

2025

CONSOLIDATED FINANCIAL STATEMENTS 2025
OF THE ARCTIC PAPER S.A. GROUP

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 consolidated annual financial statement 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.

This PDF version of consolidated annual financial statement of Arctic Paper Capital Group has been prepared solely only for the convenience of digital reading.

Despite all the efforts devoted to the conversion of XBRI file into PDF format, certain discrepancies, omissions or approximations may exist. In case of any differences between the PDF and the XBRI versions, the XBRI version is the only one legally binding and shall prevail.

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

Table of contents

Information about the consolidated financial statements	4
Definitions and abbreviations.....	4
Consolidated Financial Statements for the year ended on 31 December 2025	8
Consolidated statement of profit or loss.....	8
Consolidated statement of total comprehensive income	9
Consolidated statement of financial position.....	10
Consolidated statement of cash flows.....	12
Consolidated statement of changes in equity.....	14
Notes comprising a summary of accounting policies and explanatory notes	16
1. General information	16
1.1. Name, registered office, scope of business activity.....	16
1.2. Shareholding structure.....	17
1.3. Group composition	17
1.4. Management and supervisory bodies	19
1.5. Changes in the capital structure of the Arctic Paper Group	20
1.6. Approval of the financial statements	20
2. Accounting principles.....	20
2.1. Basis of preparation of the consolidated financial statements	20
2.2. Compliance statement.....	21
2.3. Currency of the financial statements and functional currencies.....	21
2.4. Changes in applied accounting policies	21
2.5. New and amended standards and interpretations applied.....	21
2.6. New standards and interpretations that have been published and are not yet effective.....	21
2.7. Implementation of new standards	23
2.8. Relevant values based on professional judgement and estimates	24
2.9. Information on the impact of climate issues on the Group's operations	24
2.10. Principles of consolidation	24
2.11. Foreign currency translation.....	25
2.12. Offsetting financial assets and liabilities	26
3. Notes to operating segments	26
4. Notes to the consolidated statement of profit or loss and other comprehensive income.....	29
4.1. Sales revenue	29
4.2. Other income and expenses	31
4.3. Items of other comprehensive income	34
4.4. Income tax.....	34

4.5. Earnings per share	39
4.6. Dividend paid and proposed	40
5. Notes to the consolidated statement of financial position	40
5.1. Property, plant and equipment	40
5.2. The right to use the asset	44
5.3. Non-current assets by country and region	46
5.4. Intangible assets and goodwill	46
5.5. Other financial assets	49
5.6. Other non-financial assets	51
5.7. Investments in joint ventures	51
5.8. Impairment test for property, plant and equipment and intangible assets	52
5.9. Inventories.....	53
5.10. Trade and other receivables	54
5.11. Cash and cash equivalents	56
5.12. Share capital and other reserves	57
5.13. Liabilities under bank loans and other financial liabilities.....	62
5.14. Lease liabilities	66
5.15. Employee benefits	67
5.16. Provisions.....	70
5.17. Trade and other payables, grants and deferred income	71
5.18. Legal cases	73
5.19. Certificates in cogeneration	73
5.20. Financial instruments.....	73
6. Financial risk management objectives and principles.....	80
6.1. Financial risk management.....	80
6.2. Capital risk management	85
7. Other explanatory notes	86
7.1. Information on related entities.....	86
7.2. Employment structure.....	88
7.3. Information on the agreement and remuneration of the statutory auditor or entity authorised to audit financial statements	88
7.4. Impact of the war in Ukraine on the Group's operations.....	88
7.5. Investment plans	88
7.6. Material events after the balance sheet date.....	88
Statement of the Management Board	90
Accuracy and reliability of the presented reports.....	90

Information about the consolidated financial statements

These Consolidated Financial Statements, which are a component of the Consolidated Annual Report for 2025 were prepared in accordance with the Regulation of the Minister of Finance of 29 March 2018 on the current and periodic information provided by securities issuers and on the conditions for recognizing information required by the law of a non-member state as equivalent information (Journal of Laws of 2018, item 757, as amended) and in accordance with International Financial Reporting Standards (IFRS), approved by the EU (IFRS, EU).

As at the approval date of these Consolidated Financial Statements for publication, in light of the current process of IFRS endorsement in the European Union and the nature of the Group's activities, there is no difference between the effective IFRS standards and the IFRS standards endorsed by the European Union. IFRS cover standards and interpretations approved by the International Accounting Standards Board (IASB).

These Consolidated Financial Statements present data in PLN, and all figures, unless otherwise specified, are disclosed in PLN '000.

DEFINITIONS AND ABBREVIATIONS

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

Abbreviations applied to business entities, institutions and authorities of the Company

Abbreviation	Definition
Arctic Paper, Company, Issuer, Parent Company, AP	Arctic Paper Spółka Akcyjna with its registered office in Kostrzyn nad Odrą, Poland
Capital Group, Group, Arctic Paper Group, AP Group	Capital Group comprised of Arctic Paper Spółka Akcyjna and its subsidiaries as well as joint ventures
Arctic Paper Kostrzyn, AP Kostrzyn, APK	Arctic Paper Kostrzyn Spółka Akcyjna with its registered office in Kostrzyn nad Odrą, Poland
Arctic Paper Munkedals, AP Munkedals, APM	Arctic Paper Munkedals AB with its registered office in Munkedal Municipality, Västra Götaland County, Sweden
Arctic Paper Mochenwangen, AP Mochenwangen, APMW	Arctic Paper Mochenwangen GmbH with its registered office in Mochenwangen, Germany
Arctic Paper Grycksbo, AP Grycksbo, APG	Arctic Paper Grycksbo AB with its registered office in Kungsvagen, Grycksbo, Sweden
Paper mills	Arctic Paper Kostrzyn, Arctic Paper Munkedals, Arctic Paper Grycksbo
Arctic Paper Investment AB, API AB	Arctic Paper Investment AB with its registered office in Göteborg, Sweden
Arctic Paper Investment GmbH, API GmbH	Arctic Paper Investment GmbH with its registered office in Wolpertswende, Germany
Arctic Paper Verwaltungs	Arctic Paper Verwaltungs GmbH with its registered office in Wolpertswende, Germany
Arctic Paper Immobilienverwaltungs	Arctic Paper Immobilienverwaltungs GmbH & Co. KG with its registered office in Wolpertswende, Germany
Kostrzyn Group	Arctic Paper Kostrzyn Spółka Akcyjna with its registered office in Kostrzyn nad Odrą and EC Kostrzyn Sp. z o.o. with its registered office in Kostrzyn nad Odrą
Mochenwangen Group	Arctic Paper Investment GmbH, Arctic Paper Mochenwangen GmbH, Arctic Paper Verwaltungs GmbH, Arctic Paper Immobilienverwaltungs GmbH & Co.KG
Grycksbo Group	Arctic Paper Grycksbo AB, Arctic Paper Investment AB, Arctic Paper Finance AB

Abbreviation	Definition
Sales Offices	Arctic Paper Papierhandels GmbH with its registered office in Vienna, Austria Arctic Paper Benelux SA with its registered office in Oud-Haverlee, Belgium Arctic Paper Danmark A/S with its registered office in Greve, Denmark Arctic Paper France SA with its registered office in Paris, France Arctic Paper Deutschland GmbH with its registered office in Hamburg, Germany Arctic Paper Italia Srl with its registered office in Milan, Italy Arctic Paper Baltic States SIA with its registered office in Riga, Latvia Arctic Paper Norge AS with its registered office in Oslo, Norway Arctic Paper Polska Sp. z o.o. with its registered office in Warsaw, Poland Arctic Paper España SL with its registered office in Barcelona, Spain Arctic Paper Finance AB with its registered office in Munkedal, Sweden Arctic Paper Schweiz AG with its registered office in Derendingen, Switzerland Arctic Paper UK Ltd with its registered office in London, UK
Arctic Power Sp. z o.o. (formerly Arctic Paper East Sp. z o.o.)	Arctic Power Sp. z o.o. with its registered office in Kostrzyn nad Odrą, Poland
Kostrzyn Packaging Sp. z o.o.	Arctic Paper East Sp. z o.o. with its registered office in Kostrzyn nad Odrą, Poland
Rottneros, Rottneros AB	Rottneros AB with its registered office in Sunne, Sweden
Rottneros Group, Rottneros AB Group	Rottneros AB with its registered office in Söderhamn, Sweden; Rottneros Bruk AB with its registered office in Rottneros, Sweden; Utansjö Bruk AB with its registered office in Söderhamn, Sweden, Vallviks Bruk AB with its registered office in Vallvik, Sweden; Rottneros Packaging AB with its registered office in Sunne, Sweden; SIA Rottneros Baltic with its registered office in Kuldīga, Latvia; since 1 January 2020 – Nykvist Skogs AB with its registered office in Gräsmark, Sweden
Pulp mills	Rottneros Bruk AB with its registered office in Rottneros, Sweden; Vallviks Bruk AB with its registered office in Vallvik, Sweden
Rottneros Purchasing Office	SIA Rottneros Baltic with its registered office in Kuldīga, Latvia
Office Kalltorp	Kalltorp Kraft Handelsbolaget with its registered office in Trollhattan, Sweden
Nemus Holding AB	Nemus Holding AB with its registered office in Göteborg, Sweden
Thomas Onstad	The Issuer's core shareholder, holding directly and indirectly over 50% of shares in Arctic Paper S.A.; a member of the Issuer's Supervisory Board
Management Board, Issuer's Management Board, Company's Management Board, Group's Management Board	Management Board of Arctic Paper S.A.
Supervisory Board, Issuer's Supervisory Board, Company's Supervisory Board, Group's Supervisory Board, SB	Supervisory Board of Arctic Paper S.A.
AGM, GM, Issuer's General Meeting, Company's General Meeting	Annual General Meeting of Arctic Paper S.A.
EGM, Extraordinary General Meeting, Issuer's Extraordinary General Meeting, Company's Extraordinary General Meeting	Extraordinary General Meeting of Arctic Paper S.A.
Articles of Association, Issuer's Articles of Association, Company's Articles of Association	Articles of Association of Arctic Paper S.A.
SEZ	Kostryńsko-Słubicka Special Economic Zone
Registration Court	District Court in Zielona Góra
Warsaw Stock Exchange, WSE	Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna
KDPW, Depository	Krajowy Depozyt Papierów Wartościowych Spółka Akcyjna with its registered office in Warsaw
PFSA	Polish Financial Supervision Authority

Abbreviation	Definition
SFSA	Swedish Financial Supervisory Authority, equivalent to PFSA
NASDAQ in Stockholm, Nasdaq	Stock Exchange in Stockholm, Sweden
CEPI	Confederation of European Paper Industries
EURO-GRAPH	The European Association of Graphic Paper Producers
Eurostat	European Statistical Office
GUS	Central Statistical Office of Poland
NBSK	Northern Bleached Softwood Kraft
BHKP	Bleached Hardwood Kraft Pulp

