



PRESS RELEASE

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Arctic Paper adopts Group strategy - focus on the development of four segments of the sustainable economy

With the new group strategy for 2030, Arctic Paper accelerates the transition to becoming a more versatile company with synergies and competencies from its existing operations. With a stronghold as a premium paper producer and owner of strong brands in graphic paper and pulp, the four-pillar (4P) strategy means that the group will invest in two new business areas where sustainability and renewable resources play a key role - packaging and power:

- According to Management Board estimates, revenues will increase by 25 percent to 2030.
- For the same period, Management Board calculate EBITDA to grow around 70 percent and the EBITDA-margin to reach 15 percent by 2030.
- Total investments in all four pillars are planned at over 1.5 bn PLN for the period 2022-2030, of which the new assets account for around 40 percent.
- The Group will reach carbon neutrality at the latest 2035.

Although the graphic paper market has limited potential to grow, demand for pulp, innovative packaging solutions and green energy will continue to increase due to the e-commerce boom, the transition from plastics to more sustainable solutions, increasing prices of energy and CO2 emissions allowances.

“Premium paper will remain one of our core businesses. Together with our holding in the pulp producer Rottneros, it has been an effective hedge in volatile markets, but we must grow and increase our margins. The new 4P strategy for 2030 points the way for the future Group”, says Michał Jarczyński, CEO, Arctic Paper S.A.

In 2030, the new pillars packaging and power are estimated to make up about 25 percent of the revenues, pulp for 29 percent, while graphic paper will still be an important part of the group with 46 percent of the revenues. The four-pillar strategy allocates investments to areas based on natural renewable resources, which combine the existing experience of Arctic Paper. Together the four pillars will provide a more balanced development as the business cycles are different, but also better margins and higher profitability.

“Our goal is to diversify into fast-growing areas where we find strong synergies and greater resilience. We will develop the group in renewable activities to help customers and communities function in a more environmentally neutral way and adapt to the circular economy”, he continues.

Combating climate change through products and solutions based on renewable materials and renewable energy, while replacing plastic with pulp as a renewable material, is a natural part of Arctic Paper's new strategy. For paper and packaging, the goal is to become carbon neutral by 2030, and for the Group this will be achieved by 2035.

Arctic Paper has a long-standing commitment to sustainability. Becoming carbon neutral is an important step in that direction. The new strategy combines the continued development of our business and value creation with driving the transition to a circular economy, concludes Michał Jarczyński.

Packaging

Packaging plays a vital role in modern societies. Paper is a natural, renewable alternative to plastics and many companies shift to pulp and paper-based packaging solutions. Arctic Paper launched its first papers for packaging 2019 and has a fast-growing range that is planned to reach 120 000 tons 2030. Above that, additional investments will be made in new projects in fully owned plants or joint ventures with industrial partners. Beside packaging paper, barrier papers and pulp fiber-based packaging are the areas pointed out in the new strategy. For 2030, the packaging business is expected to reach an annual revenue of 800 MPLN.

Power

The shift from fossil to non-fossil energy is imperative to meet climate goals. Arctic Paper has a long tradition of investing in renewable energy sources with the ambition to become self-sufficient in green energy. Biomass, hydro energy and solar panels are used at the three mills today, resulting in a 40 percent reduction of group CO2 emissions during the last 15 years. Based on that experience from renewable energy, Arctic Paper will build up a separate power segment independently and in co-operation with partners to become self-sufficient. Additionally Arctic Paper will be involved in the process of energy management and trading to third parties. By investing in green energy, the goal is to reach 250 GWh new power generation by 2030.

Graphical paper

Since hundreds of years paper is the base for communication. Today, Arctic Paper is a European producer of premium paper with strong brands and a leading position in the markets for high quality book and design paper. Paper will remain an important part of the business. Arctic Paper will continue to develop its position in stable, profitable niches of the market with the help of new innovative products and recognizable brands. Arctic Paper plans to modernize the three mills during the strategic period and to increase production capacity. In 2030, the graphical paper segment is expected to generate revenues of 2.2 bn PLN.

Wood pulp

As a material based on a renewable resource, wood pulp plays a key role in the circular economy. Through the ownership of 51 percent of the Swedish pulp producer Rottneros, Arctic Paper is well positioned to grow sustainable pulp production for paper, packaging, tissue and technical applications.

To summarize: Arctic Paper will invest 2022-2030 more than 600 MPLN within packaging and power to diversify the group's business into four pillars, providing 25 percent growth in terms of revenues and better margins.

Further information provided by:

Michał Jarczyński, CEO, Arctic Paper S.A.
Phone +46 10 451 7005
E-mail: michal.jarczyński@arcticpaper.com

Göran Eklund, CFO, Arctic Paper S.A.
Phone +46 10 451 7054
E-mail: goran.eklund@arcticpaper.com

The 4P strategy is available on the webpage: arcticpapergroup.com

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 arcticpapergroup.com