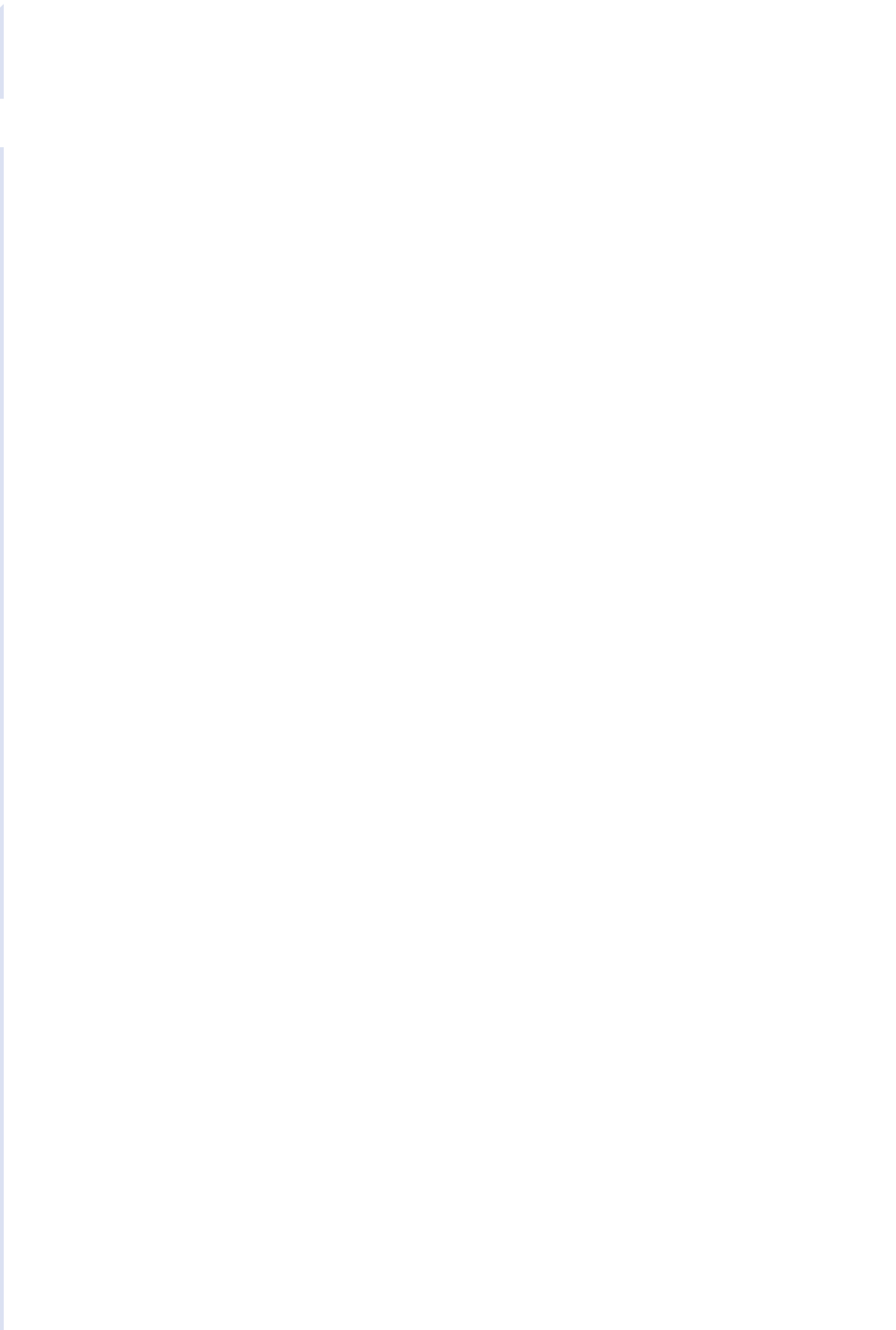


2025



ARCTIC PAPER SA ANNUAL REPORT 2025



ARCTIC PAPER

Translator's Explanatory Note: the following document is a free translation of the report of the above-mentioned Company. In the event of any discrepancy in interpreting the terminology in Polish version is binding.

Arctic Paper has prepared its 2025 annual financial report in the European Single Electronic Format (ESEF) which is the electronic reporting format in which issuers on EU regulated markets shall prepare their annual financial reports from 1 January 2020 based on Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format as amended.

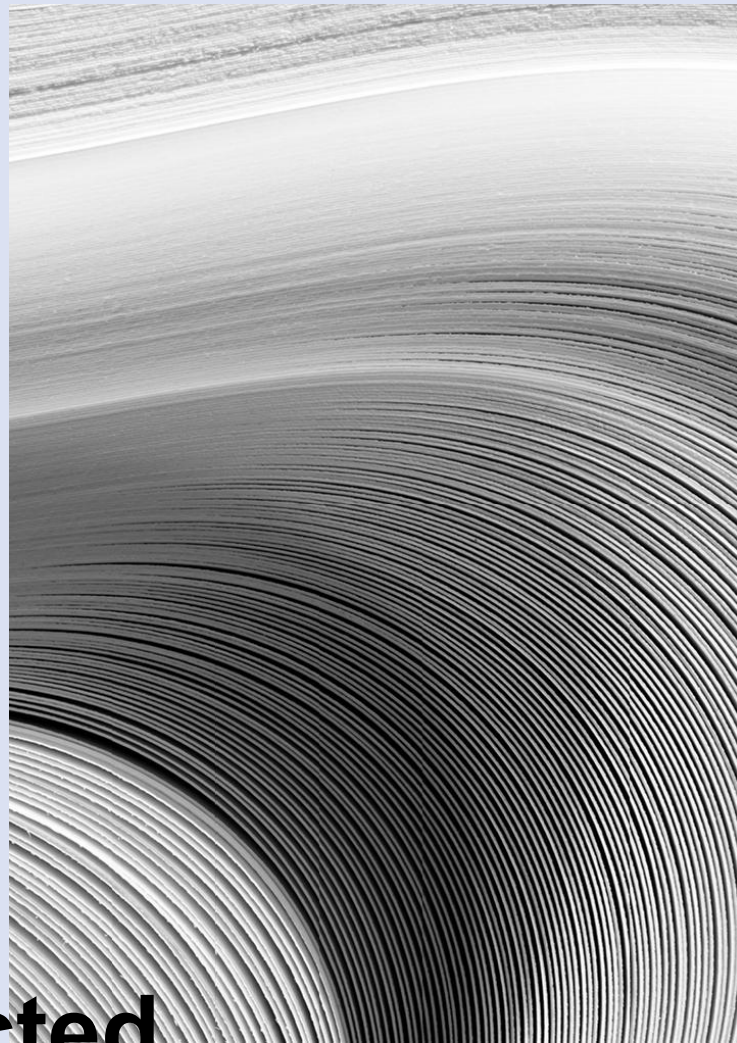
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Arctic Paper, its representatives and employees decline all responsibility in this regard.

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Selected Separate Financial Data

Selected Separate Financial Data

	Period from 01.01.2025 to 31.12.2025	Period from 01.01.2024 to 31.12.2024	Period from 01.01.2025 to 31.12.2025	Period from 01.01.2024 to 31.12.2024
	PLN '000	PLN '000	PLN '000	PLN '000
Sales revenue	63 491	123 857	14 984	28 776
Operating profit/(loss)	26 544	192 024	6 265	44 614
Gross profit/(loss)	20 063	193 631	4 735	44 987
Net profit/(loss) from continuing operations	16 052	197 292	3 788	45 838
Net profit/(loss) for the financial year	16 052	197 292	3 788	45 838
Net cash flows from operating activities	(84 433)	(5 596)	(19 927)	(1 300)
Net cash flows from investing activities	(71 766)	(5 530)	(16 937)	(1 285)
Net cash flows from financing activities	(3 935)	(75 058)	(929)	(17 439)
Change in cash and cash equivalents	(160 136)	(86 184)	(37 793)	(20 024)
Weighted average number of ordinary 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
EPS in PLN/EUR	0,23	2,85	0,05	0,66
Diluted EPS in PLN/EUR	0,23	2,85	0,05	0,66
Mean PLN/EUR exchange rate*	-	-	4,2372	4,3042

	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024
	tys. PLN	tys. PLN	tys. EUR	tys. EUR
Total assets	1 261 022	1 341 458	298 347	313 938
Non-current liabilities	34 055	41 563	8 057	9 727
Current liabilities	247 698	335 192	58 603	78 444
Equity	979 269	964 703	231 686	225 767
Share capital	69 288	69 288	16 393	16 215
Number of ordinary shares	69 287 783	69 287 783	69 287 783	69 287 783
Diluted number of ordinary shares	69 287 783	69 287 783	69 287 783	69 287 783
Book value per share in PLN/EUR	14,13	13,92	3,34	3,26
Diluted book value per share in PLN/EUR		13,92	3,34	3,26
Declared or paid dividend in PLN/EUR	-	69 287 783	-	16 215 255
Declared or paid dividend per share in PLN/EUR	-	1,00	-	0,23
PLN/EUR exchange rate at the end of the period**	-	-	4,2267	4,2730

* – Items of the Statement of profit or loss and Statement of cash flows have been translated at the arithmetic average of the NBP exchange rates during the year, prevailing in the period that the presented data refers to.

** – Balance sheet items have been translated at the arithmetic average of the arithmetic average of the NBP exchange rates, prevailing on the balance sheet date.



Management Board's Report on Operations of Arctic Paper SA to the Report for 2025

Letter from the President of the Management Board of Arctic Paper SA

Dear Shareholders,

I am pleased to present to you the Arctic Paper SA Annual Report 2025.

The year 2025 unfolded under challenging market conditions. The anticipated economic recovery in Europe did not materialize, while the macroeconomic environment and market volatility affected the operations of entities in the paper sector as well as the operating conditions of capital groups.

In these circumstances, the primary objective of Arctic Paper S.A. was to ensure financial stability across the entire Group and to exercise effective ownership supervision over its subsidiaries. The Company focused on maintaining liquidity, rational cost structure management, and the ongoing assessment of risks arising from the market environment.

The year 2025 was also a period of reassessing the Company's investment approach. In the face of market uncertainty, the Company limited its involvement in new, capital-intensive projects, concentrating instead on initiatives supporting financial stability and cash flow generation. This approach allows Arctic Paper S.A. to maintain financial flexibility and to prepare for the effective use of future development opportunities.

Despite the difficult market conditions, Arctic Paper S.A. continues to maintain solid financial foundations and a stable position as the parent company within the Group. The Company has adequate financial resources and managerial competencies enabling it to effectively perform its ownership and strategic functions.

In the coming periods, the priorities will remain further strengthening the financial stability of the Company and the Group, maintaining cost discipline, and readiness to undertake selective development activities in a more favorable market environment. We believe that a gradual improvement in the economic situation in Europe will create conditions for an increase in the value of Arctic Paper S.A.

I would like to thank the Company's employees for their commitment and professionalism, and our shareholders for their trust and support.

Sincerely yours,

Michał Jarczyński
President of the Management Board of Arctic Paper SA



DESCRIPTION OF THE BUSINESS OF ARCTIC PAPER

General information

Arctic Paper SA 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 became owned by Arctic Paper SA. Previously they were owned by Trebruk AB (formerly Arctic Paper AB) – the parent company of the Issuer. In addition, under the expansion, the Group acquired the Paper Mill Arctic Paper Mochenwangen (Germany) in December 2008 and the Paper Mill Grycksbo (Sweden) in March 2010.

In 2012 and 2013, Arctic Paper SA acquired shares in Rottneros AB, a company listed on the NASDAQ Stockholm Stock Exchange (Sweden) with 100% ownership in two pulp companies (Rottneros Bruk AB and Rottneros Vallvik AB), in a food packaging company (Rottneros Packaging AB), as well as shares in SIA Rottneros Baltic (purchasing office), Nykvist Skogs AB (forest owners' company) and Utansjo Bruk AB (non-operating company) and 50% of shares in Kostrzyn Packaging Sp. z o.o. (packaging production).

Since 23 October 2009, Arctic Paper SA has been listed on the primary market of the Warsaw Stock Exchange and since 20 December 2012 on NASDAQ.

The main statutory activity of the Company is the activity of a holding company, consisting in managing of entities belonging to the controlled Capital Group. The operations are conducted through Paper Mills and Pulp Mills as well as Sales Offices and Procurement Office. The description of the Arctic Paper Group was provided in the Management Board's Report on Operations of the Arctic Paper Group for the year ended on 31 December 2025.

The 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).

Business activity

The principal activity of Arctic Paper SA is holding activity.

Subsidiaries

As at 31 December 2025, Arctic Paper SA held investments in the following subsidiaries:

- Arctic Paper Kostrzyn SA – Paper Mill with its registered office in Kostrzyn nad Odrą (Poland);
- Arctic Paper Munkedals AB – Paper Mill in Munkedal (Sweden);
- Arctic Paper Sverige AB – a sales office operating in Sweden;
- Arctic Paper Norge AS – a sales office operating in Norway;
- Arctic Paper Danmark A/S – a sales office operating in Denmark;
- Arctic Paper UK Limited – a sales office in the United Kingdom;
- Arctic Paper Baltic States SIA – a sales office for the Baltic States;
- Arctic Paper Benelux SA – a sales office for the Benelux countries;
- Arctic Paper Schweiz AG – a sales office in Switzerland;
- Arctic Paper Italia srl – a sales office in Italy;
- Arctic Paper France SAS – a sales office in France;
- Arctic Paper Espana SL – a sales office in Spain;
- Arctic Paper Papierhandels GmbH – a sales office in Austria;
- Arctic Paper Deutschland GmbH – a sales office in Germany;
- Arctic Paper Polska Sp. z o.o. – a sales office in Poland;
- Arctic Power Sp. z o.o. – an energy project company;
- Kostrzyn Packaging Sp. z o.o. – a packaging production company;
- Arctic Paper Investment GmbH – a holding company established to acquire shares in the Paper Mill in Mochenwangen;
- Arctic Paper Investment AB – a holding company established for the purpose of acquisition of Arctic Paper Grycksbo AB;
- Rottneros AB – holding company holding shares in pulp mills Rottneros Bruk AB and Rottneros Vallvik AB, food packaging company Rottneros Packaging AB, as well as shares in SIA Rottneros Baltic (purchasing office), Nykvist Skogs AB (forest owners' company) and Utansjo Bruk AB (non-operating company) and a 50% stake in Kostrzyn Packaging Sp. z o.o. (packaging production);
- Arctic Paper Fiber Solutions, Inc. – a sales office in the United States of America.

Information on percentage holdings in each subsidiary is provided in the Company's financial statements (note 1.5).

Changes in the capital structure of the Arctic Paper Group

In the first half of 2025, a change was made to the structure of Arctic Power Sp. z o.o., resulting in an additional payment of PLN 2,400,000 to the share capital. The purpose of the surcharge was to finance ongoing investment projects in the energy sector. The surcharge was made by offsetting Arctic Power Sp. z o.o.'s liabilities under the loan granted to the company in 2024.

On 22 July 2025, the Management Board became aware of the results of the issue of new shares in Rottneros AB, including the allotment to the Company of shares under pre-emptive rights and an additional 10,000,000 new shares (8.7% of the offered shares) under the subscription of new shares without pre-emptive rights. Prior to the aforementioned transaction, Arctic Paper SA held 78,230,883 Rottneros shares, representing 51.27% of the share capital and 51.27% of the total number of Rottneros votes. Following the above transaction and the exercise in full of its pre-emptive rights associated with its existing Rottneros shares, the Company holds a total of 146 904 045 Rottneros shares, representing 55.02% of the share capital and 55.02% of the total voting rights of Rottneros. By issuing 114,428,943 new shares, Rottneros' share capital increased by SEK 114,428,943, from SEK 153,393,890 to SEK 267,822,833. After the issue, the total number of shares and votes in Rottneros is 267,822,833 shares.

During the reporting period, the Company established a new subsidiary in the United States – Arctic Paper Fiber Solutions, Inc. In connection with the establishment of the entity, a resolution was passed to issue 1,000 shares to Arctic Paper SA. However, as at the balance sheet date, the cash contribution corresponding to this issue had not yet been made. The parent company holds 100% of the shares in the capital of the subsidiary. The sales office was established to support the development of the Company's commercial activities in the US market, in particular through strengthening customer relationships, acquiring new customers and increasing sales of Arctic Paper products in the United States.

Services provided

As the holding company of Arctic Paper SA, it receives dividends, interest on loans granted and income from advisory services provided to related parties operating within the Arctic Paper SA Group.

In addition, a logistics department was established within Arctic Paper SA in 2016 to provide transport planning and coordination services for the paper mills in Kostrzyn, Grycksbo and Munkedals.

The range of products manufactured by the Arctic Paper Group's paper mills is described in the Management Board's Report on Operations of the Arctic Paper Group for 2025.

Modifications to the core management principles

In 2025, there were no material modifications to the core management principles.

Shareholding structure

The main shareholder of Arctic Paper SA is a company under Swedish law, Nemus Holding AB (owned indirectly by Mr Thomas Onstad), which owns 41,374,890 shares of Arctic Paper S.A as of 31 December 2025, representing 59.71% of its share capital corresponding to 59.71% of the total number of votes at the General Meeting. 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 Company. Mr Thomas Onstad's total direct and indirect shareholding in Arctic Paper SA amounted to 68.26% as at 31 December 2025 and remained unchanged up to the date of publication of this report.

As at 31.12.2025

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%	5 323 658	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%

Market environment

The Company provides no services directly to external entities. The Company's financial condition and its ability to distribute dividend is primarily affected by the market environment in which the Paper and Pulp Mills controlled by the Company operate.

Information on the main products offered by the Group, together with their value and volume specification and the share of individual products in the Group's total sales, as well as information on the sales markets, including a division into domestic and foreign markets, and information on the sources of supply of production materials and services are included in the separate report "Arctic Paper Group – Management Board's Report for 2025".

Development directions and strategy

On 4 October 2021, the Company's Supervisory Board approved the "Arctic Paper Group Strategy for 2022-2030" presented by the Issuer's Management Board. With the Group's new strategy to 2030, Arctic Paper will accelerate its transformation into a more comprehensive company, leveraging the synergies and competencies of its existing businesses. The Company's strategic directions are reflected in its 4 pillars: packaging, energy, graphic paper and pulp.

For details, please refer to the Report on Operations of the Arctic Paper Group.

Sales structure

In 2025, the sales structure by main sources of the Company's revenue was as follows:

PLN '000	2025	% share	2024	% share
Services	15 432	24%	15 180	12%
Dividends	45 243	71%	106 097	86%
Loan interest	2 816	4%	2 580	2%
Total	63 491	100%	123 857	100%

The Company provides management services to its subsidiaries on the basis of its agreements with them. The table below shows the structure of sales by company:

PLN '000	2025	% share	2024	% share
Arctic Paper Kostrzyn SA	40 891	64%	94 934	77%
Rottneros AB	-	-	14 727	-
Arctic Paper Munkedals AB	6 803	11%	6 638	5%
Arctic Paper Grycksbo AB	5 659	9%	6 135	5%
Other	10 139	16%	1 423	1%
Total	63 491	100%	123 857	100%

Below, revenue from contracts with customers and other revenue by geography.

	Year ended 31 December 2025	Year ended 31 December 2024
Revenue from contracts with customers		
– Poland	4 206	4 155
– Sweden	11 226	11 026
	15 432	15 180
Other income (dividends and interest)		
– Poland	42 794	92 188
– Sweden	1 247	16 489
– other	4 018	-
	48 059	108 677
Total	63 491	123 857

Information on the seasonal or cyclical nature of business

The demand for the Group's products is subject to slight variations throughout the year. Reduced demand for paper occurs each year during summer holidays and around Christmas when some printing houses, in particular in Western Europe are closed. Global graphic paper markets are also subject to a structural decline due to digitalisation, but thanks to its efficient sales process and strong brands, Arctic Paper manages its market shares and the overall decline in paper demand better than its competitors.

Research and development

The Company has no direct expenses on research and development.

The Arctic Paper Group mainly carries out development work aimed at streamlining and modernizing production processes, improving cost and energy efficiency and improving the quality of the products offered. In the period covered with this report, the Paper Mills and Pulp Mills carried out development works to improve production processes, in particular to shorten the idle time of paper machines as well as works aimed at improving the paper/pulp quality and extending the assortment and to improve the quality of products and decrease costs.

Natural environment

A description of the impact of environmental regulations on the operations of the Company-controlled Paper and Pulp Mills is included in the separate report "Arctic Paper Group – Management Report 2025", in the section on sustainability reporting.

SUMMARY OF FINANCIAL RESULTS

Selected items of the statement of profit or loss

PLN '000	2025	2024	Change % 2025/2024
Sales revenue	63 491	123 857	-49%
of which:			
Revenue from sales of services	15 432	15 180	2%
Interest income on loans	2 816	2 580	9%
Dividend income	45 243	106 097	-57%
Costs of sales of logistics services	(8 546)	(8 212)	4%
Borrowing costs	(3 811)	(4 891)	-22%
Profit on sales	51 134	110 754	-54%
% of sales revenue	80,54	89,42	(8,9) p.p.
Selling and distribution costs			
Administrative expenses	(24 776)	(22 970)	8%
Other operating income	329	104 497	-100%
Other operating expenses	(143)	(257)	-44%
EBIT	26 544	192 024	-86%
% of sales revenue	41,81	155,04	(113,2) p.p.
EBITDA	26 978	191 601	-86%
% of sales revenue	42,49	154,70	(112,2) p.p.
Finance income	7 192	7 362	-2%
Finance costs	(13 673)	(5 755)	138%
Gross profit	20 063	193 631	-90%
Income tax	(4 011)	3 661	-210%
Net profit	16 052	197 292	-92%
% of sales revenue	25,28	159,29	(134,0) p.p.