Definitions of selected terms abbreviations of currencies

Abbreviation	Definition
FY	Financial year
Q1	1st quarter of the financial year
Q2	2nd quarter of the financial year
Q3	3rd quarter of the financial year
Q4	4th quarter of the financial year
H1	First half of the financial year
H2	Second half of the financial year
YTD	Year-to-date
Like-for-like, LFL	Analogous, with respect to operating result
p.p.	Percentage point, difference between two amounts of one item given in percentage
PLN, zł, złoty	Monetary unit of the Republic of Poland
gr	grosz – 1/100 of one zloty (the monetary unit of the Republic of Poland)
Euro, EUR	Monetary unit of the European Union
GBP	Pound sterling, monetary unit of the United Kingdom
SEK	Swedish krona – the monetary unit of Sweden
DKK	Danish krona – the monetary unit of Denmark
NOK	Norwegian krona – the monetary unit of Norway
CHF	Swiss franc – the monetary unit of Switzerland
USD	United States dollar, the legal tender in the United States of America
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IFRS EU	International Financial Reporting Standards endorsed by the European Union
GDP	Gross Domestic Product

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 DECEMBER 2025

Consolidated statement of profit or loss

	Note	Year ended on 31 December 2025	Year ended on 31 December 2024
Continuing operations			
Revenue from sales of paper and pulp	4.1.1.	3 197 594	3 434 693
Sales revenue		3 197 594	3 434 693
Costs of sales	4.2.2.	(2 966 333)	(2 850 307)
Gross profit/(loss) on sales		231 261	584 386
Selling and distribution costs	4.2.2.	(345 483)	(349 188)
Administrative expenses	4.2.2.	(109 576)	(120 618)
Other operating income	4.2.1.	129 360	132 055
Other operating expenses	4.2.2.	(59 338)	(62 341)
Operating profit/(loss)		(153 776)	184 294
Finance income	4.2.3.	4 406	19 686
Finance costs	4.2.4.	(61 721)	(11 531)
Gross profit/(loss)		(211 091)	192 449
Income tax	4.4.	35 726	(31 344)
Net profit/(loss) from continuing operations		(175 365)	161 105
Net profit/(loss) for the financial year		(175 365)	161 105
Attributable to:			
The shareholders of the Parent Company		(99 681)	154 458
To the non-controlling shareholder		(75 684)	6 647

Earnings per share:

– basic earnings from the profit/(loss) attributable to the shareholders of the Parent Company	4.5.	(1,44)	2,23
– diluted earnings from the profit attributable to the shareholders of the Parent Company	4.5.	(1,44)	2,23

The accounting policies and additional notes included on pages from 16 to 90 form an integral part of these financial statements.

Unless specified otherwise, all amounts are in PLN '000.

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	Year ended on 31 December 2025	Year ended on 31 December 2024
Net profit/(loss) for the reporting period		(175 365)	161 105
Items of other comprehensive income to be reclassified to profit or loss, before taxation		62 843	(119 353)
Foreign exchange differences on translation of foreign operations	5.12.2.	62 600	(58 223)
Measurement of financial instruments, including:		243	(61 130)
Measurement of financial instruments (items to be reclassified in future periods)	4.3.	(3 704)	(45 631)
Measurement of financial instruments (items reclassified in the period)	4.3.	3 947	(15 499)
Items of other comprehensive income not to be reclassified to profit or loss, before taxation		(298)	748
Actuarial profit/(loss) for defined benefit plans	5.15.2.	(298)	748
Other comprehensive income before tax		62 545	(118 605)
Income tax relating to items of other comprehensive income that will be reclassified to profit or loss		(71)	8 087
Deferred income tax on the measurement of financial instruments, of which:	4.4.1.	(71)	8 087
Deferred income tax on the measurement of financial instruments (subject to reclassification in future periods)		(253)	7 350
Deferred income tax on the measurement of financial instruments (reclassified in the period)		182	737
Income tax relating to items of other comprehensive income not to be reclassified to profit or loss		-	(106)
Deferred income tax on actuarial profit/(loss) relating to defined benefit plans	4.4.1.	-	(106)
Other net comprehensive income		62 474	(110 624)
Total comprehensive income for the period		(112 891)	50 481
Total comprehensive income attributable to:			
The shareholders of the Parent Company		(53 175)	81 154
Non-controlling shareholders		(59 716)	(30 673)

The accounting policies and additional notes included on pages from 16 to 90 form an integral part of these financial statements.

Unless specified otherwise, all amounts are in PLN '000.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

Non-current assets	Note	As at 31 December 2025	As at 31 December 2024
Property, plant and equipment	5.1.	1 527 706	1 419 069
Intangible assets	5.4.	78 446	38 202
Goodwill	5.4.	8 207	7 835
Investments in joint ventures	5.4.3.	5 203	5 059
Other financial assets	5.5.	14 943	15 547
Other non-financial assets	5.6.	1 668	162
Deferred tax asset	4.4.3.	6 913	6 453
Total non-current assets		1 643 086	1 492 327
Current assets			
Inventories	5.9.	443 529	495 044
Trade and other receivables	5.10.	367 833	428 773
Corporate income tax receivables	5.10.	22 296	16 158
Other non-financial assets	5.5.	47 115	33 318
Other financial assets	5.6.	904	3 760
Cash and cash equivalents	5.11.	151 642	287 583
Total current assets		1 033 319	1 264 636
Total assets		2 676 405	2 756 963

The accounting policies and additional notes included on pages from 16 to 90 form an integral part of these financial statements.

Unless specified otherwise, all amounts are in PLN '000.

Equity and liabilities	Note	As at 31 December 2025	As at 31 December 2024
Equity			
Equity (attributable to the shareholders of the Parent Company)			
Share capital	5.12.1.	69 288	69 288
Supplementary capital	5.12.3.	625 733	625 733
Other reserves	5.12.4.	340 310	138 750
Foreign exchange differences on translation	5.12.2.	(101 862)	(144 397)
Retained earnings/Accumulated losses	5.12.5.	482 037	765 920
		1 415 506	1 455 294
Non-controlling interests	5.12.6.	281 935	313 429
TOTAL EQUITY		1 697 441	1 768 723
Non-current liabilities			
Loan payables	5.13.	56 060	179 108
Provisions	5.16.1	12 930	13 365
Employee benefit liabilities	5.15.1.	19 920	20 432
Other financial liabilities	5.10.	36 501	45 740
Deferred tax liability	4.4.3.	72 651	110 319
Grants and deferred income	5.17.2.	4 766	6 596
Total long-term liabilities		202 828	375 560
Current liabilities			
Loan payables	5.17.1.	195 019	52 647
Provisions	5.16.1.	774	365
Other financial liabilities	5.13.	10 776	8 716
Trade and other payables	5.17.1.	454 527	427 154
Employee benefit liabilities	5.12.1.	98 551	96 743
Income tax liability	5.18.3.	518	17 928
Grants and deferred income	5.17.2.	15 971	9 127
Total short-term liabilities		776 136	612 680
TOTAL LIABILITIES		978 964	988 240
TOTAL EQUITY AND LIABILITIES		2 676 405	2 756 963

The accounting policies and additional notes included on pages from 16 to 90 form an integral part of these financial statements.

Unless specified otherwise, all amounts are in PLN '000.

CONSOLIDATED STATEMENT OF CASH FLOWS

	12-month period ended on Note 31 December 2025	12-month period ended on 31 December 2024
Cash flows from operating activities		
Gross profit/(loss)	(211 091)	192 449
Adjustments for:	355 842	54 259
Depreciation/amortisation	4.2.6 194 297	114 302
Foreign currency gains/(loss)	4 910	(5 555)
Interest, net	13 646	4 508
Profit/(loss) on investing activities	(955)	8 116
(Increase)/decrease in trade and other receivables	68 039	(23 774)
(Increase)/decrease in inventories	68 819	(67 515)
Increase/(decrease) of liabilities except loans, borrowings, bonds and other financial liabilities	18 656	44 669
Change in non-financial assets	(8 151)	(17 869)
Change in provisions	2 691	7 708
Change in pension provisions and employee liabilities	(1 435)	(25 108)
Change in grants and deferred income	4 614	(844)
Co-generation certificates and CO2 emission rights (increase)	(5 705)	11 693
Change in settlement of realised forward contracts that meet hedge accounting rules (decrease)	(3 328)	11 204
Change in accounting for unrealized forward contracts not meeting hedge accounting rules	-	(7 122)
Other	(256)	(154)
Total flows from operations	144 751	246 708
Income tax paid	(26 422)	(58 313)
Net cash flows from operating activities	118 329	188 395
Cash flows from investing activities		
Disposal of property, plant and equipment and intangible assets	126	2 169
Purchase of property, plant and equipment and intangible assets	(300 730)	(423 597)
Interest received	-	531
Proceeds from forward contracts that do not comply with hedge accounting rules	-	4 267
Other cash inflows (outflows) classified as investing activities	(1 437)	-
Net cash flows from investing activities	(302 041)	(416 630)
Cash flows from financing activities		
Change to overdraft facilities	67 026	1 130
Repayment of leasing liabilities	(6 469)	(6 354)
Repayment of other financial liabilities	-	7
Proceeds from borrowing	23 260	179 473

The accounting policies and additional notes included on pages from 16 to 90 form an integral part of these financial statements.

Unless specified otherwise, all amounts are in PLN '000.

Repayment of loans		(84 332)	(66 276)
Dividend paid to shareholders of AP SA	4.4.4.	-	(69 288)
Dividend paid to non-controlling shareholders	5.12.6	-	(13 980)
Interest paid		(466)	(1 877)
Share issue		44 932	-
Net cash flows from financing activities		43 951	22 835
Increase/(decrease) in cash and cash equivalents		(139 761)	(205 400)
Net foreign exchange differences		3 823	(7 465)
Increase (decrease) in cash and cash equivalents after effects of exchange rate changes		(135 938)	(212 865)
Cash and cash equivalents at the beginning of the period		287 583	500 449
Cash and cash equivalents at the end of the period	5.11.	151 642	287 583

The accounting policies and additional notes included on pages from 16 to 90 form an integral part of these financial statements.

Unless specified otherwise, all amounts are in PLN '000.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to the shareholders of the Parent Company									
	Note	Share capital	Supplementary capital	Foreign exchange differences on translation of foreign operations	Other reserves	Retained earnings (Accumulated losses)	Total	Equity attributable to non-controlling shareholders	Total equity
As at 1 January 2025		69 288	625 733	(144 397)	138 750	765 920	1 455 294	313 429	1 768 723
Net profit/(loss) for the period		-	-	-	-	(99 681)	(99 681)	(75 684)	(175 365)
Other net comprehensive income for the period		-	-	42 535	4 268	(298)	46 506	15 968	62 474
Total comprehensive income for the period		-	-	42 535	4 268	(99 979)	(53 175)	(59 716)	(112 891)
Profit sharing		-	-	-	197 292	(197 292)	-	-	-
Acquisition of shares in a subsidiary – minority interest		-	-	-	-	13 388	13 388	28 221	41 609
Payment of dividend to shareholders of AP SA	4.6., 5.12.5	-	-	-	-	-	-	-	-
Total changes in capital		-	-	42 535	201 560	(283 883)	(39 787)	(31 495)	(71 282)
As at 31 December 2025		69 288	625 733	(101 862)	340 310	482 037	1 415 506	281 935	1 697 441

Attributable to the shareholders of the Parent Company

	Note	Share capital	Supplementary capital	Foreign exchange differences on translation of foreign operations	Other reserve capital	Retained earnings (Accumulated losses)	Total	Equity attributable to non-controlling shareholders	Total equity
As at 1 January 2024		69 288	443 805	(107 340)	175 639	862 036	1 443 428	358 080	1 801 508
Net profit/(loss) for the period		-	-	-	-	154 458	154 458	6 647	161 105
Other net comprehensive income for the period		-	-	(37 056)	(36 890)	642	(73 304)	(37 320)	(110 624)
Total comprehensive income for the period		-	-	(37 056)	(36 890)	155 100	81 154	(30 673)	50 481
Profit sharing		-	181 928	-	-	(181 928)	-	-	-
Acquisition of shares in a subsidiary – minority interest		-	-	-	-	-	-	-	-
Payment of dividend to shareholders of AP SA	4.6., 5.12.5	-	-	-	-	(69 288)	(69 288)	(13 980)	(83 268)
Total changes in capital		-	181 928	(37 056)	(36 890)	(96 116)	11 866	(44 653)	(32 787)
As at 31 December 2024		69 288	625 733	(144 397)	138 750	765 920	1 455 294	313 429	1 768 723

NOTES COMPRISING A SUMMARY OF ACCOUNTING POLICIES AND EXPLANATORY NOTES

1. General information

1.1. Name, registered office, scope of business activity

The Arctic Paper Spółka Akcyjna Group is a paper and pulp producer. We offer voluminous book paper and a wide range of products in this segment, as well as high-grade graphic paper. The Group produces numerous types of uncoated and coated wood-free paper as well as wood uncoated paper for printing houses, paper distributors, book and magazine publishing houses and the advertising industry. As at 31 December 2025, the Arctic Paper Group employs almost 1,500 people in its paper mills, companies involved in sale of paper and in pulp producing companies, procurement office and a company producing food packaging. Our paper mills are located in Poland and Sweden. Pulp mills are located in Sweden. As at 31 December 2025, the Group had 13 Sales Offices ensuring access to all European markets, including Central and Eastern Europe. Our consolidated sales revenue for the period of 12 months of 2025 amounted to PLN 3,198 million.

