ARCTIC PAPER CAPITAL GROUP

Consolidated semi-annual report
for six months ended on 30 June 2025

Table of contents

Introduction

Information on the report

This Consolidated Semi-annual Report for 6 months ended on 30 June 2025 was prepared in accordance with the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent (Journal of Laws of 2018, item 757) and a part of the interim abbreviated consolidated financial statements in accordance with International Accounting Standard No. 34.

The Interim Abbreviated Consolidated Financial Statements do not comprise all information and disclosures required in the Annual Consolidated Financial Statements which are subject to mandatory audit and therefore they should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended 31 December 2024. The data for the three months ended 30 June 2025 and 30 June 2024 and the three months ended 31 March 2025 and 31 March 2024 presented in the interim abbreviated consolidated and separate financial statements have not been reviewed or audited by an auditor.

Certain selected information contained in this report comes from the Arctic Paper Group management accounting system and statistics systems.

This Consolidated Semi-annual Report presents data in PLN, and all figures, unless otherwise indicated, are given in thousand PLN.

Definitions and abbreviations

Unless the context requires otherwise, the following definitions and abbreviations are used in the whole document:

Arctic Paper, Company, Issuer, Parent Company, AP	Arctic Paper Spółka Akcyjna with its registered office in Kostrzyn nad Odrą, Poland
Capital Group, Group, Arctic Paper Group, AP Group	Capital Group comprised of Arctic Paper Spółka Akcyjna and its subsidiaries as well as joint ventures
Paper Mills	Arctic Paper Kostrzyn, Arctic Paper Munkedals, Arctic Paper Grycksbo
Sales Offices	Arctic Paper Papierhandels GmbH with its registered office in Vienna (Austria)
	Arctic Paper Benelux SA with its registered office in Oud-Haverlee (Belgium)
	Arctic Paper Danmark A/S with its registered office in Greve (Denmark)
	Arctic Paper France SA with its registered office in Paris (France)
	Arctic Paper Deutschland GmbH with its registered office in Hamburg, (Germany)
	Arctic Paper Italia Srl with its registered office in Milan (Italy)
	Arctic Paper Baltic States SIA with its registered office in Riga (Latvia)
	Arctic Paper Norge AS with its registered office in Oslo (Norway)
	Arctic Paper Polska Sp. z o.o. with its registered office in Warsaw (Poland)
	Arctic Paper España SL with its registered office in Barcelona (Spain)
	Arctic Paper Finance AB with its registered office in Munkedal (Sweden)
	Arctic Paper Schweiz AG with its registered office in Derendingen (Switzerland)
	Arctic Paper UK Ltd with its registered office in London (UK)
Rottneros Group, Rottneros AB Group	Rottneros AB with its registered office in Söderhamn, Sweden; Rottneros Bruk AB with its registered office in Rottneros, Sweden; Utansjo Bruk AB with its registered office in Söderhamn, Sweden, Vallviks Bruk AB with its registered office in Vallvik, Sweden; Rottneros Packaging AB with its registered office in Sunne, Sweden; SIA Rottneros Baltic with its registered office in Kuldiga, Latvia; Nykvist Skogs AB with its registered office in Gräsmark, Sweden
Pulp Mills	Rottneros Bruk AB with its registered office in Rottneros, Sweden; Vallviks Bruk AB with its registered office in Vallvik, Sweden

Thomas Onstad	The Issuer's core shareholder, holding directly and indirectly over 50% of shares in Arctic Paper S.A.; a member of the Issuer's Supervisory Board
NBSK	Northern Bleached Softwood Kraft
BHKP	Bleached Hardwood Kraft Pulp

Definitions of selected financial concepts and indicators

Sales profit margin	Ratio of gross profit/(loss) on sales to sales revenue from continuing operations
EBIT	Profit on continuing operating activity (Earnings Before Interest and Taxes)
EBIT profitability, operating profitability, operating profit margin	Ratio of operating profit/(loss) to sales revenue from continuing operations
EBITDA	Operating profit from continuing operations plus depreciation and amortisation and impairment allowances (Earnings Before Interest, Taxes, Depreciation and Amortisation)
EBITDA profitability, EBITDA margin	Ratio of operating profit plus depreciation and amortisation and impairment allowances to sales income from continuing operations
Gross profit margin	Ratio of gross profit/(loss) to sales revenue from continuing operations
Sales profitability ratio, net profit margin	Ratio of net profit/(loss) to sales revenue
Return on equity, ROE	Ratio of net profit/(loss) to equity income
Return on assets, ROA	Ratio of net profit/(loss) to total assets
EPS	Earnings Per Share, ratio of net profit to the weighted average number of shares
BVPS	Book Value Per Share, Ratio of book value of equity to the number of shares
Debt-to-equity ratio	Ratio of total liabilities to equity
Equity to non-current assets ratio	Ratio of equity to non-current assets
Interest-bearing debt-to-equity ratio	Ratio of interest-bearing debt and other financial liabilities to equity
Net debt-to-EBITDA ratio	Ratio of interest-bearing debt minus cash to EBITDA from continuing operations
EBITDA-to-interest coverage ratio	Ratio of EBITDA to interest expense from continuing operations
Current ratio	Ratio of current assets to current liabilities
Quick ratio	Ratio of current assets minus inventory and short-term accruals and deferred income to current liabilities
Cash solvency ratio	Ratio of total cash and cash equivalents to current liabilities
DSI	Days Sales of Inventory, ratio of inventory to cost of sales multiplied by the number of days in the period
DSO	Days Sales Outstanding, ratio of trade receivables to sales income from continuing operations multiplied by the number of days in the period
DPO	Days Payable Outstanding, Ratio of trade payables to cost of sales from continuing operations multiplied by the number of days in the period
Operating cycle	DSI + DSO
Cash conversion cycle	Operating cycle – DPO

Forward looking statements

The information contained in this report which does not relate to historical facts relates to forward looking statements. Such statements may, in particular, concern the Group's strategy, business development, market projections, planned investment outlays, and future revenue. Such statements may be identified by the use of expressions pertaining to the future such as, e.g., "believe", "think", "expect", "may", "will", "should", "is expected", "is assumed", and any negations and grammatical forms of these expressions or similar terms. The statements contained in this report concerning matters which are not historical facts should be treated only as projections subject to risk and uncertainty. Forward-looking statements are inevitably based on certain estimates and assumptions which, although our management finds them rational, are naturally subject to known and unknown risks and uncertainties and other factors that could cause the actual results to differ materially from the historical results or the projections. For this reason, we cannot assure that any of the events provided for in the forward-looking statements will occur or, if they occur, about their impact on the Group's operating activity or financial situation. When evaluating the information presented in this report, one should not rely on such forward-looking statements, which are stated only as at the date they are expressed. Unless legal regulations contain detailed requirements in this respect, the Group shall not be obliged to update or verify those forward-looking statements in order to provide for new developments or circumstances. Furthermore, the Group is not obliged to verify or to confirm the analysts' expectations or estimates, except for those required by law.

Forward looking statements relating to risk factors

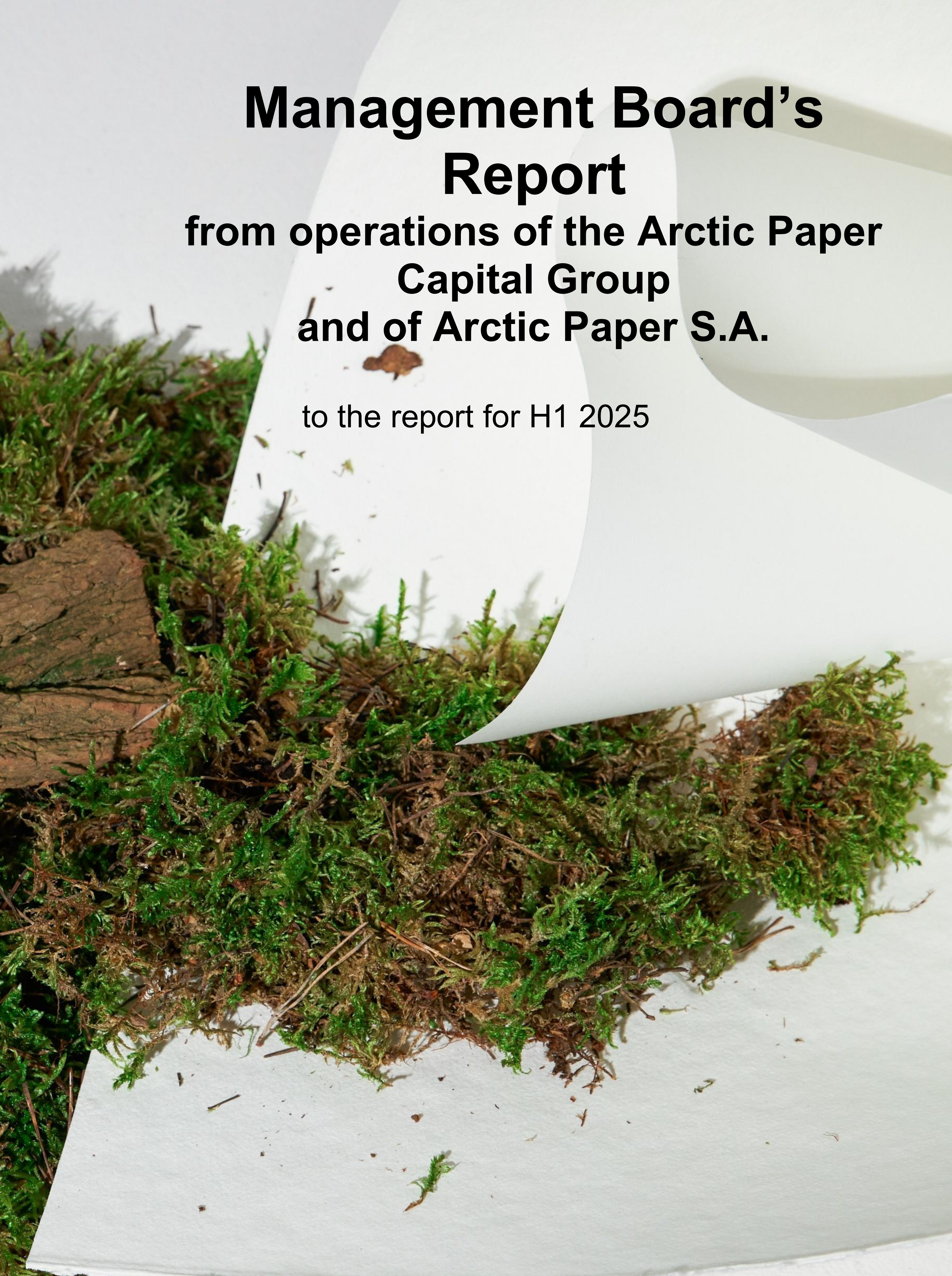
In this report we described the risk factors that the Management Board of our Group considers specific to the sector we operate in; however, the list may not be exhaustive. Other factors may arise that have not been identified by us and that could have material and adverse impact on the business, financial condition, results on operations or prospects of the Arctic Paper Group. In such circumstances, the price of the shares of the Company listed at the Warsaw Stock Exchange or at NASDAQ in Stockholm may decrease, investors may lose their invested funds in whole or in part and the potential dividend disbursement by the Company may be limited.

We ask you to perform a careful analysis of the information disclosed in "Risk factors" of this report – the section contains a description of risk factors and uncertainties related to the business of the Arctic Paper Group.

Management Board's Report

from operations of the Arctic Paper Capital Group and of Arctic Paper S.A.

to the report for H1 2025



Description of the business of the Arctic Paper Group

General information

The Arctic Paper Group is a paper and pulp producer. We offer voluminous book paper and a wide range of products in this segment, as well as high-grade graphic paper. The Group produces numerous types of uncoated and coated wood-free paper as well as wood-containing uncoated paper for printing houses, paper distributors, book and magazine publishing houses and the advertising industry. In connection with acquisition of the Rottneros Group in December 2012, the Group's assortment was expanded with the production of pulp. As at 30 June 2025, the Arctic Paper Group employs around 1,500 people in its Paper Mills, companies involved in sale of paper and in pulp producing companies, procurement office and a company producing food packaging. Our three Paper Mills are located in Poland and Sweden, and have total production capacity of over 700,000 tonnes of paper per year. Our two Pulp Mills located in Sweden have aggregated production capacities of over 400,000 tonnes of pulp annually. As at 30 June 2025, the Group had 13 Sales Offices ensuring access to all European markets, including Central and Eastern Europe. Our consolidated sales revenue for H1 2025 amounted to PLN 1,656 million.

Arctic Paper S.A. is a holding company set up in April 2008. The Parent Company is entered in the register of entrepreneurs of the National Court Register maintained by the District Court in Zielona Góra, 8th Commercial Division of the National Court Register, under KRS number 0000306944. The Parent Company holds statistical number REGON 080262255. The Company has a foreign branch in Göteborg, Sweden.

The principal business of the Arctic Paper Group is production and sales of paper and pulp. Additional activities of the Group, partly subordinated to paper and pulp production, include power generation, heat generation and logistics services.

The Arctic Paper Group's product range includes uncoated and coated wood-free paper, uncoated wood-free paper, sulphate pulp and mechanical fibre pulp.

A detailed description of the Group's business, production plants, business and products can be found in the consolidated annual report for 2024.

Capital Group structure

The Arctic Paper Capital Group consists of the Parent Company, Arctic Paper S.A., and its subsidiaries. Since 23 October 2009, Arctic Paper S.A. has been listed on the primary market of the Warsaw Stock Exchange and since 20 December 2012 in the NASDAQ stock exchange in Stockholm. The Group operates through its Paper Mills and Pulp Mills and its subsidiary producing packaging as well as its sales Offices and Procurement Offices.

Details on the organisation of the Arctic Paper S.A. Capital Group along with identification of the consolidated entities are specified in note 2 in the interim abbreviated consolidated financial statements, further below in this quarterly report.

Changes in the capital structure of the Arctic Paper Group

In H1 2025, no changes in the capital structure of the Arctic Paper Group occurred.

Shareholding structure

The table below shows the shareholders holding directly or indirectly at least 5% of the total number of votes at the Company's General Meeting. This position has not changed since the publication date of the report for Q1 2025, 08 May 2025.

as at 12.08.2025

Shareholder	Number of shares	Share in the share capital [%]	Number of votes	Share in the total number of votes [%]
Thomas Onstad	**47 298 548**	**68,26%**	**47 298 548**	**68,26%**
- indirectly via	41 974 890	60,58%	41 974 890	60,58%
Nemus Holding AB	41 374 890	*59,71%*	*41 374 890*	*59,71%*
other entity	600 000	*0,87%*	*600 000*	*0,87%*
- directly	5 323 658	7,68%	5 623 658	7,68%
Other	**21 989 235**	**31,74%**	**21 989 235**	**31,74%**
Total	69 287 783	100,00%	69 287 783	100,00%
Treasury shares	-	0,00%	-	0,00%
Total	**69 287 783**	**100,00%**	**69 287 783**	**100,00%**

Summary of the consolidated financial results

Selected items of the consolidated statement of profit and loss

PLN '000	Q2 2025	Q1 2025	Q2 2024	H1 2025	H1 2024	Change % Q2 2025/ Q1 2025	Change % Q2 2025/ Q2 2024	Change % H1 2025/ H1 2024
Continuing operations								
Sales revenue	**833 455**	**822 770**	**839 206**	**1 656 225**	**1 804 584**	**1,3**	**(0,7)**	**(8,2)**
of which:								
Sales of paper	*551 507*	*578 783*	*573 035*	*1 130 290*	*1 274 084*	*(4,7)*	*(3,8)*	*(11,3)*
Sales of pulp	*281 949*	*243 987*	*266 171*	*525 935*	*530 501*	*15,6*	*5,9*	*(0,9)*
Profit on sales	82 774	114 384	151 655	197 158	358 779	(27,6)	(45,4)	(45,0)
EBIT	**(88 497)**	**(9 824)**	**41 828**	**(98 321)**	**125 483**	**800,8**	**(311,6)**	**(178,4)**
EBITDA	**5**	**22 856**	**70 429**	**22 861**	**182 418**	**(100,0)**	**(100,0)**	**(87,5)**
Net profit/(loss)	**(75 025)**	**(23 820)**	**24 152**	**(98 845)**	**105 722**	**215,0**	**(410,6)**	**(193,5)**
% of sales revenue	*(9,00)*		*2,88*	*(5,97)*	*5,86*	*(9,0) p.p.*	*(11,9) p.p.*	*(11,8) p.p.*
Net profit/(loss) for the reporting period attributable to the shareholders of the Parent Company	(45 423)	(13 423)	17 948	(58 846)	100 415	238,4	(353,1)	(158,6)
Sales volume (in thousand tonnes)								
paper	119	125	114	244	258	(4)	5	(5)
pulp	92	82	88	91	177	(89)	(90)	(49)

Comments of the President of the Management Board Michał Jarczyński on the results of H1 2024

The second quarter of 2025 was highly affected by global uncertainty, volatile currencies, and high raw material costs. This created a triple negative impact, weighing on the result for the period. Arctic Paper's consolidated revenues remained stable at PLN 833,5 million (839,2 million) while adjusted EBITDA decreased to PLN 0,01 million (70,4) with the corresponding EBITDA margin of 0.0 percent (8.4). We recognize the need for improvement and are accelerating key initiatives to enhance performance and ensure a swift return to profitability, especially for the pulp segment.

To mitigate the impact of current headwinds and to safeguard the Group's financial stability, we have developed and are implementing a cost reduction and efficiency improvement program across the pulp, paper and energy segments. We are adjusting our resources to reflect reduced demand. These measures will generate annual savings of PLN 45–50 million starting in 2026. Working capital optimization will improve cash flow by PLN 35 million. Revenues from new business areas (f x packaging and pellets) are expected to increase EBITDA by approximately PLN 20 million in 2026.

For the paper segment, the uncertainty continued to dampen consumer mood and the demand in our core European markets, resulting in an increased pressure on prices. Arctic Paper's revenues per ton declined to 4.62 kPLN (5.04) while EBITDA reached PLN 6,0 million (41,6). Despite of the difficult market situation, we increased our sales volume reaching 119 000 tons (114 000), of which an increasing part was sold overseas, especially to the US. We continue to invest in new manufacturing technologies – new sheeters in Kostrzyn and Munkedal, and a modernisation of PM9 in Grycksbo – to meet future demands and strengthen competitiveness. While this will temporarily reduce capacity, it will enable more efficient workflows and lower operational complexity in the long term.

The pulp segment (Rottneros) was affected by unfavourable SEK/USD exchange rates, high raw material costs and a lower market price. The U.S. dollar weakened against the Swedish krona, depreciating about 5 percent during Q2, while pulp wood cost remained at a historic high in the Nordics. As a result of this, EBITDA for the period declined to -15 MSEK (65). Considering the ongoing weakness in the market for mechanical pulp (CTMP), we have recorded an impairment of 140 MSEK on fixed assets to align the balance sheet with current market conditions. In response to the challenging situation, cost adjustments and efficiency measures have been implemented, expected to reduce expenses in the second half of 2025. During the period, a rights issue was successfully completed and oversubscribed by ten percent, reflecting strong investor confidence and support for Rottneros future growth.

For the energy segment, the additional 10 MW PV-farm in Kostrzyn was finalized in June, further reducing energy costs for the mill and increasing the share of renewable energy. The investments in Grycksbo to upgrade the boiler and add production of wood pellets is proceeding according to plan and will be operational before year-end. The investment is expected to reduce costs and add an additional revenue stream for the mill. The packaging segment continued to develop stably. The moulded fibre tray production in Kostrzyn is now operational after a period of trimming.

We do not anticipate a rapid recovery in Europe next quarter given the persistently weak market environment, but we remain confident that the 4P Strategy will drive long-term growth and profitability. Given the cyclicality of the pulp and paper sectors and the current market uncertainty, we are in the near term committed to a disciplined approach—focusing on controllable drivers such as cost efficiency, sound finances, competitiveness, and customer value to secure sustainable returns.

Revenue

The decrease in revenue from paper and pulp sales in H1 2025 compared to H1 2024 is mainly due to the decrease in paper sales prices and, to a lesser extent, pulp sales prices. In addition, there was a decrease in volume sales of both paper and pulp. For the same reasons, there was a decrease in revenue from paper and pulp sales in Q2 2025 compared to Q2 2024.

Profit on sales, EBIT, EBITDA, net profit

The decrease in profit on sales, EBIT, EBITDA and net profit for H1 2025 compared to H1 2024 is due to the decrease in revenue from paper and pulp sales and the significant increase in the cost of pulp used in paper production. The analogous situation is in Q2 2025 compared to Q2 2024. Additionally, the decline in EBIT in the second quarter of 2025 results from the impairment of assets in Rottneros.

Profitability analysis

PLN '000	Q2 2025	Q1 2025	Q2 2024	H1 2025	H1 2024	Change % Q2 2025/ Q1 2025	Change % Q2 2025/ Q2 2024	Change % H1 2025/ H1 2024
Profit/(loss) on sales	82 774	114 384	151 655	197 158	358 779	(27,6)	(45,4)	(45,0)
% of sales revenue	*9,93*	*13,90*	*15,45*	*11,90*	*19,88*	*(4,0) p.p.*	*(5,5) p.p.*	*(8,0) p.p.*
EBITDA	**5**	**22 856**	**159 563**	**22 861**	**182 418**	**(100,0)**	**(100,0)**	**(87,5)**
% of sales revenue	*0,00*	*2,78*	*16,25*	*1,38*	*10,11*	*(2,8) p.p.*	*(16,3) p.p.*	*(8,7) p.p.*
EBIT	**(88 497)**	**(9 824)**	**41 828**	**(98 321)**	**125 483**	**800,8**	**(311,6)**	**(178,4)**
% of sales revenue	*(10,62)*	*(1,19)*	*4,26*	*(5,94)*	*6,95*	*(9,4) p.p.*	*(14,9) p.p.*	*(12,9) p.p.*
Net profit/(loss)	**(75 025)**	**(23 820)**	**24 152**	**(98 845)**	**105 722**	**215,0**	**(410,6)**	**(193,5)**
% of sales revenue	*(9,00)*	*(2,90)*	*2,46*	*(5,97)*	*5,86*	*(6,1) p.p.*	*(11,5) p.p.*	*(11,8) p.p.*
Return on equity / ROE (%)	*(4,4)*	*(1,3)*	*1,4*	*(5,8)*	*6,0*	*(3,1) p.p.*	*(5,8) p.p.*	*(11,9) p.p.*
Return on assets / ROA (%)	*(2,7)*	*(0,8)*	*0,9*	*(3,6)*	*4,0*	*(1,9) p.p.*	*(3,6) p.p.*	*(7,5) p.p.*

Lower return on equity and return on assets ratios were due primarily to the lower net profit generated in H1 2025 versus the equivalent period last year.

