn)

**144.7** / **236.2**  
(H1 2023) / (H1 2022)

ROCE\*

**30.3%** / **26.9%**  
(H1 2023) / (H1 2022)

Paper/Pulp EBITDA  
(PLN mn)

**161/93** / **357/179**  
(H1 2023) / (H1 2022)

Net debt/EBITDA\*  
(PLN mn)

**-0.19x** / **-0.02x**  
(EOP H1 2023) / (EOP H1 2022)

Paper sales  
volume

**209k t** / **333k t**  
(H1 2023) / (H1 2022)

Pulp sales  
volume

**170k t** / **206k t**  
(H1 2023) / (H1 2022)

\* rolling 12 months



# PAPER

# MARKET DATA

Fine paper average market prices

---

## JUN 2023 COMPARED TO MAR 2023

UWF average price change - **3,6%**

CWF average price change - **5,3%**

---

## JUN 2023 COMPARED TO JUN 2022

UWF average price change + **0,4%**

CWF average price change - **1,9%**

GRAPHIC FINE PAPER PRICES – GERMAN MARKET



Source: Arctic Paper based on RISI data.

# OPERATING DATA

---

Average Q2 2023 use of production capacity: **55%**

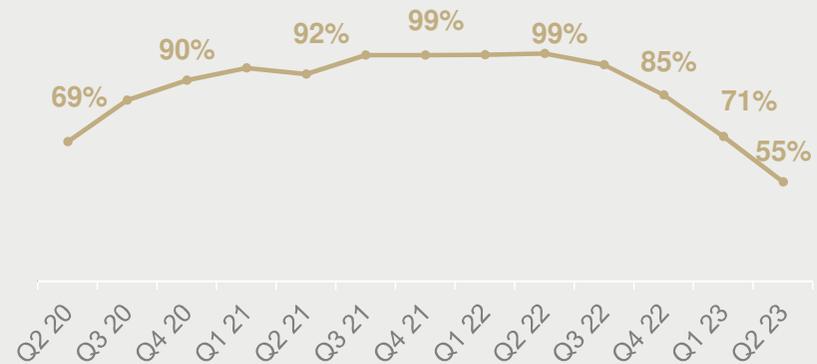
**16% LESS THAN IN Q1 2023**  
**45% LESS THAN IN Q2 2022**

---

Q2 2023 total sales volume: **97k tons**

**14% LESS THAN IN Q1 2023**  
**41% LESS THAN IN Q2 2022**

PRODUCTION CAPACITY FOR ARCTIC PAPER MILLS



# OPERATING DATA

Total revenue Q2 2023 (PLN 567mn)

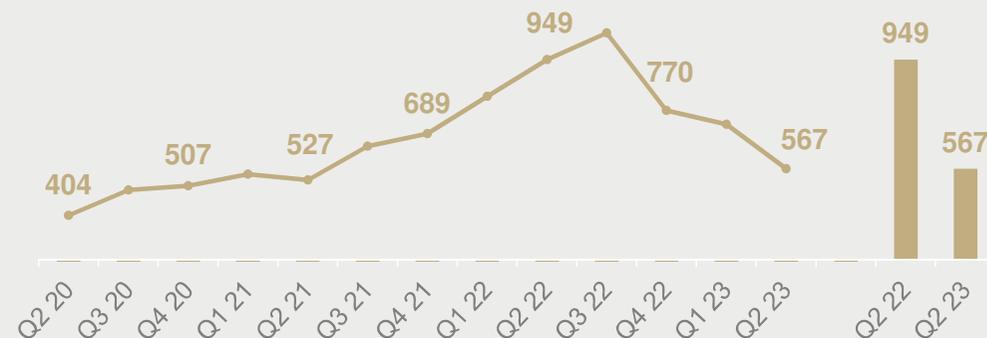
DECREASED BY 40% COMPARED TO Q2 2022

Average price Q2 2023 (PLN 5.85k)

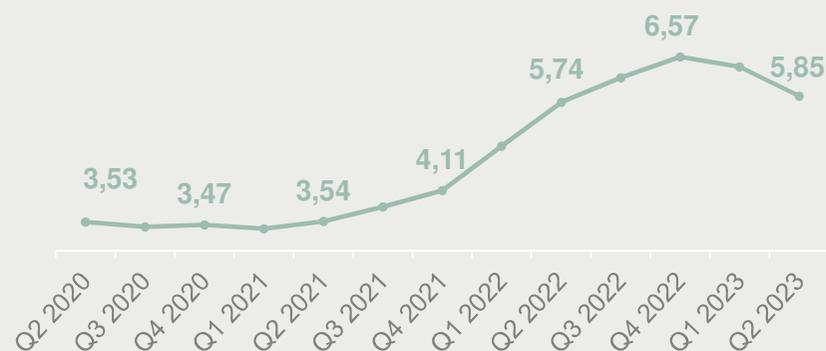
INCREASED BY 2% COMPARED TO AVERAGE IN Q2 2022

