



# Diversification continues in line with proven '4P Strategy'

November 2023



ARCTIC PAPER

# 4P FOR FUTURE ARCTIC

Paper



Packaging



Pulp



Power



4P Strategy

[arcticpaper.com](http://arcticpaper.com)  
[arcticpapergroup.com](http://arcticpapergroup.com)

# 4P STRATEGY

## Background

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The '*Arctic Paper 4P Strategy*' was initiated in 2021.

### **The 4P Strategy involves:**

- Continuing organic growth in the segments – paper and cellulose fibre (pulp).
- New market opportunities are opening up in the packaging sector and energy generation (power).

Maintaining a leading position in graphical subsegments, we have planned investments in cellulose-based packaging production and renewable energy sources.



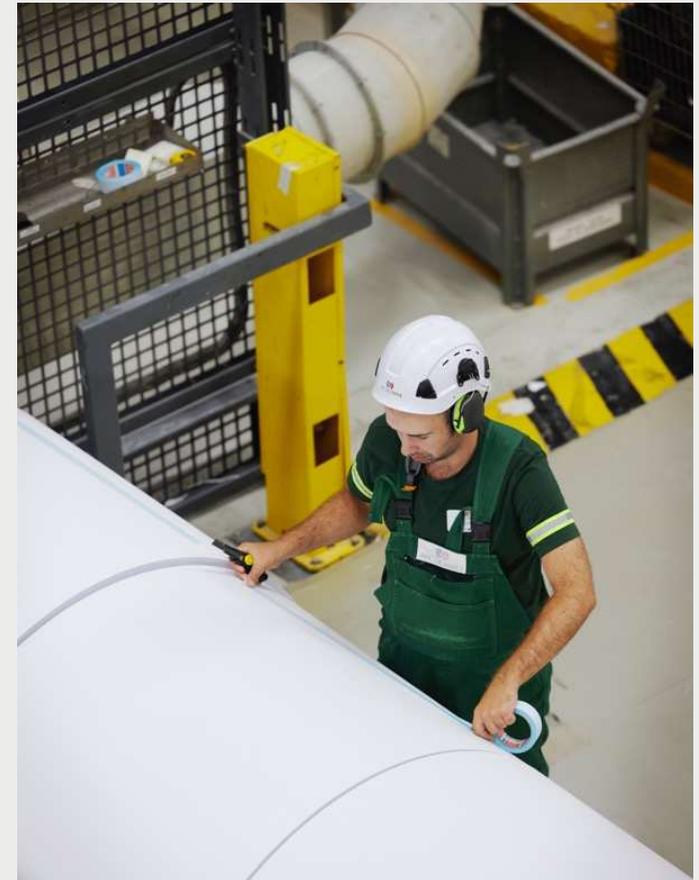
# 4P STRATEGY

## Background

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The implementation of the 4P Strategy was planned for the years 2021-2030.

The Group has now completed the first three years of its implementation, and it is time to assess the results and update it.



# 4P STRATEGY

## Outcome

Very good results achieved by the Arctic Paper Group in the years 2021-2023 indicates that we made a correct judgement of the market situation and trends.

Established the right directions for investment.

Our mature business model, stable financial results and as well as investment in new, growth-oriented and profitable segments allows a stable dividend policy, established in 2022.

Still, two segments – cellulose (pulp) and paper – account for the majority of our revenues. Despite a slight decrease in demand for graphic paper, our market share percentage has increased, due to focus on being close to our European key markets.