Selected items of the consolidated statement of financial position

PLN '000	30.06.2025	31.12.2024	30.06.2024	Change 30.06.2025 -31.12.2024	Change 30.06.2025 -30.06.2024
Non-current assets	1 530 937	1 492 328	1 351 201	38 609	179 735
Current assets	1 250 382	1 264 634	1 308 443	(14 252)	(58 061)
Total assets	**2 781 318**	**2 756 962**	**2 659 644**	**24 355**	**121 674**
Equity	1 696 167	1 768 722	1 748 415	(72 555)	(52 248)
Current liabilities	738 804	612 680	678 100	126 123	60 703
interest-bearing debt	*181 601*	*488 517*	*74 470*	*(306 916)*	*107 131*
other non-financial liabilities	*122 965*	*124 163*	*138 458*	*(1 198)*	*(15 494)*
Non-current liabilities	346 346	375 560	233 128	(29 214)	113 218
interest-bearing debt	*216 189*	*162 324*	*91 073*	*53 865*	*125 116*
other non-financial liabilities	*130 157*	*233 073*	*142 055*	*(102 916)*	*(11 899)*
Total equity and liabilities	**2 781 317**	**2 756 962**	**2 659 644**	**24 355**	**121 674**

Non-current assets

The increase in non-current assets at the end of June 2025 compared to the end of the previous year is mainly due to the increase in property, plant and equipment. The increase in property, plant and equipment is mainly due to investments in Group companies.

Current assets

The decrease in current assets at the end of June 2025 compared to the end of the previous year is mainly due to the decrease in cash and cash equivalents.

Equity

The decrease in equity at the end of June 2025 compared to the end of the previous year is mainly due to the net loss achieved in 2025.

Current liabilities

The increase in current liabilities at the end of June 2025 compared to the end of the previous year is mainly due to the increase in the value of trade liabilities caused by the increase in the price of pulp and the increase in interest-bearing working capital loans.

Non-current liabilities

The decrease in non-current liabilities at the end of June 2025 compared to the end of the previous year is mainly due to a decrease in deferred tax liabilities and loans due to their reclassification to the current portion. The decrease in the deferred tax liability is primarily the result of a lower level of untaxed provisions.

Debt analysis

	Q2 2025	Q1 2025	Q2 2024	Change % Q2 2025/ Q1 2025	Change % Q2 2025/ Q2 2024
Debt-to-equity ratio (%)	64,9	61,3	53,1	3,6 p.p.	11,7 p.p.
Equity to non-current assets ratio (%)	109,7	113,3	127,0	(3,5) p.p.	(17,3) p.p.
Interest-bearing debt-to-equity ratio (%)	23,5	21,1	9,6	2,3 p.p.	13,8 p.p.
Net debt to EBITDA ratio for the last 12 months (x)	1,2x	0,7x	(0,3)x	0,5	1,5
EBITDA to interest expense ratio for the last 12 months (x)	13,0x	34,0x	54,7x	(21,1)	(41,7)

The increase in the debt-to-equity ratio in Q2 2025 is the result of an increase in the level of liabilities.

The decrease in the equity to non-current assets ratio in Q2 2025 is the result of a decrease in equity and an increase in non-current assets.

The decrease in the ratio of interest expense to EBITDA for the 12 months ended 30 June 2025 is the result of lower EBITDA.

Liquidity analysis

	Q2 2025	Q1 2025	Q2 2024	Change % Q2 2025/ Q1 2025	Change % Q2 2025/ Q2 2024
Current ratio	**1,7x**	**1,5x**	**1,9x**	**0,2 p.p.**	**(0,2) p.p.**
Quick ratio	**1,0x**	**0,9x**	**1,2x**	**0,1 p.p.**	**(0,2) p.p.**
Cash solvency ratio	**0,3x**	**0,3x**	**0,5x**	**0,0 p.p.**	**(0,1) p.p.**
DSI (days)	59,3	65,6	54,8	(6,4)	4,5
DSO (days)	49,2	52,2	42,2	(2,9)	7,0
DPO (days)	52,1	58,0	50,4	(5,9)	1,6
Operating cycle (days)	108,5	117,8	97,0	(9,3)	11,5
Cash conversion cycle (days)	**56,4**	**59,8**	**46,6**	**(3,4)**	**9,9**

The increase in the cash conversion cycle in Q2 2025 with respect to the second quarter of 2024 is primarily the result of an increase in the inventory and receivables turnover cycle in days.

Selected items of the consolidated statement of cash flows

PLN '000	Q2 2025	Q1 2025	Q2 2024	H1 2025	H1 2024	Change % Q2 2025/ Q1 2025	Change % Q2 2025/ Q2 2024	Change % H1 2025/ H1 2024
Cash flows from operating activities	8 360	(9 808)	4 098	(1 448)	82 204	(185,2)	104,0	(101,8)
Cash flows from investing activities	(83 577)	(73 940)	(103 093)	(157 517)	(176 062)	13,0	(18,9)	(10,5)
Cash flows from financing activities	31 506	72 123	(71 573)	103 629	(93 309)	(56,3)	(144,0)	(211,1)
Total cash flows	**(43 712)**	**(11 625)**	**(170 568)**	**(55 336)**	**(187 167)**	**276,0**	**(74,4)**	**(70,4)**

Cash flows from operating activities

The negative cash flow from operating activities in both the first half and the first quarter of 2025 is primarily due to an increase in receivables at the end of these periods. The positive cash flow from operating activities in the second quarter of 2025 is the result of a decrease in receivables and inventories and an increase in payables.

Cash flows from investing activities

The negative cash flows from investing activities in Q2 2025 is mainly the result of expenditure on the purchase of property, plant and equipment.

Cash flows from financing activities

The positive cash flow from financing activities in both Q2 2025 and the first half of 2025 is primarily the result of an increase in working capital loans at Rottneros.

Summary of separate financial results

Selected items of the separate statement of profit and loss

PLN '000	Q2 2025	Q1 2025	Q2 2024	H1 2025	H1 2024	Change % Q2 2025/ Q1 2025	Change % Q2 2025/ Q2 2025	Change % H1 2025/ H1 2024
Sales revenue	**45 790**	**7 123**	**94 216**	**52 913**	**113 365**	***542,85***	***(51,40)***	***(53,33)***
Profit on sales	42 619	4 198	91 568	46 817	107 953	*915,22*	*(53,46)*	*(56,63)*
EBIT	**36 741**	**(987)**	**87 250**	**35 754**	**96 822**	***(3 822,49)***	***(57,89)***	***(63,07)***
EBITDA	**36 852**	**(879)**	**87 359**	**35 973**	**97 024**	***(4 292,49)***	***(57,82)***	***(62,92)***
Gross profit/(loss)	**34 294**	**1 417**	**86 917**	**35 711**	**96 890**	***2 320,18***	***(60,54)***	***(63,14)***
Net profit/(loss)	**33 672**	**2 039**	**88 451**	**35 711**	**99 031**	***1 551,40***	***(61,93)***	***(63,94)***

Revenue and profit on sales

The main reason for the increase in revenue and profit in Q2 2025 compared to Q1 2025 was the receipt of dividends from Arctic Paper Kostrzyn S.A in the amount of PLN 40,891 thousand. The decrease in revenue in H1 2025 to the corresponding period of 2024 was due to the impact of higher dividends in the first and second quarters of 2024.

EBIT and EBITDA

The decrease in EBIT and EBITDA in Q2 2025 compared to the same period in 2024 is due to the receipt of a lower dividend and lower sales revenue.

Gross profit/(loss) and net profit/(loss)

In H1 2025, the financial result is lower compared to the same period in 2024. This is due to the Company receiving a lower dividend in H1 2025.

Selected items of the separate statement of financial position

PLN '000	30.06.2025	31.12.2024	30 June 2024	Change 30.06.2025 -31.12.2024	Change 30.06.2025 -30.06.2024
Non-current assets	1 129 671	1 130 202	995 929	(531)	133 742
Current assets	128 728	211 256	205 185	(82 528)	(76 458)
Total assets	**1 258 399**	**1 341 458**	**1 201 115**	**(83 059)**	**57 284**
Equity	999 588	964 703	867 295	34 885	132 293
Current liabilities	227 779	335 192	303 706	(107 413)	(75 927)
Non-current liabilities	31 032	41 563	30 118	(10 531)	915
Total equity and liabilities	**1 258 399**	**1 341 458**	**1 201 115**	**(83 059)**	**57 284**

Non-current assets

The increase in the value of non-current assets in H1 2025, compared to H1 2024 is mainly due to the reversal of the impairment loss on the shares in Arctic Paper Investment AB at the end of 2024.

Current assets

The increase in current assets is due to higher cash and an increase in receivables in H1 2025 compared to the same period in 2024. Compared to year-end 2024, current assets at the end of June 2025 were lower due to the change in cash.

Equity

The main reason for the increase in equity compared to H1 2024 was the profit generated in H1 2025.

Current liabilities

The decrease in current liabilities in H1 2025 compared to the end of 2024 is mainly due to a decrease in the item "Interest-bearing loans, borrowings and debt securities", which is caused by a change in the value of the company's cash-pooling liabilities.

Non-current liabilities

The decrease in non-current liabilities compared to H1 2024 is due to the repayment of bank loan instalments in Q4 2024 and Q2 2025.

Selected items of the separate statement of cash flows

PLN '000	Q2 2025	Q1 2025	H1 2025	H1 2024	Change % Q2 2025/ Q1 2025	Change % H1 2025/ H1 2024
Cash flows from operating activities	(52 950)	(44 367)	(97 316)	(10 656)	19,3	813,3
Cash flows from investing activities	(2 400)	-	(2 400)	(707)	-	239,3
Cash flows from financing activities	14 026	(790)	13 236	(84 413)	(1 875,4)	(115,7)
Total cash flows	(41 324)	**(45 157)**	**(86 480)**	**(95 776)**	**(100,0)**	**(9,7)**

The statement of cash flows shows an increase in cash in H1 2025 of PLN 86,480 thousand, consisting of:

- negative cash flows from operating activities of PLN -97,316 thousand,
- negative cash flow from investing activities of PLN -2.400 thousand,
- positive cash flows from financing activities of PLN 13,236 thousand.

Cash flows from operating activities

In H1 2025, net cash flows from operating activities amounted to PLN -97,316 thousand as compared to PLN -10,656 thousand in the equivalent period of 2024. The decrease in cash flow in operating activities in the first half of this year is due to a reduction in cash-pooling liabilities.

Cash flows from investing activities

In H1 2025, cash flows from investing activities amounted to PLN -2,400 thousand and were associated with the additional payment to the share capital in the subsidiary Arctic Power sp. z o.o.

Cash flows from financing activities

Flows from financing activities in H1 2025 reached PLN 13,236 thousand compared with PLN -84,413 thousand in the same period of 2024. In 2025, the positive flows were mainly related to the utilisation of overdraft limits and the receipt of the next tranche of the investment loan related to the pellet plant project at Arctic Paper Grycksbo.

Factors influencing the development of the Arctic Paper Group

Information on market trends

In Q2 2025, the Arctic Paper Group reported a 4.2% decrease in order levels compared to Q1 2025, with a 4.8% increase in order levels compared to the same period in 2024.

In H1 2025, the Arctic Paper Group reported a 5.4% decrease in order levels compared to the same period of the previous year.

Source of data: Arctic Paper analysis

Paper prices

At the end of H1 2025, the prices of uncoated wood-free paper (UWF) in Europe decreased by 3.9% versus the prices at the end of 2024 while for coated wood-free paper (CWF) there was a decrease by 3%.

At the end of June 2025, the average prices declared by producers for selected types of paper and markets: Germany, France, Spain, Italy, United Kingdom – for both uncoated wood-free paper (UWF) and coated wood-free paper (CWF) were lower than at the end of December 2024 by 2.9% and 2.7% respectively.

Arctic Paper's invoiced prices in EUR of comparable products in the uncoated wood-free (UWF) segment fell by an average of 3.8% from the end of December 2024 to the end of June 2025, while in the coated wood-free (CWF) segment they fell by 2.6%. At the end of H1 2025, the prices of uncoated wood-free paper (UWF) invoiced by Arctic Paper decreased by 9.9% versus the prices at the end of June 2024 while for coated wood-free paper (CWF) there was a decrease by 8.8%.

Source: For market data – RISI, price changes for selected markets in Germany, France, Spain, Italy and the UK in local currencies for graphic papers similar to the product portfolio of the Arctic Paper Group. The prices are quoted without considering specific rebates for individual customers and they include neither any additions nor price reductions in relation to the publicly available price lists. The estimated prices for each month reflect orders placed in the month while the deliveries may take place in the future. Because of that, RISI price estimates for a particular month do not reflect the actual prices at which deliveries are performed but only express ordering prices. For Arctic Paper products, the average invoiced sales prices for all served markets in EUR.

Pulp prices

At the end of Q2 2025, the pulp prices reached the level of: NBSK – USD 1.551/tonne and BHKP – USD 1.117/tonne.

The average NBSK price in Q2 2025 was higher by 5% compared to the equivalent period of the previous year while for BHKP the average price was lower by 13.1%. Compared to Q1 2025, the average pulp price in Q2 2023 was higher by 5.3% for NBSK and by 10.6% for BHKP.

Pulp costs are characterised by high volatility. The prices of the raw materials had major impact on the Group's profitability in the period.

The average cost of pulp used in paper production calculated for the Arctic Paper Group expressed in PLN in Q2 2025 increased by 1.3% compared to Q1 2025. The average cost of pulp used in paper production in H1 2025 decreased by 7.2% compared to the same period last year.

The share of pulp costs in overall selling costs after 6 months of the current year was 48% versus about 50% in the equivalent period in 2024.

The Arctic Paper Group uses the pulp in the production process according to the following structure: BHKP 76%, NBSK 18% and other 6%.

Source of data: www.foex.fi Arctic Paper analysis

Currency exchange rates

At the end of Q2 2025, the EUR/PLN rate amounted to 4.2419 and was by 1.6% lower than at the end of Q2 2024. The mean EUR/PLN exchange rate in H1 2025 amounted to 4.2313 and was by 2% lower than in the equivalent period of 2024.

The EUR/SEK exchange rate amounted to 11.1336 at the end of Q2 2025 (decrease by 2.1% versus the end of Q2 2024). For that currency pair, the mean exchange rate in H1 2025 was by 2.6% lower than in the equivalent period of 2024. The somewhat appreciating SEK versus EUR has been adversely impacting the revenue invoiced in EUR in the factories in Sweden (AP Munkedals and AP Grycksbo).

The USD/PLN exchange rate as at the end of Q2 2025 amounted to 3.6164. In H1 2025 the mean USD/PLN exchange rate was 3.8763 versus 3.9936 in the equivalent period of the previous year which was a decrease by 2.9%. In Q2 2025 the mean USD/PLN exchange rate was 3.7594 and was by 5.9% lower than in Q2 2024. The change has adversely affected the costs incurred in USD by AP Kostrzyn, in particular the costs of pulp.

The USD/SEK exchange rate as at the end of Q2 2025 amounted to 9.4919. In H1 2025, the mean exchange rate amounted to 10.1704 compared to 10.5345 in the equivalent period of the previous year which was a depreciation of the exchange rate by 3.5%. In Q2 2025 the mean USD/SEK exchange rate decreased by 9.5% versus Q1 2025. The change in comparison to the equivalent quarter of 2024 unfavourably affected the costs incurred in USD by AP Munkedals and AP Grycksbo, in particular the costs of pulp.

At the end of June 2024, the EUR/USD exchange rate amounted to 1.1730 compared to 1.0697 (+9.7%) at the end of June 2023. In Q2 2025, the EUR appreciated against the USD compared to Q2 2024 (+5.3%). The average exchange rate in H1 2025 was 1.0933 compared to 1.0812 in the same period of the previous year, representing an appreciation of 1.1%.

The weakening EUR against PLN has adversely affected the Group's financial profit, mainly due to decreased sales revenue generated in EUR and translated into PLN. The strengthening PLN against USD in turn had a positive impact on the Group's financial performance, as it resulted in lower purchase costs for the main raw material at the Kostrzyn mill. The strengthening SEK against EUR adversely affected revenue generated in EUR at the APM and APG factories.

Factors influencing the financial results in the perspective of the next quarter

The material factors that have an impact on the financial results over the next quarter, include:

- Shaping demand for high-quality paper in Europe at a time of a tense geopolitical situation, high energy prices, and an expected economic slowdown. Over the recent years there has been a major decrease of demand for fine paper in Europe (level of executed orders). Further negative developments in the market may adversely affect order levels to our Paper Mills. The intensification of remote working may have the additional effect of reducing demand for high-quality graphic papers and therefore negatively affect the Group's financial performance.
- Price changes of fine paper. In particular, the possibility to maintain the prices of Arctic Paper products in local currencies in view of the declining supply/demand in Europe and in the context of exchange rates fluctuations, will have a material influence on the financial results. Paper prices are going to be of particular importance for the Paper Mill of Grycksbo which – in connection with the market changes – experiences the greatest adverse impact of the decrease of sales volumes, prices as well as of exchange rate fluctuations.
- Price fluctuations of raw materials, including pulp for Paper Mills and electricity for all operational entities. In particular, financial results of Paper Mills may be negatively influenced by increasing pulp prices, particularly BHKP. On the other hand, dropping NBSK pulp prices may negatively affect the financial results of Pulp Mills. Fluctuations of electricity prices in Sweden may also have a material impact on the results generated by the Group. In the future, such market changes may translate into changes of sales profitability in Paper Mills of AP Munkedals and AP Grycksbo as well as in Pulp Mills of Rottneros and Vallvik.
- Changes in currency rates, in particular, the appreciation of PLN and SEK in relation to EUR and GBP, the appreciation of PLN in relation to SEK, and the depreciation of PLN and SEK in relation to USD, may have an adverse effect on the financial results. Whereby our pulp mills will benefit from the appreciation of the USD against the SEK.

Risk factors

Major changes to risk factors

There were no significant changes in risk factors in H1 2025.

Risk factors related to the environment in which the Group operates

The sequence in which the risk factors are presented below does not reflect the likelihood of occurrence, extent or materiality of the risks.

The risk related to intensifying competition in the paper market in Europe

Our Group operates in a very competitive market. The achievement of the strategic objectives assumed by the Group may be made difficult by operations of competitors, particularly integrated paper producers operating on a larger scale than our Group. Any more intensified competition resulting from a potential growth of production capacity of our competitors and thus an increased supply of paper to the market, may adversely affect the achievement of the planned revenue and thus the ability to achieve the underlying financial and operational assumptions.

Risk of changing legal regulations

Our Group operates in a legal environment characterised with a high level of uncertainty. The regulations affecting our business have been frequently amended and often there are no consistent interpretations which generates a risk of violating the existing regulations and the resultant consequences even if such breach was unintentional. Additionally, amendments to regulations relating to environmental protection and other regulations may generate the need to incur material expenditures to ensure compliance, inter alia, more restrictive regulations or stricter implementation of the existing regulations concerning the protection of surface waters, soil waters, soil and atmospheric air.

Currency risk

Revenue, expenses and results of the Group are exposed to currency risk, in particular relating to exchange rates of PLN and SEK to EUR, GBP and other currencies. Our Group exports a majority of its produced paper to European markets, generating a material part of its sales revenue in EUR, GBP, PLN and SEK. Sales revenue of pulp in the Pulp Mills are subject to USD fix risk. The purchase costs of materials for paper production, in particular pulp for paper mills are paid primarily in USD and EUR. Additionally, we hold loan liabilities mainly in PLN, EUR and SEK. PLN is the currency used in our financial statements and therefore our revenue, expenses and results generated by the subsidiaries domiciled abroad are subject to exchange rate fluctuations. Thus, currency exchange rate fluctuations may have a strong adverse effect on the results, financial conditions and prospects of the Group.

Interest rate risk

The Group is exposed to interest rate risk in view of the existing interest-bearing debt. The risk results from fluctuations of such interest rates as WIBOR for debt in PLN, EURIBOR for debt in EUR and STIBOR for debt in SEK. Unfavourable changes of interest rates may adversely affect the results, financial condition and prospects of the Group.

Risk related to increasing importance of alternative media

Trends in advertising, electronic data transmission and storage and on the Internet have adverse impact on traditional printed media and thus on the products of the Group and its customers. Continuation of such changes may adversely affect the results, financial condition and prospects of the Group.

Risk factors relating to the business of the Group

The sequence in which the risk factors are presented below does not reflect the likelihood of occurrence, extent or materiality of the risks.

Risk related to relatively low operational margins

Historically, the operational results of the Group are characterised by relatively high volatility and low profit margins on operations. Reduced revenue resulting e.g. from changes to production capacity, output, pricing policies or increased operating expenses that primarily comprise costs of raw materials (mainly pulp for Paper Mills) and energy, may mean the Group's losses in earning capacity. Material adverse changes to profitability may result in reduced prices of our stock and reduced capacity to generate working capital thus adversely affecting our business and deteriorating our prospects.

Risk of price changes to raw materials, energy and products

We are exposed to the risk of price changes of raw materials and energy, primarily related to price fluctuations of pulp, gas and electricity. Paper Mills buy pulp under frame agreements or in one-off transactions and do not hedge against fluctuations of pulp prices. A part of pulp is supplied to our Paper Mills from the Pulp Mills of the Rottneros Group. The risk of changing prices of raw materials is related primarily to changing prices of paper and pulp in the markets to which we sell our products. A material growth of prices of one or more raw materials and energy may adversely affect the operating results and financial condition of the Group.