\* 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



MOST COMPLETE MATT  
COATED PAPER ASSORTMENT



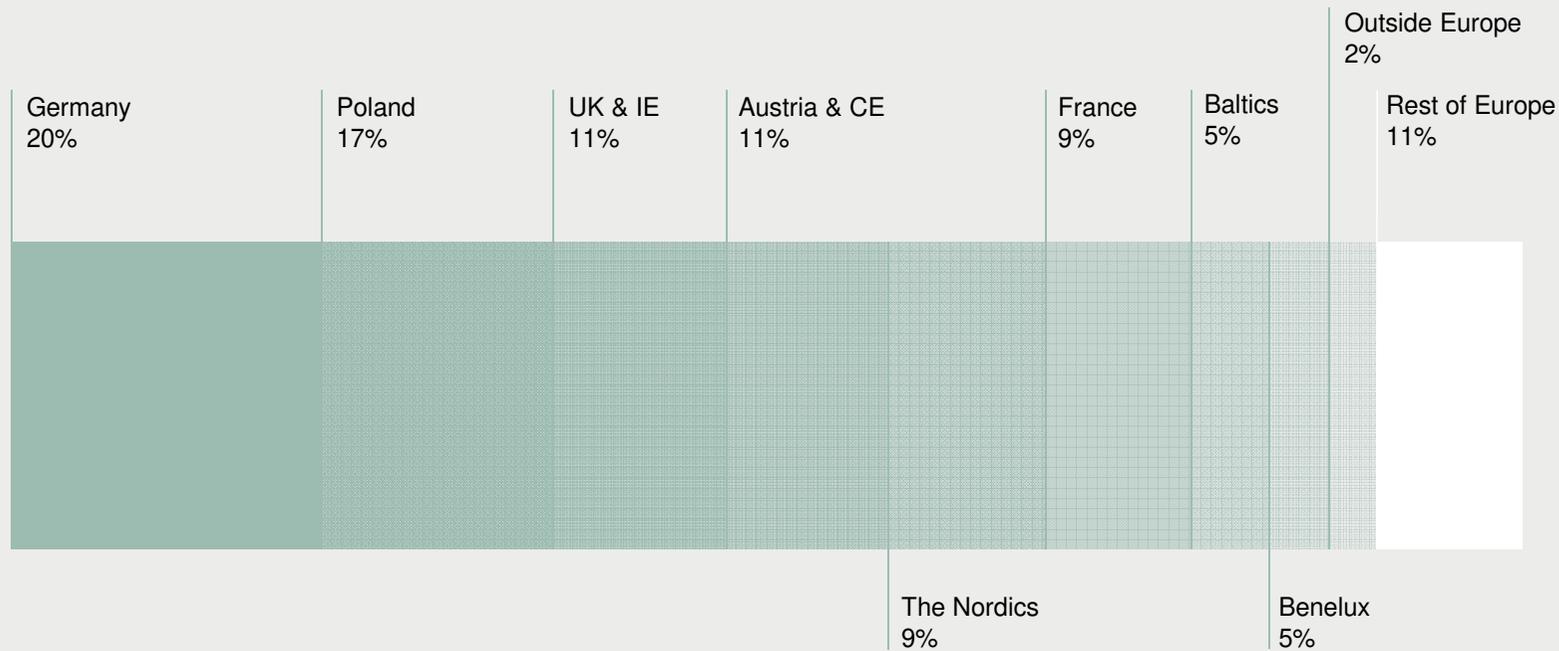
**MUNKEN**

BIGGEST UNCOATED  
DESIGN BRAND

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

# PRODUCTS

Geographical split of sales



# CLIENT STRUCTURE

Market segments/products portfolio/target groups

---

## Printing Houses

Clients who purchase the Group's paper products directly.

## Merchants

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.