Arctic Paper Spółka Akcyjna is a holding company set up in April 2008. As a result of capital restructuring carried out in 2008, the paper mills: Arctic Paper Kostrzyn (Poland) and Arctic Paper Munkedals (Sweden), Distribution Companies and Sales Offices have become the properties of Arctic Paper S.A. Previously they were owned by Arctic Paper AB (later Trebruk AB), the indirect Parent Company of Arctic Paper S.A. In addition, in its expansion, the Group acquired the Arctic Paper Mochenwangen paper mill (Germany) in November 2008 and the Grycksbo paper mill (Sweden) in March 2010. In December 2012, the Group acquired a controlling package of shares in Rottneros AB, a company listed on NASDAQ in Stockholm, Sweden, holding interests in two pulp companies (Sweden).

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

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

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

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

Unless specified otherwise, all amounts are in PLN '000.

1.2. Shareholding structure

Shareholder	as at 31.12.2025				as at 31.12.2024			
	Number of shares	Share in the share capital [%]	Number of votes	Share in the total number of votes [%]	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%	47 205 107	68,13%	47 205 107	68,13%
- indirectly via	41 974 890	60,58%	41 974 890	60,58%	41 581 449	60,01%	41 581 449	60,01%
Nemus Holding AB	41 374 890	59,71%	41 374 890	59,71%	40 981 449	59,15%	40 981 449	59,15%
other entity	600 000	0,87%	600 000	0,87%	600 000	0,87%	600 000	0,87%
- directly	5 323 658	7,68%	5 323 658	7,68%	5 623 658	8,12%	5 623 658	8,12%
Other	21 989 235	31,74%	21 989 235	31,74%	22 082 676	31,87%	22 082 676	31,87%
Total	69 287 783	100,00%	69 287 783	100,00%	69 287 783	100,00%	69 287 783	100,00%
Treasury shares	-	0,00%	-	0,00%	-	0,00%	-	0,00%
Total	69 287 783	100,00%	69 287 783	100,00%	69 287 783	100,00%	69 287 783	100,00%

Nemus Holding AB, a company under Swedish law (a company owned indirectly by Mr Thomas Onstad), is the majority shareholder of Arctic Paper S.A., holding (as at 31 December 2025) 41,374,890 shares of our Company, which constitutes 59.71% of its share capital and corresponds to 59.71% of the total number of votes at General Meetings. Thus, Nemus Holding AB is the parent company of the Issuer.

Additionally, Mr Thomas Onstad, an indirect shareholder of Nemus Holding AB, holds directly 5,323,658 shares representing 7.68% of the total number of shares in the Company, and via another entity – 600,000 shares accounting for 0.87% of the total number of shares of the Issuer. Mr Thomas Onstad's total direct and indirect holding in the capital of Arctic Paper S.A. as at 31 December 2025 was 68.26% (31 December 2024: 68.13%) and remained unchanged up to the date of publication of this report.

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

1.3. Group composition

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

Unit	Registered office	Business activity	Group's interest in the equity of the subsidiaries as at		
			21 April 2026	31 December 2025	31 December 2024
Arctic Paper Kostrzyn S.A.	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Paper production	100%	100%	100%
Arctic Paper Munkedals AB	Sweden, SE 455 81 Munkedal	Paper production	100%	100%	100%
Arctic Paper Mochenwangen GmbH	Germany, Fabrikstrasse 62, DE-882, 84 Wolpertswende	Non-operating company, formerly paper production	99,74%	99,74%	99,74%
Arctic Paper Grycksbo AB	Sweden, Box 1, SE 790 20 Grycksbo	Paper production	100%	100%	100%
Arctic Paper UK Limited	United Kingdom, 8 St Thomas Street SE1 9RR London	Trading company	100%	100%	100%
Arctic Paper Baltic States SIA	Latvia, K. Valdemara iela 33-20, Riga LV-1010	Trading company	100%	100%	100%
Arctic Paper Deutschland GmbH	Germany, Am Sandtorkai 72, D-20457 Hamburg	Trading company	100%	100%	100%

Unless specified otherwise, all amounts are in PLN '000.

Unit	Registered office	Business activity	Group's interest in the equity of the subsidiaries as at		
			21 April 2026	31 December 2025	31 December 2024
Arctic Paper Benelux S.A.	Belgium, Ophemstraat 24, B-3050 Oud-Heverlee	Trading company	100%	100%	100%
Arctic Paper Schweiz AG	Switzerland, Gutenbergstrasse 1, CH-4552 Derendingen	Trading company	100%	100%	100%
Arctic Paper Italia srl	Italy, Via Cavriana 7, 20 134 Milan	Trading company	100%	100%	100%
Arctic Paper Danmark A/S	Denmark, Korskindelund 6 DK-2670 Greve	Trading company	100%	100%	100%
Arctic Paper France SAS	France, 43 rue de la Breche aux Loups, 75012 Paris	Trading company	100%	100%	100%
Arctic Paper Espana SL	Spain, Avenida Diagonal 472-474, 9-1 Barcelona	Trading company	100%	100%	100%
Arctic Paper Papierhandels GmbH	Austria, Hainborgerstrasse 34A, A-1030 Wien	Trading company	100%	100%	100%
Arctic Paper Polska Sp. z o.o.	Poland, Okrężna 9, 02-916 Warszawa	Trading company	100%	100%	100%
Arctic Paper Norge AS	Norway, Eikenga 11-15, NO-0579 Oslo	Trading company	100%	100%	100%
Arctic Paper Sverige AB	Sweden, SE 455 81 Munkedal	Trading company	100%	100%	100%
Arctic Power Sp. z o.o. (formerly Arctic Paper East Sp. z o.o.)	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Production of energy	100%	100%	100%
Arctic Paper Investment GmbH *	Germany, Fabrikstrasse 62, DE-882, 84 Wolpertswende	Holding activities	100%	100%	100%
Arctic Paper Finance AB	Sweden, Box 383, 401 26 Göteborg	Holding activities	100%	100%	100%
Arctic Paper Verwaltungs GmbH *	Germany, Fabrikstrasse 62, DE-882, 84 Wolpertswende	Holding activities	NA****	NA****	100%
Arctic Paper Immobilienverwaltung GmbH&Co. KG*	Germany, Fabrikstrasse 62, DE-882, 84 Wolpertswende	Holding activities	NA****	NA****	94,90%
Arctic Paper Investment AB **	Sweden, Box 383, 401 26 Göteborg	Holding activities	100%	100%	100%
EC Kostrzyn Sp. z o.o.	Poland, ul. Fabryczna 1, 66-470 Kostrzyn nad Odrą	Rental of properties and machines and equipment	NA****	NA****	100%
Munkedals Kraft AB	Sweden, 455 81 Munkedal	Production of hydropower	100%	100%	100%
Kostrzyn Packaging Sp. z o.o.	Poland, ul. Fabryczna 1, 66-470 Kostrzyn nad Odrą	Production of packaging	77,51%	77,51%	76%
Rottneros AB	Sweden, Söderhamn	Holding activities	55,02%	55,02%	51,27%
Rottneros Bruk AB	Sweden, Rottneros	Pulp production	55,02%	55,02%	51,27%
Utansjo Bruk AB	Sweden, Söderhamn	Non-operating company	55,02%	55,02%	51,27%
Vallviks Bruk AB	Sweden, Vallvik	Pulp production	55,02%	55,02%	51,27%
Nykvist Skogs AB	Sweden, Gräsmark	Company grouping forest owners	55,02%	55,02%	51,27%

Unless specified otherwise, all amounts are in PLN '000.

Unit	Registered office	Business activity	Group's interest in the equity of the subsidiaries as at		
			21 April 2026	31 December 2025	31 December 2024
Rottneros Packaging AB	Sweden, Sunne	Production of food packaging	55,02%	55,02%	51,27%
SIA Rottneros Baltic	Latvia, Kuldiga	Procurement bureau	55,02%	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%	100%	0%
Project Frost APM AB	Sweden, SE 455 81 Munkedal	Energy storage	100%	100%	100%
Project Frost APG AB	Sweden, Box 1, SE 790 20 Grycksbo	Energy storage	100%	100%	100%

* – companies established for the purpose of the acquisition of Arctic Paper Mochenwangen GmbH

** – company established to acquire Grycksbo Paper Holding AB (closed in 2015) and indirectly Arctic Paper Grycksbo AB

*** – 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

**** – companies liquidated due to simplification of group structure

On 22 July 2025, the Management Board became aware of the results of the issue of new shares in Rottneros, including the allocation to the Company of 10,000,000 new shares in the subsidiary Rottneros (8.7% of the offered shares) in addition to the shares under pre-emptive rights, as part of a subscription for 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 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.

At the date of this report, there were no other changes in the composition of the Group compared to 31 December 2025.

As at 31 December 2025 and as well as on the day hereof, the percentage of voting rights held by the Group in its subsidiaries corresponded to the percentage held in the share capital of those entities. All subsidiaries included in the Group (other than those listed above) are consolidated using the full method from the date on which control is obtained by the Group, and cease to be consolidated from the date on which control ceased.

1.4. Management and supervisory bodies

1.4.1. Management Board of the Parent Company

As at 31 December 2025, the Parent Company's Management Board was composed of:

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

Members of the Management Board shall hold office continuously from the date of their appointment.

There have been no changes to the composition of the Company's Management Board from 31 December 2025 to the date of publication of the financial statements.

1.4.2. Supervisory Board of the Parent Company

As at 31 December 2025, the Parent Company's Supervisory Board was composed of:

- Per Lundeen – Chair of the Supervisory Board appointed on 22 September 2016 (appointed to the Supervisory Board on 14 September 2016);

Unless specified otherwise, all amounts are in PLN '000.

- 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.

Members of the Supervisory Board shall hold office continuously from the date of their appointment.