Risk of disruption to production processes

Our Group holds three Paper Mills operating jointly seven production lines with total annual production capacity of over 700,000 tonnes of paper and two Pulp Mills with a total production capacity of 400,000 tonnes of pulp. Long-lasting disruption to the production process may result from a number of factors, including a breakdown, human error, unavailability of raw materials, natural catastrophes and other that are beyond our control. Each such disruption, even relatively short, may have material impact on our production and profitability and result in material costs for repairs, liabilities to buyers whose orders we are not able to satisfy and other expenses.

Risk related to our investments

Investments by the Group aimed at expanding the production capacity of the Group require material capital outlays and a relatively long time to complete. As a result, the market conditions under which we operate may be materially changed in the period between our decision to incur investment outlays to expand production capacity and the completion time. Changes of market conditions may result in a volatile demand for our products which may be too low in the context of additional production capacities. Differences between demand and investments in new production capacities may result in failure to utilise the expanded production capacity to the full extent. This may have adverse effect on the operating results and financial condition of the Group.

Risk factors relating to the debt of the Group

Our Group mainly has debt under a loan agreement with a consortium of banks (Pekao SA, Santander Bank S.A. and BNP Paribas SA) of 2 April 2021, loan debt with Danske Bank, Nordea Bank and under leasing agreements.

Failure by the Group to comply with its obligations, including the agreed levels of financial ratios (covenants) resulting from the agreements, will result in default under those agreements. Events of default may in particular result in demand for repayment of our debt, banks taking control over important assets like Paper Mills or Pulp Mills and loss of other assets which serve as collateral, deterioration of creditworthiness and lost access to external funding which will be converted into lost liquidity and which in turn may materially adversely affect our business and development prospects and our stock prices.

Risk related to insurance limits

In the context of deteriorating situation in paper industry and the results of the Arctic Paper Group, our suppliers, in particular suppliers of such raw materials as pulp, may have problems with acquiring insurance limits (sale on credit) and thus they may lose the possibility of offering deferred payment terms to the Arctic Paper Group. Such situation may result in deteriorated financial situation and loss of financial liquidity of operating units and as a result this may adversely affect the situation in the entire Group.

Risk of restricted supplies of natural gas

Polskie Górnictwo Naftowe i Gazownictwo S.A (PGNiG) is the sole supplier of natural gas used by AP Kostrzyn to generate heat and electrical energy for paper production. (PGNiG). In this context, the business and costs of paper production at AP Kostrzyn is materially affected by availability and price of natural gas. Potential disruptions of supplies of natural gas to the Paper Mill in Kostrzyn nad Odrą may have adverse effect on production, results on operations and financial condition of the Group.

Risk related to consolidation and liquidity of key customers

Consolidation trends among our existing and potential customers may result in a more concentrated customer base covering a few large buyers. Such buyers may rely on their improved bargaining position in negotiating terms of paper purchases or decide to change the supplier and acquire products from our competitors. Additionally, in the context of the deteriorating condition in printing industry, such customers as paper distributors, printing houses or publishers may not be able to obtain insurance limits (sale on credit) or have problems with financial liquidity which may result in their bankruptcy and adversely affect our financial results. The above factors may have adverse impact on the operational results and financial condition of the Group.

Risk related to compliance with regulations on environmental protection and adverse impact of the production process on the environment

The Group meets the requirements related to environmental protection; however, no certainty exists that it will always be able to comply with its obligations and that in the future it will avoid material expenses or that it will not incur material obligations related to the requirements or that it will be able to obtain all permits, approvals and other consents to carry on its business as planned. Similarly, considering that paper and pulp production is related to potential hazards relating to waste generated in Paper Mills and Pulp Mills and contamination with chemicals, no certainty exists that in the future the Group is not charged with liability for environmental pollution or that no event that may underlie the liability of the Group has not already occurred. Thus, the Group may be required to incur major expenses in connection with the need to remove contamination and land reclamation.

Risk related to CO2 emissions

Our Paper Mills and Pulp Mills are provided with free carbon dioxide emission rights for each period. The emission rights are awarded within the EU Emission Trading Scheme. Should such free carbon dioxide emission rights be cancelled and replaced with a system of paid emission rights, our costs of energy generation will grow accordingly. Additionally, we may be forced to incur other unpredictable expenses in connection with the emission rights or changing legal regulations and the resultant requirements. Due to the above we may be forced to reduce the quantity of generated energy or to increase the production costs which may adversely affect our business, financial condition, operational results or development prospects.

Risk related to dividend distribution

The Issuer is a holding company and therefore its capacity to pay dividend is subject to the level of potential disbursements from its subsidiaries involved in operational activity, and the level of cash balances. Certain subsidiaries of the Group involved in operational activity may be subject to certain restrictions concerning disbursements to the Issuer. No certainty exists that such restrictions will have no material impact on the business, results on operations and capacity of the Group to distribute dividend.

In connection with the term and revolving loan agreements, and the agreement between creditors signed on 2 April 2021, the Company's ability to pay dividends is subject to the Group meeting certain financial ratios in the period prior to payment (as that term is defined in the term and revolving credit facility agreement) and there being no event of default (as that term is defined in the term and revolving loan agreement).

Key factors affecting the performance results

The Group's operating activity has been and will continue to be historically influenced by the following key factors:

- macroeconomic and other economic factors,
- demand growth for products based on natural fibres,
- reduced demand for certain paper types,
- fluctuations of paper prices,
- pulp price fluctuations for Paper Mills, timber for Pulp Mills and energy prices,
- FX rates fluctuation.

Macroeconomic and other economic factors

We believe that a number of macro-economic and other economic factors have a material impact on the demand for high-quality paper, and they may also influence the demand for the Group's products and the Group's operating results. Those factors include:

- GDP growth,
- net income – as a metric of income and affluence of the population,
- production capacity – the surplus of supply in the high quality paper segment over demand and decreasing sales margins on paper,
- paper consumption,
- technology development.

Demand growth for products based on natural fibres

The trend observed in developed societies concerning a reduction of man's adverse impact on the environment, in particular reduction of use of disposable, plastic packaging that may not be recycled, offers new opportunities for the development of the pulp & paper sector. In many companies, work has been under way to develop new methods of packaging and production of packaging with natural materials, including pulp, so that it can be recycled. Arctic Paper is also involved in such research. In the near future, the product segment is expected to increase its percentage share in the volumes and revenue of the Arctic Paper Group.

Reduced demand for certain paper types

Development of new technologies, in particular in the areas of information and communication, results in decreasing demand for certain paper types – in particular, this affects newsprint and to a lesser extent – graphic papers. However, despite the increasing popularity of e-books, the volume of book paper produced and sold by Arctic Paper has been stable in the recent years, less sensitive to changing market conditions. Nevertheless, in its strategy Arctic Paper has set a direction of activity so that within several years, the segment of non-graphic papers (that is technical or packaging paper) accounts for 1/5 of its consolidated revenue.

Paper prices

Paper prices undergo cyclic changes and fluctuations; they depend on global changes in demand and overall macroeconomic and other economic factors such as indicated above. Prices of paper are also influenced by a number of factors related to the supply, primarily changes in production capacities at the worldwide and European level.

Costs of raw materials, energy and transportation

The main elements of the Group's operating expenses include raw materials, energy and transportation. The costs of raw materials include mainly the costs of pulp for Paper Mills, timber for Pulp Mills and chemical agents used for paper and pulp production. Our energy costs historically include mostly the costs of electricity, gas and rights to CO_2 emissions. The costs of transportation include the costs of transportation services provided to the Group mainly by external entities.

Taking into account the share of those costs in total operating expenses of the Group and the limited possibility of controlling these costs by the Group Companies, their fluctuations may have a major impact on the Group's profitability.

A part of pulp supplies to our Paper Mills is made from our own Pulp Mills. The remaining part of the pulp produced at the Pulp Mills is sold to external customers.

Currency rate fluctuations

The Group's operating results are significantly influenced by currency rate fluctuations. In particular, the Group's revenue and costs are expressed in different foreign currencies and are not matched, therefore, the appreciation of the currencies in which we incur costs towards the currencies in which we generate revenue, will have an adverse effect on the Group's results. Our products are primarily sold to euro zone countries, Scandinavia, Poland and the UK, thus our revenue are largely denominated in EUR, GBP, SEK and PLN while revenue from the pulp mills are primarily denominated in USD. The Group's operating expenses are primarily expressed in USD (pulp costs for Paper Mills), EUR (costs related to pulp for Paper Mills, energy, transportation, chemicals), PLN (the majority of other costs incurred by the Paper Mill in Kostrzyn nad Odrą) and SEK (the majority of other costs incurred by the Munkedal and Grycksbo Paper Mills as well as the Rottneros and Vallvik Pulp Mills).

Exchange rates also have an important impact on results reported in our financial statements because of changes in exchange rates of the currencies in which we generate revenue and incur costs, and the currency in which we report our financial results (PLN).

Unusual events and factors. Impact of changes in Arctic Paper Group's structure on the financial result

Results of the issue of shares of the Issuer's subsidiary

On July 22, 2025, the Management Board was notified of the results of the issue of new shares in Rottneros, including the allocation to the Company, in addition to the shares resulting from pre-emptive rights, of 10,000,000 new shares in a subsidiary of Rottneros as part of a subscription for new shares without pre-emptive rights. Prior to the above-mentioned transaction, Arctic Paper S.A. held 78,230,883 shares in Rottneros, representing 51.27% of the share capital and 51.27% of the total number of votes in Rottneros. Following the above-mentioned transaction and the full exercise of its pre-emptive rights related to the Rottneros shares it currently holds, the Company holds a total of 146,904,045 shares in Rottneros, representing 55.02% of the share capital and 55.02% of the total number of votes in Rottneros. Through the issue of 114,428,943 new Shares, the share capital of Rottneros increased by SEK 114,428,943, from SEK 153,393,890 to SEK 267,822,833. Following the issue, the total number of shares and votes in Rottneros amounts to 267,822,833 shares.

Supplementary information

The Management Board position on the possibility to achieve the projected financial results published earlier

The Management Board of Arctic Paper S.A. has not published the projected financial results for 2025.

Composition of the supervisory and management bodies at Arctic Paper S.A.

As at 30 June 2025, the Company's Supervisory Board was composed of:

- Per Lundeen – Chairman of the Supervisory Board appointed on 14 September 2016;
- Roger Mattsson – Deputy Chairman of the Supervisory Board appointed on 16 September 2014;
- Thomas Onstad – Member of the Supervisory Board appointed on 22 October 2008;
- Zofia Dzik – Member of the Supervisory Board appointed on 22 June 2021;
- Anna Jakubowski – Member of the Supervisory Board appointed on 22 June 2021.

Until the date hereof, there were no changes to the composition of the Supervisory Board of the Parent Company.

As at 30 June 2025, the Parent Company's Management Board was composed of:

- Michał Jarczyński – President of the Management Board appointed on 10 December 2018, with effect from 1 February 2019;
- Katarzyna Wojtkowiak – Member of the Management Board appointed on 29 May 2023;
- Fabian Langenskiöld – Member of the Management Board appointed on 14 August 2023.

Until the date hereof, there were no changes to the composition of the Management Board of the Parent Company.

Changes in holdings of the Issuer's shares or rights to shares by persons managing and supervising Arctic Paper S.A.

Managing and supervising persons	Number of shares or rights to shares as at 12.08.2025	Number of shares or rights to shares as at 30.06.2025	Number of shares or rights to shares as at 08.05.2025	Change
Management Board				
Michał Jarczyński	5 572	5 572	5 572	-
Katarzyna Wojtkowiak	-	-	-	-
Tom Fabian Langenskiöld	900	900	900	-
Supervisory Board				
Per Lundeen	34 760	34 760	34 760	-
Thomas Onstad	5 323 658	5 323 658	5 323 658	-
Roger Mattsson	-	-	-	-
Zofia Dzik	-	-	-	-
Anna Jakubowski	-	-	-	-

***Figures in the table do not include shares held indirectly

The shareholding of the Company's managing and supervising persons has not changed since the publication of the last interim report, i.e. the report for Q1 2025, on 08 May 2025.

Information on sureties and guarantees

As at 30 June 2025, the Capital Group reported:

- a bank guarantee in favour of Skatteverket Ludvika in the amount of SEK 135 thousand;
- a contingent liability of Arctic Paper Munkedals AB related to a surety for the obligations of Kalltorp Kraft HB in the amount of SEK 773 thousand;
- pledge on properties held by Arctic Paper Munkedals Kraft AB as required by loan agreements with Nordea Bank for SEK 80,000 thousand (related to the investment in the hydro power plant;
- mortgages on the Rottneros Group's real estate for SEK 284,730 thousand arising from loan agreements with Danske Bank;
- pledges on shares in Rottneros Group subsidiaries in the amount of SEK 138,490 thousand;
- a pledge on the assets of the Rottneros Group in the amount of SEK 379,432 thousand.

In connection with the term and revolving loan agreements signed on 2 April 2021, on 11 May 2021 the Company signed agreements and declarations pursuant to which collateral for the above receivables and other claims was established in favour of Bank Santander Bank Polska S.A. acting as Security Agent, i.e.

1. under Polish law – Collateral Documents establishing the following Collateral:
   - financial and registered pledges on all shares held by the Company and the Guarantors that are registered in Poland and belong to companies in the Company's group (except Rottneros AB, Arctic Paper Mochenwangen GmbH, Arctic Paper Investment GmbH and Munkedals Kraft AB), with the exception of the Company's shares;
   - mortgages on all real properties located in Poland and owned by the Guarantors;
   - registered pledges on all material rights and movable assets owned by the Guarantors, constituting an organised part of enterprise, located in Poland (with the exception of the assets listed in the Loan Agreement);
   - assignment of (existing and future) insurance policies covering the assets of the Company and the Guarantors (with the exception of insurance policies listed in the Loan Agreement);
   - declaration by the Company and the Guarantors on voluntary submission to enforcement, in the form of a notary deed;
   - financial pledges and registered pledges on the bank accounts of the Company and the Guarantors, registered in Poland;
   - powers of attorney to Polish bank accounts of the Company and the Guarantors, registered in Poland.

2. under Swedish law – Collateral Documents establishing the following Collateral:

- pledges on all shares held by the Companies and the Guarantors, registered in Sweden, belonging to group companies, except for the Company's shares
- mortgages on all real properties located in Sweden and owned by the Company and the Guarantors as long as such collateral covers solely the existing mortgage deeds;
- corporate mortgage loans granted by the Guarantors registered in Sweden as long as such collateral covers solely the existing mortgage deeds;
- assignment of (existing and future) insurance policies covering the assets of the Company and the Guarantors (with the exception of insurance policies listed in the Loan Agreement);
- pledges on Swedish bank accounts of the Company and the Guarantors as long as such collateral is without prejudice to free management of funds deposited on bank accounts until an event of default specified in the Loan Agreement.

Information on court and arbitration proceedings and proceedings pending before public administrative authorities

In the period covered by this report, Arctic Paper S.A. and its subsidiaries were not a party to any material proceedings pending before a court, a competent authority for arbitration proceedings or a public administration authority.

Information on transactions with related parties executed on non-market terms and conditions

During the period under report, Arctic Paper S.A. and its subsidiaries did not execute any material transactions with related parties on non-market terms and conditions.

Information on remuneration of the entity authorised to audit the financial statements

On 08 August 2025, Arctic Paper S.A. contracted with PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. to review the Company's interim separate financial statements and the Group's interim consolidated financial statements for the periods from 1 January 2025 to 30 June 2025 and from 1 January 2026 to 30 June 2026, and to audit the Company's separate financial statements and the Group's consolidated financial statements for the financial periods from 1 January 2024 to 31 December 2024 and for the financial periods from 1 January 2026 to 31 December 2026. The contract was concluded for the time required to perform the above services.

Statements of the Management Board

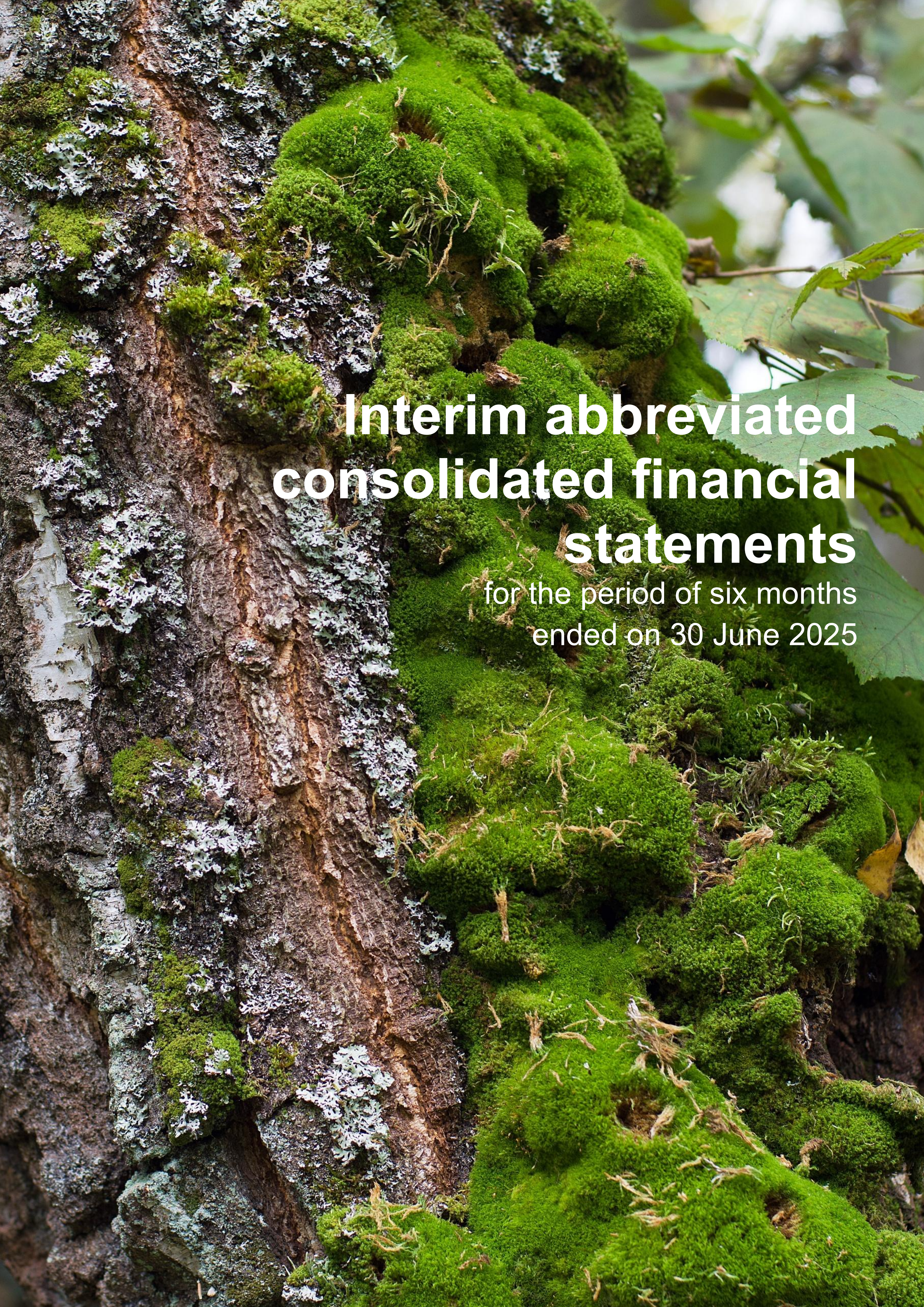
Accuracy and reliability of the presented reports

Members of the Management Board of Arctic Paper S.A. represent that to the best of their knowledge:

- The interim abbreviated consolidated financial statements for the period of 6 months ended on 30 June 2025 of the Arctic Paper S.A. Capital Group and the comparable data and the interim abbreviated separate financial statements for the period of 6 months ended on 30 June 2025 of the Arctic Paper S.A. Capital Group and the comparable data have been prepared in compliance with the applicable accounting standards and that they reflect in a true, reliable and clear manner the economic and financial condition of the Capital Group and its financial results for the period of the first 6 months of 2025.
- The Management Board's Report from operations of the Arctic Paper S.A. Capital Group to the report for H1 2025 contains a true image of the development, achievements and condition of the Arctic Paper S.A. Capital Group, including a description of core hazards and risks.