Revenue, costs of sales and profit on sales

The main object of the Company's statutory activities is to carry out holding activities, consisting of providing consultancy services to the companies in the Group it controls. The operations of the Group are conducted through Paper Mills and Pulp Mills as well as Sales Offices and Procurement Office. In 2025, the separate sales revenue reached PLN 63,491 thousand and comprised: dividend income (PLN 45,243 thousand), services provided to Group companies (PLN 15,432 thousand) and interest income on loans (PLN 2,816 thousand). In 2024, the Company's separate revenue amounted to PLN 123,857 thousand and included: dividend income (PLN 106,097 thousand), services provided to Group companies (PLN 15,180 thousand) and interest income on loans (PLN 2,580 thousand).

In 2025 and 2024, the Company did not provide any services to the Rottneros Group pulp mills.

The costs of sales (PLN -12,357 thousand) include the own cost of providing logistics services (PLN -8,546 thousand) and interest on loans received under the cash pooling arrangement (PLN -3,811 thousand).

Administrative expenses

In 2025, the administrative expenses amounted to PLN 24,776 thousand. They cover costs of the administration of the Company operation, costs of services provided to the companies in the Group and all costs incurred by the Company for the purposes of pursuing holding company activities. The above include a group of costs that are related solely to statutory activities and cover, inter alia: audit costs of financial statements, functioning costs of the Supervisory Board, costs of periodic owners' inspections in the Company, etc.

Selling and distribution costs

The Company has not recognised any selling and distribution costs in 2025 and 2024.

Other operating income and expenses

Other operating income amounted to PLN 329 thousand in 2025, a significant decrease compared with the same period of the previous year. The difference is due to the recognition of the reversal of the impairment loss on the shares in Arctic Paper Investment AB in the amount of PLN 104,775 thousand in 2024

In 2025, there was a decrease in other operating expenses, which reached PLN -143 thousand (in 2024 it was PLN -257 thousand).

Finance income and finance costs

In 2025, finance income amounted to PLN 7,192 thousand and was lower than the revenue obtained in the same period of the previous year by PLN 170 thousand. The decrease in finance income was mainly due to lower interest on bank balances.

At the same time, there was an increase of finance costs from PLN 5,755 thousand in 2024 to PLN 13,673 thousand. This was due to the higher guarantee paid to the companies and increased costs associated with the valuation and repayment of loans.

Profitability analysis

EBITDA in 2025 was PLN 26,978 thousand, compared with PLN 191,501 thousand in 2024.

EBIT in 2025 amounted to PLN 26,544 thousand compared with PLN 192,024 thousand in the previous year.

The net profit in 2025 amounted to PLN 16,052 thousand compared with the net profit of PLN 197,292 thousand in 2024.

PLN '000	2025	2024	Change % 2025/2024
Profit on sales	51 134	110 754	-54%
% of sales revenue	80,54	89,42	(8,9) p.p.
EBITDA	26 978	191 601	-86%
% of sales revenue	42,49	154,70	(112,2) p.p.
EBIT	26 544	192 024	-86%
% of sales revenue	41,81	155,04	(113,2) p.p.
Net profit	16 052	197 292	-92%
% of sales revenue	25,28	159,29	(134,0) p.p.
Return on equity / ROE (%)	1,6	20,5	(18,8) p.p.
Return on assets / ROA (%)	1,3	14,7	(13,4) p.p.

The Company uses alternative performance measurements when describing its financial position. In the opinion of the Management Board, these selected indicators provide valuable information on the financial and operational situation (in addition to the data provided by the Company in its financial statements), as well as facilitating the analysis and evaluation of the Company's financial results over the individual reporting periods.

The Company presents alternative performance measurements as they represent standard measures and ratios commonly used in financial analysis, however, these ratios may be calculated and presented differently by different companies. Therefore, the Issuer provides the exact definitions used by the Company in its reporting process. The selection of alternative performance measures was preceded by a thorough analysis of their usefulness in terms of providing shareholders, analysts and investors with useful information on financial position and financial efficiency, which the Company believes allows for an optimal assessment of its financial results.

The ratios presented by the Company were calculated according to the formulas described below.

EBITDA – profit from continuing operating activities increased by depreciation and amortisation and impairment losses on assets relating to continuing operations.

* Return on equity, return on equity, ROE – net profit/(loss) to equity

* Return on assets, return on assets, ROA – the ratio of net profit/(loss) to total assets

In 2025, return on equity was 1.6% while in 2024 it was 20.5%. Return on assets fell by 13.4 p.p., where the return on assets was 1.3% in 2025 and 14.7% in 2024.

Selected items of the statement of financial position

PLN '000	31.12.2025	31.12.2024	Change 31/12/2025 -31/12/2024
Non-current assets	1 190 275	1 130 202	60 073
of which:			
loans granted	58 901	50 084	8 818
Receivables	24 218	23 724	493
Other current assets	26 869	10 546	16 323
Cash and cash equivalents	19 660	176 985	(157 325)
Total assets	1 261 022	1 341 458	(80 436)
Equity	979 269	964 703	14 566
Current liabilities	247 698	335 192	(87 494)
of which:			
interest-bearing debt	219 487	304 269	(84 782)
Non-current liabilities	34 055	41 563	(7 508)
of which:			
interest-bearing debt	31 722	38 602	(6 880)
Total equity and liabilities	1 261 022	1 341 458	(80 436)

As at 31 December 2025, total assets amounted to PLN 1,261,022 thousand compared with PLN 1,341,458 thousand at the end of 2024.

Non-current assets

The company's non-current assets include property, plant and equipment, intangible assets, investments in subsidiaries and joint ventures, other financial assets and deferred tax assets. At the end of December 2025 non-current assets accounted for about 94.4% of total assets and their share in total assets increased as compared to December 2024 (84.3%). The increase in the value of non-current assets at the end of 2025 compared with the same period in 2024 is mainly due to an increase in the value of shares related to the investment in Rottneros AB, as well as a higher value of other financial assets (long-term intragroup loans).

Current assets

As at the end of December 2025, current assets amounted to PLN 70,747 thousand as compared to PLN 211,256 thousand at the end of 2024. The decrease in current assets is mainly due to a lower cash balance.

Equity

At the end of December 2025, the equity amounted to PLN 979,269 thousand compared with PLN 964,703 thousand at the end of 2024.

The increase in equity is due to the net profit generated in 2025.

Current liabilities

As at the end of December 2025, current liabilities amounted to PLN 247,698 thousand (19.6% of balance sheet total) compared with PLN 335,192 thousand as at the end of 2024 (25.0% of balance sheet total). The decrease in current liabilities is due to a decrease in cash pooling liabilities and repayment of bank loans.

Non-current liabilities

As at the end of December 2025, non-current liabilities amounted to PLN 34,055 thousand (2.7% of balance sheet total) compared with PLN 41,563 thousand as at the end of 2024 (3.1% of balance sheet total).

Debt analysis

	2025	2024	Change % 2025/2024
Debt to equity ratio (%)	28,8	39,1	(10,3) p.p.
Equity to non-current assets ratio (%)	82,3	85,4	(3,1) p.p.
Interest-bearing debt-to-equity ratio (%)	25,7	35,5	(9,9) p.p.

* Equity debt ratio (%) – total liabilities to equity ratio

* Equity to non-current assets ratio – equity to non-current assets ratio.

* Equity debt to interest-bearing debt – the ratio of interest-bearing debt and other financial liabilities to equity.

As at the end of December 2025, the equity debt ratio was 28.8% and was lower by 10.3 p.p. compared to the end of December 2024. The equity to asset ratio decreased from 85.4% as at the end of 2024 to 82.3% as at the end of December 2025. The debt-to-equity ratio with interest-bearing debt was 25.7% at the end of 2025, down 9.9 p.p. compared to 2024.

Liquidity analysis

	2025	2024	Change % 2025/2024
Current ratio	0,29x	0,63x	(0,3)
Quick ratio	0,29x	0,63x	(0,3)
Cash solvency ratio	0,08x	0,53x	(0,4)

* Current ratio – the ratio of current assets to current liabilities.

* Quick ratio – the ratio of current assets minus inventory and short-term accruals and deferred income to current liabilities.

* Cash solvency ratio – the ratio of the sum of cash assets and other cash assets to current liabilities

The current ratio and the quick ratio were 0.29 and 0.29, respectively, at the end of December 2025, lower than at the end of December 2024. The cash solvency ratio decreased compared to December 2024 and stood at 0.08 at the end of December 2025.

Selected items of the statement of cash flows

PLN '000	2025	2024	Change % 2025/2024
Cash flows from operating activities	(84 433)	(5 596)	1 408,9
of which:			
Gross profit	20 063	193 631	(89,6)
Depreciation/amortisation	434	423	2,6
Changes to working capital	(7 686)	3 416	(325,0)
Net interest and dividends	2 736	3 764	(27,3)
Change in loans granted to subsidiaries	(8 817)	(20 651)	(57,3)
Impairment (reversal)	-	(104 775)	(100,0)
Other adjustments	(91 163)	(81 404)	12,0
Cash flows from investing activities	(71 766)	(5 530)	1 197,9
Cash flows from financing activities	(3 935)	(75 058)	(94,8)
Total cash flows	(160 136)	(86 184)	85,8

Cash flows from operating activities

In 2025, net cash flow from operating activities amounted to PLN -84,433 thousand, a significant decrease compared with PLN -5,596 thousand in 2024. This decrease was mainly due to lower gross profits, lower dividends received from subsidiaries and changes in cash pooling.

Cash flows from investing activities

In 2025, net cash flow from investing activities amounted to PLN -71,766 thousand. This amount consisted mainly of the purchase of shares in Rottneros AB in the amount of PLN 69,131 thousand, additional payments to the share capital of Arctic Power Sp. z o.o. in the amount of PLN 2,400 thousand and the purchase of property, plant and equipment.

Cash flows from financing activities

In 2025, cash flows from financing activities amounted to PLN -3,935 thousand compared with PLN -75,058 thousand in 2024. In 2025, these were related to the repayment of existing bank loans, the receipt of a supplementary loan and a change in the status of the revolving credit facility.

MATERIAL INFORMATION AND FACTORS AFFECTING THE FINANCIAL RESULTS AND THE ASSESSMENT OF THE FINANCIAL STANDING

Key factors affecting the Company's performance

The operations of the Company are indirectly affected by factors that have direct impact on the business of the Group's operational units – Paper Mills and the factors include:

- 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;
- fluctuations in foreign exchange rates.

The impact of the factors on the Group's business was described in "Arctic Paper Group – Management Board's Report for 2025".

Unusual events and factors

In the reporting period there were no unusual events and/or other factors affecting Arctic Paper SA

Other material information

Joint investments

In 2025, Arctic Paper SA granted another loan in the amount of PLN 12,789 thousand to Arctic Paper Grycksbo AB (APG) to finance further construction costs of a biomass drying and pellet production facility. The loan was provided under the revolving credit facility as an additional loan.

In April 2025, a change was made to the ownership structure of Arctic Power Sp. z o.o., as a result of which a capital contribution of PLN 2,400 thousand was made to the share capital. These funds were used to finance ongoing investment projects in the energy sector.

Other information

From 1 January 2022, the Company is part of the Arctic Paper Tax Group (PGK). The Tax Group was concluded for a period of three fiscal years starting from 1 January 2022. PGK comprises Arctic Paper SA as the parent company and Arctic Paper Kostrzyn SA as a subsidiary. At the end of 2024, the Tax Group amended the agreement to extend the life of the group indefinitely. The PGK agreement was notified by Arctic Paper SA, designated as the parent company of the Arctic Paper Tax Group, at the First Mazovian Tax Office.

FACTORS AFFECTING THE DEVELOPMENT OF THE COMPANY

Information on market trends and factors affecting the Company's financial results over the next year is provided in the consolidated annual report. The risk factors directly affecting the Company's operations are described below. Other risk factors affecting the Company through its subsidiaries are described in detail in the consolidated annual report.

Risk factors

Risk factors related to the environment in which the Company operates

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

RISK OF CHANGING LEGAL REGULATIONS

Our Company operates in a legal environment characterised by a high level of uncertainty. The regulations affecting our business have been frequently amended and often there are no consistent interpretations which generate a risk of violating the existing regulations and the resultant consequences even if such breach was unintentional. Moreover, changes in environmental protection regulations and other legislation may necessitate the incurrence of significant expenditure in order to ensure compliance, including with more stringent requirements or stricter enforcement of the applicable regulations concerning the protection of surface waters, groundwater, soil and ambient air.

RISK RELATED TO DISADVANTAGEOUS GLOBAL ECONOMIC SITUATION

The global economic situation is affected by the effects of the recent financial crisis, in particular the continued loss of trust on the part of consumers and entrepreneurs, concerns related to the availability and increasing costs of loans, decrease in consumer and investment spending, volatility and strength of capital markets. We anticipate that the difficult global economic conditions may result in an overall decrease in demand and average prices of high quality paper which in turn may adversely affect the dividends received from subsidiaries.

FOREIGN CURRENCY RISK

The Company's revenues, costs and results are exposed to foreign exchange 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 is subject to USD exchange rate 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, foreign exchange rate fluctuations may have a strong adverse effect on the results, financial condition and prospects of the Company.

INTEREST RATE RISK

The Company 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. Adverse changes in interest rates could adversely affect the Company's results, financial position and prospects.

RISK OF CYBER ATTACK

The risk of a cyber attack is one of the most serious threats facing businesses today, regardless of industry or size. It is important for the Company because it affects fundamental elements of the operation: data held by the Company, continuity of operations and production, finances, process security and reputation. A hacking attack could potentially result in production lines being stopped and orders being delayed, resulting in a loss of customer confidence. In addition, potential costs may include the reconstruction of the Company's IT infrastructure, the risk of administrative penalties (e.g. GDPR), or the risk of lawsuits as a result of claims from customers.

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 Company and its customers. Continuation of such changes may adversely affect the results, financial condition and prospects of the Company.

The objectives and methods of financial risk management in the Company along with hedging methods of major transactions are detailed in note 6.1 to the separate financial statements.

Risk factors relating to the business of the Company

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 RETAINING MANAGEMENT AND QUALIFIED PERSONNEL

The achievement of strategic objectives by the Company is subject to the know-how and experience of the professional management staff and the ability to hire and retain qualified specialists. The Company may not be able to retain its management staff and other key specialists or to attract new specialists. If the Company is not able to recruit and retain management staff and personnel, this may adversely affect its business, operational results and financial condition.

RISK RELATED TO THE DEBT OF THE COMPANY

Arctic Paper has mainly debt under a loan agreement with a consortium of banks (Pekao SA, Santander Bank SA and BNP Paribas SA of 31 October 2025) and under lease agreements.

Failure to meet the Company's obligations, including the level of agreed financial ratios (covenants) under the loan agreements, results in an event of default. 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 loss of access to external financing, which could result in loss of liquidity and which in turn may materially adversely affect our business and development prospects and the price of our shares.

RISK RELATED TO THE CAPACITY OF THE COMPANY TO PAY DIVIDEND

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. There can be no assurance that such restrictions will not have a material adverse effect on the business, results on operations and capacity of the Company to distribute dividend.

In connection with the term and revolving loan agreements, and the agreement between creditors signed on 31 October 2025, 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 loan agreement) and there being no event of default (as that term is defined in the term and revolving loan agreement).

SUPPLEMENTARY INFORMATION

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

The Management Board of Arctic Paper SA did not publish projections of financial results for 2025 and has not published and does not intend to publish projections of financial results for 2026.

Principles for the preparation of annual financial statements

The Company's financial statements for the period from 1 January 2025 to 31 December 2025 have been prepared on the basis of International Financial Reporting Standards and related interpretations promulgated as regulations of the European Commission. The financial statements have been prepared on a going concern basis for the foreseeable future. As at the date of the financial statements, there are no circumstances indicating a threat to the Issuer's going concern. Details of the preparation of the separate and consolidated financial statements are discussed in note 2 to the 2025 Separate Financial Statements.

Dividend information

Dividends are paid based on the net profit disclosed in the separate annual financial statements of Arctic Paper SA after covering losses carried forward from the previous years.

In accordance with provisions of the Code of Commercial Companies and Partnerships, 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 parent 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 Company has complied with this requirement. The use of supplementary capital and reserve funds is determined by the General Meeting; however, a part of reserve 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. The risk associated with the Company's ability to disburse dividend was described in the part "Risk factors" of the annual report for 2025.

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 reserve capital.

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 reserve capital.

On 19 February 2026, the Management Board of Arctic Paper S.A. decided to temporarily suspend the application of the dividend policy with respect to the payment of the dividend for 2025, adopted pursuant to the Management Board resolution of 11 July 2022, and will not recommend to the Company's General Meeting the payment of a dividend

CHANGES TO THE BODIES OF ARCTIC PAPER SA

As at 31 December 2025, the Supervisory Board of the Parent Company (appointed on 22 June 2021) comprised:

- 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.

As at 31 December 2025, the Parent Company's Management Board (appointed by resolution of 9 May 2023) comprised:

- 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 in the composition of the Management Board of the Parent Company.

Changes to the share capital of Arctic Paper SA

In 2025 there were no changes to the Company's share capital.

Purchase of treasury shares

In 2025 and 2024 the Company did not acquire any treasury stock.

Remuneration paid to Members of the Management Board and the Supervisory Board

The table below presents information on the total amount of remuneration and other benefits paid or payable to Members of the Management Board and of the Supervisory Board of the Parent Company in the period from 1 January 2025 to 31 December 2025 (data in full PLN).

Managing and supervising persons	Remuneration for the functions performed at Arctic Paper SA	Retirement plan	Other	Total
Management Board				
Jarczyński Michał	1 189 920		1 511 812	2 701 732
Wojtkowiak Katarzyna	829 200		175 793	1 004 993
Langendskiold Fabian	23 476			23 476
				3 730 201
Supervisory Board				
Per Lundeen	376 800			376 800
Roger Mattsson	268 800			268 800
Thomas Onstad	192 000			192 000
Zofia Dzik	230 400			230 400
Anna Jakubowski	192 000			192 000
				1 260 000

Agreements with Members of the Management Board guaranteeing financial compensation

As at 31 December 2025 and as at the approval date of this annual report, Members of the Management Board are entitled to compensation in case of their resignation or dismissal from their respective positions with no valid reason or when they are dismissed or their employment is terminated as a result of a merger of the Issuer by take-over. The amount of such compensation will correspond to their remuneration for 6 to 24 months.

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

Managing and supervising persons	Number of shares	Managing and supervising persons	Change
Management Board			
Michał Jarczyński	5 572	5 572	–
Katarzyna Wojtkowiak	–	–	–
Fabian Langenskiöld	900	900	–
Supervisory Board			
Per Lundeen	34 760	34 760	–
Thomas Onstad	5 323 658	5 323 658	–
Roger Mattsson	–	–	–
Zofia Dzik	–	–	–
Anna Jakubowski	–	–	–

Management of financial resources

As of the date hereof, the Company held sufficient funds and creditworthiness to ensure financial liquidity of Arctic Paper S.A.

Capital investments

In 2025, the Company used short-term deposits with a maturity of up to six months.

Information on financial instruments

Information on financial instruments on:

1. the risks of: price changes, credit, material disruption of cash flows and loss of liquidity to which the Company is exposed; and
2. the entity's financial risk management objectives and policies, including its methods of hedging significant types of forecast transactions for which hedge accounting is used, are disclosed in the consolidated financial statements in notes 5 and 6.

Information on sureties, guarantees and contingent liabilities

In connection with the term and revolving credit facility agreement signed on 31 October 2025, the Company signed agreements and declarations pursuant to which the above receivables and other claims were secured in favour of Bank BNP Paribas Bank Polska S.A. acting as Security Agent, i.e.

under Polish law – Collateral Documents establishing the following Collateral:

- financial and registered pledges on all shares or interests held by the Company and Arctic Paper Kostrzyn SA registered in Poland, 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 Company and 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 Arctic Paper Kostrzyn SA (with the exception of insurance policies listed in the Loan Agreement);
- statements of the Company and Arctic Paper Kostrzyn SA on voluntary submission to execution, in the form of a notarial deed;
- financial pledges and registered pledges on the Company's and Arctic Paper Kostrzyn S.A.'s bank accounts registered in Poland (the pledges relate to current and future bank accounts; in the event of an event of default,

in the event that the pledged receivable or part thereof becomes due, the Company may not draw funds from the pledged receivable or instruct the bank maintaining the account to withdraw funds);

- powers of attorney to the Polish bank accounts of the Company and Arctic Paper Kostrzyn S.A.;
- suretyship for liabilities granted by Arctic Paper S.A., Arctic Paper Kostrzyn S.A., Arctic Paper Munkedals AB, Arctic Paper Grycksbo AB;

under Swedish law – Collateral Documents establishing the following Collateral:

- pledges over all the Company's and Arctic Paper Munkedals AB, Arctic Paper Grycksbo AB shares or interests registered in Sweden;
- mortgages on all real properties located in Sweden and owned by Arctic Paper Munkedals AB, Arctic Paper Grycksbo AB, provided that only existing mortgage deeds are subject to such security;
- corporate mortgages 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 Arctic Paper Munkedals AB and Arctic Paper Grycksbo AB (with the exception of insurance policies listed in the Loan Agreement);
- pledges on Swedish bank accounts of Arctic Paper Munkedals AB and Arctic Paper Grycksbo AB, 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.

In the period covered with this report, Arctic Paper S.A. and its subsidiaries did not grant or receive any guarantee to loans or borrowings, and did not grant any guarantees – totally to one entity or a subsidiary of such entity – with the total value exceeding equivalent of 10% of the Company's equity.

Material off-balance sheet items

Information on off-balance sheet items is provided in the Company's separate financial statements for 2025 in note 4.9.

Assessment of the feasibility of investment plans

Arctic Paper S.A. plans no material investments to be made in 2025. Significant investments are made through the Issuer's subsidiaries, in particular the Paper Mills, as described in the separate report "Arctic Paper Group – Management Board's Report for 2025".

Information on significant 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 agreements resulting in changes to the proportions of share holdings

The Issuer is not aware of any agreements that may result in future changes in the proportions of shares held by existing shareholders.