# PULP

# MARKET DATA

Pulp – European pulp prices

---

## AVERAGE PRICE Q2 2023 COMPARED TO Q2 2022

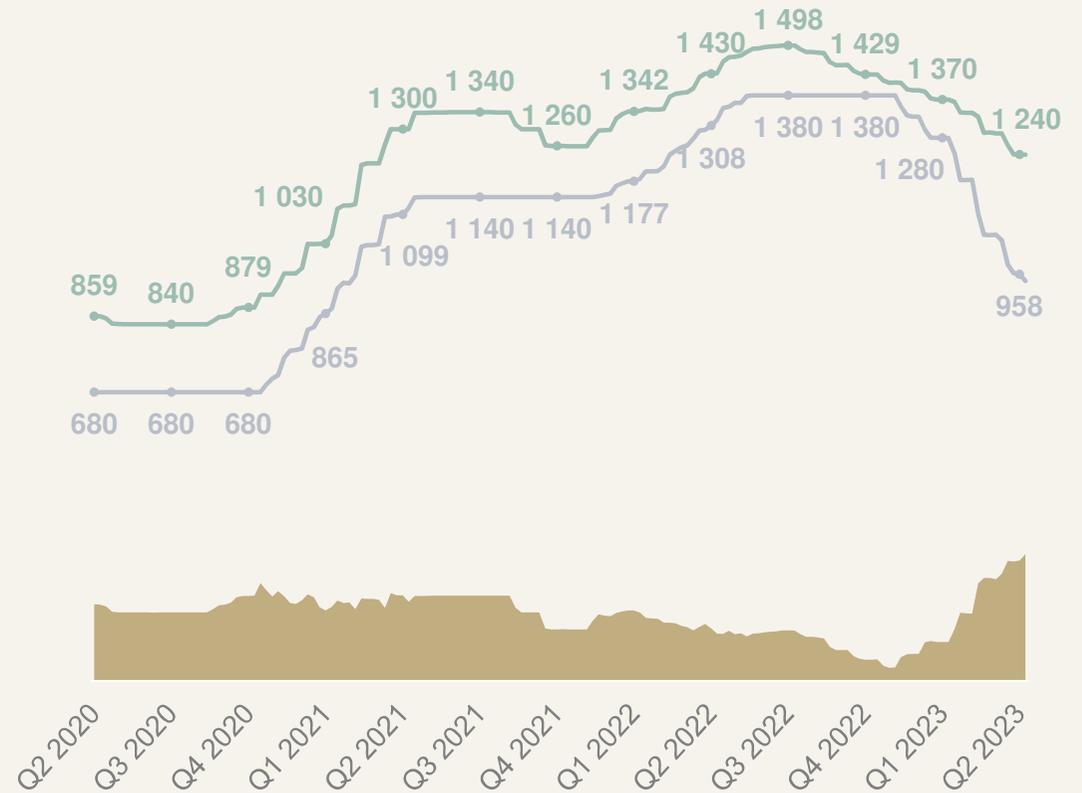
NBSK (long fiber): **5% lower**  
 BHKP (short fiber): **12% lower**

---

## AVERAGE PRICE Q2 2023 COMPARED TO Q1 2023

NBSK (long fiber): **7% lower**  
 BHKP (short fiber): **18% lower**

PULP PIX INDEXES EUROPE



Source: Arctic Paper based on Foex data

# OPERATING DATA

Pulp production & deliveries

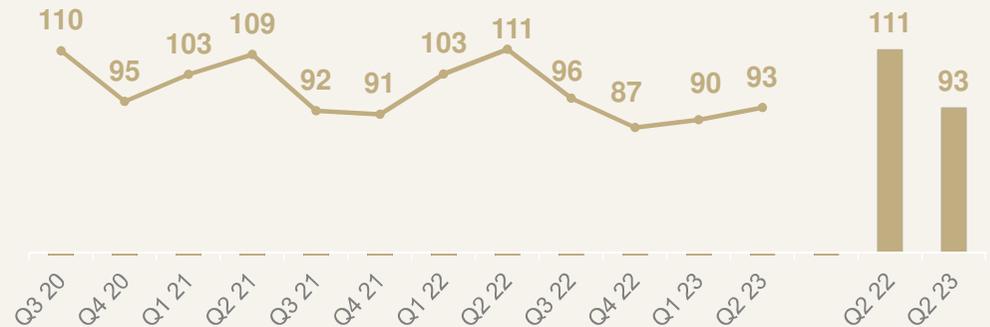
Q2 2023 total production: **93k tons**

**4% HIGHER THAN IN Q1 2023**  
**16% LOWER THAN IN Q2 2022**

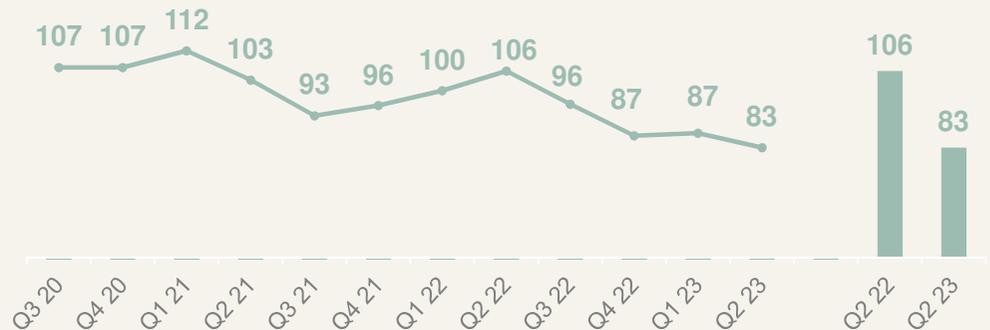
Q2 2023 total deliveries: **83k tons**

**5% LOWER THAN IN Q1 2023**  
**22% LOWER THAN IN Q2 2022**

PULP PRODUCTION (1,000 TONNE)



PULP DELIVERIES (1,000 TONNE)