Signatures of the Members of the Management Board

Position	First and last name	Date	Signature
President of the Management Board CEO	Michał Jarczyński	12 August 2025	signed with a qualified electronic signature
Member of the Management Board Chief Financial Officer	Katarzyna Wojtkowiak	12 August 2025	signed with a qualified electronic signature
Member of the Management Board Vice-President for Sales and Marketing	Fabian Langenskiöld	12 August 2025	signed with a qualified electronic signature



Interim abbreviated consolidated financial statements

for the period of six months ended on 30 June 2025

Interim abbreviated consolidated financial statements

Interim abbreviated consolidated statement of profit and loss

	Note	3-month period ended on 30 June 2025 (unaudited)	6-month period ended on 30 June 2025 (unaudited)	3-month period ended on 30 June 2024 (unaudited)	6-month period ended on 30 June 2024 (unaudited)
Continuing operations					
Revenue from sales of products	9.1	833 455	1 656 225	839 206	1 804 584
Sales revenue		833 455	1 656 225	839 206	1 804 584
Costs of sales	9.2	(750 681)	(1 459 067)	(687 551)	(1 445 805)
Profit/(loss) on sales		82 774	197 158	151 655	358 779
Selling and distribution costs	9.2	(87 685)	(175 542)	(84 104)	(179 378)
Administrative expenses	9.2	(36 307)	(72 229)	(29 323)	(60 003)
Other operating income	9.2	20 595	43 608	21 753	40 456
Other operating expenses	9.2	(67 874)	(91 316)	(18 154)	(34 371)
Operating profit/(loss)		(88 497)	(98 321)	41 828	125 483
Finance income	9.2	1 455	2 806	(7 278)	12 406
Finance costs	9.2	(2 051)	(21 118)	(2 445)	(7 548)
Gross profit/(loss)		(89 092)	(116 632)	32 105	130 341
Income tax	9.2	14 067	17 787	(7 953)	(24 619)
Net profit/(loss)		(75 025)	(98 845)	24 152	105 722
Attributable to:					
The shareholders of the Parent Company		(45 423)	(58 846)	17 948	100 415
Non-controlling shareholders		(29 602)	(40 000)	6 205	5 307
		(75 025)	(98 845)	24 152	105 722
Earnings per share:					
– basic earnings from the profit/(loss) attributable to the shareholders of the Parent Company	12	(0,66)	(0,85)	0,26	1,45
– diluted earnings from the profit attributable to the shareholders of the Parent Company	12	(0,66)	(0,85)	0,26	1,45

Interim abbreviated consolidated statement of comprehensive income

	3-month period ended on 30 June 2025 (unaudited)	6-month period ended on 30 June 2025 (unaudited)	3-month period ended on 30 June 2024 (unaudited)	6-month period ended on 30 June 2024 (unaudited)
Profit for the reporting period	(75 025)	(98 845)	24 152	105 722
Other comprehensive income				
Items to be reclassified to profit/(loss) in future reporting periods:				
FX differences on translation of foreign operations	(16 488)	27 823	26 595	(35 763)
Measurement of financial instruments	9 991	(3 525)	(15 110)	(49 627)
Deferred tax on the measurement of financial instruments	(1 608)	381	3 091	10 160
Items that were reclassified to profit/(loss) during the reporting period:				
Measurement of financial instruments	1 831	1 947	3 087	(400)
Deferred tax on the measurement of financial instruments	(1 039)	(331)	(631)	82
Other net comprehensive income	(7 313)	26 294	17 032	(75 548)
Total comprehensive income for the period	(82 338)	(72 551)	41 184	30 174
Total comprehensive income attributable to:				
The shareholders of the Parent Company	(50 535)	(38 804)	32 281	48 863
Non-controlling shareholders	(31 803)	(33 747)	8 903	(18 689)

Interim abbreviated consolidated statement of financial position – assets

	Note	As at 30 June 2025 (unaudited)	As at 31 December 2024
ASSETS			
Non-current assets			
Property, plant and equipment	13	1 423 405	1 419 069
Intangible assets	13	73 050	38 202
Goodwill	13	8 001	7 835
Interest in joint ventures		5 123	5 123
Other financial assets	14	14 678	15 547
Other non-financial assets		232	162
Deferred tax assets	21	6 449	6 453
		1 530 937	1 492 328
Current assets			
Inventories	15	494 277	495 044
Trade and other receivables	16	456 081	456 081
Corporate income tax receivables		30 053	16 158
Other non-financial assets		35 068	33 318
Other financial assets	14	1 297	3 760
Cash and cash equivalents	10	233 606	287 583
		1 250 382	1 264 634
TOTAL ASSETS		2 781 318	2 756 962

Interim abbreviated consolidated statement of financial position – equity and liabilities

	Note	As at 30 June 2025 (unaudited)	As at 31 December 2024
EQUITY AND LIABILITIES			
Equity			
Equity (attributable to the shareholders of the Parent Company)			
Share capital	22	69 288	69 288
Supplementary capital		625 733	625 733
Other reserves		334 511	138 750
FX differences on translation		(122 828)	(144 397)
Retained earnings/Accumulated losses		509 782	765 920
		1 416 487	1 455 294
Non-controlling interests		279 680	313 429
Total equity		1 696 167	1 768 722
Non-current liabilities			
Interest-bearing loans	18	169 385	179 108
Provisions		12 011	13 365
Employee liabilities	20	20 388	20 432
Other financial liabilities		46 804	45 740
Deferred tax liability	21	107 171	92 148
Grants and deferred income		5 610	5 610
		346 346	375 560
Current liabilities			
Interest-bearing loans	17	173 722	52 647
Provisions		3 504	365
Other financial liabilities		7 880	8 716
Trade and other payables	19	434 238	434 238
Employee liabilities	20	106 219	96 743
Income tax liability		362	17 928
Grants and deferred income		12 880	12 880
		738 804	612 680
TOTAL LIABILITIES		1 085 150	988 240
TOTAL EQUITY AND LIABILITIES		2 781 318	2 756 962

Interim abbreviated consolidated statement of cash flows

	Note	6-month period ended on 30 June 2025 (unaudited)	6-month period ended on 30 June 2024 (unaudited)
Cash flows from operating activities			
Gross profit/(loss)		(116 632)	130 341
Adjustments for:			
Depreciation/amortisation		67 758	56 935
Impairment of non-financial assets		53 424	-
FX gains/(loss)		2 332	(7 593)
Interest, net		7 758	6 532
Profit/(loss) from investing activities		1 106	2 044
(Increase) / decrease in receivables and other non-financial assets		(18 520)	(54 450)
(Increase) / decrease in inventories		9 105	(71 864)
Increase (decrease) of liabilities except loans, borrowings, bonds and other financial liabilities		25 445	38 964
Change in provisions		94	(950)
Change in non-financial assets		(6 722)	9 003
Income tax paid		(42 238)	(38 772)
Movement in pension provisions and employee liability		7 972	(1 147)
Change in grants and deferred income		2 657	541
Co-generation certificates and CO2 emission rights		-	12 527
Change in the settlement of realised forward contracts		5 249	-
Other		(234)	92
Net cash flows from operating activities		(1 448)	82 204
Cash flows from investing activities			
Disposal of property, plant and equipment and intangible assets		126	126
Purchase of property, plant and equipment and intangible assets		(157 643)	(179 887)
Proceeds from forward contracts that do not comply with hedge accounting rules		-	3 025
Net cash flows from investing activities		(157 517)	(176 062)
Cash flows from financing activities			
Change to overdraft facilities		61 268	18 960
Change to revolving credit facility		59 055	-
Repayment of leasing liabilities		(3 677)	(4 208)
Proceeds/repayment of other financial liabilities		-	(1)
Inflows under loans		16 298	1 517
Repayment of loans		(28 051)	(23 400)
Dividend disbursed to shareholders of AP SA		-	(69 288)
Dividend paid to non-controlling shareholders		-	(13 980)
Interest paid		(1 264)	(2 908)
Net cash flows from financing activities		103 629	(93 309)
Increase/(decrease) in cash and cash equivalents		(55 336)	(187 167)
Net FX differences		1 360	(5 610)
Cash and cash equivalents at the beginning of the period		287 583	287 583
Cash and cash equivalents at the end of the period	10	233 606	94 805

Interim abbreviated consolidated statement of changes in equity

	Attributable to the shareholders of the Parent Company							
	Share capital	Supplementary capital	FX differences on translation of foreign operations	Other reserves	Retained earnings (Accumulated losses)	Total	Equity attributable to non-controlling shareholders	Total equity
As at 1 January 2025	69 288	625 733	(144 397)	138 749	765 920	1 455 293	313 428	1 768 721
Net profit/(loss) for the period	-	-	-	-	(58 846)	(58 846)	(40 000)	(98 845)
Other net comprehensive income for the period	-	-	21 569	(1 530)	-	20 039	6 253	26 293
Total comprehensive income for the year	-	-	21 569	(1 530)	(58 846)	(38 807)	(33 747)	(72 554)
Profit distribution	-	-	-	197 292	(197 292)	-	-	-
As at 30 June 2025 (unaudited)	69 288	625 733	(122 828)	334 511	509 782	1 416 487	279 680	1 696 167

	Attributable to the shareholders of the Parent Company							
	Share capital	Supplementary capital	FX differences on translation of foreign operations	Other reserves	Retained earnings (Accumulated losses)	Total	Equity attributable to non-controlling shareholders	Total equity
As at 1 January 2024	69 288	443 805	(107 339)	175 639	862 036	1 443 427	358 081	1 801 508
Net profit/(loss) for the period	-	-	-	-	100 415	100 415	5 307	105 722
Other net comprehensive income for the period	-	-	(25 800)	(25 435)	(317)	(51 553)	(23 995)	(75 548)
Total comprehensive income for the year	-	-	(25 800)	(25 435)	100 098	48 862	(18 689)	30 173
Profit distribution /Dividend to AP SA Shareholders	-	-	-	-	(69 288)	(69 288)	-	(69 288)
Profit distribution	-	181 928	-	-	(181 928)	-	-	-
Dividend distribution to non-controlling entities	-	-	-	-	-	-	(13 980)	(13 980)
As at 30 June 2024 (unaudited)	69 288	625 733	(133 139)	150 204	710 918	1 423 003	325 412	1 748 415

Additional explanatory notes

1. General information

The Arctic Paper Group is a paper and pulp producer. We offer voluminous book paper and a wide range of products in this segment, as well as high-grade graphic paper. The Group produces numerous types of uncoated and coated wood-free paper as well as wood-containing uncoated paper for printing houses, paper distributors, book and magazine publishing houses and the advertising industry. The Arctic Paper Group employs around 1,500 people in its paper mills, paper sales and pulp companies, purchasing office and food packaging company. Our Paper Mills are located in Poland and in Sweden. Pulp Mills are located in Sweden. The Group had 13 Sales Offices providing access to all European markets, including Central and Eastern Europe. Our consolidated sales revenue for the period of 6 months of 2025 amounted to PLN 1,656 million.

Arctic Paper S.A. is a holding company set up in April 2008. As a result of capital restructuring carried out in 2008, the Paper Mills Arctic Paper Kostrzyn (Poland) and Arctic Paper Munkedals (Sweden), Distribution Companies and Sales Offices have become the properties of Arctic Paper S.A. Previously they were owned by Trebruk AB (formerly Arctic Paper AB), the parent company of Arctic Paper S.A. In addition, under the expansion, the Group acquired the Paper Mill Arctic Paper Mochenwangen (Germany) in November 2008 and the Paper Mill Grycksbo (Sweden) in March 2010. In 2012, the Group acquired shares in Rottneros AB, a NASDAQ-listed company in Stockholm with interests in two pulp mills (Sweden).In 2020, the Group took control of Nykvist Skogs AB, a company of private forest owners in Sweden.

The Parent Company is entered in the register of entrepreneurs of the National Court Register maintained by the District Court in Zielona Góra, 8th Commercial Division of the National Court Register, under KRS number 0000306944. The Parent Company holds statistical number REGON 080262255. The company's registered office is located in Poland, in Kostrzyn nad Odrą (ul. Fabryczna 1). The Company has a foreign branch in Göteborg, Sweden.

The interim abbreviated consolidated financial statements of the Group with respect to the interim abbreviated consolidated statement of profit and loss, statement of comprehensive income, statement of cash flows and statement of changes to equity and notes to the interim abbreviated consolidated statement of comprehensive income and interim abbreviated consolidated statement of profit and loss cover the period of 6 months ended on 30 June 2025 and contain comparable data for the period of 6 months ended on 30 June 2024; and in the consolidated statement of financial condition, it presents data as at 30 June 2025 and as at 31 December 2024.
The interim abbreviated consolidated statement of total comprehensive income the interim abbreviated consolidated statement of profit and loss also include data for the three months ended 30 June 2025 and comparative data for the three months ended 30 June 2024.

1.1 Group Profile

The principal business of the Arctic Paper Group is the production of paper and pulp.

The Group's additional business, subordinate to paper and pulp production, covers:

- Generation of electricity,
- Transmission of electricity,
- Electricity distribution,
- Heat production,
- Heat distribution,
- Logistics services,
- Paper and pulp distribution.

1.2 Shareholding structure

Nemus Holding AB, a company under Swedish law (a company owned indirectly by Mr Thomas Onstad), is the majority shareholder of Arctic Paper S.A., holding (as at 30 June 2025) 41,374,890 shares of our Company, which constitutes 59.71% of its share capital and corresponds to 59.71% of the total number of votes at General Meetings. Thus Nemus Holding AB is the Parent Company of the Issuer.

Additionally, Mr Thomas Onstad, an indirect shareholder of Nemus Holding AB, holds directly 5,323,658 shares representing 7.68% of the total number of shares in the Company, and via another entity – 600,000 shares accounting for 0.87% of the total number of shares of the Issuer. Mr Thomas Onstad's total direct and indirect holding in the capital of Arctic Paper S.A. as at 30 June 2025 was 68.26% and has not changed until the date hereof.

The ultimate parent company of the Group that prepares the consolidated financial statements is Nemus Holding AB. The top owner of the Group is Mr. Thomas Onstad.

2. Composition of the Group

The Group is composed of Arctic Paper S.A. and the following subsidiaries:

Unit	Registered office	Group Profile	Group's interest in the equity of the subsidiaries as at			
			12 August 2025	30 June 2025	08 May 2025	31 December 2024
Arctic Paper Kostrzyn S.A.	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Paper production	100%	100%	100%	100%
Arctic Paper Munkedals AB	Sweden, SE 455 81 Munkedal	Paper production	100%	100%	100%	100%
Arctic Paper Mochenwangen GmbH	Germany, Am Sandtorkai 72, D-20457 Hamburg	Non-operating company, previously paper production	99,74%	99,74%	99,74%	99,74%
Arctic Paper Grycksbo AB	Sweden, Box 1, SE 790 20 Grycksbo	Paper production	100%	100%	100%	100%
Arctic Paper UK Limited	United Kingdom, 8 St Thomas Street SE1 9RR London	Trading company	100%	100%	100%	100%
Arctic Paper Baltic States SIA	Latvia, K. Vardemara iela 33-20, Riga LV-1010	Trading company	100%	100%	100%	100%
Arctic Paper Deutschland GmbH	Germany, Am Sandtorkai 72, D-20457 Hamburg	Trading company	100%	100%	100%	100%
Arctic Paper Benelux S.A.	Belgium, Interleuvenlaan 62 bus 14, B-3001 Heverlee	Trading company	100%	100%	100%	100%
Arctic Paper Schweiz AG	Switzerland, Gutenbergstrasse 1, CH-4552 Derendingen	Trading company	100%	100%	100%	100%
Arctic Paper Italia srl	Italy, Via Chiaravalle 7, 20 122 Milan	Trading company	100%	100%	100%	100%
Arctic Paper Danmark A/S	Denmark, Korskildelund 6 DK-2670 Greve	Trading company	100%	100%	100%	100%
Arctic Paper France SAS	France, 30 rue du Chateau des Rentiers, 75013 Paris	Trading company	100%	100%	100%	100%
Arctic Paper Espana SL	Spain, Avenida Diagonal 472-474, 9-1 Barcelona	Trading company	100%	100%	100%	100%
Arctic Paper Papierhandels GmbH	Austria, Hainborgerstrasse 34A, A-1030 Wien	Trading company	100%	100%	100%	100%
Arctic Paper Polska Sp. z o.o.	Poland, Okrężna 9, 02-916 Warszawa	Trading company	100%	100%	100%	100%
Arctic Paper Norge AS	Norway, Eikenga 11-15, NO-0579 Oslo	Trading company	100%	100%	100%	100%
Arctic Paper Sverige AB	Sweden, SE 455 81 Munkedal	Trading company	100%	100%	100%	100%
Arctic Power Sp.z o.o. (formerly Arctic Paper East Sp. z o.o.)	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Production of energy	100%	100%	100%	100%
Arctic Paper Investment GmbH *	Germany, Am Sandtorkai 72, D-20457 Hamburg	Activities of holding companies	100%	100%	100%	100%

Unit	Registered office	Group Profile	Group's interest in the equity of the subsidiaries as at			
			12 August 2025	30 June 2025	08 May 2025	31 December 2024
Arctic Paper Finance AB	Sweden, Box 383, 401 26 Göteborg	Activities of holding companies	100%	100%	100%	100%
Arctic Paper Verwaltungs GmbH *	Germany, Am Sandtorkai 72, D-20457 Hamburg	Activities of holding companies	100%	100%	100%	100%
Arctic Paper Immobilienverwaltung GmbH&Co. KG*	Germany, Am Sandtorkai 72, D-20457 Hamburg	Activities of holding companies	94,90%	94,90%	94,90%	94,90%
Arctic Paper Investment AB **	Sweden, Box 383, 401 26 Göteborg	Activities of holding companies	100%	100%	100%	100%
EC Kostrzyn Sp. z o.o.	Poland, ul. Fabryczna 1, 66-470 Kostrzyn nad Odrą	Rental of properties and machines and equipment	100%	100%	100%	100%
Munkedals Kraft AB	Sweden, 455 81 Munkedal	Production of hydropower	100%	100%	100%	100%
Kostrzyn Packaging Spółka z o.o.	Poland, ul. Fabryczna 1, 66-470 Kostrzyn nad Odrą	Production of packaging	76%	76%	76%	76%
Rottneros AB	Sweden, Söderhamn	Activities of holding companies	55,02%	51,27%	51,27%	51,27%
Rottneros Bruk AB	Sweden, Rottneros	Pulp production	55,02%	51,27%	51,27%	51,27%
Utansjo Bruk AB	Sweden, Söderhamn	Non-operating company	55,02%	51,27%	51,27%	51,27%
Vallviks Bruk AB	Sweden, Vallvik	Pulp production	55,02%	51,27%	51,27%	51,27%
Nykvist Skogs AB	Sweden, Gräsmark	Company grouping forest owners	55,02%	51,27%	51,27%	51,27%
Rottneros Packaging AB	Sweden, Sunne	Production of food packaging	55,02%	51,27%	51,27%	51,27%
SIA Rottneros Baltic	Latvia, Ventspils	Procurement bureau	55,02%	51,27%	51,27%	51,27%
Project Frost APM AB***	Sweden, SE 455 81 Munkedal	Energy storage	100%	100%	100%	100%
Project Frost APG AB***	Sweden, SE 455 81 Munkedal	Energy storage	100%	100%	100%	100%

* – companies established for the purpose of the acquisition of Arctic Paper Mochenwangen GmbH
** – company established to acquire Grycksbo Paper Holding AB (closed in 2015) and indirectly Arctic Paper Grycksbo AB
*** – Companies not consolidated due to the immaterial value of their capital (SEK 25 thousand) and no assets other than cash.

As at 30 June 2025, and as well as on the day hereof, the percentage of voting rights held by the Group in its subsidiaries corresponded to the percentage held in the share capital of those entities. All subsidiaries within the Group are consolidated under the full method from the day of obtaining control by the Group and cease to be consolidated from the day the control has been transferred out of the Group.

3. Management and supervisory bodies

3.1 Management Board of the Parent Company

As at 30 June 2025, the Parent Company's Management Board was composed of:

— Michał Jarczyński – President of the Management Board appointed on 10 December 2018, with effect from 1 February 2019;
— Katarzyna Wojtkowiak – Member of the Management Board appointed on 29 May 2023;
— Fabian Langenskiöld – Member of the Management Board appointed on 14 August 2023.

Until the date hereof, there were no other changes to the composition of the Management Board of the Parent Company.

3.2 Supervisory Board of the Parent Company

As at 30 June 2025, the Parent Company's Supervisory Board was composed of:

— Per Lundeen – Chair of the Supervisory Board appointed on 22 September 2016 (appointed to the Supervisory Board on 14 September 2016);
— Roger Mattsson – Deputy Chair of the Supervisory Board appointed on 22 September 2016 (appointed as a Member of the Supervisory Board on 14 September 2014);
— Thomas Onstad – Member of the Supervisory Board appointed on 22 October 2008;
— Zofia Dzik – Member of the Supervisory Board appointed on 22 June 2021;
— Anna Jakubowski – Member of the Supervisory Board appointed on 22 June 2021.

Until the date hereof, there were no changes to the composition of the Supervisory Board of the Parent Company.

4. Approval of the financial statements

These interim abbreviated consolidated financial statements were approved for publication by the Management Board on 12 August 2025.

5. Basis of preparation of the interim abbreviated consolidated financial statements

These abbreviated consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the EU ("EU IFRS"), in particular International Accounting Standard 34.

These interim abbreviated consolidated financial statements have been presented in Polish zloty ("PLN") and all values are rounded to the nearest thousand (PLN '000) except as stated otherwise.

These interim abbreviated consolidated financial statements have been prepared based on the assumption that the Group will continue as a going concern in the foreseeable future.

The interim abbreviated consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended on 31 December 2024.

In connection with the term and revolving credit facility agreements signed on 2 April 2021, the Group has committed to meeting certain financial ratios, which are calculated at the end of each quarter. As at 30 June 2025, the Group has not maintained the Cashflow Cover ratio required by the loan agreement with the consortium of financing banks (Pekao SA, Santander Bank S.A. and BNP Paribas SA). The main reason for this was the high level of investment associated with the implementation of the 4P strategy in 2024 (the indicator is calculated cumulatively for 12 months). Prior to the balance sheet date, Arctic Paper S.A. received written assurances from the syndicate of financing banks that the Group's failure to meet the required Cashflow Cover ratio as at 30 June 2025 does not constitute an event of default under the loan agreement of 2 April 2021 ("default"), and therefore this situation has no impact on the presentation of data in the Group's consolidated financial statements. The second of the ratios specified in the agreement, Net debt/EBITDA, remains at a level that meets the requirements of the loan agreement.

6. Significant accounting principles (policies)

The accounting principles (policies) applied to prepare the interim abbreviated consolidated financial statements are compliant with those applied to the annual consolidated financial statements of the Group for the year ended on 31 December 2024, except for those presented below.

a) Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”

In August 2023 the Board published amendments to IAS 21 “The Effects of Changes in FX Rates”. The changes introduced are intended to make it easier for entities to determine whether a currency is convertible into another currency and to estimate the immediate FX rate when a currency is not convertible. In addition, the amendments to the standard require additional disclosures in the case of non-convertibility on how the alternative exchange rate was determined.

6.1 Published standards and interpretations not yet in force and not previously applied by the Group

In these interim consolidated financial statements, the Group has not decided to early apply the following published standards, interpretations or amendments to existing standards before their effective date:

a) Changes in the classification and measurement of financial instruments – Amendments to IFRS 9 and IFRS 7.

In May 2024, the IASB published amendments to IFRS 9 and IFRS 7 to:

1. clarify the recognition and derecognition dates for certain financial assets and liabilities, with an exemption for certain financial liabilities settled through electronic funds transfer;
2. clarify and add further guidance on assessing whether a financial asset meets the SPPI criteria;
3. add new disclosures for certain instruments whose contractual terms may alter cash flows; and
4. update disclosures on equity instruments measured at fair value through other comprehensive income (FVOCI).

