

**Velvet CARE to build third paper machine in five years
as part of PLN 364 million investment project**

*Leading Polish consumer tissue maker will expand capacity
by around 40%, build automated product warehouse*

Klucze, Poland, July 24 2023 – Velvet CARE, Central Europe’s fastest-growing consumer tissue maker, will build its third paper machine in five years as part of a PLN 364 million (\$91 million) project to solidify its market position, increase efficiency and make production more sustainable.

The company, owned by ESG transformation specialist private equity fund Abris Capital Partners, will receive support from the Kraków Technology Park for the investment, making it Velvet CARE’s third project with the special economic zone. The new paper machine, which will boost annual capacity by around 40% to 210,000 tonnes, is Velvet CARE’s third in just five years. The project also includes construction of an accompanying automated warehouse for tissue products.

“With this project we’re keeping up our rapid pace of growth as we pursue our goal of becoming a regional leader in consumer tissue product manufacturing,” said **Velvet CARE Chief Executive Artur Pielak**. “We’re continuing to build scale and deliver value for our shareholders, while also having a positive impact on our community and the regional economy – as demonstrated by our ongoing partnership with the Kraków Technology Park. It’s especially meaningful for us to reach this milestone as we celebrate the 10th anniversary of our management buyout, which launched the current chapter in the company’s 126-year history.”

The Velvet CARE group, which employs a total of about 900 people in Poland and Czechia, is the Polish market leader in branded consumer tissue products. Its factory in Klucze, southern Poland, is one of the most modern and efficient in Central Europe. In addition to the current three paper machines, the group operates a total of 18 converting lines, manufacturing toilet paper, kitchen towels and hygiene facial tissues for the Central European and other international markets.

Velvet CARE brought its newest current tissue machine online in December 2021. That investment, which also received support from the Technology Park programme, followed another machine that had begun operating in 2018, the year the firm was acquired by Abris. The company’s expansion in recent years also included the 2020 acquisition of Moracell, the largest manufacturer of paper hygiene products in Czechia.

“Velvet Care’s third paper machine in such a short period of time is an indication of the company’s investment program catching up with the business’s industry-leading growth,” said Abris Investment Director Tomasz Kujawa. “This is a win-win-win project for shareholders and

stakeholders, the local economy and environmental sustainability. It is consistent with how we want to build our portfolio companies through ESG transformation. We're proud of the Velvet CARE team and their ambitious approach to business, and we're excited to see how they'll use this investment to scale even greater heights."

The new investments will help Velvet CARE use heat and other energy sources more efficiently, reduce water and raw material use, minimise waste and support circular-economy processes. Velvet CARE has slashed CO2 emissions and water usage per tonne of output by half since 2013, while increasing tissue production by four times, according to its recent ESG report.

Velvet CARE's rapid pace of investment has helped the business increase sales fivefold from PLN 260 million in 2013, when the company was taken over through a management buyout from Kimberly Clark. The company forecasts 2023 revenue of PLN 1.5 billion, after last year's figure rose by 57% to a record PLN 1.3 billion.

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Founded in 2013, with roots stretching back more than a century, Velvet CARE makes toilet paper, kitchen towels and facial tissue, and is the Polish market leader in branded paper hygiene products. The company has total annual capacity of more than 150,000 tonnes, and sells its products in about 30 countries.

Velvet CARE's main production facility in Klucze, southern Poland, was founded in 1897. It was acquired by International Paper during Poland's transition from communism in the mid-1990s. In 2003, the investor sold the company to fellow US-based giant Kimberly-Clark. The current company was established 10 years later in a management buyout, and acquired by the private equity fund Abris Capital Partners in 2018. Velvet CARE has production facilities in two locations: Klucze in southern Poland, and its Moracell unit in Žabčice, near Brno in the Czech Republic.

The Klucze paper plant is one of the largest in Central Europe, with almost 100,000 square metres of production and warehouse buildings on 40 hectares of land. Since 2016 it has been part of the Krakow Technology Park special economic zone, qualifying it for investment incentives.