Up to the date of publication of these consolidated financial statements, there were no changes in the composition of the Parent Company's Supervisory Board.

1.4.2. Audit Committee of the Parent Company

As at 31 December 2025, the Parent Company's Audit Committee was composed of:

- Anna Jakubowski – Chair of the Audit Committee appointed on 22 June 2021 (appointed as Member of the Audit Committee on 5 August 2021);
- Zofia Dzik – Member of the Audit Committee appointed on 22 June 2021 (appointed as Member of the Audit Committee on 5 August 2021);
- Roger Mattsson – Audit Committee Member appointed on 14 September 2014 (appointed as Audit Committee Member on 23 June 2016).

The members of the Audit Committee shall hold office continuously from the date of their appointment

Up to the date of publication of these consolidated financial statements, there were no changes in the composition of the Parent Company's Audit Committee.

1.5. Changes in the capital structure of the Arctic Paper Group

On 22 July 2025, the Management Board became aware of the results of the issue of new shares in Rottneros, including the allocation to the Company of 10,000,000 new shares in the subsidiary Rottneros (8.7% of the offered shares) in addition to the shares under pre-emptive rights, as part of a subscription for 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 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.

1.6. Approval of the financial statements

These consolidated financial statements were approved for publication by the Parent Company's Management Board on 21 April 2026.

2. Accounting principles

2.1. Basis of preparation of the consolidated financial statements

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

These Consolidated Financial Statements are presented in the Polish Zloty ("PLN"), and all values, unless indicated otherwise, are stated in PLN '000.

These Consolidated Financial Statements have been prepared based on the assumption that the Group will continue as a going concern in the foreseeable future. The Management Board assessed the Group's going concern assumption for the foreseeable future.

The evaluation included the Group's overall working capital position, taking into consideration the distribution of cash among subsidiaries and any restrictions on the transfer of funds outside the Group. Where applicable, the Management Board considered the subsidiaries' ability to pay dividends or otherwise transfer funds to meet the Group's obligations.

The Management Board prepared a cash flow forecast covering at least twelve months from the date of approval of the consolidated financial statements. The forecast is based on approved budgets, historical trends, current market conditions, and contracts in force at the date of the assessment.

The forecasts include expected cash inflows from operating activities, capital expenditure requirements, debt service obligations, and changes in the Group's working capital. Based on this analysis, the Management Board expects the Group to maintain sufficient liquidity to meet its obligations as they fall due throughout the assessment period.

After taking into account the consolidated financial position of the Group, projected cash flows, intra-group financing capacity, sensitivity analysis and all relevant information available as at the date of approval of the consolidated financial statements, the Management Board concludes that the assumption that the Group will continue as a going concern in the foreseeable future is reasonable.

Unless specified otherwise, all amounts are in PLN '000.

2.2. Compliance statement

These consolidated financial statements have been prepared in accordance with the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognising as equivalent the information required by the laws of a non-member state (Journal of Laws 2018, item 757, as amended), and the International Financial Reporting Standards (“IFRS”) as endorsed by the European Union (“EU IFRS”).

IFRS cover standards and interpretations approved by the International Accounting Standards Board (IASB).

Certain subsidiaries of the Group maintain their books of account in compliance with the accounting policies (principles) as set forth in the Accounting Act of 29 September 1994 (“Act”) as amended, and the regulations issued pursuant thereto (“Polish accounting standards”) or in compliance with other local accounting standards applicable to foreign operations. The consolidated financial statements contain adjustments that are not incorporated in the books of account of the Group entities, implemented to make the financial data of those entities compliant with EU IFRS.

2.3. Currency of the financial statements and functional currencies

The Group’s consolidated financial statements are presented in PLN which is also the functional currency of the Parent Company. A functional currency is determined for each subsidiary and the assets and liabilities of each entity are measured in its relevant functional currency. The functional currencies of the Group companies included in these consolidated financial statements are as follows: Polish zloty (PLN), Swedish krona (SEK), euro (EUR), Norwegian krone (NOK), Danish krona (DKK), pound sterling (GBP) and Swiss franc (CHF).

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 31 December 2025.

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 consolidated financial statements:

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

In August 2023 the Board published amendments to IAS 21 “The Effects of Changes in 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 consolidated financial statements, the Company has not decided to early apply the following published standards, interpretations or amendments to existing standards before their effective date:

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

- IFRS In May 2024, the IASB published amendments to IFRS 9 and IFRS 7 aimed at:
- 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.

- b) 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.

Unless specified otherwise, all amounts are in PLN '000.

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

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

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

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

In April 2024, the 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 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. As at the date of these consolidated financial statements, the modifications have not yet been approved by the European Union.

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

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

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

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

As at the date of these consolidated financial statements, the modifications have not yet been approved by the European Union.

f) 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.

As at the date of these consolidated financial statements, the modifications have not yet been approved by the European Union

g) Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates – Translation into the Presentation Currency in Hyperinflationary Economies"

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 elect to apply them early.

Unless specified otherwise, all amounts are in PLN '000.

As at the date of these consolidated financial statements, the modifications have not yet been approved by the European Union.

h) 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.

i) 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.

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

At the date of approval of these financial statements for publication, the Company does not plan to implement IFRS 18 early and is in the process of analysing the impact of this standard on the consolidated financial statements. The implementation of the standard may result in a change to the presentation of the income statement and the reclassification of certain line items to financing or investing activities.

The Group’s management does not expect the introduction of the other standards and interpretations to have a material impact on the Group’s accounting policies.

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

2.7. Implementation of new standards

At the date of approval of these consolidated financial statements for publication, the Parent Company’s Management Board is in the process of analysing the impact of IFRS 18 on the consolidated financial statements. The implementation of the standard may result in a change to the presentation of the income statement and the reclassification of certain line items to financing or investing activities.

The Parent Company’s Management Board does not expect the introduction of other standards and interpretations to have a material impact on the accounting policies applied by the Group in relation to the Group’s operations or financial performance.

2.8. Relevant values based on professional judgement and estimates

The preparation of the consolidated 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 policies and significant values based on judgments and estimates are presented as part of the individual notes to the separate financial statements.

2.9. Information on the impact of climate issues on the Group's operations

The Arctic Paper Group regularly assesses climate-related risks and opportunities that may affect the Group's operations. The impact of climate issues has been determined to the best of management's knowledge, current, obtainable estimates of the economic and social conditions likely to occur in the foreseeable future. The environment and climate change is one of the identified significant areas from the point of view of assessing their importance and impact on the Arctic Paper Group's operations.

Detailed risk areas, their implications and the mitigating actions taken by the Arctic Paper Group are presented in the Arctic Paper Group Sustainability Report in section 2.4 Principal risks and their management. Mitigating the risks associated with the effects of climate change includes, among other things, careful monitoring of environmental standards and indicators, reducing individual energy consumption and investing in renewable, carbon-neutral energy sources.

The Arctic Paper Group is actively investing in the energy transition, both in terms of improving the efficiency of the technologies currently used and diversifying energy sources towards low and zero carbon solutions, including the construction of a multi-fuel boiler at Arctic Paper Munkedals and the start of an investment to build a biomass drying and pellet plant at Arctic Paper Grycksbo, which will provide more sustainable fuel sourcing and reduce energy costs.

Arctic Paper's ambition and the target set by the 4P Strategy adopted in 2021 is to achieve CO₂ neutrality in the paper and packaging pillars by 2030, and in all pillars (including the energy and pulp pillars) by 2035.

2.10. Principles of consolidation

These Consolidated Financial Statements cover financial statements of Arctic Paper S.A. and its subsidiaries for the year ended on 31 December 2025. The financial statements of subsidiary entities, subject to adjustments to achieve compliance with EU IFRS, are made for the same reporting period as the financial statements of the parent entity relying on consistent accounting principles, applied to similar transactions and economic events. In order to eliminate any discrepancies in the applied accounting standards, adjustments are made. All material balances and transactions among Group entities, including unrealised profit on transactions within the Group, have been fully eliminated. Unrealised losses are eliminated unless they evidence impairment.

Subsidiaries are consolidated using the full method from the date on which the Group obtains control over them and cease to be consolidated from the date on which control ceases. Control by the Parent Company occurs when:

- it exercises power over the entity;
- it is exposed to variable return or is entitled to variable return as a result of its involvement in the entity;
- it is able to exercise its power to affect the level of generated return.

The Company verifies its effective control over other entities if a situation occurs that may indicate a change to one or more of the above requirements for control to be effective.

When the Company holds less than a majority of votes in an entity but the held voting rights are sufficient to unilaterally direct the essential matters of the entity, this means that control is exercised. When assessing if the voting rights in an entity are sufficient to ensure power, the Company analyses all material circumstances, such as:

- the volume of the package of voting rights compared with the volumes of other packages and distribution of voting rights held by other shareholders;
- potential voting rights held by the Company, other shareholders or other parties;
- rights resulting from contractual arrangements; and
- additional circumstances that may prove if the Company is or is not able to direct material operations when decisions are taken, including voting schemes observed at previous shareholders' meetings.

Change to the holdings by the Parent Company that do not result in loss of control over subsidiary entities, are recognised as capital transactions. In such instances, in order to reflect the changes in relative interests in subsidiary entities, the Group adjusts the carrying amount of controlling interests and non-controlling interests. All differences between the adjustment amounts to non-controlling interests and the fair value of the amount paid or received, are recognised to equity and attributed to the owners of the Parent Company.

Unless specified otherwise, all amounts are in PLN '000.

2.11. Foreign currency translation

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

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

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

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

The following exchange rates were used for book valuation purposes:

	As at 31 December 2025	As at 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

Mean currency exchange rate for the reporting periods are as follows:

	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

Unless specified otherwise, all amounts are in PLN '000.

2.12. Offsetting financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is shown in the statement of financial position only if the Group has a valid legal title to set off and intends to settle these amounts net or to realize the asset and settle the liability at the same time.

3. Notes to operating segments

Significant accounting principles (policies)

The Group is organised and managed by segment, taking into account the type of products offered and the type of production activity. The Parent Company's management has identified operating segments on the basis of the financial reporting of the Group companies, data from which is used to make strategic decisions within the Group. Revenue from inter-segment transactions is eliminated on consolidation.

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

The paper production business is presented as the "Paper" segment and includes the financial results of, among others, three paper mills:

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

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

- Rottneros pulp mill (Sweden) – mainly produces chemothermo-mechanical pulp (CTMP);
- the pulp mill in Vallvik (Sweden) produces two types of long-fibre sulphate pulp: fully bleached sulphate pulp and unbleached sulphate pulp. The most of Vallvik pulp mill production is known as NBSK pulp.

The Group identifies the following business segments:

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

Exclusions include the exclusion of turnover and inter-segment settlements (transactions relating to Kostrzyn Packaging including property, plant and equipment under construction and sales with the Rottneros Group) and the results of operations of Arctic Paper S.A. (primarily the provision of services between companies)

The division of the business segments into paper and pulp is dictated by the following considerations:

- Demand for products and their supply as well as the prices of products sold in the market are affected by operational factors characteristic for each segment, such as e.g. the production capacity level in the specific paper and pulp segment,
- The key operating parameters such as inflow of orders or the level of production costs are determined by the factors that are similar for each paper and pulp segment,
- The results of the Arctic Paper Group are under the pressure of global market trends with respect to the prices of paper and pulp, and to a lesser extent are subject to the specific conditions of the production entities.

Unless specified otherwise, all amounts are in PLN '000.