The published amendments are effective for financial statements for periods beginning on or after 1 January 2026.

b) Annual Improvements to IFRSs

“Annual Improvements to IFRS” introduces changes to the standards: IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IFRS 7 “Financial Instruments: Disclosures”, IFRS 9 “Financial Instruments”, IFRS 10 “Consolidated Financial Statements” and IAS 7 “Statement of Cash Flows”.

The amendments provide clarifications and clarify the standards’ guidance on recognition and measurement.

The published amendments are effective for financial statements for periods beginning on or after 1 January 2026.

c) Contracts relating to electricity dependent on natural factors: Amendments to IFRS 9 and IFRS 7

In December 2024, the Council published the amendments to help companies better recognise the financial effects of contracts relating to natural dependent electricity, which are often in the form of power purchase agreements (PPAs). The current guidance may not fully capture the impact of these contracts on the company’s performance. To enable companies to better reflect these contracts in their financial statements, the Board has amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: disclosures. These changes include:

1. clarifying the application of the “own use” criterion;
2. allowing hedge accounting where these contracts are used as hedging instruments;
3. adding new disclosures to enable stakeholders to understand the impact of these contracts on financial performance and cash flows.

The published amendments are effective for financial statements for periods beginning on or after 1 January 2026.

d) IFRS 18 “Presentation and Disclosures in Financial Statements”

In April 2024, the Council published the new standard IFRS 18 “Presentation and Disclosures in Financial Statements”. The standard is intended to replace IAS 1 – Presentation of Financial Statements and will be effective from 1 January 2027. The changes to the superseded standard mainly concern three issues: the statement of profit or loss, required disclosures about performance measures and issues related to the aggregation and disaggregation of information contained in financial statements.

The published standard will be effective for financial statements for periods beginning on or after 1 January 2027. At the date of these consolidated financial statements, these amendments have not yet been approved by the European Union.

e) IFRS 19 “Subsidiaries Without Public Accountability: Disclosure of Information”

In May 2024, the Board issued a new accounting standard, IFRS 19, which can be adopted by certain subsidiaries applying IFRS accounting standards to improve the effectiveness of disclosures in their financial statements. The new standard introduces simplified and limited disclosure requirements. As a result, the qualifying subsidiary applies the requirements of other IFRS accounting standards with the exception of the disclosure requirements and instead applies the limited disclosure requirements of IFRS 19.

Eligible subsidiaries are entities that are not subject to so-called public accountability as defined in the new standard. In addition, IFRS 19 requires the ultimate or intermediate parent of the entity to prepare publicly available consolidated financial statements in accordance with IFRS Accounting Standards.

Eligible entities may choose to apply the guidance of the new IFRS 19 for financial statements prepared for periods beginning on or after 1 January 2027.

At the date of these consolidated financial statements, these amendments have not yet been approved by the European Union.

f) IFRS 14 “Regulatory accruals”

This standard allows entities that prepare their financial statements in accordance with IFRS for the first time (on or after 1 January 2016) to recognise amounts arising from price-regulated activities in accordance with existing accounting policies. To improve comparability, with entities that already apply IFRS and do not report such amounts, under published IFRS 14, amounts arising from regulated price activities should be presented as a separate line item in both the statement of financial position and the income statement and statement of other comprehensive income.

By a decision of the European Union, IFRS 14 will not be endorsed.

g) Amendments to IFRS 10 and IAS 28 on the sale or contribution of assets between an investor and its associates or joint ventures

The amendments resolve the current inconsistency between IFRS 10 and IAS 28. The accounting treatment depends on whether the non-monetary assets sold or contributed to the associate or joint venture constitute a “business”.

Where non-monetary assets constitute a “business”, the investor shows a full profit or loss on the transaction. If, on the other hand, the assets do not meet the definition of a business, the investor only recognises a gain or loss to the extent of the portion representing the interests of other investors.

The amendments were published on 11 September 2014. At the date of these consolidated financial statements, approval of this amendment is deferred by the European Union.

As at the date of approval of these financial statements for publication, the Management Board does not expect the introduction of the other standards and interpretations to have a material impact on the Company’s accounting policies.

The Group has not opted for early application of any standard, interpretation or amendment that has been published but is not yet effective under European Union legislation.

6.2 Foreign currency translation

Transactions denominated in currencies other than the functional currency of the entity are translated into the presentation currency at the FX rate prevailing on the transaction date.

On the balance sheet date, monetary assets and liabilities expressed in currencies other than the functional currency of the entity are translated into the functional currency using the mean FX rate prevailing for the presentation currency as at the end of the reporting period. FX differences from translation are recognised under finance income or finance costs or are capitalised as cost of assets, as defined in the accounting policies. Non-monetary foreign currency assets and liabilities recognised at historical cost are translated at the historical FX rates prevailing on the transaction date. Non-monetary foreign currency assets and liabilities recognised at fair value are translated into the functional currency using the rate of exchange prevailing on the date of revaluation to fair value.

The functional currencies of the foreign subsidiaries are EUR, SEK, DKK, NOK, GBP and CHF. As on the balance sheet date, the assets and liabilities of those subsidiaries are translated into the presentation currency of the Group (PLN) at the rate of exchange prevailing on the balance sheet date and their statements of profit and loss are translated using the average weighted exchange rates for the relevant reporting period. The FX differences on translation are recognised in other total comprehensive income and cumulated in a separate equity item. On disposal of a foreign operation, the cumulative amount of the deferred exchange differences recognised in equity and relating to that particular foreign operation shall be reclassified to profit or loss.

FX differences on loans treated in compliance with IAS 21 as investments in subsidiaries are recognised in the consolidated financial statements in other comprehensive income.

The following exchange rates were used for book valuation purposes:

	As at 30 June 2025	As at 30 June 2024
USD	3,6164	4,0320
EUR	4,2419	4,3130
SEK	0,3810	0,3791
DKK	0,5686	0,5783
NOK	0,3590	0,3782
GBP	4,9546	5,0942
CHF	4,5336	4,4813

Mean FX rates for the reporting periods are as follows:

	01.01 – 30.06.2025	01.01 – 30.06.2024
USD	3,8763	3,9936
EUR	4,2313	4,3178
SEK	0,3816	0,3792
DKK	0,5671	0,5789
NOK	0,3628	0,3758
GBP	5,0231	5,0526
CHF	4,4950	4,4945

7. Seasonality

The Group’s activities are not of seasonal nature. Therefore, the results presented by the Group do not change significantly during the year.

8. Information on business segments

Operational segments cover continuing activities. The Group’s principal activity is the manufacture of paper and pulp.

The paper production business includes the financial results of three paper mills, among others:

- Arctic Paper Kostrzyn S.A. (Poland) – produces high-quality uncoated graph paper under the Amber brand;
- Arctic Paper Munkedals AB (Sweden) – produces high quality uncoated graphic paper under the Munken brand;
- Arctic Paper Grycksbo (Sweden) – production of coated wood-free paper under the brands of G-Print and Arctic.

The pulp business is presented as the “Pulp” segment and includes, among other things, two pulp plants:

- Rottneros pulp mill (Sweden) – mainly produces chemothermo-mechanical pulp. (CTMP), production level of about 160,000 tonnes annually;
- the Pulp Mill in Vallvik (Sweden) produces two types of long-fibre sulphate pulp: fully bleached sulphate pulp and unbleached sulphate pulp. The most of Vallvik Pulp Mill production is known as NBSK pulp. Production level of about 240,000 tonnes annually.

The Group identifies the following business segments:

- Paper – this segment includes uncoated and coated papers. Uncoated paper – paper for printing or other graphic purposes, including wood-free and wood-containing paper. Uncoated wood-free paper may be produced from various types of pulp, with different filler content, and can undergo various finishing processes, such as surface sizing and calendering. Two main categories of this type of paper are graphic paper (used for example for printing books and catalogues) and office papers (for instance, photocopy paper); however, the Group currently does not produce office paper. Uncoated wood paper from mechanical pulp intended for printing or other graphic purposes. This type of paper is used for printing magazines with the use of rotogravure or offset printing techniques. The Group’s products in this segment are usually used for printing paperbacks, Coated paper – coated wood-free paper for printing or other graphic purposes, one-side or two-side coated with mixtures containing mineral pigments, such as china clay, calcium carbonate, etc. The coating process can involve different methods, both on-line and off-line, and can be supplemented by super-calendering to ensure a smooth surface. Coating improves the printing quality of photographs and illustrations.

— Pulp – fully bleached sulphate pulp and unbleached sulphate pulp which is used mainly for the production of printing and writing papers, cardboard, toilet paper and white packaging paper as well as chemi thermo mechanical pulp (CTMP), which is mainly used in the production of printing and writing paper.

The exclusions include the exclusions of turnover and settlements between segments and the results of operations of Arctic Paper S.A. and Arctic Paper Finance AB.

The split of operating segments into the uncoated, coated paper segments and pulp is due to the following factors:

— Demand for products and their supply as well as the prices of products sold in the market are affected by operational factors characteristic for each segment, such as e.g. the production capacity level in the specific paper and pulp segment,
— The key operating parameters such as inflow of orders or the level of production costs are determined by the factors that are similar for each paper and pulp segment,
— The products manufactured at the Paper Mills operated by the Group may (with certain restrictions) be allocated to production in other entities within the same paper segment, which to a certain extent distorts the financial results generated by each Paper Mill,
— The results of the Arctic Paper Group are under the pressure of global market trends with respect to the prices of paper and pulp, and to a lesser extent are subject to the specific conditions of production entities,

Every month, on the basis of internal reports received from companies (apart from companies of the Rottneros Group), the results in each operating segment are analysed by the management of the Group. The financial results of companies in the Rottneros Groups are analysed on the basis of quarterly financial results published on the websites of Rottneros AB.

The operating results are measured primarily on the basis of EBITDA calculated by adding depreciation/amortisation and impairment allowances to property, plant and equipment and intangible assets to operating profit/(loss), in each case in compliance with EU IFRS. In accordance with EU IFRS, EBITDA is not a metric of operating profit/(loss), operational results or liquidity. EBITDA is a metric that the Management Board uses to manage the operations.

Transactions between segments are concluded at arms' length like between unrelated parties.

The table below presents data concerning revenue and profit as well as certain assets and liabilities under continuing operations, split by segments of the Group for the period of 6 months ended on 30 June 2025 and as at 30 June 2025.

6-month period ended on 30 June 2025 and on 30 June 2025

	Paper	Pulp	Total	Exclusions	Total continuing operations
Revenue					
Sales to external customers	1 130 290	525 935	1 656 225	-	1 656 225
Sales between segments	-	-	-	-	-
Total segment revenue	1 130 290	525 935	1 656 225	-	1 656 225
Result of the segment					
EBITDA	46 428	(15 899)	30 529	(7 669)	22 860
Depreciation/amortisation	(42 204)	(25 335)	(67 539)	(219)	(67 758)
Impairment of non-financial non-current assets		(53 424)	(53 424)	-	(53 424)
Operating profit/(loss)	4 224	(94 658)	(90 434)	(7 888)	(98 322)
Interest income	2 206	167	2 373	(130)	2 243
Interest expense	(3 271)	(5 921)	(9 192)	1 643	(7 549)
FX gains and other finance income	-	559	559	-	559
FX losses and other finance costs	(182 794)	(50)	(182 844)	169 279	(13 564)
Gross profit	(179 634)	(99 903)	(279 537)	162 904	(116 634)
Assets of the segment	1 833 148	1 064 180	2 897 328	(127 581)	2 769 747
Liabilities of the segment	736 465	478 150	1 214 615	(221 614)	993 001
Capital expenditures	(96 893)	(82 286)	(179 180)	(707)	(179 887)
Interest in joint ventures	5 123	-	5 123	-	5 123

- Revenue from inter-segment transactions is eliminated on consolidation.
- Segment results do not include financial income (PLN 2,806 thousand of which PLN 2,243 thousand is interest income) and financial expenses (PLN 21,118 thousand of which PLN 7,549 thousand is interest expense), depreciation/amortisation and impairment (PLN 98,322 thousand) as well as income tax credits (PLN 17,787 thousand).
- Segment assets do not include deferred tax (PLN 6,449 thousand), as this item is managed at Group level and interests in joint ventures (PLN 5,123 thousand).
- Segment liabilities do not include deferred tax (PLN 92,148 thousand), as this item is managed at Group level.

The table below presents data concerning revenue and profit as well as certain assets and liabilities split by segments of the Group for the period of 3 months ended on 30 June 2025 and as at 30 June 2025.

3-month period ended on 30 June 2025 and on 30 June 2025

	Paper	Pulp	Total	Exclusions	Total continuing operations
Revenue					
Sales to external customers	551 507	281 949	833 455	-	833 455
Sales between segments	-	(865)	(865)	865	-
Total segment revenue	551 507	281 949	833 455	865	833 455
	-	-	-	-	-
Result of the segment	-	-	-	-	
EBITDA	10 773	(5 861)	4 547	(4 543)	4
	-	-	-	-	-
Depreciation/amortisation	(21 343)	(13 192)	(34 535)	(111)	(34 646)
Impairment of non-financial non-current assets	-	(53 424)	(53 424)	-	(53 424)
Operating profit/(loss)	(10 935)	(72 476)	(83 412)	(4 654)	(88 066)
Interest income	1 279	100	1 379	(487)	892
Interest expense	(1 960)	(3 286)	(5 246)	784	(4 462)
FX gains and other finance income	3 560	559	3 535	(1 119)	2 974
Gross profit	(8 056)	(75 129)	(83 185)	(5 477)	(88 661)
Assets of the segment	1 833 148	1 064 180	2 897 328	(127 581)	2 769 747
Liabilities of the segment	736 465	478 150	1 214 615	(221 614)	993 001
Capital expenditures	(96 893)	(82 286)	(179 180)	(707)	(179 887)
Interest in joint ventures	5 123	-	5 123	-	5 123

— Revenue from inter-segment transactions is eliminated on consolidation.
— Segment results do not include financial income (PLN 1,455 thousand of which PLN 892 thousand is interest income) and financial expenses (PLN 2,051 thousand of which PLN 4,462 thousand is interest expense), depreciation/amortisation and impairment (PLN 88,066 thousand) as well as income tax credits (PLN 17,787 thousand).
— Segment assets do not include deferred tax (PLN 6,449 thousand), as this item is managed at Group level and interests in joint ventures (PLN 5,123 thousand).
— Segment liabilities do not include deferred tax (PLN 92,148 thousand), as this item is managed at the Group level.

The table below presents data concerning revenue and profit as well as certain assets and liabilities split by segments of the Group for the period of 6 months ended on 30 June 2024 and as at 31 December 2024.

6-month period ended on 30 June 2024 and on 30 June 2024

	Paper	Pulp	Total	Exclusions	Total continuing operations
Revenue					
Sales to external customers	1 274 914	529 671	1 804 584	-	1 804 584
Sales between segments	-	830	830	(830)	-
Total segment revenue	1 274 914	530 501	1 805 414	(830)	1 804 584
Result of the segment					
EBITDA	158 446	31 865	190 311	(7 515)	182 796
Depreciation/amortisation	(36 921)	(19 812)	(56 733)	(202)	(56 935)
Operating profit/(loss)	121 525	12 053	133 578	(7 717)	125 861
Interest income	1 614	758	2 372	733	3 105
Interest expense	(2 557)	(4 171)	(6 728)	1 041	(5 687)
FX gains and other finance income	-	6 067	6 067	-	6 067
FX losses and other finance costs	(168 355)	-	(168 355)	169 349	994
Gross profit	(47 773)	14 708	(33 066)	163 406	130 340
Assets of the segment	1 827 287	985 500	2 812 787	(159 997)	2 652 790
Liabilities of the segment	752 885	287 468	1 040 353	(238 778)	801 575
Capital expenditures	(96 893)	(82 286)	(179 179)	(707)	(179 886)
Interest in joint ventures	4 796	-	4 796	-	4 796

— Revenue from inter-segment transactions is eliminated on consolidation.
— The results of the segments do not cover finance income (PLN 12,406 thousand of which PLN 3,105 thousand is interest income) and finance costs (PLN 7,548 thousand of which PLN 5,687 thousand is interest expense), depreciation/amortisation (PLN 56,935 thousand), and income tax liability (PLN -24,619 thousand).
— Segment assets do not include deferred tax (PLN 2,059 thousand), as this item is managed at Group level and interests in joint ventures (PLN 4,796 thousand).
— Segment liabilities do not include deferred tax (PLN 109,654 thousand), as this item is managed at Group level.

The table below presents data concerning revenue and profit as well as certain assets and liabilities split by segments of the Group for the period of 3 months ended on 30 June 2024 and as at 31 December 2024.

3-month period ended on 30 June 2024 and as at 30 June 2024

	Paper	Pulp	Total	Exclusions	Total continuing
Revenue					
Sales to external customers	573 865	265 341	839 206	-	839 206
Sales between segments	-	(865)	(865)	865	-
Total segment revenue	573 865	264 476	838 341	865	839 206
Result of the segment					
EBITDA	45 216	25 770	70 986	(180)	70 806
Depreciation/amortisation	(17 756)	(10 736)	(28 492)	(109)	(28 601)
Operating profit/(loss)	27 460	15 034	42 494	(289)	42 205
Interest income	761	(10)	751	334	1 085
Interest expense	(1 477)	(329)	(1 806)	557	(1 249)
FX losses and other finance costs	(7 834)	(1 233)	(9 067)	(871)	(9 938)
Gross profit	18 910	13 462	32 372	(269)	32 103
Assets of the segment	1 827	985 500	2 812 786	(159 997)	2 652 790
Liabilities of the segment	752 885	287 468	1 040 353	(238 778)	801 575
Capital expenditures	(96 893)	(82 286)	(179 180)	(707)	(179 886)
Interest in joint ventures	4 796	-	4 796	-	4 796

- Revenue from inter-segment transactions is eliminated on consolidation.
- The results of the segments do not cover finance income (PLN 7,278 thousand of which PLN 1,085 thousand is interest income) and finance costs (PLN 2,445 thousand of which PLN 1,249 thousand is interest expense), depreciation/amortisation (PLN 28,601 thousand), and income tax liability (PLN -7,953 thousand).
- Segment assets do not include deferred tax (PLN 2,059 thousand), as this item is managed at Group level and interests in joint ventures (PLN 4,796 thousand).
- Segment liabilities do not include deferred tax (PLN 109,654 thousand), as this item is managed at Group level.

9. Income and costs

9.1 Revenue from contracts with customers

The table below shows the Group's revenue from paper and pulp sales from external customers by country and region for the period of 6 months ended 30 June 2025 and 30 June 2024:

Revenue from the sale of paper and pulp from external customers:	6-month period ended on 30 June 2025 (unaudited)	6-month period ended on 30 June 2024 (unaudited)
Germany	276 557	358 891
France	114 355	118 252
UK	140 905	153 179
Scandinavia	295 344	257 811
Western Europe (other countries)	201 221	250 612
Poland	188 101	222 292
Central and Eastern Europe (other than Poland)	247 255	255 131
Outside Europe	192 485	188 416
Total revenue	1 656 225	1 804 584

More information on revenue from paper and pulp sales is described in this Semi-annual report, under Management Report, Summary of Consolidated Financial Results.

9.2 Costs, other income, income tax

In H1 2025, the cost of sales amounted to PLN 1,459,067 thousand (in H1 2024: PLN 1,445,805 thousand) and increased by PLN 13,261 thousand (+1%) mainly due to fixed production costs, which did not fall in proportion to the decrease in revenue from product sales.

In H1 2025, the selling and distribution costs amounted to PLN 175,542 thousand (in H1 2024: PLN 179,378 thousand) and decreased by PLN 3,836 thousand (-2%) mainly due to a decrease in transport costs, which fell in proportion to the decrease in revenue from product sales.

In H1 2025, the administrative expenses amounted to PLN 72,229 thousand (in H1 2023: PLN 60,003 thousand) and increased by PLN 12,226 thousand (+20%) mainly due to an increase in the cost of consultancy services provided to the Group.

In H1 2025, the other operating income amounted to PLN 43,608 thousand (in H1 2024: PLN 40,456 thousand) and increased by PLN 3,152 thousand (+8%).
In H1 2025, the other operating expenses amounted to PLN 91,316 thousand (in H1 2024: PLN 34,371 thousand) and increased by PLN 56,946 thousand (166%). The increase in other operating expenses is mainly due to the recognition of a permanent impairment on the assets of the Rottneros Group.
A significant part of other operating income and expenses is also made up of income and cost of energy and other materials sold.

In H1 2025, the financial income amounted to PLN 2,806 thousand (in H1 2024: PLN 12,406 thousand) and decreased by PLN 9,600 thousand (-77%).
In H1 2025, the financial expenses amounted to PLN 21,118 thousand (in H1 2024: PLN 7,548 thousand) and increased by PLN 13,570 thousand (+180%).

The changes in financial income and expenses are mainly due to foreign exchange losses.

Income tax in H1 2025 amounted to PLN +17,787 thousand (in H1 2024 it amounted to PLN -24,619 thousand).
The current portion of income tax amounted to PLN -1,414 thousand in the half-year under review (H1 2024: PLN -22,013 thousand), while the deferred portion was PLN +19,201 thousand (H1 2024: PLN +2,607 thousand).

10. Cash and cash equivalents

For the purposes of the interim abbreviated consolidated statement of cash flows, cash and cash equivalents include the following items:

	As at 30 June 2025 (unaudited)	As at 31 December 2024
Cash in bank and on hand	233 606	212 239
Short-term deposits	-	75 343
Cash and cash equivalents in the consolidated balance sheet	233 606	287 582
Cash and cash equivalents in the consolidated statement of cash flows	233 606	287 582

11. Dividend paid and proposed

Dividend is paid based on the net profit disclosed in the separate annual financial statements of Arctic Paper S.A. after covering losses carried forward from last years.

In accordance with provisions of the Code of Commercial Partnerships and Companies, the parent company is obliged to establish supplementary capital to cover potential losses. At least 8% of the profit for the financial year disclosed in the separate financial statements of the Company should be transferred to the category of capital until the capital has reached the amount of at least one third of the share capital of the Parent Company. The use of supplementary capital and reserve funds is determined by the General Meeting; however, a part of supplementary capital equal to one third of the share capital can be used solely to cover the losses disclosed in the separate financial statements of the parent company and cannot be distributed to other purposes. As on the date hereof, the Company had no preferred shares.