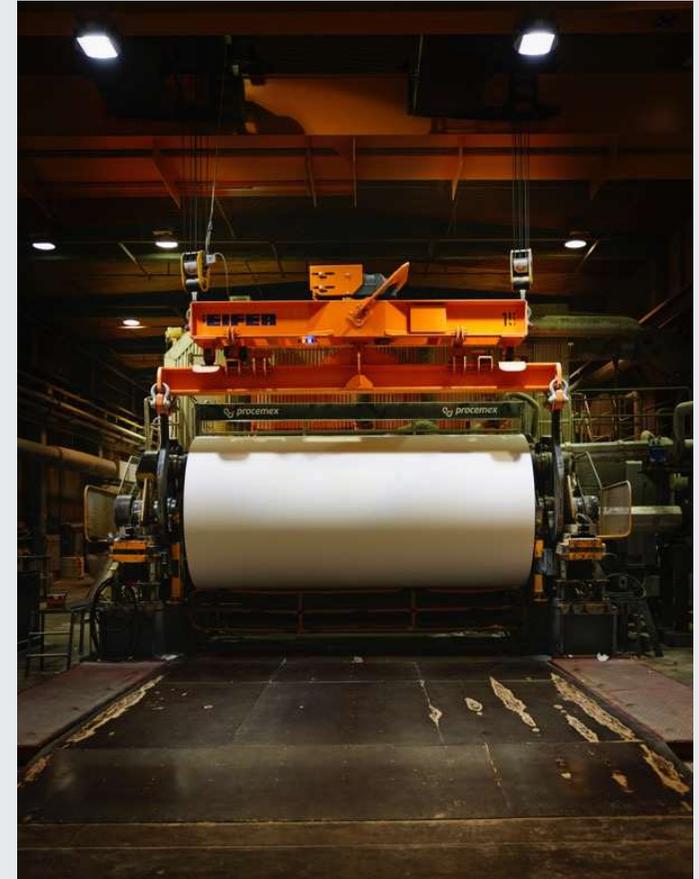
# 4P STRATEGY

## Outcome

Our activities in the packaging segment provide a solid basis for implementing further steps in the coming years.

The new joint venture with Rottneros in molded pulp trays is an important first, with the aim of being operational 2024.

The significant dynamics of changes in the energy market in the last 2 years confirm that our assessment of this segment was correct, and the investments made in this area are already bringing us benefits.



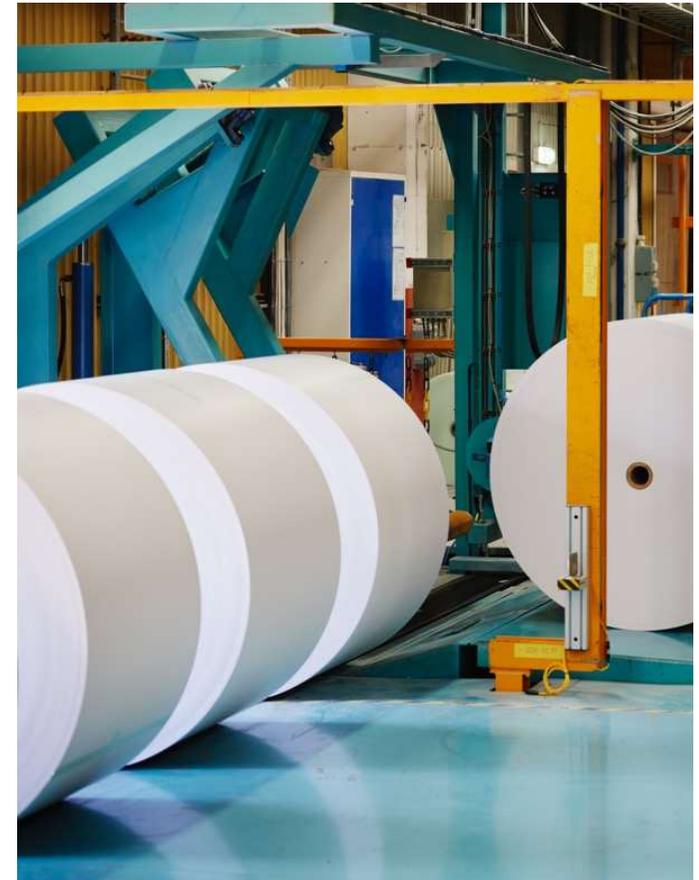
# PAPER & PULP SEGMENT

**We aim to replicate the successes we achieve in the paper and cellulose fiber segment. Investments in this area are focused on:**

- continuously improving our competitive advantage
- enhancing efficiency, digitalization and automation
- and implementing new technologies into the production process, and exploring new applications for our products.