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

On 06 August 2025, the Company's Supervisory Board, based on the Audit Committee's recommendation on the selection of an auditor, decided to select PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. as the auditor of the Company and the Arctic Paper S.A. Group to audit the financial statements for 2025 and 2026. The recommendation of the Audit Committee was issued as a result of the selection procedure in compliance with the "Policy and procedure for the selection of the audit firm for the statutory and voluntary audit of the consolidated and separate financial statements of Arctic Paper S.A. with its registered office in Kostrzyn nad Odrą". The audit firm and members of its team performing the audit comply with the requirements to

make an impartial and independent report from the audit of the annual consolidated and separate financial statements of the Arctic Paper Group and of the Company in compliance with the applicable regulations, professional standards and the rules of professional ethics.

Headcount

Information on the headcount is provided in note 7.2 to the separate financial statements for 2025.

Information on the preparation of a separate group report on non-financial information

The Company has prepared the non-financial information indicated by Article 49b, paragraphs 2-8 of the Accounting Act was described in "Arctic Paper Group – Management Board's Report for 2025-in the section concerning sustainability reporting" in accordance with the requirements set out in this Act. This document, once published, together with the Annual Report and the Consolidated Annual Report for 2025, will be posted on the Company's website in accordance with Article 49b(6) of the aforementioned Act.

STATEMENT ON THE APPLICATION OF THE CORPORATE GOVERNANCE RULES

Corporate governance rules

On 29 March 2021, the Supervisory Board of the Giełda Papierów Wartościowych w Warszawie S.A. adopted, by Resolution No. 13/1834/2021, the corporate governance rules for companies listed on the Main Market of the WSE – "Best Practice for GPW Listed Companies 2021" (Best Practice 2021, DPSN2021).

Best Practice 2021 came into force on 1 July 2021.

Application by companies of the corporate governance rules contained in the Best Practice is voluntary, but reporting on their application is an obligation of every listed company, enshrined in the Regulations of the WSE. Companies had to publish their reports on the application of DPSN2021 by 31 July 2021.

The text of the "Best Practice of GPW Listed Companies 2021" is available on the websites of the Stock Exchange S.A. and the Company:

https://www.gpw.pl/pub/GPW/files/PDF/dobre_praktyki/DPSN21_BROSZURA.pdf

https://www.arcticpapergroup.pl/globalassets/arcticpapergroup.com/02-about/04-corporate-governance/dpsn21_broszura_wersja_do_druku.pdf

On 22 June 2022, the General Meeting of Shareholders of Arctic Paper S.A. adopted the "Diversity Policy for the Management Board and Supervisory Board of Arctic Paper S.A." by Resolution No. 21/2022.

The policy applies to the Management Board and the Supervisory Board of Arctic Paper S.A. Its purpose is to regulate the recruitment and election of members of the Company's Management and Supervisory Boards and to ensure non-discrimination and equal opportunities in the process.

In accordance with the regulations of the Policy, candidates are assessed in accordance with the principles of independence and merit and diversity criteria. The Company endeavours to ensure that the persons selected have a diverse range of education, experience, knowledge and skills, gender and age.

The functions of the members of the Management Board and the Supervisory Board are entrusted to specific individuals, irrespective of their gender, but in accordance with their professional preparation and experience. The composition of the Company bodies largely depends on the decisions of the Company's shareholders.

The Company aims to ensure that the representation of women in its governing bodies is not less than 30%. This aspect is taken into account in the planned recruitment processes.

Information on the extent the Issuer waived the provisions of the corporate governance rules

Arctic Paper S.A. was striving at applying corporate governance rules as set forth in the document "Best Practice of GPW Listed Companies 2021". In 2025, Arctic Paper S.A. did not apply the following rules:

Best practice – systems and internal functions

RULE 3.3

"A company included in the WIG20, mWIG40 or sWIG80 index shall appoint an internal auditor heading the internal audit function, who shall act in accordance with internationally recognised standards of professional practice for internal auditing. In other companies where no internal auditor meeting the aforementioned requirements has been

appointed, the audit committee (or the supervisory board if it performs the functions of an audit committee) shall annually assess whether there is a need to appoint such a person”.

EXPLANATION:

Given the size of the Company and the structure and nature of its business, the appointment of an internal auditor is not justified by the assessments carried out by the Management Board and the Supervisory Board. Support to the Arctic Paper Group Management Board in achieving its impact and risk management objectives is provided by the risk management function with the assistance of the owners of the various risks.

RULE 3.10

“At least every five years, a company included in the WIG20, mWIG40 or sWIG80 index shall have its internal audit function reviewed by an independent auditor selected with the participation of the audit committee”.

EXPLANATION:

Given the size of the Company and the structure and nature of its business, the Management Board, the Supervisory Board and the Audit Committee acting within it will consider the need for an independent audit in the future.

Best practice – General Meeting and relations with shareholders

RULE 4.1

“The company should enable shareholders to participate in a general meeting using electronic means of communication (e- meeting) if this is justified by the expectations of shareholders communicated to the company, as long as it is able to provide the technical infrastructure necessary for holding such a general meeting”.

EXPLANATION:

Given the need for many technical and organisational steps and the associated costs and legal risks, the Company has not decided to hold an electronic General Meeting at this time.

RULE 4.3

“The Company shall provide a publicly available real-time broadcast of the general meeting”.

EXPLANATION:

Taking into account the costs and legal risks, the Company has not decided at this time to carry out a general broadcast of the General Meeting. The Company will consider this possibility in the future.

Internal control and risk management systems with reference to the preparation of financial statements

The Management Board of Arctic Paper S.A. is responsible for the internal control system in the Company and for its efficiency in the development process of financial statements and interim reports, prepared and published in compliance with the rules of the Regulation of the Minister of Finance on current and periodical disclosure by issuers of securities and conditions to recognise as equivalent the information that is required by the law in Non-Member States of 29 March 2018. The preparation of the Group’s financial statements and interim reports is the responsibility of the Company’s finance department, headed by the Chief Financial Officer. The Company prepares its financial statements and interim reports based on the procedures in force at Arctic Paper S.A. for the preparation and publication of interim reports. The financial data underlying the preparation of the Company’s financial statements is derived from the accounting system. The Management Board, after the accounting closure of each calendar month, analyses the company’s financial performance in comparison with the budgeted assumptions and the results achieved in the previous reporting year.

The Company’s Management Board systematically evaluates, the quality of the internal control and risk management systems in relation to the financial reporting process. On the basis of such review, the Company’s Management Board found that as at 31 December 2025 there were no weaknesses that could materially affect the effectiveness of internal control with respect to financial reporting.

Shareholders that directly or indirectly hold significant packages of shares

Information on the shareholders that directly or indirectly hold large packages of shares is presented in the table below – the table presents the situation as at the date of approval of this report.

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%	5 323 658	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%

Securities with special control rights

There are no securities in the Company with special control rights – in particular, no shares in the Company are privileged.

Information on major restrictions on transfer of title to the Issuer's securities and all restrictions concerning the exercising of voting rights

The Company's Articles of Association do not provide for any restrictions concerning transfer of title to the Issuer's securities.

With the exception of restrictions on the transfer and acquisition of the Company's shares that arise under common law, there are no restrictions on the transfer of ownership of the Company's securities.

The Company's Articles of Association do not provide for any restrictions on the exercise of voting rights on Arctic Paper S.A. shares.

Description of the principles of amending the Issuer's Articles of Association

Changes to the Company's Articles of Association fall within the sole competences of the General Meeting.

There were no changes to the Issuer's Articles of Association in 2025.

Unless the Code of Commercial Companies and Partnerships or the Articles of Association of the Company provide otherwise, resolutions of the General Meeting require an absolute majority of votes;

Description of the functioning of the General Meeting

The rules of procedure of the General Meeting and its core competences result straight from applicable laws and are partly incorporated in the Company's Articles of Association.

The Company's Articles of Association are available at:

https://www.arcticpapergroup.pl/globalassets/arcticpapergroup.com/02-about/04-corporate-governance/corporate-documents/pl/arctic_paper_statut_tekst_jednolity_aktualny_2019_pl.pdf

General Meetings are held in accordance with the following basic rules:

- General Meetings are held in the Company's offices or in Warsaw;
- General Meetings may be ordinary or extraordinary;
- Ordinary General Meetings shall be held within six months after the end of the financial year;
- General Meetings are opened by the Chair of the Supervisory Board or a person designated by him/her which is followed by election of the Chair of the General Meeting;
- voting shall be open unless a shareholder demands a secret ballot or a secret ballot is required by the provisions of the Code of Commercial Companies and Partnerships;
- unless the Code of Commercial Companies and Partnerships or the Articles of Association of the Company provide otherwise, resolutions of the General Meeting require an absolute majority of votes;

- in compliance with the Company's Articles of Association, the following matters fall within the exclusive competences of the General Meeting:
 - considering and approving the Management Board' report on the Company's and Group's activities and the Company's financial statements and the Group's consolidated financial statements for the previous financial year;
 - granting a vote of approval to Members of the Management Board and Members of the Supervisory Board for the performance of their duties;
 - decisions concerning distribution of profit or coverage of losses;
 - changes to the business objects of the Company;
 - changes to the Articles of Association of the Company;
 - increase or decrease in the Company's share capital;
 - merger of the Company with another company or other companies, split of the Company or transformation of the Company;
 - dissolution and liquidation of the Company;
 - issues of convertible bonds or pre-emption bonds and issues of subscription warrants;
 - purchase and sale of real properties ;
 - disposal and lease of the entire enterprise or an organised part thereof or establishment of limited rights in rem thereon;
 - all other issues for which the Articles of Association or the Code of Commercial Companies and Partnerships require a resolution of the General Meeting.

General Meetings may approve resolutions in the attendance of at least half of the share capital of the Company.

General Meetings approve resolutions with an absolute majority of votes unless the Articles of Association or applicable regulations require a qualified majority.

The shareholders' rights and the way to enforce them result explicitly from law that has been partly incorporated in the Company's Articles of Association.

Operation of the Issuer's managing and supervising bodies and its committees as well as information on the composition of those bodies

Management Board

MANAGEMENT BOARD

- The Management Board is composed of one to five Members, including President of the Management Board.
- The Management Board is appointed and dismissed by the Supervisory Board for a joint term of office.
- The term of office of Members of the Management Board is 3 (three) years.
- When the Management Board is composed of more than one person, the Supervisory Board – upon a proposal by the President – may appoint up to three Vice-Presidents from among Members of the Management Board. Vice-Presidents may be dismissed subject to a resolution of the Supervisory Board.
- A Member of the Management Board may be dismissed by the Supervisory Board at any time.
- A Member of the Management Board may be dismissed or suspended in their duties at any time by the General Meeting.

CORE COMPETENCES OF THE MANAGEMENT BOARD

- The Management Board directs the affairs of the Company and represents the Company.
- If the Management Board is composed of more than one person, declarations of intent on the Company's behalf shall be made by the President of the Management Board individually or two Members of the Management Board acting jointly or a Member of the Management Board acting jointly with a Proxy.
- The Management Board is obliged to exercise their duties with due diligence and comply with law, the Company's Articles of Association, approved regulations and resolutions of the Company bodies; decisions shall be taken in line with reasonable economic risk with a view to the interests of the Company and its shareholders.
- The Management Board is obliged to manage the assets and business of the Company and perform its duties subject to due diligence required in business operations and subject to strict compliance with applicable laws, provisions of the Articles of Association and internal regulations as well as resolutions approved by the General Meeting and the Supervisory Board.
- The Company's Management Board shall not be entitled to take decisions on share issues and redemption.
- Each Member of the Management Board shall be liable for any damage inflicted upon the Company as a result of their actions or omissions breaching the provisions of law or the Company's Articles of Association.

- The responsibilities of the Management Board include – in compliance with the Code of Commercial Companies and Partnerships – all affairs of the Company not reserved to the General Meeting of the Supervisory Board.
- Guided with the interests of the Company, the Management Board defines the strategy and core objectives of the Company's business.
- The Management Board shall comply with the regulations relating to confidential information within the meaning of the Act on Trading and to comply with all the duties resulting therefrom.

Otherwise, the individual Members of the Management Board shall be responsible for their running of the affairs of the Company as resulting from the internal delegation of duties and functions approved by a decision of the Management Board.

The Management Board may approve resolutions at meetings or outside meetings in writing or with the use of direct means of remote telecommunications. The Management Board approves resolutions with a majority of votes cast. Resolutions shall be valid if minimum one half of Members of the Management Board are present at the meeting. In case of equal number of votes, the President of the Management Board shall have the casting vote.

The detailed mode of operation of the Management Board is set forth in the Regulations of the Management Board with its updated version available at:

<https://www.arcticpapergroup.pl/globalassets/arcticpapergroup.com/02-about/04-corporate-governance/corporate-documents/pl/regulamin-zarzadu-ap-sa.pdf>

The Management Board of the Company as at the publication hereof was composed as follows:

- Michał Jarczyński – President of the Management Board appointed as of 1 February 2019;
- Katarzyna Wojtkowiak – Member of the Management Board appointed as of 9 May 2023;
- Fabian Langenskiöld – Member of the Management Board appointed as of 14 August 2023.

The Management Board was appointed for a new term of office by resolution of 9 May 2023.

Supervisory Board

COMPOSITION AND ORGANISATION OF THE SUPERVISORY BOARD

- The Supervisory Board is composed of 5 (five) to 7 (seven) Members elected by the General Meeting for a joint three-year term of office. A Member of the Supervisory Board may be dismissed at any time.
- The Supervisory Board is composed of the Chair, Deputy Chairs and other Members. The Chair of the Supervisory Board and Deputy Chair are elected by the Supervisory Board from among its Members at the first meeting and – if so required – during the term of office in by-elections.
- Since the General Meeting approved resolutions on the first public issue of shares and having them listed, two Members of the Supervisory Board have to be Independent Members.
- When an Independent Member of the Supervisory Board is nominated, resolutions on the following matters require consent of minimum one Independent Member of the Supervisory Board:
 - any benefits to be provided by the Company and any entity related to the Company for Members of the Management Board;
 - consent to the Company or its subsidiary to enter into a material agreement with a Member of the Supervisory Board or the Management Board and with their related parties, other than agreements concluded in the normal course of the Company's business subject to normal terms and conditions applied by the Company;
 - election of auditor to perform audits of the Company's financial statements.
- For the avoidance of doubt, it is assumed that loss of the independent status by a Member of the Supervisory Board and failure to appoint an Independent Member of the Supervisory Board shall not invalidate the decisions approved by the Supervisory Board. Loss by an Independent Member of their independent status during the performance of their function of a Member of the Supervisory Board shall not affect the validity or expiry of their mandate;
- In case of expiry of the mandate of a Member of the Supervisory Board before the term of office, the other Members of the Supervisory Board shall be entitled to co-opt a new Member of the Supervisory Board in such vacated position by way of a resolution approved with an absolute majority of the other Members of the Supervisory Board. The mandate of such co-opted Member of the Supervisory Board shall expire if the first Ordinary General Meeting to be held after such Member has been co-opted, fails to approve such Member. At any time, only two persons elected as Members of the Supervisory Board in the co-option procedure and who were not approved as candidates by the Ordinary General Meeting, may act as Members of the Supervisory Board. Expiry of the mandate of a co-opted Member of the Supervisory Board as a result of failure to approve such candidate by the Ordinary General Meeting may not be treated as finding any resolution approved with the participation of such Member as invalid or ineffective.

- The Chair and Deputy Chair of the Supervisory Board:
 - maintain contact with the Company's Management Board;
 - manage the operations of the Supervisory Board;
 - represent the Supervisory Board in external contacts and in contacts with the other bodies of the Company, including in contacts with Members of the Company's Management Board;
 - approve the presentation of initiatives and proposals submitted for meetings of the Supervisory Board;
 - take other actions as specified in the Company's Regulations and Articles of Association;
 - Members of the Supervisory Board should not resign from their function during the term of office if that could prevent the operation of the Supervisory Board, in particular prevent timely approval of major resolutions;
 - Members of the Supervisory Board shall be loyal to the Company. Should a conflict of interests arise, Members of the Supervisory Board shall report it to other Members of the Supervisory Board and refrain from participating in discussions and from voting on the issue to which the conflict of interests is related;
 - Members of the Supervisory Board shall comply with law, the Company's Articles of Association and Regulations of the Supervisory Board.

COMPETENCES OF THE SUPERVISORY BOARD

- The Supervisory Board performs overall supervision over the business of the Company in all areas of its operation.
- The Supervisory Board approves resolutions, issues recommendations and opinions and submits proposals to the General Meeting.
- The Supervisory Board may not issue binding instructions to the Management Board concerning the management of the Company's affairs.
- Disputes between the Supervisory Board and the Management Board shall be resolved by the General Meeting.
- In order to exercise their rights, the Supervisory Board may review the business of the Company in any respect, request the presentation of any documents, reports and clarification from the Management Board and issue opinions on issues related to the Company and submit proposals and initiatives to the Management Board.
- Apart from other issues specified in law or in the Company's Articles of Association, the competences of the Supervisory Board include, inter alia:
 - review of the financial statements of the Company;
 - review of the Management Board's report on Operations of the Company and proposals of the Management Board concerning profit distribution and coverage of losses;
 - submission to the General Meeting of an annual report from results of the above reviews;
 - appointment and dismissal of Members of the Management Board, including the President and Vice-Presidents, and setting the remuneration of Members of the Management Board;
 - appointment of the auditor of the Company;
 - suspension of Members of the Management Board in their functions for valid reasons;
 - approval of annual financial plans for the capital group of which the Company and its subsidiaries are members;
 - approval of terms and conditions of bond issues by the Company (other than convertible bonds or bonds with priority rights, referred to in Article 393.5 of the Code of Commercial Companies and Partnerships) and issues of other debt securities, provision of consent to contract financial liabilities or taking actions resulting in contracting any financial liabilities, such as borrowings, loans, overdraft facilities, conclusion of factoring, forfaiting, lease contracts and other generating liabilities in excess of PLN 10,000,000;
 - approval of the principles and amounts of remuneration of Members of the Management Board and other persons in key management functions in the Company as well as approval of any incentive programme, including incentive programmes for Members of the Management Board, persons in key management functions in the Company or any persons cooperating with or related to the Company, including incentive programmes for employees of the Company.
- Annually the Supervisory Board submits to the General Meeting a brief assessment of the Company's condition ensuring that it is made available to all shareholders at a time that they are able to review it before the Ordinary General Meeting.
- The Supervisory Board concludes contracts with Members of the Management Board on behalf of the Company and represents the Company in disputes with Members of the Management Board. The Supervisory Board may authorise by way of a resolution one or more of its Members to perform such legal actions.

The Supervisory Board may approve resolutions in writing or with the use of direct means of remote telecommunications. Resolutions approved as specified above shall be valid if all Members of the Supervisory Board were notified of the content of the draft resolution. The approval date of the resolution approved as above shall be equivalent to the date of signing by the last Member of the Supervisory Board.

Resolutions of the Supervisory Board may be approved when all Members have been notified by registered letter, fax or e-mail message, sent minimum 15 days in advance and the meeting is attended by a majority of Members of the Supervisory Board. Resolutions may be approved without formal convening a meeting when all Members of the Supervisory Board agreed to vote on the specific issue or to the content of the resolution to be approved.

Resolutions of the Supervisory Board require a simple majority of votes; in case of equal votes, the Chair of the Supervisory Board shall have the casting vote;

The detailed mode of operation of the Supervisory Board is set forth in the Regulations of the Supervisory Board with its updated version available at:

https://www.arcticpapergroup.pl/globalassets/arcticpapergroup.com/02-about/04-corporate-governance/corporate-documents/pl/1_11_2016_appendix-pl_ap-sa---regulamin-rady-nadzorczej_fin.pdf

The Supervisory Board of the Company as at the publication hereof was composed as follows:

- Per Lundeen – Chair of the Supervisory Board appointed on 14 September 2016;
- Roger Mattsson – Deputy Chair 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 (Independent Member);
- Anna Jakubowski – Member of the Supervisory Board appointed on 22 June 2021 (Independent Member).

By resolution of the General Meeting of 29 May 2024, the Supervisory Board was appointed for a new term of office.

In 2025, the Supervisory Board held meetings on: 7 February, 22 April, 15 July, 10 June, 6 August, 21 October and 16 December.

Audit Committee

COMPOSITION AND ORGANISATION OF THE AUDIT COMMITTEE

- The Audit Committee is composed of minimum three Members of the Supervisory Board, including the Chair of the Committee, elected by the Supervisory Board from among its Members in compliance with the Articles of Association and Regulations of the Supervisory Board.
- Members of the Audit Committee shall be appointed for three-year terms of office, however no longer than the term of office of the Supervisory Board.
- The majority of the Audit Committee Members, including the Chair of the Audit Committee, must be Independent Members.
- The Audit Committee operates on the basis of the Act on Statutory Auditors, Best Practice of GPW Listed Companies, Regulations of the Supervisory Board and the Regulations of the Audit Committee.
- The Audit Committee performs advisory and consulting functions, operates as a collective body within the Company's Supervisory Board.
- The Audit Committee carries out its tasks by providing the Supervisory Board with its proposals, opinions and reports on its scope in the form of resolutions.
- At least one Member of the Audit Committee shall have knowledge and skills in terms of accounting or auditing financial statements. The Supervisory Board is of the opinion that the requirement of competences in the sphere accounting and financial audit is recognised as satisfied if a Member of the Audit Committee has a major experience in financial management in commercial partnerships, internal audit or audit of financial statements, and additionally:
 - has the title of a certified auditor or equivalent international certificate, or
 - has an academic degree in the field of accounting or financial audit, or
 - has long-term experience as a financial director in public companies or in working in an audit committee of such companies.
- Members of the Audit Committee shall have knowledge and skills relating to the industry in which the Issuer operates. This condition is recognised as satisfied if at least one Member of the Audit Committee has knowledge and skills relating to that industry or individual Members within specific scopes have knowledge and skills relating to the scope of that industry. The Supervisory Board is of the opinion that the requirement of competences relating to the industry is recognised as satisfied if a Member of the Audit Committee has information on the characteristics of the sector, that allows him to obtain a complete picture of the sector's complexity or has knowledge on part of the chain of activities carried out by the Company.