The possibility of disbursement of potential dividend by the Company to its shareholders depends on the level of payments received from its subsidiaries. Risks relating to the Company’s ability to pay dividends are described in the Risk Factors section of the annual report for 2024.

In connection with the term and revolving loan agreements signed on 2 April 2021, the Company’s ability to pay dividends is subject to the Group meeting certain financial ratios in the period prior to payment (as that term is defined in the term and revolving credit facility agreement) and there being no event of default (as that term is defined in the term and revolving loan agreement).

In 2024, the Company paid a total dividend of PLN 69,287,783.00, i.e. PLN 1.00 gross per share.

On 15 May 2025, the Management Board announced that, following the publication of the financial results for Q1 2025 of the Company and its subsidiary Rottneros AB, it had decided to amend its original recommendation regarding the distribution of profit for 2024, which it had announced in current report No. 04/2025 of 18 February 2025. The Issuer’s Management Board decided to recommend to the Ordinary General Meeting to allocate the Company’s net profit for 2024 in the amount of PLN 197,291,617.02 (one hundred and ninety-seven million, two hundred and ninety-one thousand, six hundred and seventeen zloty and two groszy) in its entirety to the Company’s other reserves.

On 11 June 2025, the Company’s General Meeting, after reviewing the Management Board’s proposal on profit distribution, decided to allocate the Company’s entire net profit for the financial year 2024, amounting to PLN 197,291,617.02 (in words: one hundred and ninety-seven million two hundred and ninety-one thousand six hundred and seventeen zlotys and two grosze) to the Company’s other reserves.

12. Earnings/(loss) per share

Earnings/(loss) per share are established by dividing the net profit/(loss) for the reporting period attributable to the Company's ordinary shareholders by the weighted average number of ordinary shares outstanding in the reporting period.

Information regarding profit/(loss) and the number of shares which constituted the basis to calculate earnings/(loss) per share and diluted earnings/(loss) per share on continuing operations and overall operations is presented below:

	3-month period ended on 30 June 2025 (unaudited)	6-month period ended on 30 June 2025 (unaudited)	3-month period ended on 30 June 2024 (unaudited)	6-month period ended on 30 June 2024 (unaudited)
Net profit/(loss) from continuing operations attributable to the shareholders of the Parent Company	(45 423)	(58 846)	17 948	100 415
Net profit/(loss) attributable to the shareholders of the Parent Company	(45 423)	(58 846)	17 948	100 415
Number of ordinary shares – A series	50 000	50 000	50 000	50 000
Number of ordinary shares – B series	44 253 500	44 253 500	44 253 500	44 253 500
Number of ordinary shares – C series	8 100 000	8 100 000	8 100 000	8 100 000
Number of ordinary shares – E series	3 000 000	3 000 000	3 000 000	3 000 000
Number of ordinary shares – F series	13 884 283	13 884 283	13 884 283	13 884 283
Total number of shares	69 287 783	69 287 783	69 287 783	69 287 783
Weighted average number of shares	69 287 783	69 287 783	69 287 783	69 287 783
Diluted weighted average number of ordinary shares	69 287 783	69 287 783	69 287 783	69 287 783
Profit/(loss) per share (in PLN)				
– basic earnings from the profit/(loss) for the period attributable to the shareholders of the Parent Company	(0,66)	(0,85)	0,26	1,45
Diluted profit/(loss) per share (in PLN)				
– from the profit/(loss) for the period attributable to the shareholders of the Parent Company	(0,66)	(0,85)	0,26	1,45

13. Property, plant and equipment, intangible assets, goodwill and impairment

13.1 Property, plant and equipment, intangible assets and goodwill

The net value of property, plant and equipment as at 30 June 2025 amounted to PLN 1,423,402 thousand, including right-of-use assets of PLN 23,304 thousand. The net value of property, plant and equipment as at 31 December 2024 was PLN 1,412,191 thousand, including right-of-use assets of PLN 25,109 thousand.

A comparison of movements in property, plant and equipment (excluding assets to be used) for the first six months of 2025 with the corresponding period of 2024 is as follows: the value of property, plant and equipment acquired in the period under review amounted to PLN 114,280 thousand (for the six months ended 30 June 2024 it amounted to PLN 172,389 thousand). The net value of property, plant and equipment sold or disposed of for the period of 6 months ended 30 June 2025 amounted to PLN 1,577 thousand (for the period of 6 months ended 30 June 2024 it amounted to PLN 2.843 thousand). Depreciation and amortisation in the period of 6 months ended 30 June 2025 amounted to PLN 64,878 thousand (for the period of 6 months ended 30 June 2024 it amounted to PLN 51,263 thousand). In the 6-month period of 2025, due to the planned lower production level and lower demand for CTMP pulp, the Group recognized an additional impairment loss on fixed assets in the Rottneros Group in the amount of PLN 53.424 thousand. In the equivalent period of the previous year the Group did not recognise or release any impairment allowance on property, plant and equipment. FX differences amounted to PLN 18,615 thousand for the period of 6 months ended 30 June 2025 (for the period of 6 months ended 30 June 2024 they amounted to PLN -23,556 thousand).

A comparison of movements on assets in use for the first six months of 2025 with the corresponding period of 2024 is as follows: increases for the 6 months ended 30 June 2025 amounted to PLN 1,376 thousand (for the 6 months ended 30 June 2024 amounted to PLN 1.684 thousand), depreciation charge for the 6 months ended 30 June 2025 amounted to PLN 3,289 thousand (for the 6 months ended 30 June 2024 amounted to PLN 3.097 thousand), decreases for the 6 months ended 30 June 2025 amounted to PLN 17 thousand (for the 6 months ended 30 June 2024 amounted to PLN 1.541 thousand), exchange differences for the 6 months ended 30 June 2025 amounted to PLN 126 thousand (for the 6 months ended 30 June 2024 amounted to PLN -326 thousand).

The net value of intangible assets as at 30 June 2025 amounted to PLN 73,050 thousand (31 December 2024: PLN 45,146 thousand) The value of acquired intangible assets in the period under review amounted to PLN 33,643 thousand (for the period of 6 months ended 30 June 2024 it amounted to PLN 3,264 thousand). The net value of intangible assets sold or disposed of for the period of 6 months ended 30 June 2025 amounted to PLN 6,320 thousand (for the period of 6 months ended 30 June 2024 it amounted to PLN 15,822 thousand). The depreciation charge in the period of 6 months ended 30 June 2025 amounted to PLN 110 thousand (for the period of 6 months ended 30 June 2024 it amounted to PLN 96 thousand). The impairment allowance on intangible assets in the period of 6 months ended 30 June 2025 amounted to PLN 0 thousand (for the period of 6 months ended 30 June 2024 it amounted to PLN 0 thousand). Exchange differences for the period of 6 months ended 30 June 2025 amounted to PLN 692 thousand (for the period of 6 months ended 30 June 2024 they amounted to PLN -1,171 thousand).

Goodwill as at 30 June 2025 amounted to PLN 8,001 thousand (31 December 2024: PLN 7,835 thousand). The change in its value in H1 2025 was affected only by exchange rate differences of PLN 166 thousand (H1 2024: PLN 269 thousand).

Revenue from the sale of property, plant and equipment and intangible assets in H1 2025 amounted to PLN 108 thousand (H1 2024: PLN 799 thousand).

13.2 Impairment of non-financial assets

As of June 30, 2025, there were no indications that impairment tests would be performed on property, plant and equipment or intangible assets at Arctic Paper Kostrzyn, Munkedals, or Grycksbo.

As of June 30, 2025, the Parent Company performed impairment tests for goodwill using the discounted cash flow method. As of June 30, 2025, an impairment test was performed on the cash-generating unit, the Rottneros Group. The cash-generating unit is classified in the pulp segment. The recoverable amount of the unit was determined based on its value in use using the discounted cash flow method. To calculate the value in use of the net assets assigned to the cash-generating unit, a discount rate (WACC) of 10% and a forecast period from 2026 to a maximum of 2030 were assumed. The forecasted cash flows covered a residual period exceeding 5 years due to the Group's strategy of operating the unit for an indefinite period. As of June 30, 2025, total net assets subjected to impairment testing were PLN 847,304 thousand (including goodwill of PLN 8,001 thousand and trademark of PLN 27,717 thousand). As of December 31, 2024, total net assets subjected to impairment testing were PLN 832,895 thousand. PLN (including goodwill of PLN 7,835 thousand and trademark of PLN 27,142 thousand). The recoverable amount of the cash-generating unit as at 30 June 2025 was determined as its value in use and amounted to PLN 1,002,506 thousand (as at 31 December 2024: PLN 908,827 thousand). The recoverable amount of the net assets assigned to the cash-generating units was higher than the carrying amount of these assets and therefore the test did not indicate any impairment of property, plant and equipment and intangible assets (including trademark and goodwill) of the Rottneros Group included in these consolidated financial statements as at 30 June 2025 and 31 December 2024.

	2025	2024
Forecast based on years	2026-2030	2025-2029
Sales volume annual increase by		
Weighted average cost of capital (WACC)	10,6%	9,8%
Residual period growth rate	0,0%	0,0%

Parametr	Średnioroczna zmiana parametru o	2025 Wpływ na wartość użytkową aktywów	2024 Wpływ na wartość użytkową aktywów
30 June 2025			
Weighted average cost of capital (WACC)	+1,0 p.p.	(90 260)	(8 466)
Weighted average cost of capital (WACC)	-1,0 p.p.	109 120	-
Residual period growth rate	+1,0 p.p.	6 043	-
Residual period growth rate	-1,0 p.p.	(6 043)	-

14. Other financial assets

The decrease in other financial assets was mainly due to the negative valuation of derivatives, mainly forward power purchase contracts.

	As at 30 June 2025 (unaudited)	As at 31 December 2024
Hedging instruments	1 832	2 364
Derivative instruments measured at fair value through profit or loss	-	1 990
Investments in equity instruments	14 071	13 852
Settlement of realised forward contracts	-	590
Other financial assets	72	509
Total	**15 974**	**19 306**
- current	1 297	3 760
- non-current	14 678	15 547

15. Inventories

	As at 30 June 2025 (unaudited)	As at 31 December 2024
Materials (at purchase prices)	202 191	221 434
Production in progress (at manufacturing costs)	10 377	6 769
Finished products, of which:		
At purchase price / manufacturing costs	186 788	266 840
At net realisable price	94 728	-
Advance payments for deliveries	193	-
Total inventories, at the lower of cost and net realisable value	494 277	495 044
Impairment allowance to inventories	30 384	19 875
Total inventories before impairment allowance	524 661	514 919

Stock values as at 30 June 2024 compared to the end of the previous year were comparable.

16. Trade and other receivables

	As at 30 June 2025 (unaudited)	As at 31 December 2024
Trade receivables	386 831	360 738
VAT receivables	41 972	42 474
Other third party receivables	27 278	25 561
Total (net) receivables	456 081	428 773
Impairment allowances to receivables	16 185	17 050
Gross receivables	472 266	445 823

The increase in trade receivables compared to the end of the previous year was primarily due to the extension of the receivables turnover cycle.

All the trade receivables specified above are receivables under contracts with customers and they do not contain any material financing element.

Trade receivables do not earn interest and have customary payment terms of 30 to 90 days.

The Group has an appropriate policy of selling solely to verified customers. Therefore, in the opinion of the management, there is no additional credit risk in excess of the level identified with the impairment allowance to uncollectible receivables characteristic for the Group's trade receivables.

The impairment allowance fully refers to receivables under contracts with customers. The decrease in the impairment allowance for receivables was mainly due to its utilisation and release in H1 2025.

Below is an analysis of trade receivables that as at 30 June 2025 and 31 December 2024 were overdue but not treated as uncollectible:

	Total	Not overdue	Overdue but collectible				
			< 30 days	30-60 days	60-90 days	90-120 days	>120 days
As at 30 June 2025	386 831	330 211	44 842	1 149	169	(475)	10 936
As at 31 December 2024	360 738	283 062	52 962	1 515	477	88	22 633

Receivables over 120 days in the prospective assessment of the Company's management qualify as collectible and therefore no impairment was recognised.

The maturities of other receivables from third parties do not exceed 360 days.

The Group presents sales discounts per balance with receivables. The reason for this presentation is that they are mostly offset against trade receivables from individual customers. The amounts of rebates granted by individual companies amounted to just under PLN 35 million in 2025.

17. Other non-financial assets

	As at 30 June 2025	As at 31 December 2024
Insurance costs	3 552	649
Lease fees	334	332
Advance payments for services	26 144	29 323
of which for unclaimed gas		19 348
Rent	423	509
Other	4 847	2 667
Total	**35 300**	**33 480**
- current	35 068	33 317
- non-current	232	162

18. Interest-bearing loans

In the period covered by this report, the Group made a partial repayment of the term loan under the loan agreement concluded on 2 April 2021 with a syndicate of banks in the amount of PLN 14,313 thousand and made a partial repayment of the loan with Nordea Bank in the amount of PLN 17,336 thousand and with Danske Bank in the amount of PLN 13,308 thousand.

The other changes to loans and borrowings as at 30 June 2025, compared to 31 December 2024 result mainly from balance sheet evaluation and payment of interest accrued as at 31 December 2024 and paid in H1 2025.

19. Trade and other payables

The value of trade and other payables as at 30 June 2025 amounted to PLN 434,238 thousand (as at 31 December 2024: PLN 427,154 thousand). The increase in this item compared to the previous year-end was influenced by higher pulp prices in H1 2025.

20. Employee liabilities

	As at 30 June 2025 (unaudited)	As at 31 December 2024
Provision for pensions and similar benefits	15 736	21 368
Payable to employees as salaries	6 926	15 951
Personal Income Tax	7 055	5 052
Tax on repaid provision for pensions and similar benefits	2 791	2 790
Social benefit liabilities	20 164	16 694
Unused leave	57 520	42 158
Bonuses	3 356	10 075
Other employee liabilities	13 057	3 087
TOTAL	**126 606**	**117 175**
- current	106 219	96 743
- non-current	20 388	20 432

21. Deferred tax liability

	Consolidated balance sheet as at		Consolidated statement of profit and loss for the year ended	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
Deferred tax provision				
Non-current assets	52 026	82 870	30 844	7 848
Untaxed provisions (in compliance with Swedish tax regulations)	61 737	61 737	32 278	(29 459)
Gross deferred tax provision	**113 764**	**115 148**	**1 385**	**7 848**

	Consolidated balance sheet as at		Consolidated statement of profit and loss for the year ended	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
Deferred tax asset				
Post-employment benefits	-	-	-	(8 539)
Uninvoiced liabilities	(12 970)	(1 379)	(11 591)	(2 187)
Non-current assets	(730)	-	(730)	-
Inventories	(953)	-	(953)	(1 322)
Trade receivables	(1 184)	-	(1 884)	(1 523)
Actuarial gains/losses	(1 234)	-	(1 234)	-
Other	(90)	-	(90)	-
Losses deductible from future taxable income	(5 074)	(5 074)	-	5 074
Hedging instruments	(5 128)	(4 829)	(299)	14 808
Gross deferred tax asset	**(28 064)**	**(11 282)**	**(16 782)**	**(6 312)**

22. Share capital

There were no changes in share capital as at 30 June 2025 compared to 31 December 2024.

23. Financial instruments

The Group uses the following financial instruments: cash on hand and in bank accounts, loans, receivables, payables, including leases, and interest SWAP contracts and forward power purchase contracts.

At 30 June 2025, the Group held the following financial instruments: cash on hand and in bank accounts, loans, receivables, payables, including leases, and interest SWAP and forward power purchase contracts.

23.1 Fair value of each class of financial instruments

The table below presents the selected financial instruments held by the Group by carrying amount and split into individual assets and liabilities.

		Carrying amount		Fair value	
	Category in compliance with IFRS 9	As at 30 June 2025	As at 31 December 2024	As at 30 June 2025	As at 31 December 2024
Financial assets					
Trade and other receivables	*WwZK*	414 109	386 299	***	***
Hedging instruments*	*IRZ*	1 832	2 364	***	***
Derivative instruments measured at fair value through profit or loss	*WwWGpWF*	-	1 990	***	***
Settlement of realised forward contracts	*WwZK*	-	590	***	***
Other financial assets (net of loans and hedging instruments)**	*WwWGpWF*	14 143	14 361	***	***
Cash and cash equivalents	*WwZK*	233 606	287 583	***	***
Financial liabilities					
Loans	*WwZK*	343 107	231 755	348 741	206 886
Leasing liabilities, of which:	*WwZK*	23 407	25 385	***	***
- non-current		19 187	20 628	***	***
- current		4 220	4 758	***	***
Trade payables, purchase of property, plant and equipment and other financial liabilities	*WwZK*	390 354	429 379	***	***
Hedging instruments*	*IRZ*	30 268	27 255	***	***
Settlement of realised forward contracts	*WwZK*	782	-	*** -	*** -

* derivative hedging instruments meeting the requirements of hedge accounting
** primarily investments in equity instruments

Abbreviations used:

WwZK – Financial assets/liabilities measured at amortised cost

IRZ – Hedge Accounting Instruments at fair value through other comprehensive income (where the instrument is determined to be effective)

WwWGpWF – financial assets/liabilities measured at fair value through profit or loss

The fair value of hedging instruments was determined on the basis of observable data from active markets that are not market quotations.

The fair value of loans is estimated using an internal model based on discounting financial flows.

As at 30 June 2025 and 31 December 2024, financial instruments according to the valuation hierarchy qualify as Level 3 except for derivatives (Level 2).

24. Other financial liabilities

	As at 30 June 2025 (unaudited)	As at 31 December 2024
Lease liabilities	23 407	25 385
Hedging instruments	30 712	29 070
Other	565	29 070
Total	**54 684**	**83 526**
- current	7 880	8 716
- non-current	46 804	45 740

The increase in the value of hedging instrument liabilities is due to the negative valuation of some energy forward contracts.

25. Contingent liabilities and contingent assets

As at 30 June 2025, the Capital Group reported:

- a contingent liability of Arctic Paper Munkedals AB related to a surety for the obligations of Kalltorp Kraft HB in the amount of SEK 772 thousand (PLN 295 thousand);
- a bank guarantee in favour of Skatteverket Ludvika for SEK 135 thousand (PLN 51 thousand);

26. Legal claims

Arctic Paper S.A. and its subsidiaries are not a party to any legal cases filed in court against them.

27. Tax settlements

Regulations related to VAT, corporate income tax and charges related to social insurance are subject to frequent modifications. Those frequent modifications result in unavailability of appropriate points of reference, inconsistent interpretations and few precedents that could apply. Additionally, the applicable regulations contain also certain ambiguities that result in differences of opinion as to legal interpretations of tax regulations – among public authorities and between public authorities and enterprises.

Tax settlements and other areas of operations (for instance customs or FX issues) may be inspected by the authorities that are entitled to impose high penalties and fines as well additional tax liabilities resulting from inspections that have to be paid along with high interest.

As a result, tax risk in Poland is higher than in countries with more mature tax systems.

Tax settlements may be subject to inspections for five years from the end of the year in which the tax was paid. As a result of inspections, the tax liability of the Group may be increased by additional tax liability. In the opinion of the Group, there is no need to establish additional provisions for any identified and quantifiable tax risk as at 30 June 2025.

On 15 July 2016, the Tax Code was amended to incorporate the provisions of the General Anti-Avoidance Rule (GAAR). GAAR is to prevent the development and use of artificial legal structures to avoid tax payments in Poland. GAAR defines tax avoidance as an activity pursued primarily to accomplish tax benefits that under the circumstances would be contradictory to the subject and purpose of the tax regulations. In accordance with GAAR, such activity would not generate tax benefits if the mode of operation was artificial. Any occurrence of (i) unjustified split to operations, (ii) involvement of intermediaries despite no economic justification, (iii) mutually exclusive of compensating elements, and (iv) other similar activities, may be treated as a premise to the existence of artificial activities subject to GAAR. The new regulations require more accurate judgements in the assessment of tax effects of each transaction.

28. Future contractual investment commitments

Future contractual commitments to purchase property, plant and equipment concluded until 30 June 2025 and not required to be recognised in the consolidated statement of financial position at that date amounted to PLN 36,369 thousand.

29. Transactions with related parties

The related parties to the Arctic Paper S.A. Group are as follows:

- Thomas Onstad – the corer shareholder of Arctic Paper S.A. holding directly or indirectly over 50% of shares in the Company’s share capital,
- Nemus Holding AB – parent company to the Arctic Paper S.A. Group since 3 September 2014,
- Munkedal Skog – a subsidiary of Nemus Holding AB,
- Key management personnel.

Transactions with related parties are carried out at arm’s length.

The following table shows the total amounts of transactions entered into with related parties during the six months ended 30 June 2025 and as at 30 June 2025:

Data for the period from 01 January 2025 to 30 June 2025 and as at 30 June 2025

Related party	Sales to related parties	Purchases from related parties/remuneration	Interest – financial income	Interest – financial expense	Receivables from related parties	Loan receivables	Liabilities to related parties
Nemus Holding AB	211	36	-	-	-	-	7
Thomas Onstad	-	-	-	-	-	-	-
Munkedals Skog	-	18	-	-	-	-	47
Key management personnel	-	4 361	-	-	-	-	-
Total	211	4 415	-	-	-	-	54

30. Material events after the reporting period

30.1 Results of a subsidiary's share issue

On July 22, 2025, the Management Board was notified of the results of the issue of new shares in Rottneros, including the allocation to the Company, in addition to the shares resulting from pre-emptive rights, of 10,000,000 new shares in a subsidiary of Rottneros as part of a subscription for new shares without pre-emptive rights. Prior to the above-mentioned transaction, Arctic Paper S.A. held 78,230,883 shares in Rottneros, representing 51.27% of the share capital and 51.27% of the total number of votes in Rottneros. Following the above-mentioned transaction and the full exercise of its pre-emptive rights related to the Rottneros shares it currently holds, the Company holds a total of 146,904,045 shares in Rottneros, representing 55.02% of the share capital and 55.02% of the total number of votes in Rottneros. Through the issue of 114,428,943 new Shares, the share capital of Rottneros increased by SEK 114,428,943, from SEK 153,393,890 to SEK 267,822,833. Following the issue, the total number of shares and votes in Rottneros amounts to 267,822,833 shares.