We strive to maintain our position as a leader in various European graphical segments and as a producer of high-quality cellulose for special applications.

Our focus will remain on profitability rather than continual expansion of production capacity.



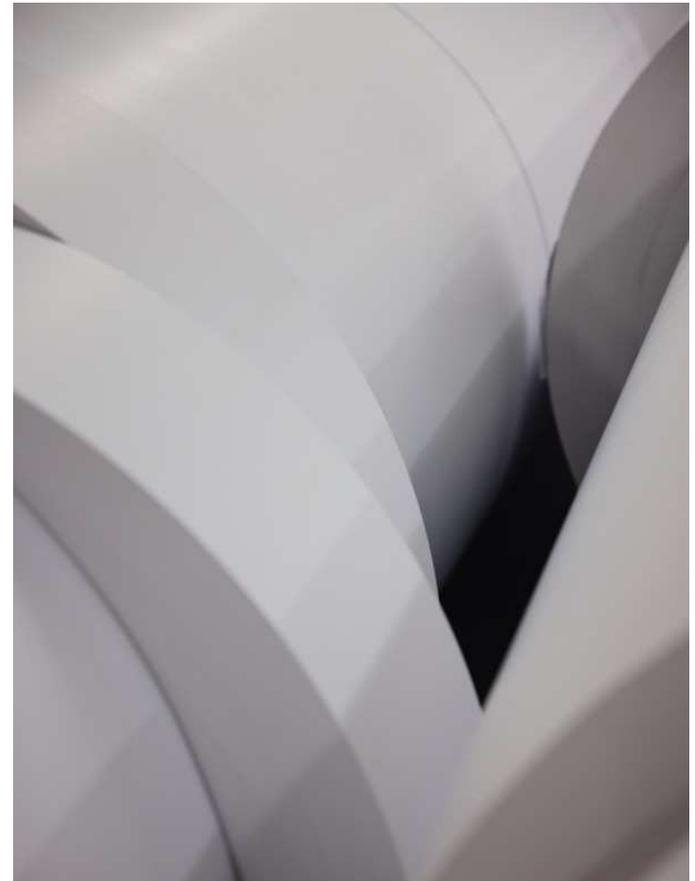
# PACKAGING SEGMENT

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The global trend of replacing plastic packaging with products made from natural resources presents a significant opportunity.

As a cellulose producer, we have expertise in manufacturing packaging from cellulose fiber and will be pursuing further investments in this segment.

We aim to identify and select market areas where niche segments allow for higher margins, partly by implementing new solutions and innovation advancing the production of functional papers.



# PACKAGING SEGMENT

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We aspire to develop the packaging segment both independently and through joint venture partnerships. The molded fibre tray production unit in Kostrzyn Poland will be the first step in 2024.

We do not rule out growth through acquisitions.