# OPERATING DATA

Revenue and prices

Total revenue Q2 2023 (**SEK 681mn**)

**DECREASED BY 13% COMPARED TO Q2 2022**

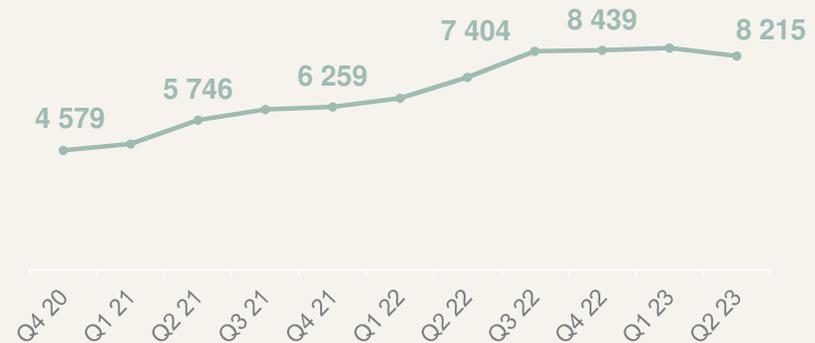
Average price in Q2 2023 (**SEK 8.2k per tonne**)

**INCREASED BY 11% COMPARED TO Q2 2022**

PULP SALES REVENUE (SEK mn)

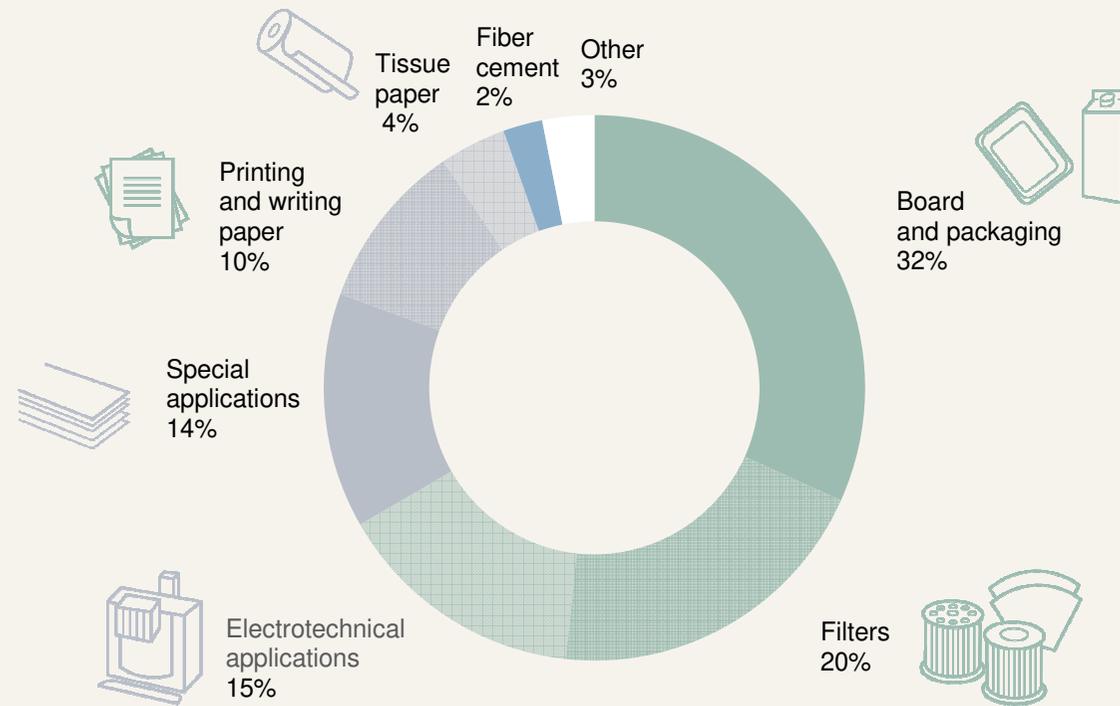


PULP SALES REVENUE PER TONNE (SEK)