COMPETENCIES OF THE AUDIT COMMITTEE

- The basic task of the Audit Committee is advisory to the Supervisory Board on issues of proper implementation and control of the financial reporting processes in the Company, effectiveness of the internal control and risk management systems and cooperation with statutory auditors.
- The tasks of the Audit Committee resulting from supervising the Company's financial reporting process, ensuring the effectiveness of the Company's internal control systems and monitoring of internal audit operations, include in particular:
 - control if the financial information provided by the Company is correct, including the accuracy and consistency of the accounting principles applied in the Company and its Capital Group as well as the consolidation principles of financial statements;
 - carrying out at least annually, an assessment of the internal control and management system of the Company and its Group to ensure that the Company is properly recognised and managed;
 - ensuring the effective functioning of internal control, in particular by providing recommendations to the Supervisory Board with respect to:
 - strategic and operational internal audit plans and material modifications to such plans;
 - internal audit policies, strategy and procedures, developed in compliance with the approved internal audit standards;
 - audits of specific areas of the Company's operations.
- The tasks of the Audit Committee resulting from monitoring the independence of the statutory auditor and the entity authorised to audit financial statements, include in particular:
 - issuing recommendations to the Supervisory Board relating to the election, appointment and re-appointment and dismissal of the entity acting as the statutory auditor;
 - control of independence and impartiality of the statutory auditor, in particular with a view to replacing the statutory auditor, the level of its remuneration and other relationships with the Company;
 - verification of the effectiveness of the works performed by the statutory auditor;
 - review of reasons of resignation by the statutory auditor.
- The Audit Committee may resort to advisory services and assistance by external legal, accounting or other advisers if it finds it necessary to perform its duties.
- The Audit Committee is obliged to file annual reports from its operations to the Supervisory Board by 30 September in each calendar year.

The Audit Committee meets at least three times a year.

In 2025, the Audit Committee held meetings on: 1 April, 22 April, 11 August and 15 December.

As at 5 August 2021, the Audit Committee was composed of:

- Anna Jakubowski – Chair of the Audit Committee. Member meeting the criteria for independence. According to the declaration submitted by Ms Anna Jakubowski, she meets the condition of knowledge and skills in accounting or auditing. Ms Anna Jakubowski has several years of experience as a Member of the Audit Committee of financial institutions, including Bank Millennium.
- Zofia Dzik – Member of the Audit Committee meeting the independence criteria. According to the declaration submitted by Ms Zofia Dzik, she meets the condition of knowledge and skills in accounting or auditing. Ms Zofia Dzik has several years of experience working for Arthur Andersen and Andersen Business Consulting, where she was responsible, among others, for the area of auditing financial statements and consulting in the area of finance.
- Roger Mattsson – Member of the Audit Committee – due to his long-standing experience as the financial controller of the Arctic Paper Group and his participation in the Audit Committee for more than three years, Mr Roger Mattsson fulfils the condition for the Audit Committee Member to have knowledge and skills in the Company's business. Additionally, he has knowledge and skills in the sphere of accounting or auditing financial statements.

The detailed mode of operation of the Audit Committee is set forth in the Regulations of the Audit Committee.

Core assumptions underlying the policy of selecting an audit firm to conduct audits

- According to the regulations applicable to the Company, the Company's Supervisory Board shall select – by way of a resolution and acting under a recommendation of the Audit Committee – the auditor authorised to carry out the audit.
- The selection is made taking into account the principles of impartiality and independence of the audit firm and the analysis of the audit firm's work carried out in the Company which falls beyond the scope of the audit of financial statements, in order to avoid any conflict of interest (observance of impartiality and independence).

- A request for proposals concerning the selection of an audit firm for statutory audit of the Company's financial statements is developed by the Audit Committee in cooperation with the Company's CFO.
- After analysing the submitted offers, the Audit Committee shall develop a recommendation with conclusions from the selection procedure to be approved by the Audit Committee and shall submit a recommendation on the selection of the audit firm to the Supervisory Board within such time that will support a resolution on audit firm selection.
- The Supervisory Board shall select the audit firm on the basis of the submitted offers and after becoming acquainted with the Audit Committee's opinion and recommendation.
- If the Supervisory Board's decision differs from the recommendation of the Audit Committee, the Supervisory Board shall justify the reasons for its failure to comply with the Audit Committee's recommendation and shall submit such justification to the body approving the financial statements.
- The Company's Management Board shall enter into a contract with the selected audit firm for the audit of financial statements of the Company.
- The first contract is concluded for minimum 2 years and it may be extended for another two or three years. The duration of the cooperation shall be counted from the first financial year covered by the audit contract, in which the authorised auditor was appointed for the first time to carry out the consecutive statutory audits of the Company.
- After expiry of the maximum period of the cooperation, the authorised auditor or, where applicable, any member of its network, may not undertake a statutory audit of the Company's financial statements for further 4 years.
- The key statutory auditor may not perform a statutory audit in the Company for a period longer than 5 years. The key statutory auditor may conduct a statutory audit again after the expiry of 3 years.
- The maximum period of uninterrupted performance of statutory audits by the same audit firm or an audit firm related to that audit firm or any member of the network operating in the European Union of which the audit firms are members, may not exceed 10 years.

Core assumptions underlying the policy of the provision of permitted services other than audit services by the audit firm performing the audit, by entities related to the audit firm and by a member of the audit firm's network:

- The Audit Committee of Arctic Paper S.A. shall be responsible for the policy covering the provision of permitted services other than audit services by the audit firm performing the audit, by entities related to the audit firm and by a member of the audit firm's network.
- The Audit Committee of Arctic Paper S.A. controls and monitors the independence of the auditor and the audit firm, in particular if the audit firm provides other services than audit of statutory financial statements to Arctic Paper S.A.
- The Audit Committee of Arctic Paper S.A., when so requested by a competent body or person, approves the provision of permitted services by the auditor that are not an audit of Arctic Paper S.A.
- The prohibited services do not include:
 - carrying out due diligence procedures for economic and financial condition;
 - issue of letters of support;
 - attestation services related to pro forma financial information, forecast of results, or estimation of results, contained in the issue prospectus of the audited entity;
 - review of historic financial information for projects referred to in the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisement;
 - verifying consolidation packages;
 - confirming the fulfilment of terms and conditions of concluded loan agreements on the basis of the analysis of financial information from the financial statements audited by the audit firm;
 - attestation services related to reporting on corporate governance, risk management, and corporate social responsibility;
 - services consisting in assessing the conformity of information disclosed by financial institutions and investment firms with requirements for disclosure of information on capital adequacy and variable remuneration components;
 - certifying financial statements or other financial information intended for supervisory authorities, supervisory board or other supervisory body of the Company or owners, which falls beyond the scope of statutory audit and helps these bodies to fulfil their statutory obligations.

- Provision of the above services is possible solely to the extent not related to the entity's tax policies after a review by the Audit Committee of hazards and mitigants of the audit firm's independence as referred to in Article 69-73 of the Act on Certified Auditors, Audit Firms and Public Supervision.

On 06 August 2025, the Company's Supervisory Board, based on the Audit Committee's recommendation on the selection of an auditor, decided to select PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. as the auditor of the Company and the Arctic Paper S.A. Group to audit the financial statements for 2025 and 2026. The recommendation of the Audit Committee was issued as a result of the selection procedure in compliance with the "Policy and procedure for the selection of the audit firm for the statutory and voluntary audit of the consolidated and separate financial statements of Arctic Paper S.A. with its registered office in Kostrzyn nad Odrą". The audit firm and members of its team performing the audit comply with the requirements to make an impartial and independent report from the audit of the annual consolidated and separate financial statements of the Arctic Paper Group and of the Company in compliance with the applicable regulations, professional standards and the rules of professional ethics.

Remuneration Committee

COMPOSITION AND ORGANISATION OF THE REMUNERATION COMMITTEE

- The Remuneration Committee is composed of minimum two Members of the Supervisory Board, including the Chair of the Committee, elected by the Supervisory Board from among its Members in compliance with the Articles of Association and Regulations of the Supervisory Board.
- Members of the Remuneration Committee shall be appointed for three-year terms of office, however no longer than the term of office of the Supervisory Board.
- The Chair of the Remuneration Committee shall be elected with a majority of votes of its Members.
- The Remuneration Committee operates pursuant to the Regulations of the Supervisory Board and the Regulations of the Remuneration Committee.
- The Remuneration Committee performs advisory and consulting functions, operates as a collective body within the Company's Supervisory Board.
- The Remuneration Committee carries out its tasks by providing the Supervisory Board with its proposals, opinions and reports in the form of resolutions.

COMPETENCES OF THE REMUNERATION COMMITTEE

- The basic task of the Remuneration Committee is advisory support to the Supervisory Board on issues related to remuneration policy, bonus policy and other issues related to the remuneration of the employees, Members of the Company's authorities and the authorities of Capital Group companies.
- The tasks of the Remuneration Committee resulting from supervision over the Company's remuneration policy and ensuring the effective functioning of the Company's remuneration policy, is to provide recommendations to the Supervisory Board in particular with respect to:
 - approval and changes to the remuneration principles of Members of the Company bodies;
 - the amount of total remuneration to Members of the Company's Management Board;
 - legal disputes between the Company and Members of the Management Board with respect to the tasks of the Committee;
 - proposing remuneration and approving additional benefits to Individual Members of the Company bodies, in particular under management option plans (convertible into shares of the Company);
 - strategy of the Company's remuneration and bonus policies and HR policies.
- The Remuneration Committee may resort to advisory services and assistance by external legal or other advisers if it finds it necessary to perform its duties.
- The Remuneration Committee is obliged to file annual reports from its operations to the Supervisory Board by 30 September in each calendar year.

On 31 August 2020, the General Meeting of the Company, bearing in mind Article 90d(1) in connection with Article 90c(2)(1) of the Act of 29 July 2005 on public offerings and conditions for the introduction of financial instruments into the organised trading system and on public companies (i.e. Journal of Laws 2022, item 2554, as amended) adopted the "Remuneration Policy for Members of the Management Board and Members of the Supervisory Board of Arctic Paper S.A.". Under the above-mentioned Acts of public companies, including the Company, were obliged to adopt, by resolution, the Remuneration Policy of Management Board and Supervisory Board Members, which is the rules for determining the remuneration of Members of the Management Board and Supervisory Board, by the General Meeting of Shareholders, and to publish a remuneration report. The Company shall pay remuneration to

the Members of the Management Board and the Supervisory Board solely in compliance with the adopted Policy. The policy prepared by the Company was drawn up in accordance with the principles set out in the above-mentioned Act and refers to the required elements related to remuneration and other terms of employment for Members of the Management Board and Members of the Supervisory Board. The policy received an opinion from the Remuneration Committee operating at the Supervisory Board, as well as by the Supervisory Board.

On 11 June 2025, the General Meeting of the Company gave a positive opinion on the remuneration report for 2024 prepared by the Supervisory Board. The resolution of the General Meeting on the aforementioned subject is advisory. The report was reviewed by the auditor. The independent auditor's report on the performance of a service providing reasonable assurance on the assessment of the remuneration report was attached as Appendix 2 to current report No. 11/2025 – "Resolutions adopted by the Annual General Meeting of Arctic Paper S.A. on 11 June 2025".

Remuneration Committee meetings were held on: 18 February, 13 March, 21 March, 27 March, 17 April.

Since 9 February 2017 the Remuneration Committee has been operating in the following composition:

- Per Lundeen – Chair of the Remuneration Committee;
- Thomas Onstad – Member of the Remuneration Committee;
- Roger Mattsson – Member of the Remuneration Committee.

The detailed mode of operation of the Remuneration Committee is set forth in the Regulations of the Remuneration Committee.

Risk Committee

COMPOSITION AND ORGANISATION OF THE RISK COMMITTEE

- The Risk Committee is composed of minimum three Members of the Supervisory Board, including the Chair of the Committee, elected by the Supervisory Board from among its Members. Minimum one Member of the Risk Committee shall be an Independent Member and hold qualifications and experience in the sphere of finances.
- Members of the Risk Committee shall be appointed for three-year terms of office, however no longer than the term of office of the Supervisory Board.
- The Chair of the Risk Committee shall be elected with a majority of votes of its Members.
- The Risk Committee operates on the basis of commonly accepted corporate risk management models (e.g. COSO-ERM).
- The Risk Committee performs advisory and consulting functions, operates as a collective body within the Company's Supervisory Board.
- The Risk Committee carries out its tasks by providing the Supervisory Board with its proposals, opinions and reports in the form of resolutions.

COMPETENCES OF THE RISK COMMITTEE

- The basic task of the Risk Committee is advisory support to the Supervisory Board on issues related to the proper identification, assessment and control of potential risks, i.e. opportunities and threats to realisation of the Company's strategic goals, with particular consideration for financial risk, related to both external factors (such as volatility of foreign exchange rates, interest rates, general international economic condition) and internal factors (such as cash flows, liquidity management, variation of budget and financial forecasts).
- The tasks of the Risk Committee resulting from the supervision over the risk management process, include in particular:
 - supervision over correct identification, analysis and assigning priority to types of risk inherent in the operational strategy and business pursued;
 - confirmation to the identified risk appetite of the Company;
 - verification if actions used to mitigate risk are planned and implemented so that the risk is mitigated to a level acceptable by the Company;
 - monitoring verifying correct risk assessment by the Management Board and the effectiveness of control tools;
 - supervision over correct notification of stakeholders on the risks, risk strategies and control tools.
- The Risk Committee may resort to advisory services and assistance by external advisers if it finds it necessary to perform its duties.

Since 5 August 2021 the Risk Committee has been operating in the following composition:

- Per Lundeen – Chair of the Risk Committee;
- Zofia Dzik – Independent Member of the Risk Committee;
- Roger Mattsson – Member of the Risk Committee.

The Risk Committee held a meeting on 15 December 2025.

INFORMATION COMPLIANT WITH THE REQUIREMENTS OF SWEDISH REGULATIONS CONCERNING CORPORATE GOVERNANCE.

Arctic Paper S.A. is a company registered in Poland whose shares have been admitted to trading at the Warsaw Stock Exchange and at NASDAQ in Stockholm. The Company's primary market is in Warsaw with a parallel market in Stockholm. Companies not registered in Sweden which shares have been admitted to trading at NASDAQ in Stockholm are obliged to comply with:

- the corporate governance rules in force in the country of their registration or
- the corporate governance rules in force in the country where they have their primary trading market, or
- the Swedish corporate governance code (hereinafter: the "Swedish Code").

Arctic Paper S.A. follows the principles set forth in the "Best Practice of GPW Listed Companies 2021" (hereinafter: "Best Practice") that may be applied by companies listed at the Warsaw Stock Exchange and not the Swedish Code. As a result, the conduct of Arctic Paper S.A. is different from the one set forth in the Swedish Code in the following material aspects.

Shareholders' meeting

The core documents related to General Meetings of Shareholders, such as notices, reports and approved resolutions, are made in Polish and in English instead of Swedish.

Appointment of Company bodies

The Polish corporate governance model provides for a two-tier system of the Company bodies which is composed of the Management Board being the executive body appointed by the Supervisory Board, which in turn supervises the Company's operations and is appointed by the General Meeting of Shareholders. Auditors are selected by the Supervisory Board.

Neither the Best Practice, nor any other Polish regulations require the establishment of a commission in the Company to elect candidates and therefore such commission does not exist among the bodies of the Company. Each shareholder may propose candidates to the Supervisory Board. Appropriate information on candidates proposed to the Supervisory Board is published on the Company's website with appropriate advance so that all shareholders could take an informed decision when voting on the resolution appointing a new Member of the Supervisory Board.

Tasks of Company bodies

In accordance with the principles of the dualistic governance structure of the Company, the duties typically performed by the Management Board of a Company incorporated under Swedish law are performed by either the Management Board or the Supervisory Board of a Company incorporated under Polish law.

In accordance with the Polish applicable regulations, Members of the Management Board, including its General Director who is the President of the Management Board, may not get involved in competitive activities outside the Company. Pursuing of other business outside the Company is not regulated either in the Best Practice or other Polish regulations; however, certain restrictions are usually incorporated in individual employment contracts.

Size and composition of the Company bodies

The composition of the Supervisory Board should reflect the independence criteria, just like those specified in the Swedish Code. However, the Management Board being the executive body is composed of persons in executive positions at Arctic Paper S.A., and these Members may not be treated as independent of the Company. The terms of office of Members of the Management Board – just like the Members of the Supervisory Board – lasts three years.

Chairs of the Company bodies

The Supervisory Board, rather than the Shareholders' Meeting, elects a Chair and a Deputy Chair from among its members.

Procedures of the Company bodies

Both the rules of procedure of the Management Board and the rules of procedure of the Supervisory Board are adopted by the Supervisory Board. The Regulations are not reviewed each year – they are reviewed and modified as need arises. The same principles apply to regulations of Committees operating within the Supervisory Board that are approved by the Supervisory Board. The operation of the General Director is not regulated separately since he/she also acts as the President of the Management Board.

Remuneration of members of the bodies of the Company and management staff

The Company shall pay remuneration to the Members of the Management Board and the Supervisory Board solely in compliance with the Remuneration Policy adopted by the General Meeting.

Information on corporate governance

The Polish corporate governance rules do not require the same detail as to the disclosed information as required by the Swedish Code. However, information on Members of the Company bodies, Company's Articles of Association, internal regulations and a summary of material differences between the Swedish and Polish approach to corporate governance and shareholders' rights is published on the Company's website.

INFORMATION OF THE MANAGEMENT BOARD OF ARCTIC PAPER S.A. ON THE SELECTION OF THE AUDITING COMPANY

Based on the statement of the Supervisory Board of Arctic Paper S.A. on the selection of the auditing firm to audit the annual consolidated financial statements of the Arctic Paper Group and the annual separate financial statements of the Company for the financial year ended on 31 December 2025 in accordance with the regulations and on the basis of the statement received from PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k, it was decided to select PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. as the auditor of the Company and the Arctic Paper S.A. Group to audit the financial statements for 2025 and 2026.

The Management Board of the Company informs that the selection of the auditing firm by the Supervisory Board took place in accordance with the regulations and the "Policy and procedure for the selection of the audit firm for the statutory and voluntary audit of the consolidated and separate financial statements of Arctic Paper S.A. with its registered office in Kostrzyn nad Odrą".

The audit firm and members of the audit team complied with the criteria to issue an impartial and independent report on the audit of the annual consolidated financial statements of the Company for the financial year ended on 31 December 2025, in compliance with the applicable laws, professional standards, and the principles of professional conduct.

The Management Board of the Company also informs that the applicable laws with regard to a change of the audit firm and the key statutory auditor, as well as mandatory periods of grace have been complied with. The Arctic Paper Group has a policy relating to the selection of the auditing company and a policy of the provision of services that are not an audit by the audit firm, entities related to the audit firm or a member of its group, including services that are not covered with the ban on being provided by audit firms.

Signatures of the Members of the Management Board

Position	First and last name	Date	Signature
President of the Management Board CEO	Michał Jarczyński	21 April 2026	signed with a qualified electronic signature
Member of the Management Board CFO	Katarzyna Wojtkowiak	21 April 2026	signed with a qualified electronic signature
Member of the Management Board Vice President Sales and Marketing	Fabian Langenskiöld	21 April 2026	signed with a qualified electronic signature

STATEMENTS OF THE MANAGEMENT BOARD

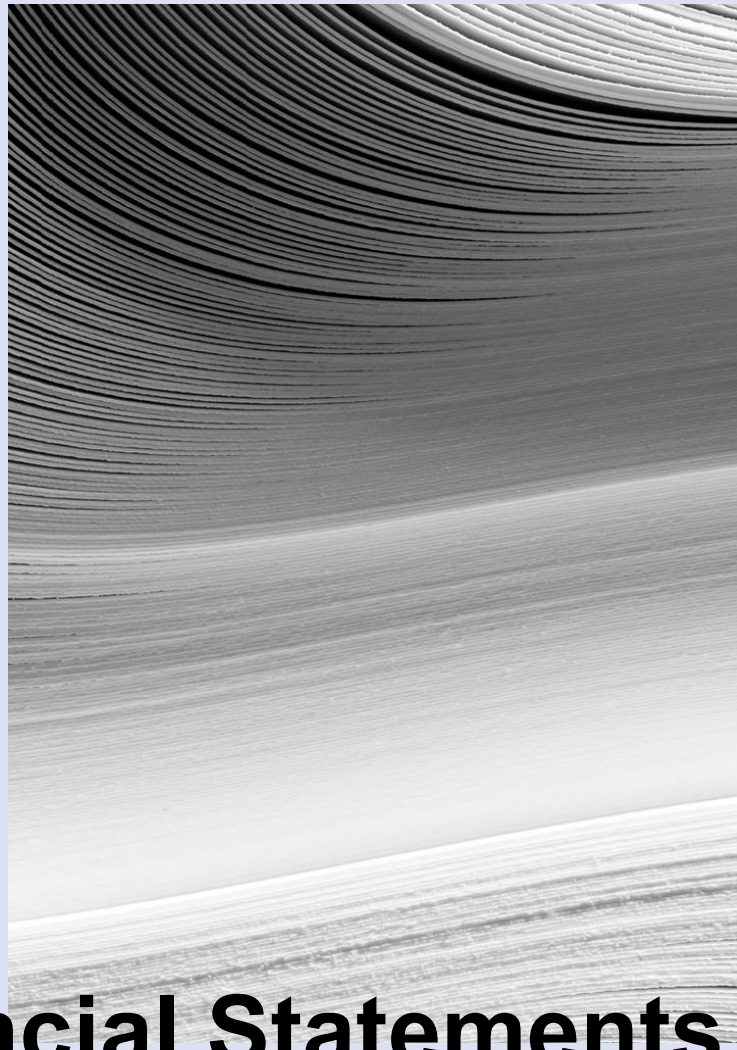
Accuracy and reliability of the presented reports

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

- the financial statements of Arctic Paper S.A. for the year ended on 31 December 2025 and the comparable data were prepared in compliance with the applicable accounting principles and they reflect Company's economic and financial condition and its financial result for 2025 in a true, reliable and clear manner;
- the Management Board's report on the activities of Arctic Paper S.A. in 2025 gives a true picture of the development, achievements and situation of Arctic Paper S.A., including a description of the main threats 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	21 April 2026	signed with a qualified electronic signature
Member of the Management Board CFO	Katarzyna Wojtkowiak	21 April 2026	signed with a qualified electronic signature
Member of the Management Board Vice President Sales and Marketing	Fabian Langenskiöld	21 April 2026	signed with a qualified electronic signature