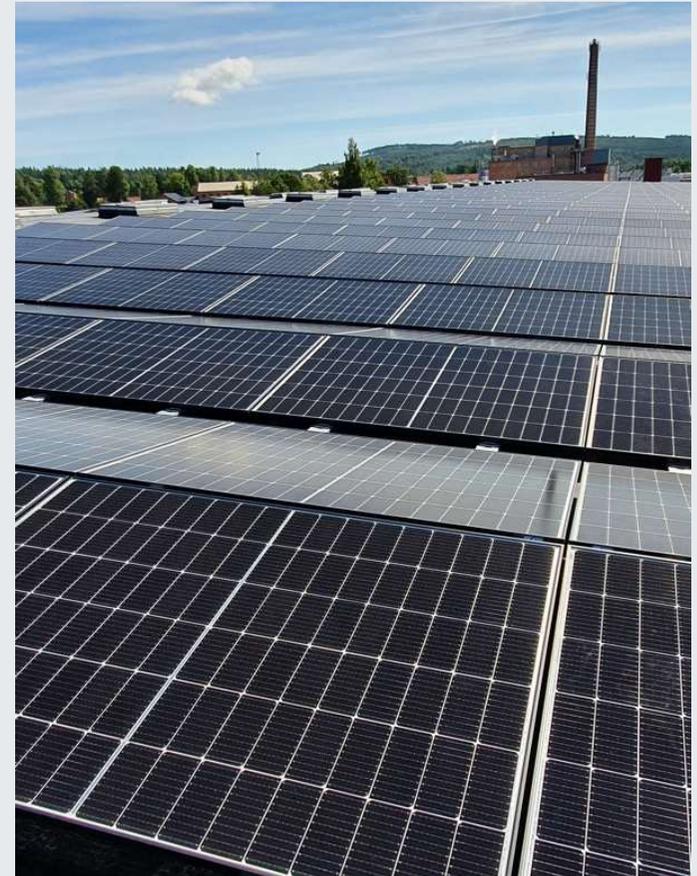
# POWER SEGMENT

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High profitability in the energy market. We aim to continue focusing on renewable energy.

**Investments in the industrial energy segment are being pursued in two directions:**

- Increasing energy generation for our internal production processes (energy self-sufficiency) to achieve 100% by 2030.
- Selling energy to customers outside our group.



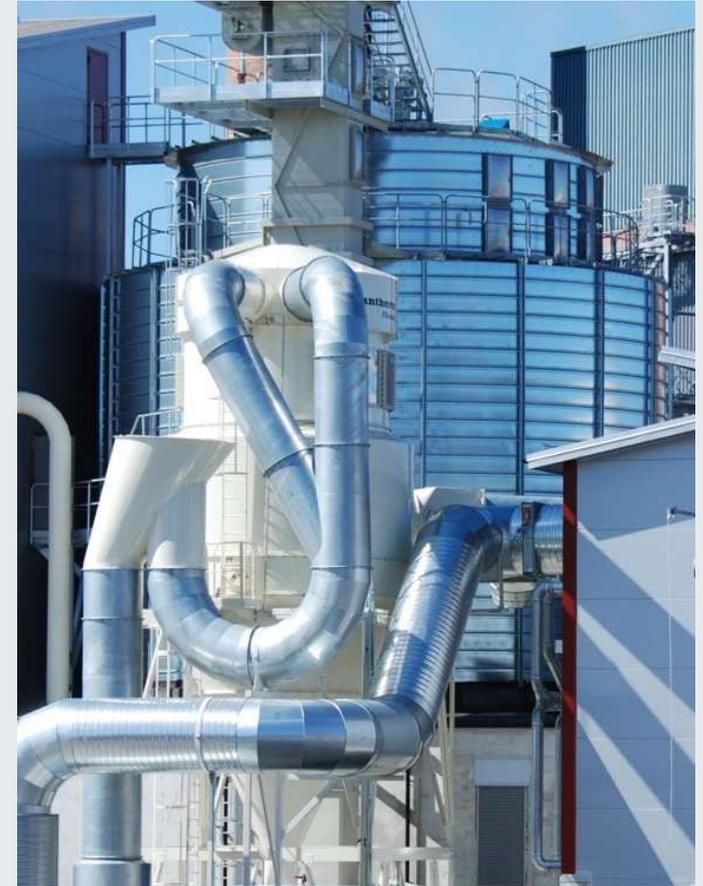
# POWER SEGMENT

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Shift our focus towards photovoltaic farms and biomass.

By 2026, the capacity of our renewable energy sources will reach 25 MW, and by 2030, it will be 80 MW.

We aim to develop energy projects through acquisitions, which will lead to a significant increase in installed capacity to 140 MW.



# POWER SEGMENT

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In Sweden, we have gained expertise in providing system services for the power grid. The nature of our operations presents significant opportunities for this development both in Sweden and Poland.

In 2025, we are opening a new area of activity for the group – producing wood pellets for mainly household heating. In the initial stage, 50 thousand tons will be produced annually, with plans to increase production to over 100 thousand tons of pellets per year.