# PULP – REPLACEMENT MATERIAL FOR PLASTIC

Pulp Sales (Rottneros) by application 2022



# PULP

## Geographical split of sales





# DEVELOPMENT

## PACKAGING PAPERS:

---

### **Munken Kraft**

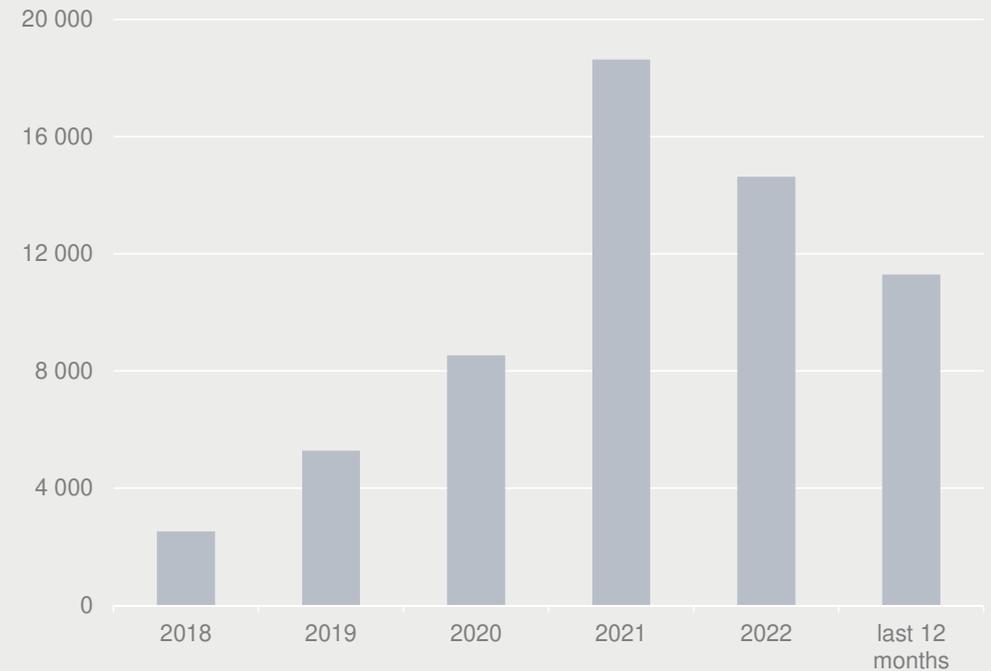
Uncoated packaging paper

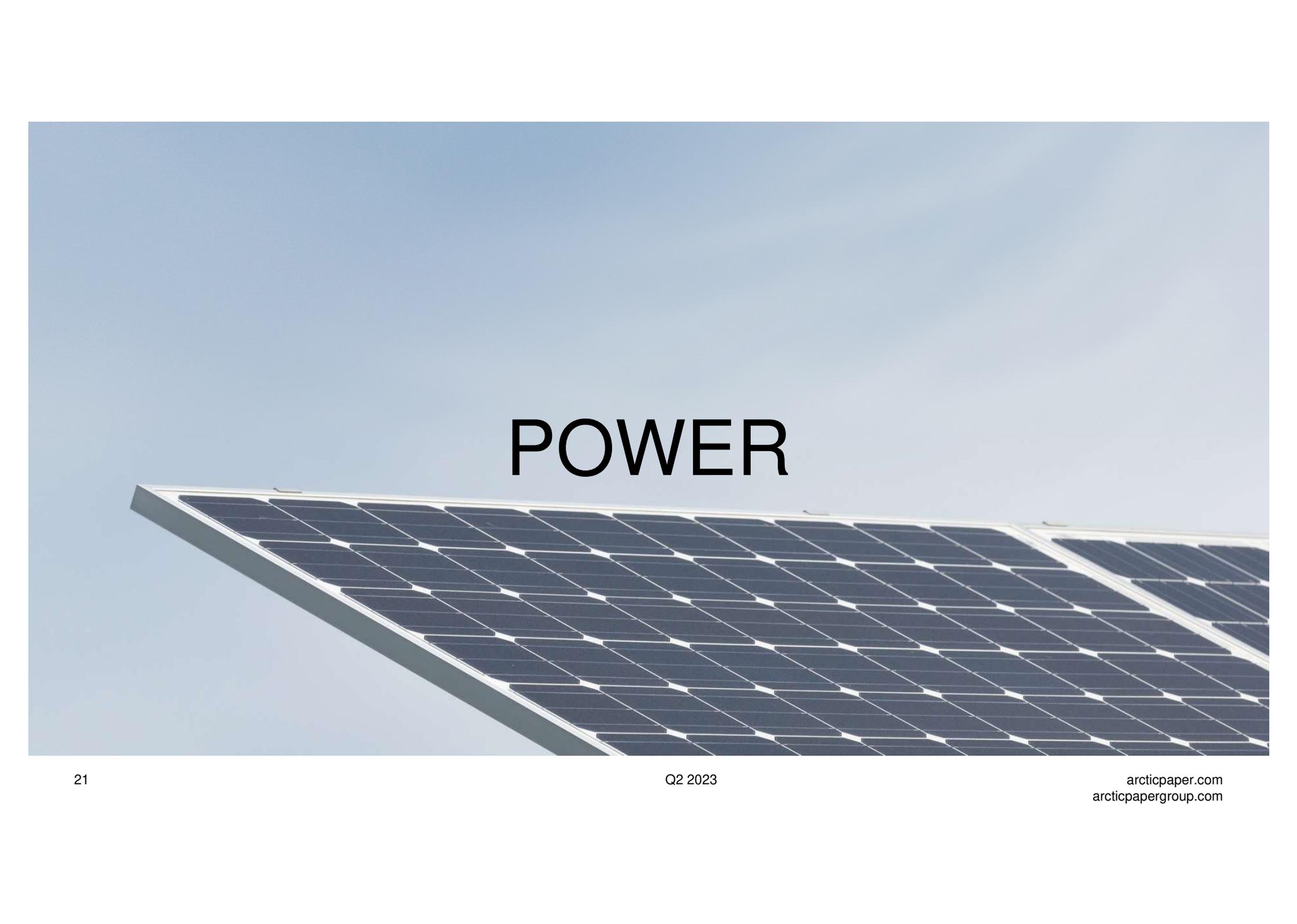
---

### **G-Flexmatt**

Coated packaging paper

PACKAGING PAPER SALES DEVELOPMENT (t)