Financial Statements Of Arctic Paper SA For The Year Ended 31 December 2025

SEPARATE FINANCIAL STATEMENTS

Separate statement of profit or loss

	Note	Year ended 31 December 2025	Year ended 31 December 2024
Continuing operations			
Revenue from sales of services	3.1.	15 432	15 180
Interest income on loans	3.1.	2 816	2 580
Dividend income	3.1.	45 243	106 097
Sales revenue	3.1.	63 491	123 857
Costs of sales of logistics services	3.2.4.	(8 546)	(8 212)
Borrowing costs		(3 811)	(4 891)
Gross profit/(loss) on sales		51 134	110 754
Other operating income		753	154
Administrative expenses	3.2.4.	(24 776)	(22 970)
Impairment losses on assets	3.2.1.	(424)	104 343
Other operating expenses		(143)	(257)
Operating profit/(loss)		26 544	192 024
Finance income	3.2.2.	7 192	7 362
Finance costs	3.2.3.	(13 673)	(5 755)
Gross profit/(loss)		20 063	193 631
Income tax	3.3.	(4 011)	3 661
Net profit/(loss) from continuing operations		16 052	197 292
Net profit/(loss) for the reporting period		16 052	197 292

The accounting policies and additional notes included on pages from 43 to 75 form an integral part of these financial statements.
(unless specified otherwise, all amounts are in PLN '000)

Separate statement of comprehensive income

	Note	Year ended 31 December 2025	Year ended 31 December 2024
Net profit/(loss) for the reporting period		16 052	197 292
Items to be reclassified to profit/(loss) in future reporting periods:			
Measurement of financial instruments	5.1, 5.2.	(1 331)	(2 111)
Deferred tax on the measurement of financial instruments		253	401
Foreign exchange differences on translation of foreign operations	4.6.2.	(408)	433
Other comprehensive income		(1 486)	(1 276)
Total comprehensive income		14 566	196 016

The accounting policies and additional notes included on pages from 43 to 75 form an integral part of these financial statements.
(unless specified otherwise, all amounts are in PLN '000)

Separate statement of financial position

	Note	As at 31 December 2025	As at 31 December 2024
ASSETS			
Non-current assets			
Property, plant and equipment		945	1 174
Intangible assets		1 470	1 319
Investments in subsidiaries and joint ventures	4.1.1.	1 142 283	1 070 752
Other financial assets	4.2.	44 114	51 218
Deferred tax	3.3.3.	1 463	5 739
		1 190 275	1 130 202
Current assets			
Trade and other receivables	4.3.	20 755	17 606
Income tax receivables		3 463	6 118
Other financial assets	4.2.	14 787	197
Other non-financial assets	4.4.	12 082	10 349
Cash and cash equivalents	4.5.	19 660	176 985
		70 747	211 256
TOTAL ASSETS		1 261 022	1 341 458

The accounting policies and additional notes included on pages from 43 to 75 form an integral part of these financial statements.
(unless specified otherwise, all amounts are in PLN '000)

As at
Note 31 December 2025 31 December 2024

EQUITY AND LIABILITIES			
Equity			
Share capital	4.6.1.	69 288	69 288
Supplementary capital	4.6.3.	625 736	625 736
Other reserves	4.6.4.	332 802	136 588
Foreign exchange differences on translation	4.6.2.	2 164	2 571
Retained earnings / Accumulated losses	4.6.5.	(50 720)	130 520
		979 269	964 703
Non-current liabilities			
Interest-bearing loans and borrowings	4.7.	31 722	38 602
Deferred tax liability	3.3.3.	2 333	2 961
		34 055	41 563
Current liabilities			
Loan payables	4.7.	219 487	304 269
Trade payables	4.8.1.	16 715	17 829
Other financial liabilities	4.8.2.	0	17
Other current liabilities	4.8.	8 172	9 274
Employee benefit liabilities		3 212	3 803
Income tax liability		111	-
		247 698	335 192
Total liabilities		281 753	376 755
TOTAL EQUITY AND LIABILITIES		1 261 022	1 341 458

The accounting policies and additional notes included on pages from 43 to 75 form an integral part of these financial statements.
(unless specified otherwise, all amounts are in PLN '000)

Separate statement of cash flows

	Note	As at 31 December 2025	As at 31 December 2024
Cash flows from operating activities			
Gross profit/(loss)		20 063	193 631
<u>Adjustments for:</u>			
Depreciation/amortisation	3.2.5.	434	423
Foreign exchange gains/(losses)		(3 736)	736
Impairment of investments	4.1.2.	-	(104 775)
Net interest and dividends		2 736	3 764
Profit/(loss) from investing activities		(123)	(30)
Change in receivables and other non-financial assets		(4 881)	(4 104)
Change in liabilities excluding loans and borrowings and other financial liabilities		(2 805)	7 521
Income tax		2 656	(5 491)
Change in cash-pooling liabilities	4.7.	(94 935)	(73 467)
Change in loans granted to subsidiaries	4.2.1.	(8 817)	(20 651)
Interest received on loans granted and cash-pooling		3 014	1 966
Interest paid under cash-pooling		(3 811)	(4 891)
Other		5 772	(226)
Net cash flows from operating activities		(84 433)	(5 596)
Cash flows from investing activities			
Sale of property, plant and equipment and intangible assets		123	178
Purchase of property, plant and equipment and intangible assets		(359)	(708)
Increase in investments in subsidiaries		(71 531)	(5 000)
Net cash flows from investing activities		(71 766)	(5 530)
Cash flows from financing activities			
Repayment of leasing liabilities		(17)	(38)
Repayment of loans and borrowings	4.7.	(42 933)	(28 784)
Change in working capital facilities		28 696	-
Loans received	4.7.	12 789	24 869
Interest paid		(2 469)	(1 817)
Dividends paid	3.5.	-	(69 288)
Net cash flows from financing activities		(3 935)	(75 058)
Cash and cash equivalents at the beginning of the period	4.5.	176 985	264 150
Change in cash and cash equivalents		(160 136)	(86 184)
Net foreign exchange differences		2 811	(981)
Cash and cash equivalents at the end of the period	4.5.	19 660	176 985

The accounting policies and additional notes included on pages from 43 to 75 form an integral part of these financial statements.
(unless specified otherwise, all amounts are in PLN '000)

Separate statement of changes in equity

	Note	Share capital	Supplementary capital	Foreign exchange differences on translation of investments in foreign entities	Other reserves	Retained earnings / Accumulated losses	Total
As at 1 January 2025		69 288	625 736	2 571	136 588	130 520	964 703
Net profit/(loss) for the period		-	-	-	-	16 052	16 052
Other comprehensive income for the period		-	-	(408)	(1 078)	-	(1 486)
Total comprehensive income for the period		-	-	(408)	(1 078)	16 052	14 566
Profit distribution	4.6.3.	-	-	-	197 292	(197 292)	-
Dividend distribution		-	-	-	-	-	-
As at 31 December 2025		69 288	625 736	2 164	332 802	(50 720)	979 269

	Note	Share capital	Supplementary capital	Foreign exchange differences on translation of investments in foreign entities	Other reserves	Retained earnings / Accumulated losses	Total
As at 1 January 2024		69 288	443 808	2 138	138 298	184 444	837 975
Net profit/(loss) for the period		-	-	-	-	197 292	197 292
Other comprehensive income for the period		-	-	433	(1 710)	-	(1 276)
Total comprehensive income for the period		-	-	433	(1 710)	197 292	196 016
Profit distribution		-	181 928	-	-	(181 928)	-
Dividend distribution		-	-	-	-	(69 288)	(69 288)
As at 31 December 2024		69 288	625 736	2 571	136 588	130 520	964 703

The accounting policies and additional notes included on pages from 43 to 75 form an integral part of these financial statements.
(unless specified otherwise, all amounts are in PLN '000)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. General information

1.1. Name, registered office, scope of business activity

The financial statements of Arctic Paper S.A cover the year ended on 31 December 2025 and contain comparative data for the year ended on 31 December 2024. These financial statements include the financial data of Arctic Paper S.A. (head office) and its Swedish branch independently preparing its financial statements in SEK.

Arctic Paper S.A. (hereinafter: "Company", "Entity") is a joint stock company established by notarial deed on 30 April 2008 whose shares are publicly traded. The Company's registered office is located in Kostrzyn nad Odrą, ul. Fabryczna 1. The Company also has a foreign branch in Göteborg, Sweden.

The 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 Company holds statistical number REGON 080262255. The Company was established for an indefinite period.

The main area of the Company's business activity is holding activity for the benefit of the Arctic Paper Group.

Nemus Holding AB is the Company's direct parent company. Nemus Holding AB is also the ultimate parent company preparing the consolidated financial statements.

1.2. Identification of the separate financial statements

The Company has prepared separate financial statements for the year ended 31 December 2025, which were authorised for issue on 21 April 2026.

1.3. Composition of the Company's Management Board

As at 31 December 2025, the 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.

There have been no changes to the composition of the Company up to the date of this report.

1.4. Approval of the financial statements

These financial statements were authorised for issue by the Management Board on 21 April 2026.

1.5. Investments by the Company

The Company holds interests in the following subsidiaries:

(unless specified otherwise, all amounts are in PLN '000).

Unit	Registered office	Business activity	31.12.2025	31.12.2024
Arctic Paper Kostrzyn SA	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Paper production	100%	100%
Arctic Paper Munkedals AB	Sweden, SE 455 81 Munkedal	Paper production	100%	100%
Arctic Paper UK Limited	United Kingdom, 8 St Thomas Street SE1 9RR Londyn	Trading company	100%	100%
Arctic Paper Baltic States SIA	Latvia, K. Valdemara iela 33-20, Riga LV-1010	Trading company	100%	100%
Arctic Paper Deutschland GmbH	Germany, Am Sandtorkai 71, D-20457 Hamburg	Trading company	100%	100%
Arctic Paper Benelux SA	Belgium, Interleuvenlaan 62 bus 14, B-3001 Heverlee	Trading company	100%	100%
Arctic Paper Schweiz AG	Switzerland, Gutenbergstrasse 1, CH-4552 Derendingen	Trading company	100%	100%
Arctic Paper Italia srl	Italy, Via Chiaravalle 7, 20 122 Mediolan	Trading company	100%	100%
Arctic Paper Danmark A/S	Denmark, Korskindelund 6 DK-2670 Greve	Trading company	100%	100%
Arctic Paper France SAS	France, 30 rue du Chateau des Rentiers, 75013 Paris	Trading company	100%	100%
Arctic Paper Espana SL	Spain, Avenida Diagonal 472-474, 9-1 Barcelona	Trading company	100%	100%
Arctic Paper Papierhandels GmbH	Austria, Hainburgerstrasse 34A, A-1030 Wiedeń	Trading company	100%	100%
Arctic Paper Polska Sp. z o.o.	Poland, Okrężna 9, 02-916 Warszawa	Trading company	100%	100%
Arctic Paper Norge AS	Norway, Eikenga 11-15, NO-0579 Oslo	Trading company	100%	100%
Arctic Paper Sverige AB	Sweden, SE 455 81 Munkedal	Trading company	100%	100%
Arctic Power Sp. z o.o. (wcześniej Arctic Paper East Sp. Z o.o.)	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Energy projects	100%	100%
Arctic Paper Investment GmbH	Germany, Am Sandtorkai 71, D-20457 Hamburg	Holding activities	100%	100%
Arctic Paper Investment AB **	Sweden, Box 383, 401 26 Göteborg	Holding activities	100%	100%
Kostrzyn Packaging Sp. z o.o.	Poland, ul. Fabryczna 1, 66-470 Kostrzyn nad Odrą	Production of packaging	50,00%	50%
Rottneros AB	Sweden, Box 144, Sunne	Holding activities	55,02%	51,27%
Arctic Paper Fiber Solutions, INC.*	USA, Corporation Trust Center 1209 Orange Street, City of Wilmington, County of New Castle State of Delaware 19801	Trading company	100,00%	nd

* Arctic Paper Fiber Solutions, INC. At the balance sheet date, capital contributions had not been made. Arctic Paper S.A holds 100% of the shares.

As at 31 December 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.

On 22 July 2025, the Management Board became aware of the results of the issue of new shares in Rottneros AB, including the allotment to the Company of shares under pre-emptive rights and an additional 10,000,000 new shares (8.7% of the offered shares) under the subscription of new shares without pre-emptive rights. Prior to the aforementioned transaction, Arctic Paper S.A. held 78,230,883 Rottneros shares, representing 51.27% of the share capital and 51.27% of the total number of Rottneros votes. Following the above transaction and the exercise in full

(unless specified otherwise, all amounts are in PLN '000).

of its pre-emptive rights associated with its existing Rottneros shares, the Company holds a total of 146 904 045 Rottneros shares, representing 55.02% of the share capital and 55.02% of the total voting rights of Rottneros. By issuing 114,428,943 new Shares, Rottneros' share capital increased by SEK 114,428,943, from SEK 153,393,890 to SEK 267,822,833. After the issue, the total number of shares and votes in Rottneros is 267,822,833 shares.

During the reporting period, the Company established a new subsidiary in the United States – Arctic Paper Fiber Solutions, Inc. In connection with the establishment of the entity, a resolution was passed to issue 1,000 shares to Arctic Paper S.A. However, as at the balance sheet date, the cash contribution corresponding to this issue had not yet been made. The parent company holds 100% of the shares in the capital of the subsidiary.

2. Accounting principles

2.1. Basis of preparation of the financial statements

These financial statements have been prepared on the historical cost basis except for derivative financial instruments, which are measured at fair value.

These separate financial statements are presented in Polish zloty ("PLN") and all values are disclosed in PLN thousand unless specified otherwise.

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

As at the publication date hereof, no circumstances were identified that would pose a threat to the Company continuing as a going concern.

2.2. Compliance statement

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), endorsed by the European Union. IFRS comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB").

2.3. Functional currency and presentation currency

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

2.4. Changes in applied accounting policies

The accounting policies applied in the preparation of the financial statements are consistent with those applied in the preparation of the Company's financial statements for the year ended on 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.

2.5. New and amended standards and interpretations applied

The following new standards and amendments to existing standards, which become effective in 2025, have been applied for the first time in these financial statements:

a) 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 Foreign Exchange 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 spot exchange 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.

These changes have no impact on these financial statements.

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

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

a) 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 the assets do not meet the definition of a business, the investor recognises a gain or loss only to the extent of the interests held by other investors.

b) IFRS 18 "Presentation and Disclosures in Financial Statements". In April 2024, the Board 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

(unless specified otherwise, all amounts are in PLN '000).

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.

- c) IFRS 19 “Subsidiaries without Public Accountability”. 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.
- d) Amendments to IFRS 19 “Subsidiaries without public accountability: disclosure of information. In August 2025 the Board published amendments to IFRS 19 to support qualifying subsidiaries by reducing the disclosure requirements for standards and amendments to standards issued between February 2021 and May 2024. The amendments include the following standards: IFRS 18: Presentation and Disclosures in Financial Statements; Amendments to IAS 7 and IFRS 7 – Supplier Financing Arrangements; Amendments to IAS 12 – International Tax Reform; Amendments to IAS 21 – Non-convertibility of Currencies; Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments. With these changes, IFRS 19 incorporates all updates to IFRS standards that will be effective from 1 January 2027, the effective date of IFRS 19.
- e) Amendments to IAS 21 “The effects of changes in foreign exchange rates – translation into the presentation currency in a hyperinflationary environment”. The International Accounting Standards Board (IASB) announced in November 2025 amendments that clarify how companies should convert financial statements from non-hyperinflationary currency to hyperinflationary currency. These narrow scope changes aim to improve the usability of the information obtained in a cost-effective manner. Developed in response to stakeholder feedback, the changes are intended to reduce diversity of practice and provide a clearer basis for reporting in a hyperinflationary currency. The amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates” will be effective for annual periods beginning 1 January 2027. The Company may apply the amendments earlier.
- f) 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:
- clarify the recognition and derecognition dates for certain financial assets and liabilities, with an exemption for certain financial liabilities settled through electronic funds transfer;
 - clarify and add further guidance on assessing whether a financial asset meets the SPPI criteria;
 - add new disclosures for certain instruments whose contractual terms may alter cash flows; and
 - 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.

- g) Annual Improvements to IFRS. “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.
- h) Amendments to IFRS 9 and IFRS 7 “Contracts relating to energy that depends on natural factors”. In December 2024, the Board 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:
- clarifying the application of the “own use” criterion;
 - allowing hedge accounting where these contracts are used as hedging instruments;

(unless specified otherwise, all amounts are in PLN '000).

- adding new disclosures to enable stakeholders to understand the impact of these contracts on financial performance and cash flow

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

- i) IFRS 14 “Regulatory Accruals and deferred income” 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.

The Company 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.

2.7. Foreign currency translation

Swedish krona is the functional currency of the Company’s foreign branch. As at the balance sheet date, assets and liabilities of the branch are translated into the presentation currency of the Company using the foreign exchange rate prevailing on that date and its statement of profit or loss is translated using a weighted average foreign exchange rate for the reporting period.

The foreign exchange differences arising from the translation are recognised in other comprehensive income and accumulated in a separate item of equity – foreign exchange differences on translation.

Transactions denominated in currencies other than Polish zloty are translated to Polish zloty at the foreign exchange rate prevailing on the transaction date.

As at the balance sheet date, assets and monetary liabilities expressed in currencies other than Polish zloty are translated into Polish zloty using the National Bank of Poland’s mean foreign exchange rate prevailing for the given currency as at the end of the reporting period.

Foreign exchange differences resulting from translation are recognised under finance income (costs), or – in cases defined in the accounting policies – are capitalised in assets. Non-monetary foreign currency assets and liabilities recognised at historical cost in foreign currency are translated at the historical foreign exchange rates prevailing on the transaction date. Non-monetary foreign currency assets and liabilities recognised at fair value in foreign currency are translated using the foreign exchange rates prevailing as at the date of fair value measurement.

The following exchange rates were adopted for balance sheet valuation purposes:

	31 December 2025	31 December 2024
USD	3,6016	4,1012
EUR	4,2267	4,2730
SEK	0,3908	0,3731
DKK	0,5659	0,5730
NOK	0,3577	0,3624
GBP	4,8399	5,1488
CHF	4,5390	4,5371

(unless specified otherwise, all amounts are in PLN '000).

	01/01 - 31/12/2025	01/01 - 31/12/2024
USD	3,7588	3,9799
EUR	4,2402	4,3065
SEK	0,3833	0,3768
DKK	0,5681	0,5774
NOK	0,3619	0,3705
GBP	4,9503	5,0868
CHF	4,5255	4,5231

A SEK/PLN exchange rate of 0.3908 was used to convert the assets and liabilities of the foreign branch at 31 December 2025 (31 December 2024: 0.3731). A SEK/PLN exchange rate of 0.3833 was used to translate items in comprehensive income for the year ended 31 December 2025 (for the year ended 31 December 2024: 0.3768) representing the arithmetic average of the NBP exchange rates in 2025.

2.8. Material values based on professional judgement and estimates

The preparation of separate financial statements in accordance with IFRS requires certain assumptions, estimates and judgements to be made that affect the accounting policies adopted and the amounts reported in the separate financial statements. Assumptions and estimates are based on past experience and other factors, including predictions of future events that seem reasonable in a given situation. The resulting accounting estimates will, by definition, rarely coincide with the actual results. Accounting estimates and judgements are subject to regular review.

Significant accounting principles and significant values based on judgements and estimates are presented as part of the individual notes to the separate financial statements.

3. Notes to the separate statement of profit or loss and other comprehensive income

3.1. Revenue

Significant accounting principles (policies)

PROVISION OF SERVICES

The Company recognises revenue when the performance obligation is fulfilled (or in the process of being fulfilled) by transferring the promised good or service to the customer. With regard to contracts for continuing services, under which the Company has the right to receive from the customer an amount of remuneration that corresponds directly to the value to the customer of the service provided to date, the Company recognises revenue at the amount it is entitled to invoice.

Arctic Paper S.A. is a holding company. The company provides services to companies in the Group and these are mainly consulting and logistics services. Revenue is recognised over time as services are provided. Since the Company is entitled to receive remuneration from customers in an amount that corresponds directly to the value to the customers of the service already rendered by the entity, the Company recognises revenue in the amount that it is entitled to invoice.

INTEREST

Interest income is recognised as interest accrues (using the effective interest rate method that is the rate that discounts the estimated future cash receipts over the anticipated life of the financial instrument) to the net carrying amount of the financial asset. Within revenue from its principal operating activities, the Company recognises interest exclusively on loans and cash pooling arrangements granted to related entities (as opposed to interest on deposits and other interest related to financing activities, which is presented within finance income).

DIVIDEND

Dividends are recognised when the shareholders' rights to receive dividend are established.

SALES REVENUE

The table below presents a geographical split of revenue from sales of services, revenue from contracts with customers as well as dividend and interest income in 2024-2025.

(unless specified otherwise, all amounts are in PLN '000).

	Year ended 31 December 2025	Year ended 31 December 2024
Revenue from contracts with customers		
– Poland	4 206	4 155
– Sweden	11 226	11 026
	15 432	15 180
Other income (dividends and interest)		
– Poland	42 794	92 188
– Sweden	1 247	16 489
– other	4 018	-
	48 059	108 677
Total	63 491	123 857

The above information about revenue is based on data regarding registered offices of subsidiaries of Arctic Paper S.A.

Service revenue (management, logistics) represents revenue recognised over time. The Company usually applies a 14- or 21-day payment term, and does not receive advance payments.

3.2. Other income and costs

3.2.1. Impairment losses on assets

	Year ended 31 December 2025	Year ended 31 December 2024
Impairment loss on financial assets (Arctic Paper Mochenwangen GmbH)	(424)	(432)
Reversal of impairment loss on investments (Arctic Paper Investment AB)	-	104 775
Total	(424)	104 343

3.2.2. Finance income

	Year ended 31 December 2025	Year ended 31 December 2024
Interest income on funds in bank accounts	1 660	4 340
Financial services	5 532	3 022
Total	7 192	7 362

(unless specified otherwise, all amounts are in PLN '000).