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

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

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

The table below presents data concerning revenue and profit as well as certain assets and liabilities under continuing operations, split by segments of the Group for the period of 12 months ended on 31 December 2025 and as at 31 December 2025.

Twelve-month period ended on 31 December 2025 and as at 31 December 2025

	Paper	Pulp	Total	Total continuing operations
Revenue				
Sales to external customers	2 224 339	973 255	3 197 595	3 197 595
Total segment revenue	2 224 339	973 255	3 197 595	3 197 595
Result of the segment				
EBITDA	120 367	(79 848)	40 519	40 519
Depreciation/amortisation	(88 195)	(106 102)	(194 297)	(194 297)
Operating profit/(loss)	32 172	(185 950)	(153 778)	(153 778)
Interest income	3 147	691	3 837	3 837
Interest expense	(3 500)	(10 831)	(14 331)	(14 331)
Foreign currency losses and other finance costs	8	561	569	569
Foreign currency losses and other finance costs	(35 049)	(12 341)	(47 390)	(47 390)
Gross profit	(3 222)	(207 870)	(211 093)	(211 093)
Assets of the segment	1 655 954	1 008 336	2 664 289	2 664 289
Liabilities of the segment	508 747	397 567	906 314	906 314
Capital expenditures	(237 516)	(63 213)	(300 730)	(300 730)
Investments in joint ventures	5 203	-	5 203	5 203

Unless specified otherwise, all amounts are in PLN '000.

- Revenue from inter-segment transactions is eliminated on consolidation.
- The results of the segments do not cover finance income (PLN 4,406 thousand, of which PLN 3,837 thousand is interest income) and finance costs (PLN 61,721 thousand, of which PLN 14,331 thousand is interest expense and PLN 36,229 thousand is foreign exchange loss), depreciation and amortisation (PLN 194,297 thousand), as well as income tax charges (PLN +35,725 thousand).
- Segment assets do not include deferred tax (PLN 6,913 thousand), as this item is managed at the Group level and interests in joint ventures (PLN 5,203 thousand).
- Segment liabilities do not include deferred tax (PLN 72,650 thousand), as this item is managed at the Group level.

The table below presents data concerning revenue and profit as well as certain assets and liabilities under continuing operations, split by segments of the Group for the period of 12 months ended on 31 December 2024 and as at 31 December 2024.

Twelve-month period ended on 31 December 2024 and as at 31 December 2024

	Paper	Pulp	Total	Exclusions	Total continuing operations
Revenue					
Sales to external customers	2 413 663	1 021 030	3 434 693	-	3 434 693
Sales between segments	-	-	-	-	-
Total segment revenue	2 413 664	1 021 030	3 434 693	-	3 434 693
Result of the segment	-	-	-	-	-
EBITDA	258 349	54 881	313 230	(14 634)	298 595
Depreciation/amortisation	(73 524)	(40 354)	(113 879)	(423)	(114 302)
Operating profit/(loss)	184 825	14 526	199 351	(15 057)	184 294
Interest income	6 603	1 070	7 673	(571)	7 102
Interest expense	(4 585)	(5 577)	(10 162)	2 656	(7 507)
Foreign currency gains and other finance income	16 704	10 127	26 832	(14 248)	12 584
Foreign currency losses and other finance costs	(4 618)	(350)	(4 968)	943	(4 025)
Gross profit	198 929	29 407	228 336	(35 888)	192 448
Assets of the segment	1 807 471	999 329	2 806 799	(61 349)	2 745 450
Liabilities of the segment	671 951	382 335	1 054 285	(176 365)	877 921
Capital expenditures	(253 089)	(169 766)	(422 856)	(704)	(423 560)
Investments in joint ventures	5 059	-	5 059	-	5 059

- Revenue from inter-segment transactions is eliminated on consolidation.
- The segment result does not include finance income (PLN 19,686 thousand, of which PLN 7,102 thousand is interest income and PLN 11,868 thousand is foreign exchange differences) and finance costs (PLN 11,532 thousand, of which PLN 7,507 thousand is interest expense and PLN depreciation/amortisation (PLN 114,301 thousand), as well as income tax liabilities (PLN 31,345 thousand).
- Segment assets do not include deferred tax (PLN 6,453 thousand), as this item is managed at the Group level and interests in joint ventures (PLN 5,059 thousand).
- Segment liabilities do not include deferred tax (PLN 110,319 thousand), as this item is managed at the Group level.

Unless specified otherwise, all amounts are in PLN '000.

4. Notes to the consolidated statement of profit or loss and other comprehensive income

4.1. Sales revenue

Pursuant to IFRS 15, the Group applies a five-step model to recognise revenue from contracts with customers.

- Requirements applicable to identifying contracts with customers: contracts with customers meet the definition when all of the following criteria have been satisfied: the parties to the contract have concluded the contract and are obliged to perform their obligations; the Group is able to identify the rights of each party concerning the goods and services to be provided; the Group is able to identify the payment terms for the goods and services to be provided; the contract has economic content and it is likely that the Group will receive its remuneration due to it in exchange for the goods and services to be provided to the customer.
- Identification of obligations to perform the service: at contract conclusion the Group assesses the goods and services promised in the contract and identifies each promise as a liability for delivery to the customer: the goods or services (or a package of goods or services) that may be identified or a group of separate goods or services that are basically the same and when the delivery has the same nature.
- Identification of the transactional price: in order to determine the transactional price, the Group takes the contractual conditions into account as well as its customary commercial practices. The transactional price is the amount that – as the Group expects – will be due to it in exchange for the delivery of the promised goods or services to the customer, net of any amounts collected on behalf of third parties. The contractual remuneration may cover fixed amounts, variable amounts or both types; in order to estimate the variable remuneration, the Group has decided to apply the most probable value method.
- The allocation of the transactional price of each liability to perform: The Group allocates the transactional price to each obligation to perform (or for separate goods or separate services) in an amount that reflects the remuneration amount, in line with the Group's expectations – it is due to the Group in exchange for the delivery of the promised goods or services to the customer.
- Revenue recognition when the obligation to perform is being executed: The Group recognises revenue at completion (or during completion) of its obligation to perform by delivery of the promised goods or services (an asset) to the customer (the customer acquires control over the asset). Revenue is recognised in the remuneration amount which – as expected by the entity – is due to it in exchange for the goods or services promised to customers.

The following criteria are also applicable to recognition of revenue.

Sale of goods and products

Revenue is recognised if control of the good or product is transferred to another entity.

Provision of services

Group trading companies provide sales services to the paper mills. For the service, they are paid a commission computed on the actual value of product sales in each market. This means that profit on the sales services is recognised at the same time as product sales. Sales revenue includes only revenue of paper mills outside the Group.

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.

Dividend

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

Grants

If it is certain that a grant will be obtained and all the related conditions will be satisfied, then public grants are recognised at fair value.

If the grant applies solely to a specific cost item, then it is recognised as revenue commensurate to the costs that the grant is to compensate. If the grant applies to an asset, then its fair value is recognised in the account of deferred income and then gradually – in equal annual charges – it is recognised in profit or loss over the estimated useful life of the asset.

Unless specified otherwise, all amounts are in PLN '000.

4.1.1. Sales revenue

The table below presents the Group's revenue from sales of paper and pulp to external customers in each segment, split by countries and regions, in 2025 and 2024:

Geographical information

Year ended
on 31 December 2025

Revenue from sales of paper and pulp from external customers by segment:	Paper	Pulp	Total
Germany	432 461	116 508	548 969
France	207 198	5 543	212 740
UK	231 640	28 364	260 004
Scandinavia	200 353	312 773	513 126
Western Europe (other countries)	280 501	141 333	421 835
Poland	378 876	3 450	382 326
Central and Eastern Europe (other than Poland)	445 939	35 647	481 586
Outside Europe	47 370	329 638	377 008
Total segment revenue	2 224 339	973 255	3 197 594

Geographical information

Year ended
on 31 December 2024

Revenue from sales of paper and pulp from external customers by segment:	Paper	Pulp	Total
Germany	497 468	136 763	634 231
France	217 092	5 626	222 718
UK	275 526	34 164	309 691
Scandinavia	217 789	365 432	583 221
Western Europe (other countries)	292 414	129 242	421 657
Poland	424 988	1 688	426 676
Central and Eastern Europe (other than Poland)	455 470	48 181	503 652
Outside Europe	32 915	299 933	332 848
Total segment revenue	2 413 664	1 021 030	3 434 693

Sales revenue related to the item "Western Europe" cover mainly sales in Belgium, the Netherlands, Austria, Switzerland, Italy and Spain. Sales revenue related to the item "Central and Eastern Europe" cover mainly sales in Ukraine, the Czech Republic, Slovakia, Hungary and Bulgaria. Sales revenue related to the item "Outside Europe" cover mainly sales in China and the USA. Sales to no buyer exceed 10% of total revenue.

Unless specified otherwise, all amounts are in PLN '000.

4.2. Other income and expenses

4.2.1. Other operating income

	Year ended on 31 December 2025	Year ended on 31 December 2024
Damages received	-	639
Rental income	4 728	4 150
Sales of services	1 562	3 290
Grants	723	5 745
Sale of utilities	44 605	41 790
Sale of materials	2 829	1 661
Profit on disposal of property, plant and equipment	1 746	259
Profit on sale of CO2 emission rights	10 750	35 232
Compensation of R&D projects from the National Centre for Research and Development	(8)	-
CO2 compensation	19 766	31 745
Compensation from the aid to energy-intensive industries scheme	19 742	5 296
Sale of waste	12 807	-
Other	10 111	2 248
Total	129 360	132 055

4.2.2. Other operating income

	Year ended on 31 December 2025	Year ended on 31 December 2024
Real estate tax	(941)	(1 040)
Costs of sales of utilities	(36 018)	(35 574)
Costs of sales of materials	(733)	(158)
Loss on disposal/liquidation of property, plant and equipment	(2 331)	(1 341)
Environmental provisions	-	(6 977)
Impairment losses on property, plant and equipment	-	(4 653)
Loss on forward contracts not meeting hedge accounting rules measured at fair value through profit or loss	-	(2 997)
Operating consultancy costs	-	(3 656)
Costs of reorganisation	(10 965)	-
Other	(8 350)	(5 945)
Total	(59 338)	(62 341)

Unless specified otherwise, all amounts are in PLN '000.

4.2.3. Finance income

	Year ended on 31 December 2025	Year ended on 31 December 2024
Interest income on funds in bank accounts	2 783	6 325
Interest income on receivables	119	11
Other interest income	935	757
FX gains	-	11 868
Dividend income	561	368
Profit on interests in joint ventures	-	348
Other finance income	9	9
Total	4 406	19 686

4.2.4. Finance costs

	Year ended on 31 December 2025	Year ended on 31 December 2024
Interest on bank loans measured at amortised cost	(10 713)	(3 149)
Interest on other financial liabilities	(1 916)	(3 062)
Interest on actuarial provisions	(790)	(678)
finance costs under finance lease agreements	(1 690)	(1 290)
Bank charges	(1 094)	(1 518)
FX losses	(36 229)	-
Measurement effect of the adjusted purchase price	-	(890)
Other finance costs	(9 289)	(944)
Total	(61 721)	(11 531)

Unless specified otherwise, all amounts are in PLN '000.