A large solar panel array is shown from a low angle, extending across the bottom half of the frame. The panels are dark blue with a grid of white lines. The background is a clear, light blue sky. The word "POWER" is centered in the upper half of the image.

# POWER

# ARCTIC PAPER GROUP POWER SEGMENT

## KOSTRZYN

- Contract for building solar park 16 MW in Kostrzyn has been signed, installation will be in operation end of Q2 2024
- Solar installation of 1,2 MW will be installed on the roof in Kostrzyn. Installation will be in operation end of Q1 2024

## GRYCKSBO

- Expansion of biofuel boiler and steam turbine at the mill in Grycksbo has been decided. The capex is expected SEK 285 mn and makes SEK 50 mn saving/annum. Additional production of wood pellet (50 000 t/annum) will contribute revenues about SEK 100 mn/annum

## ROTTNEROS

- New solar park in Rottneros will generate over 3 GWh/annum of green energy, installation will be in operation next year
- Energy storage in Rottneros will provide grid services for Svenska Kraftnat
- The long-term contract for 30 GWh/annum energy from wind park to Rottneros mill has been signed, the deliveries will start from 2025 and will continue for 8,5 years

A photograph of a paper mill's machinery, showing large rollers and belts. A large, semi-transparent grey diagonal shape is overlaid on the right side of the image. The word "FINANCIALS" is centered in a bold, black, sans-serif font.

# FINANCIALS

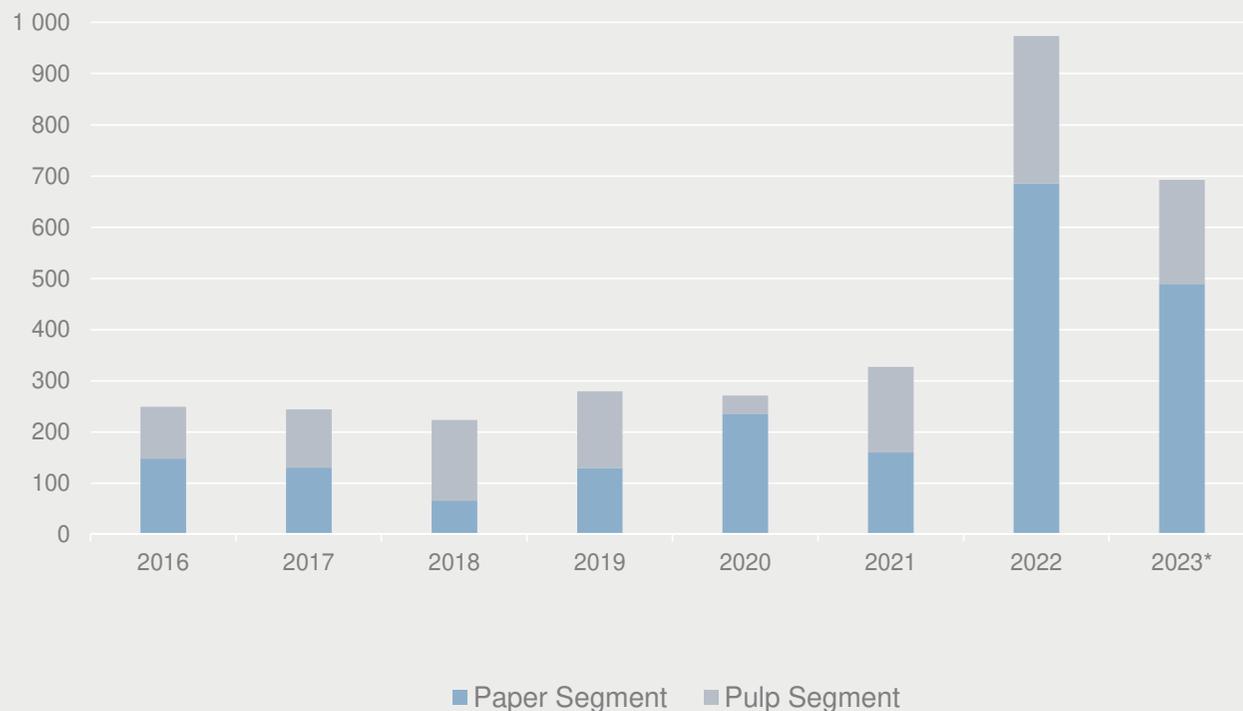
# EBITDA EVOLUTION 2016 – 2023 (PLN mn)