3.2.3. Finance costs

	Year ended 31 December 2025	Year ended 31 December 2024
Interest on loans and other liabilities	1 301	1 134
Foreign exchange losses	1 025	619
Warranty costs	3 446	3 112
Finance costs related to the settlement of the loan	5 897	-
Other finance costs	2 004	890
Total	13 673	5 755

3.2.4. Prime costs

	Year ended 31 December 2025	Year ended 31 December 2024
Depreciation/amortisation	434	423
Materials	222	167
Third party services	16 180	15 619
Taxes and charges	261	225
Wages and salaries	12 039	11 358
Employee benefits	2 051	1 980
Other prime costs	2 135	1 411
	33 322	31 182
Interest not recognised in costs by type	3 811	4 891
Total	37 132	36 074

3.2.5. Depreciation/amortisation

	Year ended 31 December 2025	Year ended 31 December 2024
Depreciation of property, plant and equipment	420	410
Depreciation of intangible assets	14	12
	434	423
Attributable to:		
– continuing operations	434	423

3.2.6. Employee benefit costs

	Year ended 31 December 2025	Year ended 31 December 2024
Wages and salaries	12 039	11 358
Social insurance premiums	2 051	1 980
Total	14 090	13 338

(unless specified otherwise, all amounts are in PLN '000).

3.3. Income tax

From 1 January 2022, the Company is part of the Arctic Paper Tax Group (PGK). The Tax Group was concluded for a period of three fiscal years starting from 1 January 2022. PGK comprises Arctic Paper S.A. as the parent company and Arctic Paper Kostrzyn S.A. as a subsidiary. At the end of 2024, the Tax Group amended the agreement to extend the life of the group indefinitely. The PGK agreement was notified by Arctic Paper S.A., designated as the parent company of the Arctic Paper Tax Group, at the First Mazovian Tax Office.

Significant accounting principles (policies)

CURRENT TAX

Current income tax liabilities and receivables for the current period and previous periods are measured at amounts projected to be paid to tax authorities in Poland and Sweden (to be recovered from tax authorities) with tax rates and based on tax regulations legally or actually applicable as at the balance sheet date.

DEFERRED TAX

For financial reporting purposes, deferred tax is recognised, using the liability method, regarding temporary differences as at the balance sheet date between the tax value of assets and liabilities and their carrying amount disclosed in the financial statements.

A deferred tax liability is recognised in respect of all taxable temporary differences.

Deferred tax assets are recognised in respect of all deductible temporary differences, as well as unused tax credits and unused tax losses carried forward, to the extent that it is probable that taxable profit will be available against which such differences, assets and losses can be utilised.

The carrying amount of the deferred tax asset is reviewed as at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax asset is reassessed as at each balance sheet date and is recognised to the extent that it has become probable that future taxable profit will be available that will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are measured using the tax rates in Poland and Sweden that are expected to apply in the period when the asset is realised or the liability is released, based on tax rates (and tax laws) in force at the balance sheet date or those that are certain to apply in the future at the balance sheet date.

Income tax relating to items recognised outside profit or loss is recognised outside profit or loss: in other comprehensive income in correlation items recognised in other comprehensive income or directly in equity with reference to items recognised directly in equity.

Deferred tax asset and deferred tax liability are offset, if a legally enforceable right exists to set off current income tax asset against current income tax liability and the deferred tax relates to the same taxable entity and the same tax authority.

3.3.1. Income tax expense

The major components of income tax liabilities for the year ended on 31 December 2025 and on 31 December 2024 are as follows:

	Year ended 31 December 2025	Year ended 31 December 2024
Current income tax expense	(111)	(3)
Deferred tax	(3 900)	3 664
Tax charge disclosed in the statement of profit or loss	(4 011)	3 661

3.3.2. Reconciliation of the effective tax rate

A reconciliation of income tax expense applicable to gross profit/(loss) before income tax at the statutory income tax rate, to income tax expense at the Company's effective income tax rate for the year ended on 31 December 2025 and 31 December 2024 is as follows:

(unless specified otherwise, all amounts are in PLN '000).

	Year ended 31 December 2025	Year ended 31 December 2024
Gross profit/(loss) before tax from continuing operations	20 063	193 631
Tax at the statutory rate in Poland of 19%	(3 812)	(36 790)
Dividend income	8 596	20 158
Impact of measuring loans at amortised cost on interest expense	-	532
Adjustments for interest booked and not paid	240	
Costs that are permanently non-tax deductible	(194)	(84)
Unrecognised tax losses	(4 719)	-
Unrealised exchange rate differences	(18)	-
Adjustment of income tax from previous years	(4 410)	19
Unrecognised other income/transition costs	386	-
Impairment losses on investments and loans	(81)	19 825
Income tax (charge) recognised in profit or loss	(4 011)	3 661

3.3.3. Deferred tax

Deferred tax relates to the following items:

	31 December 2025	31 December 2024	Year ended 31 December 2025	Year ended 31 December 2024
Deferred tax liability				
Valuation of loans at amortised cost	-	1 166	(1 166)	614
Foreign exchange gains	2 333	1 532	801	424
Amortisation of right-of-use assets	-	10	(10)	-
IRS valuation	-	253	(253)	253
Gross deferred tax liability	2 333	2 961	(628)	1 291

Deferred tax asset is recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profit is probable.

(unless specified otherwise, all amounts are in PLN '000).

	Balance sheet		Profit and loss	
	31 December 2025	31 December 2024	Year ended 31 December 2025	Year ended 31 December 2024
Deferred tax asset				
Uninvoiced liabilities and holiday and salary provisions	1 100	1 206	106	56
Accrued interest on loans received and bonds	313	100	(213)	(100)
tax loss asset	-	4 237	4 237	(4 237)
Other	50	196	145	(174)
Gross deferred tax assets	1 463	5 739	4 274	(4 455)
Deferred tax expense	-	-	3 019	(1 873)
Net deferred tax liability recognised in other comprehensive income	31 December 2025	31 December 2024	Year ended 31 December 2025	Year ended 31 December 2024
of which:				
Measurement of financial instruments	253	401	253	894

Deferred tax asset is recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profit is probable.

A deferred tax asset has not been recognised:

- for tax losses and deductible temporary differences, as it is unlikely that taxable profit will be available to utilise the tax benefits associated with them;
- for impairment losses on investments in subsidiaries, as it is not likely that the temporary differences will reverse in the foreseeable future.

Tax losses for which deferred tax have not been recognised expire in the years 2026-2030.

	2025		2024	
	Gross value	Tax effect	Gross value	Tax effect
Impairment losses on investments in subsidiaries	(133 663)	(25 396)	(134 086)	(25 476)
Tax losses	32 709	6 215	12 869	6 682
	(100 955)	(19 181)	(121 218)	(18 795)

3.4. Earnings/(loss) per share

Significant accounting principles (policies)

The Company does not have instruments that cause dilution of potential ordinary shares. Accordingly, diluted earnings per share equals the Company's basic earnings per share and is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares during the year.

The information regarding profit and the number of shares which was the base for calculation of earnings per share and diluted earnings per share is presented below:

(unless specified otherwise, all amounts are in PLN '000).

	Year ended 31 December 2025	Year ended 31 December 2024
Net profit/(loss) for the reporting period	16 052	197 292
Number of ordinary shares – A series	50 000	50 000
Number of ordinary shares – B series	44 253 500	44 253 500
Number of ordinary shares – C series	8 100 000	8 100 000
Number of ordinary shares – E series	3 000 000	3 000 000
Number of ordinary shares – F series	13 884 283	13 884 283
Total number of shares	69 287 783	69 287 783
Weighted average number of shares	69 287 783	69 287 783
Weighted average diluted number of shares	69 287 783	69 287 783
Profit per share (in PLN)	0,23	2,85
Diluted profit per share (in PLN)	0,23	2,85

3.5. Dividends paid and proposed

Significant accounting principles (policies)

Dividend payments to shareholders are recognised as a liability in the Company's separate financial statements in the period in which shareholder approval occurs.

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

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 reserve capital.

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 reserve capital.

On 19 February 2026, the Management Board of Arctic Paper S.A. decided to temporarily suspend the application of the dividend policy with respect to the payment of the dividend for 2025, adopted pursuant to the Management Board resolution of 11 July 2022, and will not recommend to the Company's General Meeting the payment of a dividend.

4. Notes to the separate statement of financial position

4.1. Investments in subsidiaries

4.1.1. Investments in subsidiaries and joint ventures

Significant accounting principles (policies)

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries, associates and joint ventures are measured at historical cost less impairment losses.

(unless specified otherwise, all amounts are in PLN '000).

	As at 31 December 2025	As at 31 December 2024
Arctic Paper Kostrzyn SA	442 535	442 535
Arctic Paper Munkedals AB	88 175	88 175
Rottneros AB	170 747	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 loss)	(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 loss)	(8 785)	(8 785)
Arctic Paper Danmark A/S	2 947	2 947
Arctic Paper Danmark AB (shares)	5 539	5 539
Arctic Paper Danmark A/S (impairment loss)	(2 592)	(2 592)
Arctic Paper Deutschland GmbH	4 977	4 977
Arctic Paper Norge AS	516	516
Arctic Norge AS (shares)	3 194	3 194
Arctic Paper Norge AS (impairment loss)	(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 Sp. z o.o.	25 990	25 990
Total	1 142 284	1 070 752

The value of investments in subsidiaries is measured at historical cost. In 2025, there was an additional payment to the share capital of Arctic Power Sp. z o.o. in the amount of PLN 2,400 thousand and the purchase of shares in Rottneros AB in the amount of PLN 69,131 thousand.

(unless specified otherwise, all amounts are in PLN '000).

4.1.2. Impairment of investments in subsidiaries

Significant estimates and judgements

The process of estimating the value in use required the application of a number of significant assumptions and judgements, which have a material impact on the level of the estimated value. The key assumptions included, in particular, forecast sales volumes, raw material prices, the level of operating costs, the applied discount rate, and the growth rate in the residual period. These assumptions were determined based on the Management Board's best knowledge, historical financial data, current market conditions, and available economic forecasts.

Estimates relating to future cash flows and key valuation parameters are subject to uncertainty, as they are based on unobservable inputs and assumptions regarding future events, which may differ from actual outcomes. In particular, changes in market conditions, demand levels, raw material prices, as well as foreign exchange rates and the cost of capital, may have a significant impact on future operating results and on the value in use of the investment.

Accordingly, the final results of the analysis are sensitive to changes in the assumptions applied, and actual results may differ from the estimates made.

Impairment test of investments in subsidiaries

As at 31 December 2025, no indicators requiring impairment tests of investments in subsidiaries and joint ventures were identified with respect to the shares in Arctic Paper Kostrzyn, Arctic Paper Munkedals and Arctic Paper Grycksbo (the latter being directly and exclusively controlled by Arctic Paper Investment AB, in which the Parent Company holds 100% of the shares).

As a result of the analysis performed, it was decided that an impairment test of the investment in the subsidiary Rottneros AB was required. The need to perform an impairment test of the investment in Rottneros AB resulted from the achievement of results lower than those expected by the Company's Management, driven by market conditions such as macroeconomic factors and lower demand in the pulp segment produced by Rottneros AB.

As at 31 December 2025, the Company performed an impairment test of its shares in Rottneros AB. The estimated recoverable amount of the investment in Rottneros AB was determined as the value in use of Rottneros AB, calculated using the discounted cash flow method as at 31 December 2025, and amounted to PLN 799,577 thousand, while the carrying amount of the investment in Rottneros AB as at 31 December 2025 amounted to PLN 170,747 thousand. The impairment test did not indicate the need to recognise an impairment loss on this investment.

The key assumptions of the impairment test performed at 31 December 2025 are described below.

Key assumptions underlying the calculation of value in use

Main assumptions	2025	2024
Approved projections based on	2026-2030	2025-2029
Weighted average cost of capital (WACC)	10,9%	10,0 %
Growth rate in the residual period	0,0%	0,0%
exchange rate USD/SEK	9,45	-

The test conducted assumes that the Rottneros AB continue to operate during the residual period.

(unless specified otherwise, all amounts are in PLN '000).

The table below presents an analysis of an impairment test held on 31 December 2025:

Parameter	Average annual change of the parameter by	Impact on the value in use of assets	Impact on the value in use of assets
31 December 2025			
Weighted Average Cost of Capital (WACC)	+1 p.p.	n/a	n/a
Growth rate in the residual period	+1 p.p.	n/a	n/a
exchange rate USD/SEK	+1 p.p.	n/a	n/a
Weighted Average Cost of Capital (WACC)	-1 p.p.	n/a	n/a
Growth rate in the residual period	-1 p.p.	n/a	n/a
exchange rate USD/SEK	-1 p.p.	n/a	n/a

In the case of other companies, no grounds for conducting an impairment test were identified.

4.2. Other financial assets

Significant accounting principles (policies)

FINANCIAL ASSETS

In compliance with IFRS 9, the Company classifies financial assets to one of the following categories:

- measured at amortised cost: To measure its financial assets measured at amortised cost, the Group applies the effective interest rate method; those are trade receivables, loans granted, other financial receivables and cash and cash equivalents;
- measured at fair value through profit or loss are mainly derivatives not designated for hedge accounting purposes;
- hedging financial instruments: Hedging financial instruments (interest rate swaps) are valued in accordance with the hedge accounting principles recognised under IFRS 9.

The Company classifies financial assets to an appropriate category subject to the business model of managing financial assets and to the characteristics of contractual cash flows for each financial asset. The Company classifies financial assets as non-current and current.

The Company reports loans granted and interest on loans in the statement of cash flows under cash flows from operating activities.

The Company considers a financial asset to be past due when it is more than 90 days past due.

The Company considers financial instruments to have a low credit risk if the instrument's rating is within the so-called "investment grade" – depending on the rating agency.

(unless specified otherwise, all amounts are in PLN '000).

	Repayment date	As at 31 December 2025	As at 31 December 2024
Short-term			
Loans granted to Arctic Paper Grycksbo AB	2024 *	-	140
– amount: EUR 8,400 thousand (accrued interest)			
Loans granted to Arctic Paper Grycksbo AB	2030*	5 743	57
– amount: EUR 1,324 thousand (BIO25 loan and accrued interest)			
Loan granted to Arctic Paper Power Sp. z o.o.	2026*	9 045	-
– amount: PLN 8,600 thousand (and accrued interest)			
Loans granted to Arctic Paper Mochenwangen GmbH		29 711	29 288
– amount: EUR 6,643 thousand			
Loan granted to Arctic Paper Investment GmbH		30 269	30 269
– amount: EUR 6,992 thousand			
Impairment loss on assets		(59 980)	(59 557)
– applies to Arctic Paper Investment GmbH and Arctic Paper Mochenwangen GmbH			
		14 788	197

*the possibility of repayment on demand within 14 days

	Repayment date	As at 31 December 2025	As at 31 December 2024
Long-term			
Loans granted to Arctic Paper Grycksbo AB	2030*	31 722	24 869
– amount: EUR 7,505 thousand (BIO25 Loan)			
Loan granted to Arctic Paper Power Sp. z o.o.	2026*	-	14 453
– amount: PLN 8,600 thousand + accrued interest			
Loan granted to Kostrzyn Packaging Sp. z o.o.	2031*	11 384	10 565
amount: PLN 9,900 thousand + accrued interest			
Loan granted to Kostrzyn Packaging Sp. z o.o.	2033*	1 007	-
amount: PLN 1,000 thousand + accrued interest			
Loan granted to Arctic Paper Investment GmbH		4 286	4 286
– amount: EUR 990 thousand			
Impairment loss on assets		(4 286)	(4 286)
– applies to Arctic Paper Investment GmbH			
Measurement of financial instruments		-	1 331
Total other financial assets		58 901	51 415

(unless specified otherwise, all amounts are in PLN '000).

4.2.1. Change in loans in 2024

	1.01.2025	Proceeds	Expenditure	Foreign exchange differences	Accrued interest	Creation of an allowance	31.12.2025
Arctic Paper Grycksbo AB	140	140					0
Arctic Paper Grycksbo AB Bio25	24 926	1 638	12 789	(338)	1 726		37 465
Kostrzyn Packaging Sp. z o.o.	10 565		1 000		826		12 391
Arctic Power Sp. z.o.o.	14 453	6 149			742		9 045
Arctic Paper Mochenwangen			424			(424)	

4.3. Trade and other receivables

Significant accounting principles (policies)

Trade receivables are recognised and reported at the amounts originally invoiced, including an allowance for doubtful debts. The allowance for receivables is estimated according to principles presented in note 7.1. The allowance for doubtful receivables is estimated when collection of the full amount of the receivable is no longer probable.

If the effect of the time value of money is material, the value of receivables is determined by discounting the estimated future cash flows to present value using a discount rate that reflects current market assessments of the time value of money. If the discounting method is used, the increase in receivables due to the passage of time is recognised as finance income.

Budgetary receivables are presented within trade and other receivables, except for corporate income tax receivables that constitute a separate item in the statement of financial position. These are income tax receivables from an entity within the Tax Group.

Impairment of receivables

As at each balance sheet date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Under IFRS 9, financial assets are measured at amortised cost or fair value through other comprehensive income (except for investments in capital assets and contract assets). The impairment model is based on expected loss calculations. The most significant item of financial assets in the Company's financial statements that is subject to the expected credit loss calculation rules are loans and trade receivables.

In accordance with IFRS 9, the Entity measures allowances for expected credit losses in the amount equal to the 12-month expected credit losses or expected credit losses in the life of the financial instrument. For trade receivables, the Company applies a simplified approach and measures the allowance for expected credit losses at an amount equal to the expected credit losses over the life of the asset.

For trade receivables, the Company classifies receivables into the following categories:

- group 1 – includes trade receivables for which a simplified approach has been applied to the valuation of expected credit losses over the lifetime of receivables, except for receivables included in group 2;
- group 2 – includes trade receivables identified individually as uncollectible.

The Company applies the simplified approach to measuring impairment losses for trade receivables. In the simplified model, the Company does not monitor changes to credit risk level over the life of the instrument and estimates anticipated credit losses over the horizon until the maturity of the instrument. In order to estimate the anticipated credit loss, the Company applies a provision matrix estimated on the basis of historic collectibility levels and recoveries from counterparties. The expected credit loss is calculated at the time the receivable is recognised in the statement of financial position and is updated at each subsequent end of the reporting period, depending on the number of days the receivable is past due.

The Company only holds trade receivables and financial assets from related parties, so in determining expected credit losses it analyses the budgets of these companies, which also take into account macroeconomic factors

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and in estimating expected credit losses, the Company considers reasonable and documentable information that is relevant and available without undue cost or effort. The Company assumes that the credit risk of a financial asset has increased significantly if it is more than 60 days past due.

(unless specified otherwise, all amounts are in PLN '000).

The Company has no receivables payable after 12 months.

	Note	As at 31 December 2025	As at 31 December 2024
Trade receivables from related parties	7.1.	50 539	47 349
Trade receivables from other entities		127	168
Total (gross) receivables		50 666	47 517
Loss allowance for receivables		(29 911)	(29 911)
Net receivables		20 755	17 606

As at 31 December 2025, the total cumulative loss allowance for current receivables from AP Investment GmbH and AP Mochenwangen GmbH amounted to PLN 29,911 thousand.

Terms and conditions of transactions with related parties are presented in note 7.1.

Ageing of trade receivables as at 31 December 2025

		current	1-30	31-90	91-180	181-365	over 365
Trade receivables from related parties	20 628	20 157	469	0	0	0	2
Trade receivables from other entities	127	37	13	4	52	3	18
Net receivables	20 755	20 194	482	4	52	3	20

4.4. Other non-financial assets

	As at 31 December 2025	As at 31 December 2024
Insurance	198	140
VAT refundable	11 031	7 481
Accounting for costs related to financing	-	1 691
Other	853	1 037
Total	12 082	10 349
– Non-current	-	-
– current	12 082	10 349
	12 082	10 349

4.5. Cash and cash equivalents

Significant accounting principles (policies)

Cash and short-term deposits reported in the statement of financial position include cash at bank and in hand and short-term deposits with an original maturity of three months or less, as well as deposits with a longer maturity, provided they are repayable on demand.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Cash and cash equivalents

Cash at bank earns interest at variable interest rates based on overnight bank deposit rates.

(unless specified otherwise, all amounts are in PLN '000).

Short-term deposits are made for varying periods of between one day to 6 months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates. As at 31.12.2025, the Company had no short-term deposits.

The fair value of cash and cash equivalents at 31 December 2025 is PLN 19,660 thousand (31 December 2024: PLN 176,985 thousand).

	As at 31 December 2025	As at 31 December 2024
Cash in bank and on hand	19 660	101 642
Short-term deposits	-	75 343
total	19 660	176 985

4.6. Share capital and other reserves

4.6.1. Share capital

	As at 31 December 2025	As at 31 December 2024
Issued share capital		
Series A ordinary shares	50 000	50 000
Series B ordinary shares	44 253 500	44 253 500
Series C ordinary shares	8 100 000	8 100 000
Series E ordinary shares	3 000 000	3 000 000
Series F ordinary shares	13 884 283	13 884 283
Total number of shares	69 287 783	69 287 783
Value of share capital (in PLN)	69 287 783	69 287 783

Nominal value of shares

All outstanding shares currently have a nominal value of PLN 1 and have been fully paid.

Purchase of treasury shares

Until the day of these financial statements, the Management Board of Arctic Paper S.A. has not purchased any treasury shares of the Company.

(unless specified otherwise, all amounts are in PLN '000).

Major shareholders

	As at 31 December 2025		As at 31 December 2024	
	Share in share capital	Share in total voting rights	Share in share capital	Share in total voting rights
Thomas Onstad	68,26%	68,26%	68,26%	68,26%
indirectly via	60,58%	60,58%	60,58%	60,58%
Nemus Holding AB	59,71%	59,71%	59,71%	59,71%
other entity	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%

4.6.2. Foreign exchange 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 presentation currency of the Group and its statement of profit or loss is translated using the average weighted exchange rate for the relevant reporting period. The foreign exchange differences on translation are recognised in other comprehensive income and cumulated in a separate equity item.