4.2.5. Costs by type

	Year ended on 31 December 2025	Year ended on 31 December 2024
Depreciation/amortisation	(194 297)	(114 302)
Consumption of materials and energy	(2 114 696)	(2 146 795)
Third party services	(575 245)	(513 220)
Taxes and charges	(12 995)	(9 622)
Employee benefit costs	(471 780)	(447 944)
Other prime costs	(109 124)	(110 198)
Prime costs	(3 445 246)	(3 368 492)
Changes in product inventories	2 449	25 286
Changes in inventory write-downs	21 403	(3 319)
TOTAL	(3 421 394)	(3 320 113)
of which:		
Items recognised as costs of sales:	(2 966 333)	(2 850 307)
Items recognised as selling and distribution costs:	(345 483)	(349 188)
Items recognised as administrative expenses	(109 576)	(120 618)

4.2.6. Depreciation and impairment losses recognised in profit or loss

	Year ended on 31 December 2025	Year ended on 31 December 2024
Items recognised as costs of sales:		
Depreciation of property, plant and equipment and intangible assets	(188 201)	(108 734)
Impairment of property, plant and equipment (reversal)		
Impairment of intangible assets (reversal)		
Items recognised as costs of sales:		
Depreciation of property, plant and equipment and intangible assets	(2 753)	(2 345)
Impairment of property, plant and equipment	-	-
Impairment of intangible assets	-	-
Items recognised as administrative expenses:		
Depreciation of property, plant and equipment and intangible assets	(3 341)	(3 223)
Impairment of property, plant and equipment	-	-
Impairment of intangible assets	-	-

Unless specified otherwise, all amounts are in PLN '000.

4.2.7. Employee benefit costs

	Note	Year ended on 31 December 2025	Year ended on 31 December 2024
Salary costs		(370 716)	(386 616)
Social insurance premiums		(100 523)	(59 193)
Costs of retirement benefits	5.15.2	(541)	(1 387)
Total costs of employee benefits, of which:		(471 780)	(447 197)
Items recognised as costs of sales:		(363 456)	(345 656)
Items recognised as selling and distribution costs:		(48 143)	(45 818)
Items recognised as administrative expenses		(59 882)	(56 471)
Items recognised as other comprehensive income		(298)	748

4.3. Items of other comprehensive income

The components of other comprehensive income for the year ended on 31 December 2025 and 31 December 2024 that are re-classified to profit or loss, are as follows:

	Year ended on 31 December 2025	Year ended on 31 December 2024
Cash flow hedges		
Profit/(loss) for the period resulting from contracts settled during the reporting period	3 947	(15 499)
Profit/(loss) for the period resulting from contracts not settled as the reporting date	(3 704)	(45 631)
Total other comprehensive income	242	(61 130)

Cash flow hedges are further described in note **5.20.7.** of this report.

4.4. Income tax

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 (to be recovered from tax authorities) with tax rates and based on tax regulations legally or actually applicable as at the balance sheet date.

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.

DEFERRED TAX

For financial reporting purposes, deferred income 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 for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an amount and, at the time of recognition, has no effect on either pre-tax profit or loss, taxable profit or tax loss.

Deferred income asset is recognised for all negative temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

Unless specified otherwise, all amounts are in PLN '000.

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 income tax asset to be utilised. Unrecognised deferred income 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 asset and provisions are measured at the tax rates that are expected to apply in the period in which the asset is realised or the provision applied, based on tax rates (and tax laws) that have been enacted or substantively enacted as 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 income 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 income tax relates to the same taxable entity and the same tax authority.

VALUE ADDED TAX

Revenue, expenses, assets and liabilities are recognised after the deduction of the amount of VAT, except:

- where VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case VAT is recognised as part of the cost of purchase of the asset or as part of the expense item as applicable and
- receivables and payables which are disclosed with the VAT amount inclusive.

The net amount of VAT recoverable from or payable to the tax authority is included in the statement of financial position as part of receivables or payables.

EXCISE TAX

The amount of excise tax payable in respect of the electricity produced is recognised in the statement of profit and loss in the same period as revenue from energy sales and in the statement of financial position under liabilities.

Excise tax on energy used for own consumption is recognised as costs of sales in the statement of profit and loss.

Significant estimates and judgements

UNCERTAINTIES RELATED TO TAX SETTLEMENTS

Regulations related to VAT, corporate income tax and charges related to social insurance 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.

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 Group recognises and measures current and deferred tax assets or liabilities using the requirements of IAS 12 Income Taxes on the basis of tax profit/(loss), tax base and tax rates, taking into account an assessment of the uncertainties associated with 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

TOP-UP TAXATION – GLOBAL MINIMUM TAX (PILLAR TWO)

The provisions of the Act of 6 November 2024 on top-up taxation of entities belonging to multinational and domestic groups, implemented Council Directive (EU) 2022/2523 of 15 December 2022 on ensuring the global minimum level of taxation of multinational enterprise groups and large domestic groups in the European Union (so-called Pillar Two) into Polish law. These regulations came into force in Poland on 1 January 2025.

Unless specified otherwise, all amounts are in PLN '000.

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

The reporting entity for the global minimum tax is the parent company, Nemus Holding AB. At the same time, the Group has carried out a preliminary analysis of the potential impact of the top-up taxation regulations on its tax position. This analysis was based on available financial data and the current structure of the Group's operations, in particular the effective tax rate achieved in the jurisdictions in which it operates.

Based on its analysis, the Management Board does not expect the introduction of the top-up taxation regulations to have a material impact on the Group's financial result or tax position. In particular, this is due to the fact that the effective taxation of the Group's activities in the main tax jurisdictions is at or above the minimum level required under the Pillar Two rules.

At the same time, the Group is monitoring the evolving application of the new regulations and the published interpretative guidelines and will update its analysis on an ongoing basis with respect to their potential impact of these regulations on future reporting periods.

4.4.1. Tax burden

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 on 31 December 2025	Year ended on 31 December 2024
Consolidated statement of profit or loss		
Current income tax		
Current income tax expense	(1 636)	(26 801)
Adjustments related to current income tax from previous years	-	216
Deferred tax		
Resulting from the establishment and reversal of temporary differences	37 361	(4 760)
Tax credit/(liability) disclosed in the consolidated income statement	35 725	(31 345)
Consolidated statement of changes in equity		
Current income tax	-	-
Tax effects of the costs of increase of share capital	-	-
Tax benefit (tax liability) recognised in equity	-	-
Consolidated statement of total comprehensive income		
Deferred tax		
Deferred income tax on the measurement of hedging instruments	(71)	8 087
Deferred income tax on actuarial profit/loss	-	(106)
Tax benefit (tax liability) recognised in other comprehensive income	(71)	7 981

Unless specified otherwise, all amounts are in PLN '000.

4.4.2. 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 Group's effective income tax rate for the year ended on 31 December 2025 and 31 December 2024 is as follows:

	Year ended on 31 December 2025	Year ended on 31 December 2024
Gross profit/(loss) before tax	(211 091)	192 449
Tax at the statutory rate prevailing in Poland in 2008-2025, of 19%	40 107	(36 565)
Tax adjustments from previous years, recognised in the current income tax	-	216
Difference resulting from income tax rates in force in other countries	1 161	(1 056)
Tax loss not incorporated in deferred income tax assets calculation	6 398	-
Grants/compensation	(8 705)	-
Non-taxable revenue	(12 561)	14 513
Costs that are not tax deductible	4 177	(7 639)
Other	5 151	(813)
Tax at the effective tax rate of 17% (2024: 17%)	35 726	(31 344)
Income tax (charge) stated in the consolidated income statement	35 726	(31 344)

The amount of unrecognised deferred income tax asset relates mainly to tax losses that are expected to be time barred before realised, as well as those temporary differences that in the Group's opinion may not be used for tax purposes.

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.

The Polish tax system provides for restrictions in cumulating tax losses by legal persons that remain under joint control which is the case for Group member companies. Therefore, each subsidiary of the Group in Poland may utilise solely their own tax losses in order to reduce taxable income in subsequent years.

The amounts and expiry dates of tax losses for which deferred tax assets were not recognised are as follows:

	2025	Expiry date	2024	Expiry date
Expiring tax losses	32 709	2026-2030	12 869	2025-2029
Tax losses and temporary differences without time limit	-		-	
TOTAL	32 709		12 869	

The potential tax effect of non-activated tax losses and temporary differences amounts to PLN 6,215 thousand and relates to tax losses at Arctic Paper S.A. incurred prior to the establishment of the Tax Group in Poland.

Unless specified otherwise, all amounts are in PLN '000.

4.4.3. Deferred tax

Significant accounting principles (policies)

The Group recognises a deferred income tax asset assuming that taxable profit will be generated in the future to utilise the asset. Material deterioration of the generated taxable profit in the future could render this assumption unjustified.

Significant estimates and judgements

The Group recognises a deferred income tax asset assuming that taxable profit will be generated in the future to utilise the asset. Material deterioration of the generated taxable profit in the future could render this assumption unjustified.

Deferred tax relates to the following items:

	Consolidated balance sheet as at		Consolidated statement of profit or loss for the year ended	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Deferred tax liability				
Property, plant and equipment	53 389	115 148	61 759	7 848
Accruals and deferred income and provisions	31 767	-	(31 767)	-
Hedging instruments	-	(4 829)	(4 829)	14 808
Gross deferred tax liability	85 156	110 319	25 163	22 656

	Consolidated balance sheet as at		Consolidated statement of profit or loss for the year ended	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Deferred income tax asset				
Post-employment payments	1 726	-	1 726	(8 539)
Uninvoiced liabilities	-	(1 379)	(2 187)	(7 071)
Inventories	1 496	-	1 496	(1 322)
Trade receivables	856	-	856	(1 523)
Losses deductible from future taxable income	-	5 074	(5 074)	5 074
Hedging instruments	6 493	-	6 493	-
Other	8 847	-	8 847	-
Gross deferred income tax asset	19 419	6 453	12 966	(8 497)
Foreign exchange differences			(839)	(10 938)
Total, of which			37 290	3 221
Changes to deferred income tax recognised in other comprehensive income			(71)	7 981
Changes to deferred income tax recognised in statement of profit or loss			37 361	(4 760)

Unless specified otherwise, all amounts are in PLN '000.

**Net deferred income tax asset/provision
of which:**

31 December 2025 31 December 2024

– Deferred income tax asset	6 913	6 453
– Deferred income tax provision	72 650	110 319

The table shows the sum of the positive and negative temporary differences for each Group company, without offsetting at entity level. The presentation adjustment offsets assets and provision at the individual company level.

The Management Board assessed the recoverability of the deferred tax asset recognised on tax losses and considered this asset as recoverable, among other reasons, because Arctic Paper S.A. and AP Kostrzyn are part of a tax group, which makes it possible to settle the tax loss in future periods. The decision as to whether or not to create an asset is dictated by the recoverability of the asset at the entity level.

4.5. Earnings per share

Significant accounting principles (policies)

Net earnings per share are calculated by dividing the net profit and the net profit on continuing operations for the period, attributable to the shareholders of the Parent Company, by the weighted average number of shares outstanding in the reporting period. Diluted earnings per share are calculated by dividing the net profit and the net profit on continuing operations for the period, attributable to the shareholders of the Parent Company, by the diluted weighted average number of shares outstanding in the reporting period.

The Group does not present diluted earnings/loss per share as there are no dilutive potential ordinary shares.