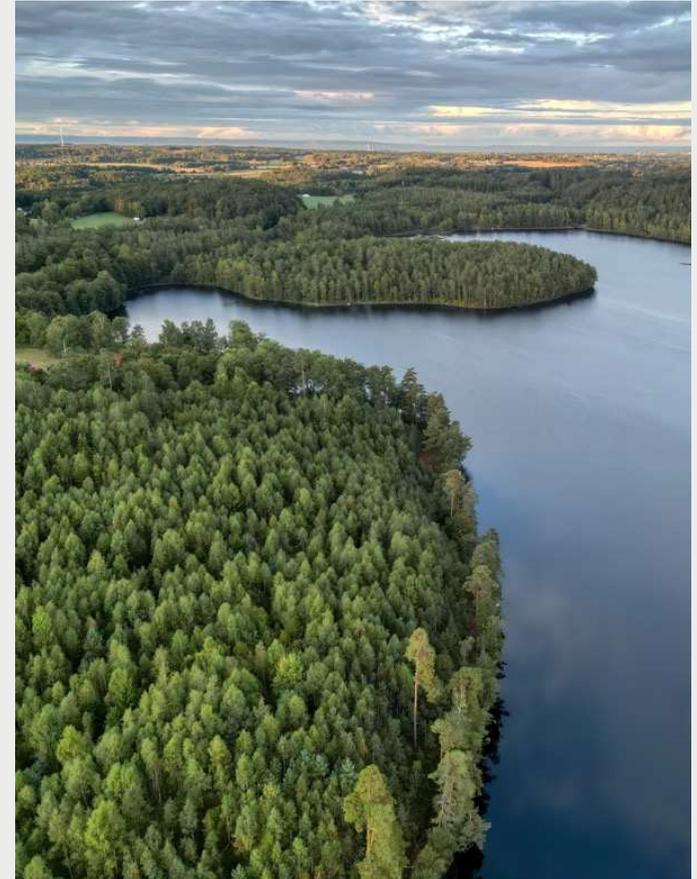
# CORPORATE SOCIAL RESPONSIBILITY

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We are part of the bio based circular economy, based on cellulose fiber.

We continue our development towards a sustainable and emissions-neutral economy. By 2035, we aim to achieve neutral fossil CO<sub>2</sub> emissions according to Scope 1 and Scope 2.

We will do our utmost to reduce fossil CO<sub>2</sub> emissions in Scope 3, demanding reductions from our entire value chain.



# CORPORATE SOCIAL RESPONSIBILITY

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We will focus on securing, maintaining and developing a diverse, inclusive and engaged workforce.

Arctic Paper is committed to the principles of the Universal Declaration of Human Rights by United Nations and the United Nations Global Compact principles.



# ARCTIC PAPER GROUP

## Financial Perspective

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We target to maintain a strong financial position for the group. The planned investments in the four segments by 2030 will amount to approximately 1,325 million PLN.

The investments will be – according to the 2021 published strategy – financed in a ratio of 40% equity and 60% external capital.

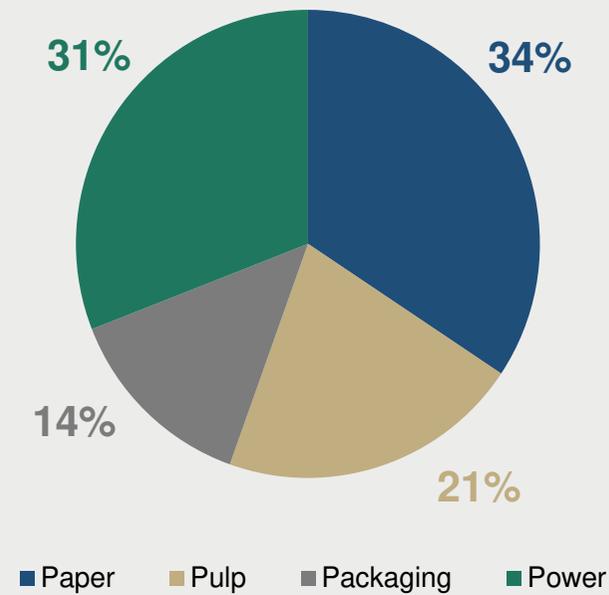
Our goal is to ensure that despite the investments currently underway and in the coming years, the net debt to EBITDA ratio does not exceed 3.5x