Effective hedging of both segments – to stabilize financial results

---

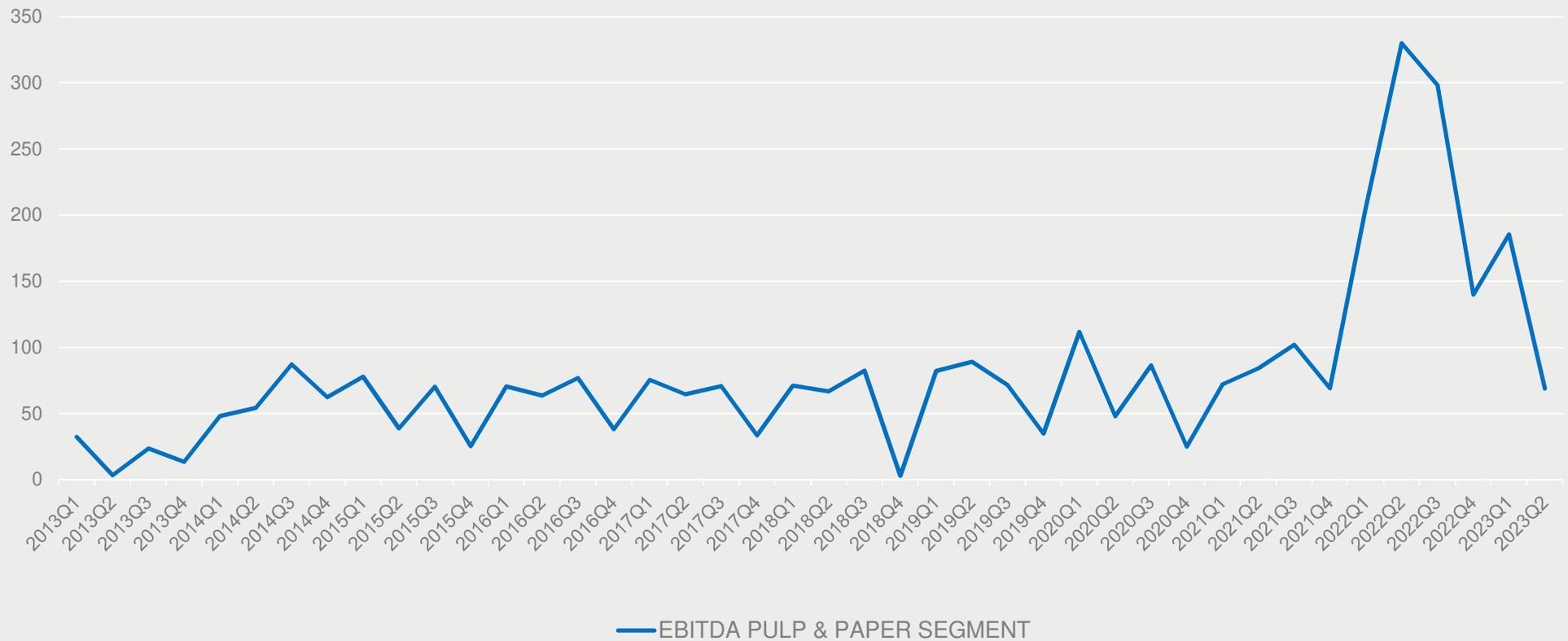
**Q2 2023 EBITDA PLN 68.9mn**

**PLN 117mn LOWER THAN Q1 2023**  
**PLN 261mn LOWER THAN Q2 2022**

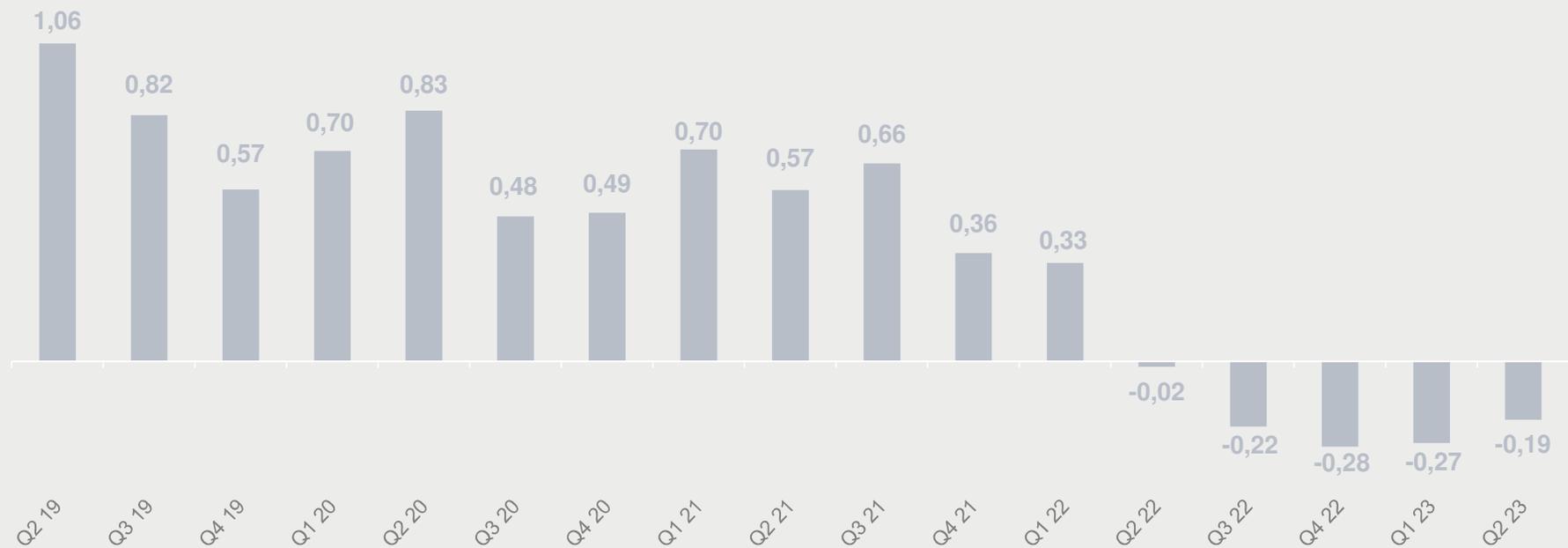


\* rolling 12 months

# QUARTERLY EBITDA EVOLUTION 2013 – 2023 (PLN mn)

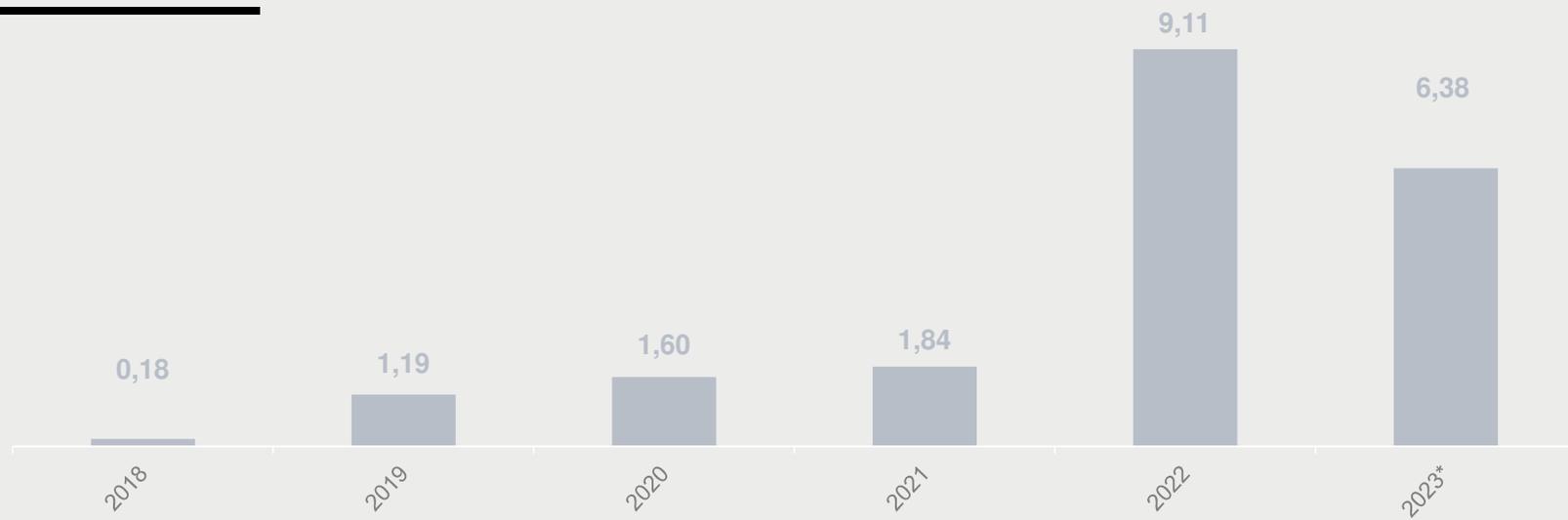


# NET DEBT/EBITDA 2019 – 2023



# NET PROFIT PER SHARE

---



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



- 
- In an environment of inflation and recession in Europe, recovery of graphical, packaging and pulp markets may take time
  - Focus on long term strategic initiatives to diversify towards green energy and packaging
  - Several projects in the renewable energy are on-going
  - The joint venture investment with Rottneros in a new production facility for molded fiber trays in Kostrzyn is progressing as planned with the aim of being operational during Q1 2024.



# 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

# 4P FOR FUTURE ARCTIC



Paper



Packaging



Pulp



Power