The information regarding profit (loss) and the number of shares which constituted the base to calculate earnings per share and diluted earnings (loss) per share is presented below (all shares are ordinary shares and belong to the same class):

	Year ended on 31 December 2025	Year ended on 31 December 2024
Net profit/(loss) attributable to the shareholders of the Parent Company	(99 681)	154 457
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
Diluted weighted average number of ordinary shares	69 287 783	69 287 783
Profit/(loss) per share (in PLN)		
– basic earnings from the profit/(loss) for the period attributable to the shareholders of the Parent Company	(1,44)	2,23
Diluted profit/(loss) per share (in PLN)		
– from the profit/(loss) for the period attributable to the shareholders of the Parent Company	(1,44)	2,23

There were no transactions in ordinary shares between the balance sheet date and the date of these consolidated financial statements.

Unless specified otherwise, all amounts are in PLN '000.

4.6. Dividend 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.

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

At the date of this report, the Parent Company did not hold any preference shares.

The Parent Company's ability to pay potential dividends to shareholders is dependent on the level of distributions 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.

In connection with the investment loan and revolving loan agreements signed on 31 October 2025, the Parent Company's ability to pay dividends is subject to the Group meeting certain financial ratios in the period prior to payment (as defined in the term in the term loan and revolving loan agreement) and the absence of an event of default (as defined in the term in the term loan and revolving loan agreement).

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 Annual General Meeting to allocate the Company's net profit for 2024 in the amount of PLN 197,291,617.02 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, 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 provisions of the dividend policy with respect to the payment of a dividend for the financial year 2025, adopted by a resolution of the Management Board dated 11 July 2022, and will not recommend the payment of a dividend to the Company's General Meeting.

5. Notes to the consolidated statement of financial position

5.1. Property, plant and equipment

Significant accounting principles (policies)

Property, plant and equipment are stated at acquisition cost or production cost less accumulated depreciation and any impairment losses. The initial value of property, plant and equipment comprises their purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost also comprises the expenses for replacement of fixed asset components when incurred, if the recognition criteria are met. Costs incurred after an item of property, plant and equipment has been brought into use, such as maintenance and repair costs, are recognised in profit or loss as incurred.

Upon purchase, property, plant and equipment are divided into components which represent items with a significant value that can be allocated a separate economic useful life. Overhauls also represent asset components. These expenditures are only capitalised if it is likely that they will result in an economic benefit to the Group associated with the expenditure.

Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Unless specified otherwise, all amounts are in PLN '000.

Type	Period
Buildings and structures	25-50 years
Plant and machinery	5-20 years
Office equipment	3-10 years
Motor vehicles	5-10 years
Computers	1-10 years

Residual values, useful lives and depreciation methods of asset components are reviewed annually and, if necessary, adjusted retrospectively i.e. with effect from the beginning of the financial year that has just ended.

An item of property, plant and equipment may be removed from the statement of financial position upon disposal or when no economic benefits are expected from the continued use of such an asset. Any gains or losses arising from the derecognition of an asset (calculated as the difference between net disposal proceeds, if any, and the carrying amount of the asset) are recognised in profit or loss in the period in which the derecognition occurs. Property, plant and equipment under construction relate to property, plant and equipment under construction or installation and are measured at acquisition cost or production cost less any impairment losses. Property, plant and equipment under construction are not depreciated until completed and brought into use.

External borrowing costs

Borrowing costs are capitalised as part of the cost of property, plant and equipment. External borrowing costs include interest calculated using the effective interest rate method, finance charges in respect of leases and foreign exchange differences incurred in connection with the external financing to the extent that they are regarded as an adjustment to interest expense.

Impairment of non-financial fixed assets

An assessment is made by the Group as at each balance sheet date to determine whether there is any indication that a component of non-financial fixed assets may be impaired. If such indications are identified, or if an annual impairment test is required, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of a cash-generating unit is the higher of the cash-generating unit's fair value or its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of a cash-generating unit is greater than its recoverable amount, an impairment loss has occurred and an allowance to the determined recoverable amount is then made. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses on assets used in continuing operations are recognised within the cost categories consistent with the function of the asset for which the impairment has been identified.

At each balance sheet date, the Group assesses whether there are indications that an impairment loss recognised in prior periods in respect of a cash-generating unit is unnecessary or should be reduced. If such indications exist, the Group estimates its recoverable amount. A previously recognised impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount of the cash-generating unit since the last impairment allowance was recognised. In this case, its carrying amount is increased to its recoverable amount. The increased amount must not exceed the carrying amount that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised for that cash-generating unit in prior years. A reversal of an impairment loss for a cash-generating unit is recognised immediately as income. Following the reversal, depreciation charges for the asset are adjusted in future periods so as to allocate the revised carrying amount of the cash-generating unit, less its residual value, on a systematic basis over its remaining useful life.

Unless specified otherwise, all amounts are in PLN '000.

Significant estimates and judgements

DEPRECIATION/AMORTISATION RATES

Depreciation rates are determined on the basis of the expected economic life of the property, plant and equipment. Every year, the Group reviews the approved economic useful lives on the basis of current estimates.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The assessment of impairment of property, plant and equipment requires significant management judgement, particularly in identifying indicators of impairment at the level of cash-generating units. Where such indicators are identified, the determination of the recoverable amount of cash-generating units involves significant estimates, in particular with respect to forecasts of future cash flows, assumed foreign exchange rates, discount rates and the growth rate beyond the forecast period.

Unless specified otherwise, all amounts are in PLN '000.

Property, plant and equipment and right-of-use assets

Property, plant and equipment include property, plant and equipment excluding right-of-use assets and right-of-use assets.

	As at 31 December 2025	As at 31 December 2024
Property, plant and equipment without assets with the right of use	1 504 827	1 393 964
Right-of-use assets	22 880	25 105
TOTAL	1 527 706	1 419 069

Property, plant and equipment

	Land and buildings	Plant and machinery	Property, plant and equipment under construction	Total
Net carrying amount as at 01 January 2024	248 126	737 113	152 541	1 137 780
Increases due to purchase	6 108	66 033	327 467	399 608
Increases due to transfer of property, plant and equipment under construction	19 276	122 339	(141 615)	-
Decreases due to disposal	(100)	(4 897)		(4 997)
Decreases due to liquidation	(57)	(700)	-	(757)
Depreciation charge for the period	(19 428)	(88 561)	-	(107 989)
Impairment	9 804	(2 860)	-	6 944
Foreign exchange differences on translation	(7 724)	(22 689)	(6 211)	(36 624)
Net carrying amount as at 31 December 2024	256 004	805 778	332 182	1 393 964
Net carrying amount as at 01 January 2025	256 004	805 778	332 182	1 393 964
Increases due to purchase	61 962	-	207 780	269 742
Increases due to transfer of property, plant and equipment under construction	38 770	389 778	(428 549)	-
Decreases due to disposal	-	(300)		(300)
Decreases due to liquidation	(439)	(4 351)	-	(4 790)
Depreciation charge for the period	(25 281)	(110 358)	-	(135 639)
Impairment	-	(53 662)	-	(53 662)
Foreign exchange differences on translation	1 577	26 913	8 043	36 533
Net carrying amount as at 31 December 2025	332 594	1 052 777	119 456	1 504 827
Balance as at 01 January 2024				
Gross carrying amount	570 812	2 160 025	152 541	2 883 378
Depreciation and impairment losses	(322 687)	(1 422 911)	-	(1 745 598)
Net carrying amount	248 126	737 113	152 541	1 137 780
Balance as at 31 December 2024				

Unless specified otherwise, all amounts are in PLN '000.

Gross carrying amount	578 357	2 256 328	332 202	3 166 887
Depreciation and impairment losses	(322 352)	(1 450 570)	-	(1 772 923)
Net carrying amount	256 004	805 758	332 202	1 393 964
Balance as at 01 January 2025				
Gross carrying amount	578 357	2 256 328	332 202	3 166 887
Depreciation and impairment losses	(322 352)	(1 450 570)	-	(1 772 923)
Net carrying amount	256 004	805 758	332 202	1 393 964
Balance as at 31 December 2025				
Gross carrying amount	679 089	2 719 811	119 456	3 518 357
Depreciation and impairment losses	(346 495)	(1 667 035)	-	(2 013 530)
Net carrying amount	332 594	1 052 776	119 456	1 504 827

As at 31 December 2025, no need to recognise additional impairment charges was identified. Details of the analysis of indicators of impairment of assets and the impairment tests performed are described in Note 5.8.

As of 31 December 2024, the Company performed an impairment test of the investment in Arctic Paper Grycksbo AB (100% of whose shares are held by Arctic Paper Investment AB, a direct subsidiary of Arctic Paper S.A.), using the discounted cash flow method with respect to the carrying amount of the investment. The impairment test as of 31 December 2024 did not result in a change in the amount of the impairment allowance.

5.2. The right to use the asset

Significant accounting principles (policies)

In accordance with IFRS 16, the Group applies a uniform lessee accounting model, which requires the lessee to recognize assets and liabilities resulting from each lease. On the lease commencement date, the lessee recognizes an asset with respect to the right to use the underlying asset and a lease liability that reflects the lessee's obligation to make lease payments.

The lessee separately recognizes depreciation of an asset with respect to the right of use and interest on the lease liability.

The lessee updates the measurement of the lease liability after the occurrence of certain events (e.g. changes in the lease period, changes in future lease payments resulting from a change in the index or the rate used to determine such payments). In such instances, the lessee recognizes the revaluation of the lease liability as an adjustment to the value of the asset with respect to the right of use.

As at 1 January 2019, the Group applied IFRS 16 for the first time and introduced a prospectively uniform lessee accounting model, accounting for a lease agreement with a period exceeding 12 months, in accordance with the standard, unless the underlying asset had a value not greater than EUR 5,000.

The Group is a lessee primarily in case of perpetual usufruct right of land, rental contracts for office space, lease of motor vehicles and machines and equipment.

The Group determines the depreciation rates for individual right-of-use assets. The right to use the asset is depreciated on a straight-line basis over the useful life of the asset not exceeding the lease term under the contracts.

Right-of-use assets

Right-of-use assets with a carrying amount of PLN 4,408 thousand as at 31 December 2025 (PLN 4,373 thousand as at 31 December 2024) are covered by mortgages/pledges established to secure lease liabilities.

Unless specified otherwise, all amounts are in PLN '000.

	Land and buildings	Plant and machinery	Property, plant and equipment under construction	Total
Net carrying amount as at 01 January 2024	21 800	6 702		28 503
Increases due to purchase	2 985	2 128		5 113
Decreases due to disposal	-	(1 711)		(1 711)
Decreases due to liquidation	-	-		-
Depreciation charge for the period	(3 797)	(2 336)		(6 133)
Foreign exchange differences on translation	(256)	(410)		(666)
Net carrying amount as at 31 December 2024	20 733	4 373		25 105
Net carrying amount as at 01 January 2025	20 733	4 373		25 105
Increases due to purchase	1 692	2 271		3 963
Decreases due to disposal	-	(937)		(937)
Decreases due to liquidation	-	(486)		(486)
Depreciation charge for the period	(4 068)	(928)		(4 996)
Foreign exchange differences on translation	116	115		231
Net carrying amount as at 31 December 2025	18 472	4 408		22 880
Balance as at 01 January 2024				
Gross carrying amount	33 473	13 098		46 571
Depreciation and impairment losses	(11 673)	(6 395)		(18 068)
Net carrying amount	21 800	6 703		28 503
Balance as at 31 December 2024				
Gross carrying amount	33 156	11 062		44 218
Depreciation and impairment losses	(12 425)	(6 688)		(19 113)
Net carrying amount	20 730	4 373		25 105
Balance as at 01 January 2025				
Gross carrying amount	33 156	11 062		44 218
Depreciation and impairment losses	(12 425)	(6 688)		(19 113)
Net carrying amount	20 730	4 374		25 104
Balance as at 31 December 2025				
Gross carrying amount	33 410	11 062		44 472
Depreciation and impairment losses	(14 408)	(7 184)		(21 592)
Net carrying amount	19 002	3 878		22 880

Unless specified otherwise, all amounts are in PLN '000.