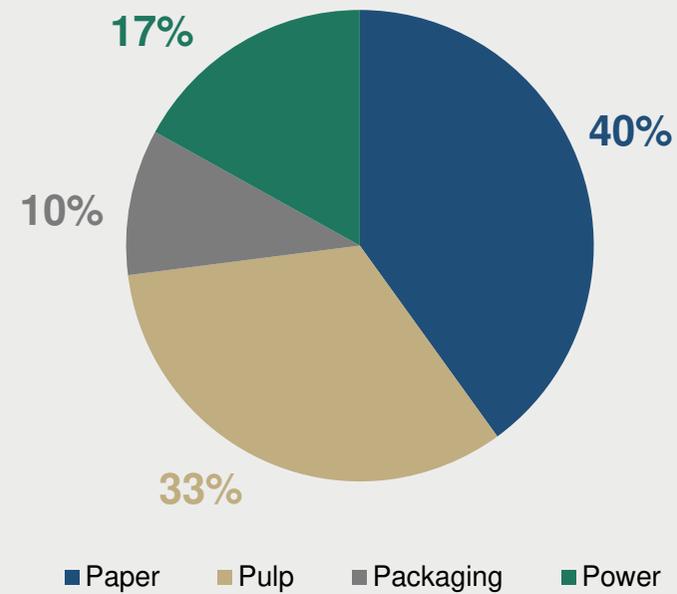
# ARCTIC PAPER GROUP

Financial Perspective

Investment Directions 2024-2030



EBITDA 2030 by Segments



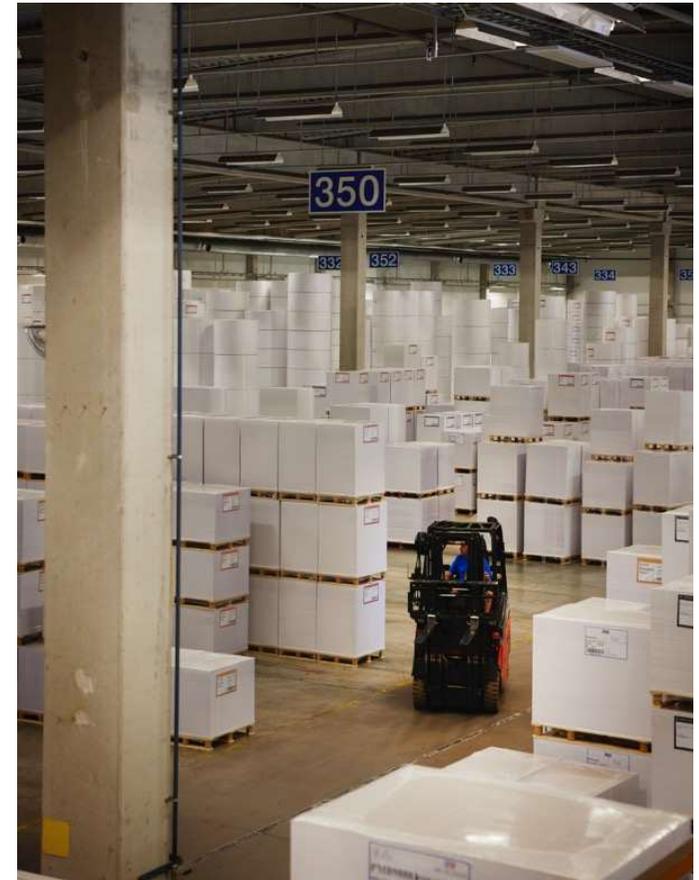
# ARCTIC PAPER GROUP

## Financial Perspective

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We aim to be perceived by shareholders as a mature, stable company with solid foundations, effectively managing risks.

We maintain our dividend policy and planning to allocate 20 to 40% of profits for dividends.



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