Signatures of the Members of the Management Board

Position	First and last name	Date	Signature
President of the Management Board CEO	Michał Jarczyński	08 August 2024	signed with a qualified electronic signature
Member of the Management Board Chief Financial Officer	Katarzyna Wojtkowiak	08 August 2024	signed with a qualified electronic signature
Member of the Management Board Vice-President for Sales and Marketing	Fabian Langenskiöld	08 August 2024	signed with a qualified electronic signature

Interim abbreviated separate financial statements

for the period of six months

ended on 30 June 2025

Interim abbreviated separate financial statements

Interim abbreviated separate statement of profit and loss

	Note	3-month period ended on 30 June 2025 (unaudited)	6-month period ended on 30 June 2025 (unaudited)	3-month period ended on 30 June 2024 (unaudited)	6-month period ended on 30 June 2024 (unaudited)
Continuing operations					
Revenue from sales of services		3 658	7 484	2 812	6 733
Interest income on loans	5.	811	1 651	534	1 035
Dividend income	10.	41 321	43 778	90 870	105 597
Sales revenue		45 790	52 913	94 216	113 365
Interest expense to related parties and costs of sales of logistics services		(3 171)	(6 096)	(2 648)	(5,412)
Profit/(loss) on sales		42 619	46 817	91 568	107 953
Other operating income		4	36	11	13
Administrative expenses	5.2.	(5 435)	(10 589)	(4 371)	(11 098)
Impairment allowances to assets	5.3.	(424)	(424)	-	-
Other operating expenses		(23)	(86)	42	(46)
Profit/(loss) on operations		36 741	35 754	87 250	96 822
				-	-
Finance income		(414)	3 189	1 845	3 638
Finance costs		(2 033)	(3 232)	(2 178)	(3 570)
Gross profit/(loss)		34 294	35 711	86 917	96 890
Income tax		(622)	-	1 534	2 141
Net profit (loss) for the reporting period		33 672	35 711	88 451	99 031
Earnings per share:					
– basic earnings from the profit/(loss) for the period		0,49	0,52	1,28	1,43
– basic earnings from the profit/(loss) from continuing operations for the period		0,49	0,52	1,28	1,43

Interim abbreviated separate statement of comprehensive income

	3-month period ended on 30 June 2025 (unaudited)	6-month period ended on 30 June 2025 (unaudited)	3-month period ended on 30 June 2024 (unaudited)	6-month period ended on 30 June 2024 (unaudited)
Net profit/(loss) for the reporting period	33 672	35 711	88 451	99 031
Items to be reclassified to profit/(loss) in future reporting periods:				
Measurement of financial instruments	(416)	(795)	(621)	(888)
Deferred tax on the measurement of financial instruments	79	151	169	169
FX differences on translation of foreign operations	145	(182)	(152)	296
Other net comprehensive income	(193)	(826)	(604)	(423)
Total comprehensive income	33 479	34 885	87 847	98 608

Interim abbreviated separate statement of financial condition

	Note	As at 30 June 2025 (unaudited)	As at 31 December 2024
ASSETS			
Non-current assets			
Property, plant and equipment	12.	952	1 174
Intangible assets	12.	1 319	1 319
Shares in subsidiaries and joint ventures	6.	1 073 152	1 070 752
Other financial assets	13.	48 509	51 218
Deferred tax		5 739	5 739
		1 129 671	1 130 202
Current assets			
Trade and other receivables	11.	18 718	17 606
Income tax receivables		1 101	6 118
Other financial assets	13.	2 409	197
Other non-financial assets		13 800	10 349
Cash and cash equivalents	8.	92 699	176 985
		128 728	211 256
TOTAL ASSETS		1 258 399	1 341 458
EQUITY AND LIABILITIES			
Equity			
Share capital	16.1	69 288	69 288
Supplementary capital	16.3	625 736	625 736
Other reserves	19.	333 236	136 588
FX differences on translation	17.	2 389	2 571
Retained earnings/Accumulated losses	20.	(31 061)	130 520
Total equity		999 588	964 703
Non-current liabilities			
Interest-bearing loans, borrowings and bonds	14.	28 222	38 602
Deferred tax liability		2 810	2 961
		31 032	41 563
Current liabilities			
Interest-bearing loans, borrowings and bonds	14.	194 989	304 269
Trade payables		19 681	17 829
Other financial liabilities		-	17
Other current liabilities		10 523	9 274
Employee liabilities		2 586	3 803
		227 779	335 192
TOTAL LIABILITIES		258 811	376 755
TOTAL EQUITY AND LIABILITIES		1 258 399	1 341 458

Interim abbreviated separate statement of cash flows

	Note	6-month period ended on 30 June 2025 (unaudited)	6-month period ended on 30 June 2024 (unaudited)
Cash flows from operating activities			
Gross profit/(loss)		35 711	96 890
Adjustments for:			
Depreciation/amortisation		219	202
FX gains/(loss)		(2 710)	982
Net interest and dividends		798	520
Increase / decrease in receivables and other non-financial assets		(4 563)	(1 526)
Change in liabilities excluding loans and borrowings and other financial liabilities		1 885	2 323
Income tax		5 017	(1 448)
Change to liabilities due to cash-pooling		(133 455)	(100 942)
Increase / decrease of loans granted to subsidiaries		(299)	(7 129)
Interest received on loans granted and cash-pooling		1 697	824
Interest paid under cash-pooling		(1 731)	(1 350)
Other		115	-
Net cash flows from operating activities		**(97 316)**	**(10 656)**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		-	(707)
Increase of interests in subsidiaries		(2 400)	-
Net cash flows from investing activities		**(2 400)**	**(707)**
Cash flows from financing activities			
Repayment of leasing liabilities		(17)	(14)
Repayment of borrowing liabilities		(14 321)	(14 347)
Change in working capital loans		23 015	-
Loans received		5 827	-
Interest paid		(1 268)	(764)
Dividend paid		-	(69 288)
Net cash flows from financing activities		**13 236**	**(84 413)**
Cash and cash equivalents at the beginning of the period		176 985	264 150
Change in cash and cash equivalents		(86 480)	(95 776)
Net FX differences		2 195	(1 063)
Cash and cash equivalents at the end of the period	8.	**92 699**	**167 309**

Interim abbreviated separate statement of changes in equity

	Attributable to the shareholders of the Parent Company					
	Share capital	Supplementary capital	FX differences on translation of foreign operations	Other capital	Retained earnings (Accumulated losses)	Total equity
As at 01 January 2025	69 288	625 736	2 571	136 588	130 520	964 703
Net profit/(loss) for the period	-	-	-	-	35 711	35 711
Other net comprehensive income for the period	-	-	(182)	(644)	-	(826)
Total comprehensive income for the period	-	-	(182)	(644)	35 711	34 885
Financial profit distribution	-	-	-	197 292	(197 292)	-
Dividend distribution	-		-	-		-
As at 30 June 2025 (unaudited)	69 288	625 736	2 389	333 236	(31 061)	999 588

	Attributable to the shareholders of the Parent Company					
	Share capital	Supplementary capital	FX differences on translation of foreign operations	Other capital	Retained earnings (Accumulated losses)	Total equity
As at 01 January 2024	69 288	443 808	2 138	138 298	184 444	837 975
Net profit/(loss) for the period	-	-	-	-	99 031	99 031
Other net comprehensive income for the period	-	-	296	(720)	-	(423)
Total comprehensive income for the period	-	-	296	(720)	99 031	98 608
Financial profit distribution	-	181 928	-	-	(181 928)	-
Dividend distribution	-	-	-	-	(69 288)	(69 288)
As at 30 June 2024 (unaudited)	69 288	625 736	2 434	137 578	32 259	867 295

Additional explanatory notes

1. General information

1.1 Name, registered office, object of activity

Arctic Paper S.A. ("Company", "Entity") is a joint stock company established with Notary deed on 30 April 2008 with its stock publicly listed.

The Company's registered office is located in Kostrzyn, at ul. Fabryczna 1. The Company has also a foreign branch in Göteborg, Sweden.

The Company is entered in the National Court Register maintained by the District Court in Zielona Góra – 8th Commercial Division of the National Court Register, under KRS number 0000306944. The Company holds statistical number REGON 080262255.

The duration of the Company is indefinite.

Nemus Holding AB is the direct Parent Company to the Company. The ultimate parent company of the Group that prepares the consolidated financial statements is Nemus Holding AB, which is owned by Thomas Onstad.

Holding operations is the core business of the Company.

The interim abbreviated separate financial statements of the Company with respect to the interim abbreviated separate statement of profit and loss, statement of comprehensive income, statement of cash flows and statement of changes to equity, cover the period of 6 months ended on 30 June 2025 and contain comparable data for the period of 6 months ended on 30 June 2024; and in the interim abbreviated separate statement of financial condition, it presents data as at 30 June 2025 and as at 31 December 2024.

The interim abbreviated separate statement of comprehensive income, the interim abbreviated separate statement of profit and loss include data for the three months ended 30 June 2025 and comparative data for the three months ended 30 June 2024.

1.2 Identification of the separate financial statements

The Company made its interim abbreviated consolidated financial statements for the period of 6 months ended on 30 June 2025 which were approved for publication by the Management Board on 12 August 2025.

1.3 Composition of the Company's Management Board

As at 30 June 2025, the Parent Company's Management Board was composed of:

— Michał Jarczyński – President of the Management Board appointed on 10 December 2018, with effect from 1 February 2019;
— Katarzyna Wojtkowiak – Member of the Management Board appointed on 29 May 2023;
— Fabian Langenskiöld – Member of the Management Board appointed on 14 August 2023.

Until the date hereof, there were no changes to the composition of the Management Board of the Parent Company.

1.4 Composition of the Company's Supervisory Board

As at 30 June 2025, the Company's Supervisory Board was composed of:

- Per Lundeen – Chair of the Supervisory Board appointed on 22 September 2016 (appointed to the Supervisory Board on 14 September 2016);
- Roger Mattsson – Deputy Chair of the Supervisory Board appointed on 22 September 2016 (appointed as a Member of the Supervisory Board on 14 September 2014);
- Thomas Onstad – Member of the Supervisory Board appointed on 22 October 2008;
- Zofia Dzik – Member of the Supervisory Board appointed on 22 June 2021;
- Anna Jakubowski – Member of the Supervisory Board appointed on 22 June 2021.

Until the date hereof, there were no changes to the composition of the Supervisory Board of the Company.

1.5 Approval of the financial statements

On 12 August 2025, these interim abbreviated separate financial statements of the Company for the 6-month period ended on 30 June 2025 were approved for publication by the Management Board.

1.6 Investments by the Company

The Company holds interests in the following subsidiaries:

Unit	Registered office	Group Profile	Company's interest in the equity of the subsidiaries		
			12 August 2025	30 June 2025	31 December 2024
Arctic Paper Kostrzyn S.A.	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Paper production	100%	100%	100%
Arctic Paper Munkedals AB	Sweden, SE 455 81 Munkedal	Paper production	100%	100%	100%
Arctic Paper Investment AB	Sweden, Box 383, 401 26 Göteborg	Holding activities	100%	100%	100%
Arctic Paper UK Limited	United Kingdom, 8 St Thomas Street SE1 9RR London	Trading company	100%	100%	100%
Arctic Paper Baltic States SIA	Latvia, K. Vardemara iela 33-20, Riga LV-1010	Trading company	100%	100%	100%
Arctic Paper Deutschland GmbH	Germany, Am Sandtorkai 72, 20457 Hamburg	Trading company	100%	100%	100%
Arctic Paper Benelux S.A.	Belgium, Interleuvenlaan 62 bus 14, B-3001 Heverlee	Trading company	100%	100%	100%
Arctic Paper Schweiz AG	Switzerland, Gutenbergstrasse 1, CH-4552 Derendingen	Trading company	100%	100%	100%
Arctic Paper Italia srl	Italy, Via Chiaravalle 7, 20 122 Milan	Trading company	100%	100%	100%
Arctic Paper Danmark A/S	Denmark, Korskildelund 6 DK-2670 Greve	Trading company	100%	100%	100%
Arctic Paper France SAS	France, 30 rue du Chateau des Rentiers, 75013 Paris	Trading company	100%	100%	100%
Arctic Paper Espana SL	Spain, Avenida Diagonal 472-474, 9-1 Barcelona	Trading company	100%	100%	100%
Arctic Paper Papierhandels GmbH	Austria, Hainborgerstrasse 34A, A-1030 Wien	Trading company	100%	100%	100%
Arctic Paper Polska Sp. z o.o.	Poland, Okrężna 9, 02-916 Warszawa	Trading company	100%	100%	100%
Arctic Paper Norge AS	Norway, Eikenga 11-15, NO-0579 Oslo	Trading company	100%	100%	100%
Arctic Paper Sverige AB	Sweden, SE 455 81 Munkedal	Trading company	100%	100%	100%
Arctic Power Sp. z o.o. (formerly Arctic Paper East Sp. z o.o.)	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Energy projects	100%	100%	100%
Arctic Paper Investment GmbH	Germany, Am Sandtorkai 72, D-20457 Hamburg	Holding activities	100%	100%	100%
Kostrzyn Packaging Spółka z o.o.	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Production of packaging	50%	50%	50%
Rottneros AB	Sweden, Box 144 826 23 Söderhamn	Activities of holding companies	55,02%	51,27 %	51,27 %

As at 30 June 2025 and as at 31 December 2024, the share in the overall number of votes held by the Company in its subsidiaries was equal to the share of the Company in the share capital of those entities.

2. Accounting Policies

2.1 Basis of preparation of the interim abbreviated financial statements

These interim abbreviated separate financial statements have been prepared in compliance with International Accounting Standard No. 34.

These interim abbreviated separate financial statements have been presented in Polish zloty ("PLN") and all values are rounded to the nearest thousand (PLN '000) except as stated otherwise.

These interim abbreviated separate financial statements have been prepared based on the assumption that the Company will continue as a going concern in the foreseeable future.

The interim abbreviated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended on 31 December 2024.

2.2 Functional currency and presentation currency

The Polish zloty (PLN) is the functional currency and the presentation currency of the Company in these financial statements.

2.3 Changes in applied accounting policies

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the Company's financial statements for the year ended 31 December 2024.

The Company did not decide to adopt earlier other standards, interpretations or amendments that were issued but are not yet effective for periods commencing on 1 January 2025.

2.4 New and amended standards and interpretations applied

The following new standards and amendments to existing standards that come into force in 2025 have been applied in these interim financial statements:

a) Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates"

In August 2023 the Board published amendments to IAS 21 "The Effects of Changes in FX Rates". The changes introduced are intended to make it easier for entities to determine whether a currency is convertible into another currency and to estimate the immediate FX rate when a currency is not convertible. In addition, the amendments to the standard require additional disclosures in the case of non-convertibility on how the alternative exchange rate was determined.

2.5 New standards and interpretations that have been published and are not yet effective

In these interim financial statements, the Company has not decided to early apply the following published standards, interpretations or amendments to existing standards before their effective date:

a) Changes in the classification and measurement of financial instruments – Amendments to IFRS 9 and IFRS 7.

In May 2024, the IASB published amendments to IFRS 9 and IFRS 7 to:

5. clarify the recognition and derecognition dates for certain financial assets and liabilities, with an exemption for certain financial liabilities settled through electronic funds transfer;
6. clarify and add further guidance on assessing whether a financial asset meets the SPPI criteria;
7. add new disclosures for certain instruments whose contractual terms may alter cash flows; and
8. update disclosures on equity instruments measured at fair value through other comprehensive income (FVOCI).

The published amendments are effective for financial statements for periods beginning on or after 1 January 2026.

b) Annual Improvements to IFRSs

"Annual Improvements to IFRS" introduces changes to the standards: IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 7 "Financial Instruments: Disclosures", IFRS 9 "Financial Instruments", IFRS 10 "Consolidated Financial Statements" and IAS 7 "Statement of Cash Flows".

The amendments provide clarifications and clarify the standards' guidance on recognition and measurement.

The published amendments are effective for financial statements for periods beginning on or after 1 January 2026.

c) Contracts relating to electricity dependent on natural factors: Amendments to IFRS 9 and IFRS 7

In December 2024, the Council published the amendments to help companies better recognise the financial effects of contracts relating to natural dependent electricity, which are often in the form of power purchase agreements (PPAs). The current guidance may not fully capture the impact of these contracts on the company's performance. To enable companies to better reflect these contracts in their financial statements, the Board has amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: disclosures. These changes include:

4. clarifying the application of the 'own use' criterion;
5. allowing hedge accounting where these contracts are used as hedging instruments;
6. adding new disclosures to enable stakeholders to understand the impact of these contracts on financial performance and cash flows.

The published amendments are effective for financial statements for periods beginning on or after 1 January 2026.

d) IFRS 18 "Presentation and Disclosures in Financial Statements"

In April 2024, the Council published the new standard IFRS 18 "Presentation and Disclosures in Financial Statements". The standard is intended to replace IAS 1 – Presentation of Financial Statements and will be effective from 1 January 2027. The changes to the superseded standard mainly concern three issues: the statement of profit or loss, required disclosures about performance measures and issues related to the aggregation and disaggregation of information contained in financial statements.

The published standard will be effective for financial statements for periods beginning on or after 1 January 2027. At the date of these consolidated financial statements, these amendments have not yet been approved by the European Union.

e) IFRS 19 "Subsidiaries Without Public Accountability: Disclosure of Information"

In May 2024, the Board issued a new accounting standard, IFRS 19, which can be adopted by certain subsidiaries applying IFRS accounting standards to improve the effectiveness of disclosures in their financial statements. The new standard introduces simplified and limited disclosure requirements. As a result, the qualifying subsidiary applies the requirements of other IFRS accounting standards with the exception of the disclosure requirements and instead applies the limited disclosure requirements of IFRS 19.

Eligible subsidiaries are entities that are not subject to so-called public accountability as defined in the new standard. In addition, IFRS 19 requires the ultimate or intermediate parent of the entity to prepare publicly available consolidated financial statements in accordance with IFRS Accounting Standards.

Eligible entities may choose to apply the guidance of the new IFRS 19 for financial statements prepared for periods beginning on or after 1 January 2027.

At the date of these consolidated financial statements, these amendments have not yet been approved by the European Union.

f) IFRS 14 "Regulatory accruals"

This standard allows entities that prepare their financial statements in accordance with IFRS for the first time (on or after 1 January 2016) to recognise amounts arising from price-regulated activities in accordance with existing accounting policies. To improve comparability, with entities that already apply IFRS and do not report such amounts, under published IFRS 14, amounts arising from regulated price activities should be presented as a separate line item in both the statement of financial position and the income statement and statement of other comprehensive income.

By a decision of the European Union, IFRS 14 will not be endorsed.

g) h) Amendments to IFRS 10 and IAS 28 on the sale or contribution of assets between an investor and its associates or joint ventures

The amendments resolve the current inconsistency between IFRS 10 and IAS 28. The accounting treatment depends on whether the non-monetary assets sold or contributed to the associate or joint venture constitute a "business".

Where non-monetary assets constitute a "business", the investor shows a full profit or loss on the transaction. If, on the other hand, the assets do not meet the definition of a business, the investor only recognises a gain or loss to the extent of the portion representing the interests of other investors.

The amendments were published on 11 September 2014. At the date of these consolidated financial statements, approval of this amendment is deferred by the European Union.

As at the date of approval of these financial statements for publication, the Management Board does not expect the introduction of the other standards and interpretations to have a material impact on the Company's accounting policies.

The Group has not opted for early application of any standard, interpretation or amendment that has been published but is not yet effective under European Union legislation.

3. Seasonality

The Company's activities, particularly with regard to dividends from associated companies, are seasonal in nature, with the majority of dividends being paid in the first and second quarters of the calendar year. For this reason, the Company's reported results show significant fluctuations during these periods of the year.

4. Information on business segments

Arctic Paper S.A. is a holding company, providing services mostly to the Group companies. The Company operates in one segment, the results are assessed by the Management Board on the basis of financial statements.

The table below presents revenue from services sales, interest income on loans and dividend income for the 6-month period ended on 30 June 2025 and as at 30 June 2024 in geographical presentation.

The geographical split of revenue relies on the location of registered offices of the subsidiaries of Arctic Paper S.A.

	6-month period ended on 30 June 2025 (unaudited)	6-month period ended on 30 June 2024 (unaudited)
Geographical information		
Poland	43 808	92 899
Foreign countries, of which:		
– Sweden	6 219	20 466
– Germany	1 460	-
– Other	1 426	-
Total	**52 913**	**113 365**

5. Income and costs

5.1 Interest income and expense

Interest income covers interest income on loans granted to other companies in the Group. Interest expense covers interest income on loans received from other companies in the Group and from banks. Interest expense covers interest income on loans received from Group companies and is disclosed as costs of sales.

5.2 Administrative expenses

The administrative expenses include costs of the administration of the Company operation; costs of services provided for the companies in the Group and all costs incurred by the Company for the purposes of pursuing holding company activities. In H1 2025, these costs amounted to PLN 10,589 thousand (in H1 2024: PLN 11,098 thousand). The increase of the administrative expenses is due to higher costs of services provided to the Company by external entities.

5.3 Change in impairment allowances on assets

in H1 2025, the company recognised an allowance for a loan receivable to Artcic Paper Mochenwangen GmbH
in the amount of PLN 424 thousand.