As at 31 December 2025, foreign exchange differences on translation of the foreign branch recognised in capital amounted to PLN 2,164 thousand (as at 31 December 2024: PLN 2,571 thousand). The foreign exchange differences on translation of the foreign branch, recognised in the statement of comprehensive income, amounted to PLN -408 thousand in 2025 and PLN 433 thousand in 2024.

4.6.3. Supplementary capital

The supplementary capital was originally established from the issue premium in 2009 of PLN 35,985 thousand which was reduced by the costs of the issue recognised as a decrease of the supplementary capital and was modified over the successive years as a result of subsequent share issues and allocations from profit.

	As at 31 December 2025	As at 31 December 2024
Excess of issue price over nominal value (agio)	134 257	134 257
Capitals under Article 396 of the Code of Commercial Companies and Partnerships	19 771	19 771
Decrease of share capital	498 632	498 632
Capital created from company profits	217 757	217 757
Coverage of losses with supplementary capital	(244 683)	(244 683)
TOTAL	625 734	625 734

Pursuant to Article 396 of the Code of Commercial Partnerships and Companies, the Company also includes in the item of supplementary capital an amount of profits representing 8% to cover losses in the amount of PLN 19,771 thousand.

As at 31 December 2025, the total value of the Company's supplementary capital is PLN 625,734 thousand (31 December 2024: PLN 625,734 thousand).

4.6.4. Other reserves

As at 31 December 2025, the total value of the Company's other reserves is PLN 332,802 thousand (31 December 2024: PLN 136,588 thousand). 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 reserve capital.

(unless specified otherwise, all amounts are in PLN '000).

4.6.5. Retained earnings / accumulated losses and dividend restrictions

As at 31.12.2025, accumulated losses amounted to PLN -50,720 thousand. During 2025, the Company achieved a net profit of PLN 16,052 thousand. Restrictions on dividends and distributions for 2025 are set out in note 3.5.

4.7. Interest-bearing bank loans and cash pooling

Significant accounting principles (policies)

At initial recognition, all bank loans are recognised at fair value less costs associated with obtaining the loan, split into long-term and short-term portions.

After initial recognition, interest-bearing term loans are measured at amortised cost using the effective interest rate method.

Revenue and expenses are recognised in profit or loss when the liabilities are derecognised from the statement of financial position or accounted for with the effective interest method.

Cash pooling activities (group cash management) are one of the company's core activities and therefore cash pooling-related flows are presented in the operating section of the statement of cash flows.

Pursuant to the loan agreement, the Company repaid principal and interest instalments of PLN 45,059 thousand in 2025. Other changes in loans and borrowings result, among other things, from a decrease in cash pooling liabilities (PLN -94,935 thousand).

4.7.1. Interest-bearing bank loans and cash pooling liabilities

Short-term	Repayment date	Interest rate	As at	As at
			31 December 2025	31 December 2024
Long-term loan syndicate of banks (Santander, Pekao, BNP) PLN short-term part	2025	5,79%	-	12 126
Long-term loan syndicate of banks (Santander, Pekao, BNP) EUR short-term part	2025	3,82%	-	12 161
Long-term loan syndicate of banks (Santander, Pekao, BNP) EUR short-term part	2030	3,74%	5 743	-
Revolving loan syndicate banks (Santander, Pekao, BNP) PLN short-term part	2028	5,34%	3 318	-
Revolving loan syndicate banks (Santander, Pekao, BNP) EUR short-term part	2028	3,20%	25 378	-
Cash pooling – Arctic Paper Grycksbo AB			75 068	151 509
Cash pooling – Arctic Paper Kostrzyn S.A.			72 802	93 916
Cash pooling – Arctic Paper Munkedals AB			37 178	34 557
Total			219 487	304 269

Długoterminowe	Repayment date	Interest rate	As at	As at
			31 December 2025	31 December 2024
Long-term loan syndicate of banks (Santander, Pekao, BNP) PLN long-term part	2026	5,79%	-	7 060
Long-term loan syndicate of banks (Santander, Pekao, BNP) EUR long-term part	2026	3,82%	-	31 542
Long-term loan syndicate of banks (Santander, Pekao, BNP) EUR long-term part	2030	3,74%	31 722	-
Total			31 722	38 602

In connection with the term loan and revolving credit facility agreement signed on 31 October 2025, the Company has undertaken to maintain the Group's financial ratio set out therein, calculated at the end of each quarter. As at 31 December 2025, the Company has maintained the ratio required by the loan agreement concluded with the consortium of financing banks (Pekao S.A., Santander Bank Polska S.A. and BNP Paribas Bank Polska S.A.).

(unless specified otherwise, all amounts are in PLN '000).

4.7.2. Collateral to loans

In connection with the term and revolving credit facility agreement signed on 31 October 2025, the Company signed agreements and declarations pursuant to which the above receivables and other claims were secured in favour of Bank BNP Paribas 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 or interests held by the Company and Arctic Paper Kostrzyn SA registered in Poland, 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 Company and 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) property insurance policies relating to the assets of the Company Arctic Paper Kostrzyn S.A.;
- statements of the Company and Arctic Paper Kostrzyn SA on voluntary submission to execution, in the form of a notarial deed;
- financial pledges and registered pledges on the Company's and Arctic Paper Kostrzyn S.A.'s bank accounts registered in Poland (the pledges relate to current and future bank accounts; in the event of an event of default, in the event that the pledged receivable or part thereof becomes due, the Company may not draw funds from the pledged receivable or instruct the bank maintaining the account to withdraw funds);
- powers of attorney to the Polish bank accounts of the Company and Arctic Paper Kostrzyn S.A.;
- suretyship for liabilities granted by Arctic Paper S.A., Arctic Paper Kostrzyn S.A., Arctic Paper Munkedals AB, Arctic Paper Grycksbo AB;

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

- pledges over all the Company's and Arctic Paper Munkedals AB, Arctic Paper Grycksbo AB shares or interests registered in Sweden;
- mortgages on all real properties located in Sweden and owned by Arctic Paper Munkedals AB, Arctic Paper Grycksbo AB, provided that only existing mortgage deeds are subject to such security;
- corporate mortgages 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 Arctic Paper Munkedals AB and Arctic Paper Grycksbo AB (with the exception of insurance policies listed in the Loan Agreement);
- pledges on Swedish bank accounts of Arctic Paper Munkedals AB and Arctic Paper Grycksbo AB, 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.

4.8. Trade and other payables and other financial liabilities

Significant accounting principles (policies)

In accordance with IFRS 9, the Company classifies financial liabilities (trade payables, loans and leases) as measured at amortised cost:

The Company excludes a financial liability from its statement of financial position when the liability has expired – that is, when the obligation specified in the contract has been fulfilled, cancelled or expired.

Other current liabilities include, in particular, liabilities to the tax office for personal income tax and liabilities to Social Security.

Other non-financial liabilities are recognised at the amount payable.

(unless specified otherwise, all amounts are in PLN '000).

4.8.1. Trade and other payables (short-term)

	Note	As at 31 December 2025	As at 31 December 2024
Due to related parties	7.1.	194	433
Due to other entities		16 521	17 396
Trade payables		16 715	17 829
Liabilities towards the budget		816	761
Advisory services		59	11
Other liabilities*		7 297	8 501
Other liabilities		8 172	9 274

The terms and conditions of financial liabilities presented above:

- Terms and conditions of transactions with related parties are presented in note 7.1.
- the remaining liabilities are interest-free, with an average maturity of 30 days.

* At the end of 2025, the company shows a liability to its subsidiary Arctic Paper Kostrzyn S.A. for reimbursement of advance income tax payments in the amount of PLN 7,284 thousand. In order to better reflect the nature of this liability, it is presented in these financial statements under Other current liabilities in the balance sheet. This liability results from settlements within the tax capital group (PGK), which was formed by Arctic Paper S.A. and Arctic Paper Kostrzyn SA under an agreement.

4.8.2. Other financial liabilities

	As at 31 December 2025	As at 31 December 2024
Other financial liabilities		
Lease liabilities	-	17
Total	-	17
Other financial liabilities		
Non-current	-	-
Current	-	17
Total	-	17

4.9. Contingent liabilities

As at 31 December 2025, the Company had no contingent liabilities.

4.9.1. Tax settlements

Settlements of value added tax and other areas of activity subject to regulation (for example customs or foreign exchange matters) may be subject to inspections by administrative authorities, which are authorised to impose significant penalties and sanctions.

The lack of a stable legal framework in Poland results in lack of clarity and consistency in the regulations. Frequent differences of opinion as to legal interpretation of tax regulations – both inside state authorities and between state authorities and enterprises – generate areas of uncertainty and conflicts. As a result, tax risks in Poland are much higher than in countries with a more developed tax system.

4.9.2. Information on the application of Pillar 2 regulations in the Tax Group

The objective of the regulations is to ensure a minimum effective tax rate of 15% for multinational groups with consolidated revenues exceeding EUR 750 million, through the introduction of top-up taxation mechanisms, including in particular the Income Inclusion Rule (IIR) and the Qualified Domestic Minimum Top-up Tax (QDMTT).

(unless specified otherwise, all amounts are in PLN '000).

The reporting entity for the purposes of the global minimum tax is the ultimate parent entity, Nemus Holding AB. At the same time, the Company has conducted a preliminary assessment of the potential impact of the top-up tax regulations on its tax settlements. This assessment was based on available financial data and the current structure of the Group's operations, in particular on the level of effective tax rates achieved in the jurisdictions in which the Group operates.

Based on the analysis performed, the Management Board does not expect that the implementation of the top-up tax regulations will have a material impact on the Group's financial results or tax position. This is primarily due to the fact that the effective taxation of the Company's operations is at a level close to, or higher than, the minimum level of taxation provided for under the Pillar Two regulations.

At the same time, the Company monitors the development of practice in the application of the new regulations, as well as published interpretative guidance, and will update its analyses on an ongoing basis with respect to the potential impact of these regulations on future reporting periods.

4.9.3. Uncertainties related to tax settlements

Corporate income tax regulations are subject to frequent changes. Those frequent changes 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 may be audited by the authorities, who have the power to impose heavy fines and penalties, and any additional tax liabilities resulting from the audit must be paid with high interest. These conditions make the tax risk in Poland higher than in countries with a more developed tax system.

Therefore, the amounts presented and disclosed in the financial statements may change in the future as a result of final decisions by tax inspection authorities.

The Company recognises and measures assets or liabilities applying the requirements of IAS 12 Income Taxes, on the basis of profit (tax loss), taxation base, carried forward tax losses, unutilised tax credits and applicable tax rates, and further subject to uncertainties related to tax settlements. When an uncertainty exists if and to what extent the tax authority accepts tax settlements to specific transactions, the Group recognises those settlements subject to uncertainty assessment.

Tax settlements can be audited for a period of five years, starting from the end of the year in which the tax was paid. Consequently, the Company may be subject to additional tax liabilities, which may arise as a result of additional tax audits.

In the opinion of the Management Board, such risk does not exist as at 31 December 2025 and therefore the Company has not established any provision for recognised and quantifiable tax risk.

5. Notes on financial instruments

Major accounting policies

The Company holds the following categories of financial instruments:

- instruments measured at amortised cost,
- instruments measured at fair value through profit or loss,
- hedging instruments (see note 5.3 for a description of hedge accounting policies).

The derivatives used by the Company to hedge its exposure to interest rate movements are primarily interest rate swap contracts (interest rate SWAPs). Such derivative financial instruments are measured at fair value. Such derivatives are stated as assets when the value is positive and as liabilities when the value is negative.

All assets and liabilities that are measured at fair value or their fair value is disclosed in the financial statements, are classified in the hierarchy of fair value in the way described below to the lowest level of input data which is material for the measurement at fair value treated as a whole:

- level 1 – listed (unadjusted) market prices in an active market for identical assets or liabilities;
- level 2 – measurement techniques for which the lowest level of input data that is material for the measurement at fair value as a whole is observable or indirectly observable;
- level 3 – measurement techniques for which the lowest level of input data that is material for the measurement at fair value as a whole is not observable.

As at each balance sheet date, for assets and liabilities occurring as at each balance sheet date in the financial statements, the Company assesses if there have been transfers between the hierarchy levels by re-assessment of the classification to each level, following the materiality of the input data from the lowest level which is material for measurement at fair value treated as a whole.

(unless specified otherwise, all amounts are in PLN '000).

Fair value of financial instruments for which there is no active market is measured using the appropriate valuation techniques. In selecting appropriate methods and assumptions, the Company is guided by professional judgment.

The fair value of interest rate swap contracts is determined based on a valuation model which takes into account observable market data, particularly including current term interest rates.

In hedge accounting, hedges held by the Company are classified as cash flow hedges, hedging against changes in cash flows that are attributable to a particular risk associated with a recognised asset, liability or forecasted transaction.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship as well as the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and the assessment method of the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Hedges are expected to be highly effective in offsetting the exposure to changes in the fair value or cash flows attributable to the hedged risk. Hedge effectiveness is assessed on a regular basis to check if the hedge is highly effective throughout all reporting periods for which it was designated.

Cash flow hedge

Cash flow hedges are hedges securing for the risk of cash flow fluctuations which can be attributed to a particular kind of risk inherent in the given item of assets or liabilities or in a contemplated investment of high probability, and which could influence profit or loss. The part of profit or loss related to the hedging instrument which constitutes an effective hedge is recognised directly in other comprehensive income and the non-effective part is recognised in profit or loss.

If a hedged intended transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses that were recognised in other comprehensive income and accumulated in equity shall be reclassified to statement of profit or loss in the same period or periods in which the asset acquired or liability assumed affects profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or the hedge no longer qualifies for hedge accounting. At that point in time, any cumulative profit or loss on the hedging instrument that has been recognised directly in other comprehensive income and accumulated in equity, remains recognised in equity until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the net cumulative profit or loss recognised in equity is recognised in net profit or loss for the period.

The Company holds the following financial instruments: cash in bank accounts, loans, borrowings, receivables, finance lease obligations and interest SWAP contracts.

5.1. Fair value of each class of financial instruments

As the book values of the Company's financial instruments do not differ significantly from their fair value (except as described in the table below).

The table below shows all financial instruments by their carrying amounts, broken down by asset and liability category.

(unless specified otherwise, all amounts are in PLN '000).

	Category in compliance with IFRS 9	Carrying amount 31 December 2025	Carrying amount 31 December 2024
Financial assets			
Other (long-term) financial assets	WwZK	44 114	49 887
Trade and other receivables	WwZK	20 755	17 606
Cash and cash equivalents	WwZK	19 660	176 985
Derivative instruments	IRZ	-	1 331
Other (current) financial assets	WwZK	14 788	197
Total		99 316	246 006
Financial liabilities			
Interest-bearing bank loans	WwZK	251 209	342 871
Trade payables	WwZK	16 715	17 829
Finance lease liabilities/other liabilities	WwZK	-	17
Total		267 924	360 717
WwZK – Financial assets/liabilities measured at amortised cost			
WwWGpWF – Financial assets/liabilities measured at fair value through profit or loss			
IRZ – Hedge accounting instruments			

As at 31 December 2025, the Company has bank loans measured at amortised cost in the amount of PLN 251,209 thousand (PLN 348,106 thousand as at 31 December 2024).

As at 31 December 2025, the Company had no active derivatives. In the previous year, derivatives were classified in level 2 of the fair value hierarchy, but all hedging relationships expired with the repayment of floating rate loans.

5.2. Changes in assets and liabilities arising from financing activities

Year ended 31 December 2025	01 January 2025	Changes resulting from cash flows from financing activity	Effects of changes in foreign exchange rates	Change to fair values	Other changes	31 December 2025
Interest-bearing bank loans	(62 889)	1 449	517	-	(5 237)	(66 161)
Finance lease liabilities	(17)	17	-	-	-	-
Derivative financial instruments (assets)	1 331	(1 280)	-	(51)	-	-
Total assets and liabilities arising from financing activities	(61 575)	186	517	(51)	(5 237)	(66 161)

5.3. Collateral

In connection with the interest rate risk described in note 6.1.1, the Company monitors its future cash flows, which may be subject to changes as a result of this risk. Due to the repayment of the loans at the end of 2025, the Company no longer has active SWAP derivatives to hedge cash flows. Consequently, as at 31 December 2025, the Company does not designate any hedging relationships and does not apply hedge accounting.

6. Financial risk management

6.1. Financial risk factors

The core financial instruments used by the Company include bank loans, cash on hand and loans granted and borrowings received within the Group. The main purpose of these financial instruments is to raise finance for the

(unless specified otherwise, all amounts are in PLN '000).

Company's and Group's operations. The Group has various other financial instruments such as trade receivables and payables which arise directly from its operations.

The principle used by the Company currently and throughout the whole period covered with these financial statements is not to trade in financial instruments for speculative purposes.

The main types of risk arising from the Company's financial instruments include interest rate risk, liquidity risk, foreign currency risk and credit risk.

The Management Board verifies and approves the management principles of each type of risk – the principles are presented below. The Company has been monitoring market prices of holdings of financial instruments.

6.1.1. Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to financial liabilities and granted variable interest loans.

Interest rate risk – sensitivity to fluctuations

The following table shows financial instruments broken down into fixed and floating rates

Financial instruments	carrying amount 31.12.2025	carrying amount 31.12.2024
- with a fixed interest rate		
Trade receivables	20 755	17 606
Loans granted and the employee fund	58 901	50 084
Other financial assets	-	1 331
Cash and cash equivalents	19 660	176 985
Trade payables	(16 715)	(17 829)
Total	82 601	228 177
- with a variable interest rate		
Interest-bearing bank loans	(66 162)	(62 889)
Lease liabilities	-	(17)
Total	(66 162)	(62 906)

* Cash-pool settlement was not included in the analysis, as it is only between participants, i.e. affiliated companies (negligible risk).

The following table shows the sensitivity of gross profit/(loss) to reasonably possible changes in interest rates assuming other factors remain constant. No impact on equity or total comprehensive income has been presented.

	interest rate	interest of the fi- nancial year	(+) 1%	(-) 1%
bank loans in EUR	3,82%	254	67	(67)
bank loans in PLN	5,79%	669	116	(116)
leases	5,70%	-	-	-
SWAP settlement	fixed interest rate	(1 280)	n/a	n/a

6.1.2. Foreign currency risk

The Company is exposed to transactional foreign currency risk. Such risks arise mainly from the Company's receipt of dividends from subsidiaries and the granting and receiving of loans in currencies, and to a lesser extent from purchase transactions in currencies other than its functional currency.

The following table demonstrates the sensitivity of gross profit/(loss) (due to changes in the fair value of monetary assets and liabilities) and the Company's equity to reasonably possible change of foreign exchange rates with all other variables held constant. The calculations include only the effect of exchange rate changes on balance

(unless specified otherwise, all amounts are in PLN '000).

sheet items denominated in foreign currencies, assuming, for each currency, a 1% increase or decrease in the exchange rate.

31.12.2025	PLN	EUR	SEK	Inne
Trade receivables	11 068	3 867	4 995	824
Loans granted	21 436	37 465	-	-
Cash	5 170	10 599	2 964	928
Bank loans (including cash pooling)	98 395	152 813	-	-
Trade payables	8 340	3 329	4 379	668
Net exposure	(69 060)	(104 211)	3 581	1 084

31.12.2024	PLN	EUR	SEK	Inne
Trade receivables	9 523	3 717	3 889	477
Loans granted	25 018	25 066	-	-
Cash	38 143	135 007	3 309	526
Bank loans	19 188	43 703	-	-
Trade payables	9 627	3 584	4 237	381
Net exposure	43 869	116 503	2 960	622

	Increase/decrease of foreign exchange rates	Impact on gross profit or loss	Impact on total comprehensive income
31 December 2025 – SEK	+1%	36	-
	-1%	(36)	-
31 December 2025 – EUR	+1%	(142)	-
	-1%	142	-
31 December 2025 – inne	+1%	11	-
	-1%	(11)	-

	Increase/decrease of foreign exchange rates	Impact on gross profit or loss	Impact on total comprehensive income
31 December 2024 – SEK	+1%	30	-
	-1%	(30)	-
31 December 2024 – EUR	+1%	1 164	-
	-1%	(1 164)	-
31 December 2024 – other	+1%	6	-
	-1%	(6)	-

(unless specified otherwise, all amounts are in PLN '000).

6.1.3. Credit risk

With respect to the Company's financial assets such as cash and cash equivalents, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of those instruments.

	31.12.2025	31.12.2024
Other financial assets	58 901	51 415
Trade receivables	20 755	17 606
Cash and cash equivalents	19 660 *	176 985
Total	99 316	246 007

* Cash in the amount of PLN 19,660 thousand serves as collateral for loan liabilities.

There are no significant concentrations of credit risk in the Company with the exception of Group entities, in particular relating to loans to Arctic Paper Grycksbo AB (other financial assets) and cash resulting from Group companies' participation in the cash-pool system.

The table below provides information on credit risk exposures for trade receivables and other financial assets (loans and cash pooling) at 31 December 2025 and at 31 December 2024.

	31.12.2025		31.12.2024	
	Group 1	Group 2	Group 1	Group 2
Trade receivables – gross value	20 755	29 911	17 606	29 911
Impairment loss		29 911	-	29 911
Trade receivables – carrying amount	20 755	-	17 606	-
Other financial assets – gross value	58 901	64 266	51 415	63 843
Impairment loss	-	64 266	-	63 843

The Company only works with group entities. Credit risk is assessed taking into account the individual characteristics of each of the Company's counterparties. Assets in Group 2 were fully covered by a loss allowance. For Group 1, the bad debt ratios calculated for the previous three years are zero and therefore the Company has not recognised expected credit losses in relation to these assets at 31 December 2025 and 31 December 2024.

The Company recognises loss allowances that correspond to the estimated amount of expected credit losses. The core component of such allowances is the part covering specific losses due to exposure to a single material risk. There is a significant concentration of risk in the "Germany non-business" segment.

