

Current report no. 4/2025

Dated: February 18th 2025

Subject: Preliminary financial results of Arctic Paper S.A. and Arctic Paper Group for the Q4 of 2024 and 2024 and recommendation on dividend payment

General legal basis:

Art. 17 sec. 1 of MAR – Inside information

Content:

Management Board of Arctic Paper S.A. ("Company", "Issuer") in reference with obtaining today an information about the value of preliminary selected financial data, herewith announces selected preliminary financial results of the Arctic Paper S.A. Group (the "Group") and the Issuer for the Q4 of 2024 and annual 2024:

Financial Results of Q4 2024:

Arctic Paper S.A. Group:

- Consolidated estimated sales revenues 810.8 mln PLN,
- Consolidated estimated net profit 18.8 mln PLN,

Arctic Paper S.A.

- Standalone estimated sales revenues 5.2 mln PLN,
- Standalone estimated net profit 97.9 mln PLN,

Financial Results of 2023:

Arctic Paper S.A. Group:

- Consolidated estimated sales revenues 3,434.7 mln PLN,
- Consolidated estimated net profit 161.1 mln PLN,

Arctic Paper S.A.

- Standalone estimated sales revenues 123.9 mln PLN,
- Standalone estimated net profit 197.3 mln PLN.

Detailed selected preliminary consolidated results of the Arctic Paper S.A. Group are presented in the attachment to this report.



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The year 2024 was characterized by demanding market conditions, therefore, in the Management Board's opinion, the estimated results achieved by the Group and the Company in 2024 are good. The satisfactory level of estimated consolidated profit results from increased sales volumes and achieved cost efficiencies, including the balanced energy and raw materials policy of the Group. The Group has a strong balance sheet, which allows for the continuation of the implementation of the 4P strategy.

On the other hand, a significant impact on the standalone net result had the reversal of the impairment loss on shares in Arctic Paper Investment AB (the company being the sole shareholder of Arctic Paper Grycksbo AB) of the amount of PLN 104.8 million.

The amount of impairment allowance in the consolidated financial statement has not changed due to the differences in the accounting treatment of the value of assets of this entity on consolidation level in relation to their book value on standalone level.

Based on estimated calculations as of December 31st, 2024, the Group did not meet the level of one of the financial covenants specified in the loan agreement – cash flow cover. The main reason for this situation was the high level of investments related to the implementation of the 4P strategy in 2024. This has no impact on the Group's financial statements for 2024, as the Group received consent to not meet this ratio from the financing banks. The second of the covenants, Net debt/EBITDA, remains at a low level, meeting the requirements of the loan agreement.

The above financial results are estimates obtained during the preparation of the financial statements for 2024. The final standalone and consolidated results will be published in the annual report and may, to a limited extent, differ from the amounts presented above.

Publication of the Company's standalone annual report of 2024 and consolidated annual report of the Arctic Paper S.A. Group of 2024, together with the auditor's opinions, will take place on April 29th, 2025.

Taking into account the preliminary financial results of the Company and the Arctic Paper S.A. Group of 2024, the Management Board of the Company decided to recommend to the Annual General Meeting of the Company the payment of dividend from the Company's net profit of 2024 in the amount of PLN 0,70 gross per share.

The final recommendation regarding the distribution of the net profit of 2024 will be presented by the Management Board to the Annual General Meeting after the publication of the Company's annual report of 2024, which will take place on March April 29th, 2025. The Management Board's recommendation will be a subject of the opinion of the Company's Supervisory Board.

Specific legal basis:

Art. 17 sec. 1 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

Attachment no 1 to the Current report no. 4/2025 dated February 18th 2025

Table 1: Preliminary selected items of consolidated statement of profit and loss

<i>PLN '000</i>	YTD 2024	YTD 2023
Sales revenues	3 434 693	3 549 153
EBIT	184 294	357 068
EBITDA	298 596	475 304
Net profit/ (loss)	161 105	272 388
<i>Net profit / (loss) for the reporting period attributable to the shareholders of the Parent Entity</i>	154 457	247 132

Table 2: Preliminary selected consolidated balance sheet items

<i>PLN '000</i>	31.12.2024	31.12.2023
Fixed assets	1 492 328	1 292 261
Current assets, whereof	1 264 634	1 430 616
<i>Cash and cash equivalents</i>	287 583	500 449
Total assets	2 756 962	2 722 877
Equity	1 768 722	1 801 508
Short-term liabilities	612 680	641 617
Long-term liabilities	375 560	279 752
Total equity and liabilities	2 756 962	2 722 877

Table 3: Preliminary selected items of the consolidated cash flow statements

<i>PLN '000</i>	YTD 2024	YTD 2023
Cash flows from operating activities	188 397	471 202
Cash flows from investing activities	(416 630)	(146 719)
Cash flows from financing activities	22 835	(288 933)
Total cash flows	(205 398)	35 550