6. Investments in subsidiaries and joint ventures

The value of investments in subsidiaries and joint ventures as at 30 June 2025 and 31 December 2024 was as follows:

	As at 30 June 2025 (unaudited)	As at 31 December 2024
Arctic Paper Kostrzyn S.A.	442 535	442 535
Arctic Paper Munkedals AB	88 175	88 175
Rottneros AB	101 616	101 616
Arctic Paper Investment AB, of which:	390 567	390 567
Arctic Paper Investment AB (shares)	*307 858*	*307 858*
Arctic Paper Investment AB (loans)	*82 709*	*82 709*
Arctic Paper Investment GmbH	-	-
Arctic Paper Investment GmbH (shares)	*120 031*	*120 031*
Arctic Paper Investment GmbH (impairment allowance)	*(120 031)*	*(120 031)*
Arctic Paper Sverige AB	2 936	2 936
Arctic Paper Sverige AB (shares)	*11 721*	*11 721*
Arctic Paper Sverige AB (impairment allowance)	*(8 785)*	*(8,785)*
Arctic Paper Danmark A/S	2 947	2 947
Arctic Paper Danmark A/S (shares)	*5 539*	*5 539*
Arctic Paper Danmark A/S ((impairment allowance)	*(2 592)*	*(2 592)*
Arctic Paper Deutschland GmbH	4 977	4 977
Arctic Paper Norge AS	516	516
Arctic Paper Norge AS (shares)	*3 194*	*3 194*
Arctic Paper Norge AS (impairment allowance)	*(2 678)*	*(2 678)*
Arctic Paper Italy srl	738	738
Arctic Paper UK Ltd.	522	522
Arctic Paper Polska Sp. z o.o.	406	406
Arctic Paper Benelux S.A.	387	387
Arctic Paper France SAS	326	326
Arctic Paper Espana SL	196	196
Arctic Paper Papierhandels GmbH	194	194
Arctic Paper Power Sp. z o.o. (formerly Arctic Paper East Sp. z o.o.)	10 000	7 600
Arctic Paper Baltic States SIA	64	64
Arctic Paper Schweiz AG	61	61
Kostrzyn Packaging Spółka z o.o.	25 990	25 990
Total	**1 073 152**	**1 070 752**

In April 2025, Arctic Paper S.A made an additional payment to the share capital of its subsidiary Arctic Power Sp. z o.o. in the form of conversion of part of the loan into capital. As a result of this operation, the subsidiary's liability was settled by transformation into capital in the amount of PLN 2,400 thousand.

The value of investments in subsidiaries was disclosed on the basis of historic costs.

7. Impairment of assets in subsidiaries and joint ventures

As at 30 June 2025, there were no indications of impairment tests in subsidiaries and joint ventures in relation to shares. The analysis of the rationale concerned in particular the companies Arctic Paper Kostrzyn, Munkedals, Grycksbo (directly and solely controlled by Arctic Paper Investment AB, in which the Parent Company holds 100% of the shares) and Rottneros.

As at 31 December 2024, the Company carried out an impairment test for shares in Arctic Paper Grycksbo AB (whose 100% shares are held by Arctic Paper Investment AB, a direct subsidiary of Arctic Paper S.A.) using the discounted cash flow method in relation to the value of investments in both companies.

The test as at 31 December 2024 resulted in the full reversal of impairment allowances on the shareholding in Arctic Paper Investment AB recognised in previous years amounting to PLN 104,775 thousand.

As of June 30, 2025, the Parent Company performed impairment tests for goodwill using the discounted cash flow method. As of June 30, 2025, an impairment test was performed for the Rottneros Group cash-generating unit. The cash-generating unit is classified in the pulp segment. The recoverable amount of the unit was determined based on its value in use using the discounted cash flow method. To calculate the value in use of the net assets assigned to the cash-generating unit, a discount rate (WACC) of 10% and a forecast period from 2026 to a maximum of 2030 were assumed. The forecasted cash flows covered a residual period exceeding 5 years due to the Group's strategy of operating the unit indefinitely. As of June 30, 2025, the total value of shares in the Rottneros Group was PLN 101,616 thousand. The recoverable amount of the cash-generating unit as at 30 June 2025 was determined as its value in use and amounted to PLN 1,002,506 thousand (as at 31 December

2024: PLN 908,827 thousand). The recoverable amount of the net assets assigned to the cash-generating units was higher than the carrying amount of the shares in the Rottneros Group recognized in the financial statements as at 30 June 2025 and 31 December 2024 and therefore the test did not indicate an impairment of these shares.

8. Cash and cash equivalents

For the purposes of the interim abbreviated separate statement of cash flow, cash and cash equivalents include the following items:

	As at 30 June 2025	As at 30 June 2024
	(unaudited)	(unaudited)
Cash in bank and on hand	92 699	48 701
Short-term deposits (available on request)	-	118 608
Total	**92 699**	**167 309**

9. Dividend paid and proposed

Dividend is paid based on the net profit disclosed in the separate annual financial statements of Arctic Paper S.A. after covering losses carried forward from last years.

In accordance with the provisions of the Code of Commercial Partnerships and Companies, the Company is obliged to establish supplementary capital to cover potential losses. At least 8% of the profit for the financial year disclosed in the separate financial statements of the Company should be transferred to the category of capital until the capital has reached the amount of at least one third of the share capital of the Parent Company. The use of supplementary capital and reserve funds is determined by the General Meeting; however, a part of supplementary capital equal to one third of the share capital can be used solely to cover the losses disclosed in the separate financial statements of the Company and cannot be distributed to other purposes.

As on the date hereof, the Company had no preferred shares.

The possibility of disbursement of potential dividend by the Company to its shareholders depends on the level of payments received from its subsidiaries. Risks relating to the Company's ability to pay dividends are described in the Risk Factors section of the annual report for 2024.

In connection with the term and revolving loan agreements signed on 2 April 2021, the Company's ability to pay dividends is subject to the Group meeting certain financial ratios in the period prior to payment (as that term is defined in the term and revolving credit facility agreement) and there being no event of default (as that term is defined in the term and revolving loan agreement).

In 2024, the Company paid a total dividend of PLN 69,287,783.00, i.e. PLN 1.00 gross per share.

On 15 May 2025, the Management Board announced that, following the publication of the financial results for Q1 2025 of the Company and its subsidiary Rottneros AB, it had decided to amend its original recommendation regarding the distribution of profit for 2024, which it had announced in current report No. 04/2025 of 18 February 2025. The Issuer's Management Board decided to recommend to the Ordinary General Meeting to allocate the Company's net profit for 2024 in the amount of PLN 197,291,617.02 (one hundred and ninety-seven million, two hundred and ninety-one thousand, six hundred and seventeen zloty and two groszy) in its entirety to the Company's other reserves.

On 11 June 2025, the Company's General Meeting, after reviewing the Management Board's proposal on profit distribution, decided to allocate the Company's entire net profit for the financial year 2024, amounting to PLN 197,291,617.02 (in words: one hundred and ninety-seven million two hundred and ninety-one thousand six hundred and seventeen zlotys and two grosze) to the Company's other reserves.

10. Dividend received

The dividend income disclosed in the comprehensive financial statement contains the dividend income received from:

- Arctic Paper Kostrzyn S.A. in the amount of PLN 40,891 thousand,
- Arctic Paper France SAS in the amount of PLN 439 thousand,
- Arctic Paper Deutschland GmbH in the amount of PLN 1,460 thousand,

- Arctic Paper UK Ltd. in the amount of PLN 997 thousand.

11. Trade and other receivables

Trade and other receivables reported as at 30 June 2025 compared with 31 December 2024 increased by PLN 1,112 thousand.

12. Property, plant and equipment and intangible assets

12.1 Purchases and disposal

The Company did not acquire any property, plant and equipment during the six months ended 30 June 2025. In comparison, in the corresponding period ended 30 June 2024, the Company acquired non-current assets with a value of PLN 463 thousand and non-current assets under construction with a value of PLN 244 thousand. In the period under review, the depreciation charge amounted to PLN 219 thousand (in the six-month period ended 30 June 2024: PLN 202 thousand).

12.2 Impairment allowances

In the current period, the Company recognised an impairment loss on financial assets in connection with a loan to Arctic Paper Mochenwangen GmbH in the amount of PLN 424 thousand.

13. Other financial assets

Other financial assets comprise loans granted to subsidiaries, together with accrued interest, as well as non-current assets relating to employee benefits receivable from the Company's foreign branch.

In April 2025, Arctic Power Sp. z o.o. repaid part of the loan in the amount of PLN 3 300 thousand and the interest due in the amount of PLN 454 thousand. In addition, as a result of the conversion of the loan into share capital, the Company's liability was settled by converting it into capital in the amount of PLN 2,400 thousand. The total value of the loan repaid is PLN 5,700 thousand. At the end of May 2025, a further tranche of funds in the amount of PLN 5,827 thousand was disbursed for a project related to the production of pellets for Arctic Paper Grycksbo.

14. Interest-bearing loans, borrowings and bonds

In connection with the term and revolving credit facility agreements signed on 2 April 2021, the Group has committed to meeting certain financial ratios, which are calculated at the end of each quarter. As at 30 June 2025, the Group has not maintained the Cashflow Cover ratio required by the loan agreement with the consortium of financing banks (Pekao SA, Santander Bank S.A. and BNP Paribas SA). The main reason for this was the high level of investment associated with the implementation of the 4P strategy in 2024 (the indicator is calculated cumulatively for 12 months). Prior to the balance sheet date, Arctic Paper S.A. received written assurances from the syndicate of financing banks that the Group's failure to meet the required Cashflow Cover ratio as at 30 June 2025 does not constitute an event of default under the loan agreement of 2 April 2021 ("default"), and therefore this situation has no impact on the presentation of data in the Group's consolidated financial statements. The second of the ratios specified in the agreement, Net debt/EBITDA, remains at a level that meets the requirements of the loan agreement.

In accordance with the loan agreement, in H1 2025 the Company repaid principal instalments and paid interest of PLN 16,4 million. Other changes in the value of loans and borrowings are due, among other things, to a decrease in cash-pool liabilities (PLN -133.5 million). At the end of May 2025, the Company received a further tranche of funds in the amount of PLN 5,827 thousand, under a revolving credit facility as an additional loan from a syndicate of banks, for the pellet project.

15. Income tax receivables

As of 1 January 2022, Arctic Paper SA and Arctic Paper Kostrzyn SA have formed a Tax Group and jointly account for corporate income tax. In accordance with the decision of the Management Board, the Issuer is a direct tax settling entity with the tax office, hence an item of income tax receivables of PLN 1,101 thousand appeared in the balance sheet.

16. Share capital and supplementary capital/reserve funds

16.1 Share capital

As at 30 June 2025, there were no changes in the Company's share capital compared to 31 December 2024.

16.2 Major shareholders

	As at 31 June 2025		As at 31 December 2024	
	Share in the share capital	Share in the total number of votes	Share in the share capital	Share in the total number of votes
Thomas Onstad	**68,26%**	**68,26%**	**68,26%**	**68,26%**
indirectly via	60,58%	60,58%	60,58%	60,58%
59,71%	59,71%	59,71%	59,71%	59,71%
0,87%	0,87%	0,87%	0,87%	0,87%
directly	7,68%	7,68%	7,68%	7,68%
Other	**31,74%**	**31,74%**	**31,74%**	**31,74%**

16.3 Supplementary capital

As of June 30, 2025, the supplementary capital amounted to PLN 625,733 thousand. The amount of the supplementary capital did not change compared to the end of 2024.Other capital

16.4 Other capital

Other capital amounted to PLN 333,236 thousand as of June 30, 2025, having increased by PLN 196,648 thousand compared to December 31, 2024. The value of other capital increased compared to the end of 2024 as a result of the transfer of retained earnings to reserve capital.

16.5 FX differences on translation of investments in foreign entities

Swedish krona is the functional currency of the Company's foreign branch.

As at the balance sheet date, the assets and liabilities of the branch are translated into the Company's presentation currency at the exchange rate prevailing on its interim abbreviated statement of profit and loss, comprehensive income statement and statement of changes in equity are translated using the average weighted exchange rate for the relevant reporting period. The FX differences on translation are recognised in other total comprehensive income and cumulated in a separate equity item.

16.6 Undistributed profit and restrictions in dividend distribution

In accordance with the provisions of the Code of Commercial Partnerships and Companies, the Company is obliged to establish other reserves to cover potential losses. At least 8% of the profit for the financial year disclosed in the financial statements of the Company should be transferred to the category of the capital until the capital has reached the amount of at least one third of the share capital. The use of supplementary capital and reserve funds is determined by the General Meeting; however, a part of supplementary capital may be used solely to cover the losses disclosed in the financial statements and may not be distributed for other purposes.

As at 31 June 2025, there are restrictions on the payment of dividends, which are set out in note 9.

17. Financial instruments

The Company holds the following financial instruments: cash in bank accounts, loans, borrowings, receivables, liabilities under financial leases and SWAP interest rate contracts.

17.1 Fair value of each class of financial instruments

The table below presents the selected financial instruments held by the Company by carrying amount and split into individual assets and liabilities.

	Category in compliance with IFRS 9	Carrying amount As at 30 June 2025	As at 31 December 2024
Financial assets			
Shares in subsidiaries			
Other (non-current) financial assets	WwZK	48 509	49 887
Trade and other receivables	WwZK	18 718	17 606
Cash and cash equivalents	WwZK	92 699	176 985
Derivatives	IRZ	535	1 331
Other (current) financial assets	WwZK	2 409	197
Total		162 871	246 006
Financial liabilities			
Interest-bearing loans, borrowings and bonds	*WwZK*	223 211	342 871
Trade payables	*WwZK*	19 681	26 267
Finance lease liabilities/other liabilities	*WwZK*	10 523	17
Total		253 415	369 155

Abbreviations used:
WwZK – Financial assets/liabilities measured at amortised cost
WwWGpWF – financial assets/liabilities measured at fair value through profit or loss
IRZ – Hedge accounting instruments

The fair value of the loans amounted to PLN 229.014 thousand (carrying amount PLN 223,211 thousand) as at 30 June 2025 and PLN 348,106 thousand (carrying amount PLN 342,871 thousand) as at 31 December 2024.

Hedging instruments are presented in the statement of financial position under Other financial assets and Other financial liabilities, respectively.

As at 30 June 2025 and 31 December 2024, for the following financial assets and financial liabilities, the fair value does not differ significantly from their carrying amount:

— Trade and other receivables,
— cash and cash equivalents,
— financial liabilities under leases,
— trade payables, for the purchase of tangible and intangible assets.

More information on the fair value of financial instruments is provided in the Annual Report for 2024, note 5.

As at 30 June 2025 and 31 December 2024, financial instruments according to the valuation hierarchy qualify as Level 3 except for derivatives (Level 2).

18. Contingent liabilities and contingent assets

As at 30 June 2025, the Company had no contingent liabilities.

19. Transactions with related parties

The table below presents the total amount of transactions concluded with related parties within the period of 6 months ended on 30 June 2025 and as at 30 June 2024 and as at 30 June 2025 and as at 31 December 2024:

Related party		*Sales to related parties*	*Interest – operational income*	*Dividend received*	*Interest – financial expense*	*Guarantees obtained – other financial expenses*	*Receivables from related parties*	*of which overdue*	*Loan receivables*	*Liabilities to related parties*	*including overdue, after the payment date*	*Loan liabilities*
Parent company:												
Nemus Holding AB	2025	2	-		-	-	-	-	-	-	-	-
	2024	2	-	-	-	-	-	-	-	-	-	-
Subsidiaries	2025	**7 484**	**1 651**	**43 778**	**1 731**	**1 723**	**48 595**	**29 911**	**196 512**	**12 404**	**-**	**146 527**
	2024	**6 732**	**1 035**	**105 597**	**-**	**1 389**	**47 349**	**29 911**	**196 635**	**8 871**	**-**	**279 982**
Total	**2025**	**7 486**	**1 651**	**43 778**	**1 731**	**1 723**	**48 595**	**29 911**	**196 512**	**12 404**	**-**	**146 527**
impairment allowances		**-**	**-**	**-**	**-**	**-**	**(29 911)**	**(29 911)**	**(63 419)**	**-**	**-**	**-**
presentation as interests in subsidiaries		-	-	-	-	-	-	-	**(82 709)**	-	-	-
2025 following impairment allowances and changes to presentation		**7 486**	**1 651**	**43 778**	**1 731**	**1 723**	**18 684**	**-**	**50 384**	**12 404**	**-**	**146 527**
	2024	**6 734**	**1 035**	**105 597**	**-**	**1 389**	**47 349**	**29 911**	**196 635**	**8 871**	**-**	**279 982**
impairment allowances		**-**	**-**	**-**	**-**	**-**	**(29 911)**	**-**	**(63 843)**	**-**	**-**	**-**
presentation as interests in subsidiaries		-	-	-	-	-	-	-	**(82 709)**	-	-	-
2024 following impairment allowances and changes to presentation		**6 734**	**1 035**	**105 597**	**-**	**1 389**	**17 438**	**29 911**	**50 084**	**8 871**	**-**	**279 982**

* Included Liability for reimbursement of advance income tax payments to APK in the amount of PLN 9,614 thousand.

20. Events after the end of the reporting period

On 7 July 2025, the Management Board received information from Rottneros on the preliminary results of a new rights issue to existing Rottneros shareholders. The preliminary result shows that a total of approximately 109.9 per cent of the new Shares issued were subscribed for in the rights issue. Accordingly, the subscription commitment granted by Arctic Paper S.A. will not have to be used.

On July 22, 2025, the Management Board was notified of the allocation of 10,000,000 new shares in the subsidiary Rottneros as part of a subscription for new Shares without pre-emptive rights. Prior to the above-mentioned transaction, Arctic Paper S.A. held 78,230,883 shares in Rottneros, representing 51.27% of the share capital and 51.27% of the total number of votes in Rottneros. Following the above-mentioned transaction and the full exercise of its pre-emptive rights related to the Rottneros shares held previously, the Company holds a total of 146,904,045 shares in Rottneros, representing 55.02% of the share capital and 55.02% of the total number of votes in Rottneros. Through the issue of 114,428,943 new Shares, the share capital of Rottneros increased by SEK 114,428,943, from SEK 153,393,890 to SEK 267,822,833. Following the issue, the total number of shares and votes in Rottneros amounts to 267,822,833 shares.

Signatures of the Members of the Management Board

Position	First and last name	Date	Signature
President of the Management Board CEO	Michał Jarczyński	12 August 2025	signed with a qualified electronic signature
Member of the Management Board Chief Financial Officer	Katarzyna Wojtkowiak	12 August 2025	signed with a qualified electronic signature
Member of the Management Board Vice-President for Sales and Marketing	Fabian Langenskiöld	12 August 2025	signed with a qualified electronic signature

Head Office Branch in Sweden

Arctic Paper S.A.

Fabryczna1,
PL-66470 Kostrzyn nad Odrą, Poland
Phone +48 95 7210 500

Östra Hamngatan 30-34
SE-411 09 Göteborg, Sweden
Phone: +46 10 451 8000

Investor relations:
ir@arcticpaper.com

© 2025 Arctic Paper S.A.

www.arcticpaper.com

Translation note:
This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent statutory auditor's report on the review of the semi-annual condensed consolidated financial statements

To the Shareholders and the Supervisory Board of Arctic Paper S.A.

Introduction

We have reviewed the accompanying semi-annual condensed consolidated statement of financial position of Arctic Paper S.A. (hereinafter called the "Parent Company") and its subsidiaries (together hereinafter called the "Group") as at 30 June 2025 and the related semi-annual condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and the related explanatory notes (the "semi-annual condensed consolidated financial statements).

Management of the Parent Company is responsible for the preparation and presentation of these semi-annual condensed consolidated financial statements in accordance with the International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union and with the applicable provisions of Decree of the Minister of Finance dated 6 June 2025 on current and periodic information provided by issuers of securities and the conditions of recognizing as equal information required by the law of a non- Member State ("the Decree"). Our responsibility is to express a conclusion on these semi-annual condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the National Standard on Review Engagements 2410 in the wording of the International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity as adopted by the resolution of the National Council of Certified Auditors. A review of semi-annual condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with National Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.,
Nowy Rynek, ul. Wierzbięcice 1A, 61-569 Poznań, Polska
T: +48 (61) 851 1500, F: +48 (61) 851 1501, www.pwc.com

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt Sp. k. is entered into the National Court Register maintained by the District Court for the Capital City of Warsaw, under KRS number 0000750050, NIP 526-021-02-28. The seat of the Company is in Warsaw at Polna 11.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying semi-annual condensed consolidated financial statements have not been prepared, in all material respects, in accordance with the International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union and with the provisions of the Decree.

Conducting the review on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., a company entered on the list of audit firms with the number 144:

Original report is signed in Polish language

Krzysztof Zech
Key Statutory Auditor
No. in the registry 13917

Poznań, 12 August 2025

Translation note:
This version of our report is a translation from the original, which was prepared in Polish language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent statutory auditor's report on the review of the semi-annual condensed separate financial statements

To the Shareholders and the Supervisory Board of Arctic Paper S.A.

Introduction

We have reviewed the accompanying semi-annual condensed separate statement of financial position of Arctic Paper S.A. (hereinafter called the "Company") as at 30 June 2025 and the related semi-annual condensed separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and the related explanatory notes (the "semi-annual condensed separate financial statements").

Management of the Company is responsible for the preparation and presentation of these semi-annual condensed separate financial statements in accordance with the International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union and with the applicable provisions of Decree of the Minister of Finance dated 6 June 2025 on current and periodic information provided by issuers of securities and the conditions of recognizing as equal information required by the law of a non- Member State ("the Decree"). Our responsibility is to express a conclusion on these semi-annual condensed separate financial statements based on our review.

Scope of review

We conducted our review in accordance with the National Standard on Review Engagements 2410 in the wording of the International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity as adopted by the resolution of the National Council of Certified Auditors. A review of semi-annual condensed separate financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with National Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.,
Nowy Rynek, ul. Wierzbięcice 1A, 61-569 Poznań, Polska
T: +48 (61) 851 1500, F: +48 (61) 851 1501, www.pwc.com

PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt Sp. k. is entered into the National Court Register maintained by the District Court for the Capital City of Warsaw, under KRS number 0000750050, NIP 526-021-02-28. The seat of the Company is in Warsaw at Polna 11.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying semi-annual condensed separate financial statements have not been prepared, in all material respects, in accordance with the International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union and with the provisions of the Decree.

Conducting the review on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., a company entered on the list of audit firms with the number 144:

Original report is signed in Polish language

Krzysztof Zech
Key Statutory Auditor
No. in the registry 13917

Poznań, 12 August 2025