	Poland	Sweden	Germany	Other
carrying out economic activities				
trade receivables	6 713	13 954	12	76
allowances for trade receivables	-	-		
loans granted	21 436	37 465	-	-
allowance for loans granted	-	-	-	-
not carrying out economic activities				
trade receivables	-	-	7 380	-
allowances for trade receivables	-	-	(7 380)	-
loans granted	-	-	3 608	-
allowance for loans granted	-	-	(3 608)	-

(unless specified otherwise, all amounts are in PLN '000).

6.1.4. Liquidity risk

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. The tool considers the maturity of both its financial investments and financial assets (e.g. receivables, other financial assets) and projected cash flows from guaranteed bank loans. Information on financial assets is included in note 4.2.

The table below presents the maturity profile of the Company's financial liabilities at 31 December 2025 based on maturities of contractual undiscounted payments.

31 December 2025	Carrying amount	Upon request	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest-bearing bank loans (including cash pooling liabilities)	251 209		214 891	5 958	32 910		253 759
Other liabilities	24 888		24 888	-		-	24 888
			239 779	5 958	32 910	-	278 647

31 December 2024	Carrying amount	Upon request	Less than 3 months	31 December 2025	Carrying amount	Upon request	Less than 3 months
Interest-bearing bank loans (including cash pooling liabilities)	342 871		280 569	25 763	14 574	24 869	345 775
Other liabilities	26 284		26 271	13		-	26 284
			306 840	25 776	14 574	24 869	372 059

Financial liabilities with a maturity of less than three months include cash pooling liabilities to related parties. As at 31 December 2025, these amounted to PLN 214,891 thousand.

As at 31 December 2025, the Company held no contingent liabilities.

6.2. Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains an appropriate credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company has not set a specific level of credit rating and capital ratios that it considers appropriate, as it depends on current market conditions and the Group's situation.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the year ended on 31 December 2025 and 31 December 2024.

	As at 31 December 2025	As at 31 December 2024
Interest-bearing bank loans (including cash pooling liabilities)	251 209	342 888
Trade and other payables	24 888	27 103
Minus cash and cash equivalents	(19 660)	(176 985)
Net debt	256 437	193 006
Equity	979 269	964 703
Equity and net debt	1 235 706	1 157 709
Leverage ratio	0,21	0,17

The Company monitors its equity using a leverage ratio, which is net debt divided by total equity plus net debt. The Company's net debt includes interest-bearing loans and borrowings, trade payables and other current liabilities, less cash and cash equivalents.

(unless specified otherwise, all amounts are in PLN '000).

7. Other explanatory notes

7.1. Information on related parties

		Sales to related parties	Interest – operational income	Dividend received	Interest – finance costs	Guarantees obtained – other finance costs	Receivables from related parties	including overdue	Loan receivables, including cash-pooling	Liabilities to related parties*	including overdue, after the payment date	Loans liabilities, including cash-pooling
Parent company:												
Nemus Holding AB	2025	-	-	-	-	-	-	-	-	-	-	-
	2024	-	-	-	-	-	-	-	-	-	-	-
Subsidiaries												
	2025	15 432	2 816	45 243	3 811	3 446	50 539	29 911	205 877	7 478	-	185 047
	2024	15 180	2 580	106 097	4 891	3 112	47 349	29 911	196 635	8 871	-	279 982
Total	2025	15 432	2 816	45 243	3 811	3 446	50 539	29 911	205 877	7 478	-	185 047
	impairment losses	-	-	-	-	-	(29 911)	-	(64 266)	-	-	-
	presentation as investments in subsidiaries	-	-	-	-	-	-	-	(82 709)	-	-	-
2025 after impairment losses and changes in presentation		15 432	2 816	45 243	3 811	3 446	20 628	29 911	58 901	7 478	-	185 047
	2024	15 180	2 580	106 097	4 891	3 112	47 349	29 911	196 635	8 871	-	279 982
	impairment losses	-	-	-	-	-	(29 911)	-	(63 843)	-	-	-
	presentation as investments in subsidiaries	-	-	-	-	-	-	-	(82 709)	-	-	-
2024 after impairment losses and changes in presentation		15 180	2 580	106 097	4 891	3 112	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 7,478 thousand

(unless specified otherwise, all amounts are in PLN '000).

7.1.1. Transactions with the parent company

No transactions between the Company and Nemus Holding AB took place during the year ended on 31 December 2025 and 31 December 2024.

7.1.2. Terms and conditions of transactions with related parties

Related party transactions are made at arm's length.

The related parties Arctic Paper Kostrzyn SA, Arctic Paper Grycksbo AB and Arctic Paper Munkedals AB (the "Guarantors") have provided guarantees to the Company in connection with the term and revolving loan agreements concluded on 31 October 2025. The amount of remuneration for the guarantees was confirmed on the basis of a benchmarking exercise carried out in accordance with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. The guarantors shall invoice the Company once a year for the remuneration of the guarantee, payable within 21 days.

Receivables from related parties (trade receivables and loans) are unsecured, their maturity is 14-21 days and they are settled by bank transfer.

7.1.3. Loan granted to members of the Management Board

In the period covered by these financial statements, the Company did not grant any loans to management staff and did not grant any loans in the comparable period.

7.1.4. Remuneration of the Company's management staff and of the Supervisory Board

Management staff of the Company as at 31 December 2025 comprised three persons: President of the Management Board and Members of the Management Board.

The table below presents the total value of remuneration to the Members of the Management Board and the members of the Supervisory Board for the current and previous year.

	Year ended 31 December 2025	Year ended 31 December 2024
Management Board		
Short-term employee benefits	3 730	2 568
	3 730	2 568
Supervisory Board		
Short-term employee benefits	1 260	1 231
Total	4 990	3 798

Short-term employee benefits (PLN 3,730 thousand) include costs incurred by the Company for management services provided by a separate management unit in the amount of PLN 1,260 thousand.

As at the balance sheet date, there were no outstanding balances with management staff.

7.2. Employment structure

The average headcount in the Company in the year ended on 31 December 2025 and 31 December 2024 was as follows:

	As at 31 December 2025	As at 31 December 2024
Management Board*	2	2
Finances	4	4
Logistics	24	25
Administration	3	2
IT	1	1
Total	34	34

* The figure relates only to board members employed at the date of the report

(unless specified otherwise, all amounts are in PLN '000).

7.3. Information on auditor's remuneration

The table below presents the remuneration of the statutory auditor, paid or payable for the year ended on 31 December 2025 and 31 December 2024 by category of services.

Service type	Year ended 31 December 2025	Year ended 31 December 2024
Statutory audit of the annual financial statements	473	340
Review of interim financial statements	161	173
Statutory audit of the annual non-financial statements	566	520
Total	1 199	1 033

7.4. Events after the balance sheet date

From the balance sheet date until the day of publishing of these separate financial statements, there were no other events which might have a material impact on the Company's financial and capital position.

Signatures of the Members of the Management Board

Position	First and last name	Date	Signature
President of the Management Board Managing Director	Michał Jarczyński	21 April 2026	signed with a qualified electronic signature
Member of the Management Board Chief Financial Officer	Katarzyna Wojtkowiak	21 April 2026	signed with a qualified electronic signature
Member of the Management Board Vice President Sales and Marketing	Fabian Langenskiöld	21 April 2026	signed with a qualified electronic signature

(unless specified otherwise, all amounts are in PLN '000).



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Translation note:

This version of our report is a translation from the original, which was prepared in Polish. 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

To the General Shareholder's Meeting and the Supervisory Board of Arctic Paper S.A.

Report on the audit of separate financial statements

Our Opinion

In our opinion, the annual separate financial statements:

give a true and fair view of the separate financial position of Arctic Paper S.A. (the "Company") as at 31 December 2025 and the Company's separate financial performance and separate cash flows for the year then ended in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the adopted accounting policies;

comply in terms of form and content with the laws applicable to the Company articles of association;

have been prepared on the basis of properly maintained books of accounts in accordance with the provisions of Chapter 2 of the Accounting Act of 29 September 1994 (the "Accounting Act").

Our opinion is consistent with our additional report to the Audit Committee of the Company issued on the date of this report.

What we have audited

We have audited the annual separate financial statements of Arctic Paper S.A. which comprise:

- the separate statement of financial position as at 31 December 2025;
- the separate statement of profit or loss for the financial year then ended;
- the separate statement of other comprehensive income for the financial year then ended;
- the separate statement of changes in equity for the financial year then ended;
- the separate statement of cash flows for the financial year then ended, and
- the additional information comprising the introduction to the financial statements and additional notes and explanations.

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PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.,
Nowy Rynek, ul. Wierzbicice 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

Basis for opinion

We conducted our audit in accordance with the National Standards on Auditing in the wording of the International Standards on Auditing as adopted by the resolutions of the National Council of Statutory Auditors and the resolution of the Council of the Polish Agency for Audit Oversight (“NSA”) and pursuant to the act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (the “Act on Statutory Auditors”) and the Regulation (EU) No. 537/2014 of 16 April 2014 on specific requirements regarding the statutory audit of public interest entities and repealing Commission Decision 2005/909/EC (the “EU Regulation”). Our responsibilities under NSA are further described in the Auditor’s responsibilities for the audit of the separate financial statements section.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements of the EU Regulation that are relevant to audits of financial statements of public interest entities, the ethical requirements of the Act on Statutory auditors that are relevant to audits of financial statements in Poland and “the Handbook of the International code of ethics for professional accountants (including International independence standards) (the “Code of ethics”) as adopted by resolution of the National Council of Statutory Auditors as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with ethical requirements of the EU Regulation, ethical requirements of the Act on Statutory Auditors and the Code of ethics. During the audit, the key statutory auditor and the audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Statutory Auditors and in the EU Regulation.

Our audit approach

Overview

Materiality	The overall materiality threshold adopted for our audit was set at PLN 12 580 thousand, which represents 1% of total assets of the Company
Key Audit Matters	Impairment of selected non-current assets – investments in the subsidiary Rottneros AB

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate financial statements. In particular, we considered where the Company's Management Board made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the separate financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the separate financial statements as a whole, as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the separate financial statements as a whole.

Overall Company materiality	PLN 12 580 thousand
How we determined it	1% total assets of the Company
Rationale for the materiality benchmark applied	For Arctic Paper S.A., we selected total assets as the benchmark for determining materiality, as in our view this measure is appropriate for assessing the Company's performance by users of the financial statements and is a generally accepted benchmark for parent entities providing services within a capital group. We set materiality at 1%, which, based on our professional judgement, falls within the range of acceptable quantitative materiality thresholds.

We agreed with the Audit Committee of the Company that we would report to them misstatements of the separate financial statements identified during our audit above PLN 1 250 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of selected non-current assets – investments in the subsidiary Rottneros AB	
<p>In Note 4.1 to the Company’s separate financial statements, the Company described its accounting policies and presented detailed disclosures relating to investments in subsidiaries and impairment. As at 31 December 2025, the balance of investments in subsidiaries amounted to PLN 1,142.3 million (31 December 2024: PLN 1,070.8 million). The Company measures its investments at cost less impairment losses. In accordance with IFRSs, the Management Board annually performs, as a first step, an assessment of indicators of impairment and, where such indicators are identified, carries out impairment tests. Due to the persisting unfavourable market conditions, including lower demand for the products of the Rottneros AB Group (which constitutes the consolidated operating group for the pulp segment), the Company performed an impairment test of its investment in Rottneros AB as at 31 December 2025 and estimated its recoverable amount, which was determined as value in use (estimated on the basis of a discounted projected cash flow model). The identification of impairment indicators, the</p>	<p>Our audit procedures included, in particular:</p> <ul style="list-style-type: none">• obtaining an understanding of and evaluating the process for identifying indicators of impairment of assets;• performing a critical assessment and analysis of indicators triggering the requirement to perform an impairment test, including, among other matters, for all subsidiaries, comparing the net asset values of those subsidiaries with the carrying amounts of the investments in those subsidiaries as presented in the Company’s separate financial statements;• evaluating the appropriateness and completeness of disclosures relating to impairment testing in the separate financial statements;• verifying the mathematical accuracy and methodological consistency (with the involvement of PwC internal valuation specialists) of the valuation model prepared by the Management Board based on discounted forecast cash flows and discounted dividends;

performance of the impairment test and the appropriate determination of the impairment loss require the Management Board to apply a number of assumptions and exercise significant judgement. In particular, the Management Board's estimates and judgements relate, among other matters, to the Company's adopted strategy, financial plans and cash flow forecasts for future periods, as well as macroeconomic and market assumptions. Given the significance of this balance in the separate financial statements and the sensitivity of the results of the above analyses to changes in assumptions and estimates, we considered this matter to be a key audit matter.

- performing a critical assessment of the assumptions adopted and estimates made by the Management Board for the purposes of determining the recoverable amount of non-current assets, including, among other matters:

- the five-year projection period of future cash flows and the assumed level of revenues, operating margins and forecast changes in net working capital;

- the discount rates applied (based on the weighted average cost of capital), with the involvement of PwC internal specialists;

- terminal growth rates applied beyond the forecast period; and

- evaluating the sensitivity analysis performed by the Management Board with respect to changes in key assumptions used in the valuation.

Responsibility of the Management and Supervisory Board for the separate financial statements

The Management Board of the Company is responsible for the preparation, based on the properly maintained books of accounts of the annual separate financial statements that give a true and fair view of the Company's financial position and financial performance, in accordance with International Financial Reporting Standards as adopted by the European Union, the adopted accounting policies, the applicable laws and the Company's Articles of Association, and for such internal control as the Company's Management Board determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Company's Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Company's Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Management Board are obliged to ensure that the separate financial statements comply with the requirements specified in the Accounting Act. Members of the Supervisory Board are responsible for overseeing the financial reporting process.

Auditor's responsibility for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these separate financial statements.

The scope of the audit does not include an assurance on the Company's future profitability nor the efficiency and effectiveness of conducting its affairs by the Company's Management Board, now or in future.

As part of an audit in accordance with NSA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management Board;
- conclude on the appropriateness of the Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the separate financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee of the Company with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Audit Committee of the Company, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information, including the report on operations

Other information comprises:

- the Report on the Company's operations for the financial year ended 31 December 2025 ("the Report on the operations") together with the corporate governance statement which is a separate part of the Report on the operations,
- other documents included in the Annual Report for the financial year ended 31 December 2025

(together "Other Information"). Other information does not include the separate financial statements and our auditor's report thereon.

Responsibility of the Management and Supervisory Board of the Company

The Management Board of the Company is responsible for the preparation of the Other Information in accordance with the law.

The Company's Management Board and the members of the Supervisory Board are obliged to ensure that the Report on the operations including its separate part comply with the requirements of the Accounting Act.

Statutory auditor's responsibility

Our opinion on the separate financial statements does not cover the Other Information .

In connection with our audit of the separate financial statements, our responsibility under NSA is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the information in the separate financial statements, our knowledge obtained in our audit, or otherwise appears to be materially misstated. If, based on the work performed, we identified a material misstatement in the Other Information, we are obliged to inform about it in our audit report.

In accordance with the requirements of the Act on Statutory Auditors, we are also obliged to issue an opinion on whether the Report on the operations has been prepared in accordance with the requirements of Article 49 of the Accounting Act and para. 72 of the Regulation of the Minister of Finance dated 6 June 2025 on current and periodical information submitted by issuers of securities and conditions for considering as equivalent the information required under the legislation of a non-Member State (the "Regulation on current information"), is consistent with information included in separate financial statements and to issue a statement as to whether, in the light of the knowledge about the Company and its environment obtained during the audit, any material misstatements have been identified in the Report on the operations and an indication of what any such material misstatement is.

Moreover, we are obliged to issue an opinion on whether the Company provided the required information in its corporate governance statement.

Statement on the Other information

We declare that, based on the knowledge of the Company and its environment obtained during our audit:

- we have nothing to report regarding identification of material misstatements in the Other information;
- we have not identified any material misstatements in the Report on the operations.

Opinion on the Report on the operations

Based on the work we carried out during our audit, in our opinion, the Report on the operations:

- has been prepared in accordance with the requirements of Article 49 of the Accounting Act and para. 72 of the Regulation on current information;
- is consistent with the information in the separate financial statements.

Opinion on the corporate governance statement

In our opinion, in its corporate governance statement, the Company included information set out in para. 72.7 (5) of the Regulation on current information. In addition, in our opinion, information specified in paragraph 72.7 (5)(c)–(f), (h) and (i) of the said Regulation included in the corporate governance statement are consistent with the applicable provisions of the law and with information included in the separate financial statements.

Report on other legal and regulatory requirements

Statement on the provision of non-audit services

To the best of our knowledge and belief, we declare that the non-audit services that we provided to the Company and its parent and its controlled entities within the European Union the Fund and the Management Company The Management Company and managed investment funds are in accordance with the applicable laws and regulations in Poland and that we have not provided non-audit services that are prohibited under Article 5(1) of the EU regulation and Article 136 of the Act on Statutory Auditors.

The non-audit services which we have provided to the Company and its controlled entities during the period from the beginning of the audited period to the date of issuing this report are disclosed in the Report on the operations.

Appointment

We have been appointed to audit the annual separate financial statements of the Company by the Resolution of the Supervisory Board of 22 February 2023, and re-appointed by the resolution of 6 August 2025. We have been auditing the Company's separate financial statements without interruption since the financial year ended 31 December 2023, i.e. for 3 consecutive years.

The Key Statutory Auditor responsible for the audit 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., is Krzysztof Zech.

Original report is signed in Polish

Krzysztof Zech

Key Statutory Auditor

No. in the registry: 13917

Poznań, 21 April 2026

Kostrzyn nad Odra, April 21st 2026

EVALUATION BY THE SUPERVISORY BOARD OF ARCTIC PAPER S.A. OF THE FINANCIAL STATEMENTS OF ARCTIC PAPER S.A. AND CONSOLIDATED FINANCIAL STATEMENTS OF ARCTIC PAPER GROUP FOR THE FINANCIAL YEAR 2025 AND MANAGEMENT BOARD REPORT ON THE ACTIVITIES OF THE ARCTIC PAPER GROUP AND ARCTIC PAPER S.A. IN 2025.

Legal basis:

Article 72.1.16 and article 73.1.14 of the Regulation of the Minister of Finance of 6 June 2025 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 (Dz. U. z 2025 r. pos. 755).

The Supervisory Board of Arctic Paper S.A. ("the Company") after review of the financial statements of Arctic Paper S.A. for the financial year ended December 31, 2025, as well as with the report of an independent certified auditor on the audit of the Company's annual standalone financial statements for the financial year ended December 31, 2024, prepared by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k., states that the financial statements presented by the Management Board have been prepared correctly in terms of substance and form, in accordance with the books and documents, as well as with the facts, and accurately reflects the financial result and assets of the Company in the financial year 2025.

The Supervisory Board of Arctic Paper S.A. after review of the consolidated financial statements of the Arctic Paper Group for the financial year ended December 31, 2025, as well as with the report of an independent auditor on the audit of the annual consolidated financial statements for the financial year ended December 31, 2025, prepared by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k., states that the consolidated financial statements of Arctic Paper Group has been prepared correctly in terms of substance and form, in accordance with the books and documents, as well as with the facts, and accurately reflects the financial result and assets of the Arctic Paper Group in the financial year 2025.

The Supervisory Board of Arctic Paper S.A., after review of the reports of the Management Board of Arctic Paper S.A. on the activities of the Arctic Paper Group and the Company for 2024, states that reports have been prepared in accordance with the relevant applicable regulations regarding the reports on the activities and is in accordance with the books, documents and the actual state.

The above evaluation of the Supervisory Board of Arctic Paper S.A. was issued based on the recommendation of the Audit Committee of Arctic Paper S.A. expressed in Resolution No. 01/04/2026 of April 14th, 2026.

Chairman of the Supervisory Board of Arctic Paper S.A.

Per Lundeen

Kostrzyn nad Odra, April 21st 2026

**Statement of the Supervisory Board of Arctic Paper S.A. on the functioning of the Audit Committee
in the financial year ended on 31 December 2025**

The Supervisory Board of Arctic Paper S.A. hereby represents that it complies with the regulations concerning the appointment, composition, and functioning of the Audit Committee, including the regulations on satisfaction of the independence criteria by its members, the requirements with regard to having knowledge and skills relating to the industry in which Arctic Paper S.A. operates, as well as accounting or auditing of financial statements.

The Audit Committee was performing the tasks specified in the applicable regulations.

Chairman of the Supervisory Board of Arctic Paper S.A.

Per Lundeen

Kostrzyn nad Odra, April 21st 2026

Statement of the Supervisory Board of Arctic Paper S.A. on selection of an audit firm conducting an audit of the financial statements

On 6th of August 2025, the Supervisory Board of Arctic Paper S.A., by way of resolution, selected audit firm PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. to audit the Company's financial statements for the financial years 2025 - 2026.

The selection of the audit firm by the Supervisory Board was based on the Audit Committee's recommendation. The Audit Committee's recommendation was made pursuant to the selection procedure in line with the "Policy and procedure of selecting an audit firm to conduct a statutory and voluntary audit of consolidated and separate financial statements of Arctic Paper S.A. with its registered office in Kostrzyn nad Odrą".

Audit firm PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k., entities related to this audit firm, and members of a network of the audit firm did not provide permitted non-audit services for the issuer during the audited period.

The audit firm and members of the audit team complied with the criteria to issue an impartial and independent report on the audit of the annual consolidated financial statements of the Company for the financial year ended on 31 December 2025, in compliance with the applicable laws, professional standards, and the principles of professional conduct.

Furthermore, the Supervisory Board informs that the applicable laws with regard to a change of the audit firm and the key statutory auditor, as well as mandatory periods of grace have been complied with. The Arctic Paper Group has a policy of selecting an audit firm and a policy of rendering services for the Group by an audit firm, an entity related to the audit firm, or a member of its network, that are non-audit services, including services released from the prohibition of the provision of services by an audit firm.

The above statement of the Supervisory Board of Arctic Paper S.A. was issued based on the recommendation of the Audit Committee of Arctic Paper S.A. expressed in Resolution No. 01/04/2026 of April 14th, 2026.

Chairman of the Supervisory Board of Arctic Paper S.A.

Per Lundeen