5.3. Non-current assets by country and region

The table below presents the Group's fixed assets reduced by deferred income tax asset split by country and region, as at 31 December 2025 and 31 December 2024:

Geographical information	As at	As at
Fixed assets:	31 December 2025	31 December 2024
Germany	1 753	2 227
France	583	472
Scandinavia	1 066 211	939 685
Western Europe (other countries)	336	384
Poland	567 128	543 063
Central and Eastern Europe (other than Poland)	161	44
Total fixed assets	1 636 173	1 485 874

The increase in the Group's non-current assets is primarily the result of higher capital expenditure on property, plant and equipment made at factories during 2025.

5.4. Intangible assets and goodwill

Significant accounting principles (policies)

The Group owns the following intangible assets: customer relationships, trademarks, goodwill and software.

Acquired intangible assets (if they meet the recognition criterion for development costs) are measured on initial recognition at cost or production cost, respectively. The cost of intangible assets acquired in a business combination is equal to their fair value as at the date of combination. After initial recognition, intangible assets (other than goodwill and trademarks) are carried at cost less accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed by the Group to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with limited useful life is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives include goodwill and trademarks. Intangible assets with indefinite useful lives are reviewed annually for possible impairment, either on an asset-by-asset basis or at the cash-generating unit level.

Useful lives are reviewed on an annual basis and, if necessary, are adjusted with effect from the beginning of the financial year that has just ended.

Unless specified otherwise, all amounts are in PLN '000.

The policies applied to the Group's intangible assets are summarised as follows:

	Goodwill	Relations with customers	Trademarks	Software
Useful life	Unspecified	10 years	Unspecified	2-10 years
Depreciation method	Is not depreciated	10 years with the straight-line method	Is not depreciated	2-10 years with the straight-line method
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired
Impairment test	Annual verification and in case of any impairment indications	Annual assessment of any impairment indications	Annual verification and in case of any impairment indications	Annual assessment of any impairment indications

After analysing the relevant factors, for trademarks the Group does not define any time limit of their useful life. The intention of the Group is to operate for an indefinite period under the same trademark and it is believed that it will not become impaired. Accordingly, and in line with IAS 38, the Group does not amortise intangible assets with indefinite useful lives. Useful life of such resources should be reviewed in each reporting period, in order to determine whether events and circumstances continue to confirm the assumption of the indefinite useful life of such asset.

Profit or loss arising from the removal of intangible assets from the statement of financial position is measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is removed from the statement of financial position.

Goodwill

The Group has goodwill arising from the acquisition of the Rottneros Group. Goodwill resulting from acquisition of an entity is initially recognised at the purchase prices being the amount of surplus:

- of the sum of:
- payment transferred,
- amount of all non-controlling interests in the acquired entity, and
- over the fair value determined as at the acquisition date of the acquired identifiable acquired assets and liabilities.

After initial recognition, goodwill is carried at cost less any accumulated impairment losses. An impairment test is held annually or more often if required. Goodwill is not amortised.

As at the acquisition date, goodwill is allocated to all cash generating centres that may benefit from combination synergies. Each centre or group of centres to which goodwill has been attributed:

- corresponds to the lowest level in the Group at which goodwill is monitored for internal management purposes, and
- is not larger than one operational segment determined in compliance with IFRS 8 Operating Segments.

An impairment loss is determined by estimating the recoverable amount of the cash-generating unit to which the goodwill has been allocated. If the recoverable amount of a cash-generating unit is lower than its carrying amount, an impairment loss is recognised.

Emission rights

The Group owns a heat and power plant and as a result holds rights to emissions generated in its operations. The Group discloses its rights to emit greenhouse gases in a net amount. This means that rights acquired free of charge are recognised in the statement of financial position at their purchase price of "zero", and a provision relating to the obligation to redeem an appropriate number of rights is created at the time of the occurrence of a deficit in the rights held and is charged to the costs of heat generation and electricity generation, in proportion to the consumption of gas for each activity. When emission rights to greenhouse gases are acquired to cover a future deficit, at acquisition the rights are recognised as intangible assets. When a surplus of greenhouse gas emission rights is generated in excess of their expected consumption, the Company recognises the result from the sale of these rights within other operating activities when the sale transaction physically takes place. The provision for a deficit of emission rights is measured at the value of the acquired intangible assets. The provision is recognised in the amount relying on the annual limit of emission rights.

Unless specified otherwise, all amounts are in PLN '000.

Certificates in cogeneration

As an entity generating electricity in cogeneration, the Group receives certificates of origin ("certificates"). Revenue from the certificates is recognised as a cost reduction at the time of production and measured at the prevailing market price provided the market for such certificates is active. Otherwise, the revenue is recognised at sale of the certificates. Material rights resulting from the measurement are disclosed in intangible assets.

Significant estimates and judgements

DEPRECIATION/AMORTISATION RATES

Depreciation rates are determined on the basis of the expected economic life of the intangible assets. Every year, the Group reviews the approved economic useful lives on the basis of current estimates.

IMPAIRMENT FOR UNAMORTISED INTANGIBLE ASSETS AND GOODWILL

The assessment of impairment of intangible assets and goodwill requires significant management judgement in identifying indicators of impairment at the level of cash-generating units. Where such indicators are identified, the determination of the recoverable amount of cash-generating units involves significant estimates, in particular with respect to forecasts of future cash flows, assumed foreign exchange rates, discount rates and the growth rate beyond the forecast period.

Intangible assets – as at 31 December 2025:

Status as at 31 December 2025

	Goodwill	Relations with customers	Trademarks	Co-generation certificates and CO2 emission rights	Other*	Total
Net value as at 01 January 2025	7 835	-	28 461	9 192	549	46 037
Increases	-	-	-	12 016	35 432	47 448
Decreases	-	-	-	(6 320)	(2 501)	(8 821)
Foreign exchange differences on translation	372	-	1 617	-	-	1 989
Net value as at 31 December 2025	8 207	-	30 078	14 888	33 480	86 653
As at 1 January 2025						
Gross value	7 835	35 115	74 661	9 192	39 218	166 020
Depreciation and impairment losses	-	(35 115)	(46 200)	-	(38 668)	(119 983)
Net value	7 835	-	28 461	9 192	550	46 038
As at 31 December 2025						
Gross value	8 207	35 115	78 140	14 888	74 605	210 954
Depreciation and impairment losses	-	(35 115)	(48 062)	-	(41 124)	(124 301)
Net value	8 207	-	30 078	14 888	33 480	86 653

* the item other contains computer software

Unless specified otherwise, all amounts are in PLN '000.

Status as at 31 December 2024

	Goodwill	Relations with customers	Trademarks	Co-generation certificates and CO2 emission rights	Other*	Total
Net value as at 01 January 2024	8 230	-	37 122	20 902	439	66 694
Increases	-	-	-	4 100	302	4 402
Decreases	-	-	-	(15 811)	(11)	(15 822)
Depreciation/amortisation for the period	-	-	-	-	(181)	(181)
Impairment (reversal)	-	-	(6 944)	-	-	(6 944)
Foreign exchange differences on translation	(395)	-	(1 718)	-	-	(2 112)
Net value as at 31 December 2024	7 835	-	28 461	9 192	549	46 037
As at 1 January 2024						
Gross value	8 230	35 115	78 356	20 902	39 611	182 214
Depreciation and impairment losses	-	(35 115)	(41 234)	-	(39 172)	(115 521)
Net value	8 230	-	37 122	20 902	439	66 694
As at 31 December 2024						
Gross value	7 835	35 115	74 661	9 192	39 218	166 020
Depreciation and impairment losses	-	(35 115)	(46 200)	-	(38 668)	(119 983)
Net value	7 835	-	28 461	(9 192)	549	46 037

* the item other contains computer software

At 31 December 2025 and 31 December 2024, trademarks include Arctic Paper's trademarks (net value at 31 December 2025 and 31 December 2024: PLN 1,319 thousand and Rottneros (net value at 31 December 2025: PLN 28,429,53 thousand and 31 December 2024: PLN 27.141 thousand). The Arctic Paper and Rottneros trademarks are not impaired. The trademark in AP Grycksbo as at 31 December 2025 is fully impaired, with an impairment loss of PLN 48,387.68 thousand (as at 31 December 2024: PLN 46.200 thousand).

Impairment of intangible assets recognised in the year ended 31 December 2025 amounted to PLN 0 thousand (recognised in the year ended 31 December 2024: PLN 0 thousand).

Intangible assets with a carrying amount of PLN 51,246 thousand (as at 31 December 2024: PLN 12,548 thousand) are used as collateral for bank loans (note 5.13).

5.5. Other financial assets

Significant accounting principles (policies)

In compliance with IFRS 9, the Group 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. Trade receivables, after initial recognition, are measured at amortised cost using the effective interest method, taking into account impairment losses; however, trade receivables with a maturity of less than 12 months from origination (i.e. not containing a financing component) and not transferred to factoring are not discounted and are measured at nominal value. Interest income, foreign exchange differences and impairment losses are recognised in profit or loss; gains or losses on derecognition of a financial instrument are recognised in profit or loss for the period.

Unless specified otherwise, all amounts are in PLN '000.

- measured at fair value through financial results: profit or loss resulting from measurement of financial assets, classified as measured at fair value through profit and loss, are recognised in statement of profit or loss in the period in which it was generated; those are primarily derivative instruments not designated for hedge accounting. Profit or loss on items at fair value through profit or loss includes interest income, investments in joint ventures and financial instruments held for sale.
- hedging financial instruments: Hedging financial instruments (SWAP contracts and energy forwards) are valued in accordance with the hedge accounting principles included in 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.

Financial derivatives and hedges

The derivatives used by the Group to hedge the risks associated with changes in interest rates and electricity prices are mainly interest rate swaps and forward energy contracts. Such financial derivatives are measured at fair value through other comprehensive income. Such derivatives are stated as assets when the value is positive and as liabilities when the value is negative.

Any gains or losses arising from changes in the fair value of the derivatives that do not qualify for hedge accounting are recognised directly in the net profit or loss for the financial year.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability, or
- cash flow hedges when hedging exposure to variability in cash flows that is attributable to a particular risk inherent in the recognised asset or liability or a forecast transaction, or

When a hedge is established, the Group formally identifies and documents the hedging relationship, as well as the objective of risk management and the hedging strategy. 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 hedges

A cash flow hedge is a hedge against the risk of variability in cash flows (interest on loans and electricity prices) that is attributable to a specific risk associated with a recognised asset or liability or a highly probable forecast transaction, and which could affect 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 the statement of profit and loss in the same period or periods in which the asset acquired or liability assumed affects profit or loss.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are recognised directly to net financial result for the period.

Other financial assets as at 31 December 2025 and 31 December 2024:

	Note	As at 31 December 2025	As at 31 December 2024
Hedging instruments	5.20.5	301	2 364
Derivative instruments measured at fair value through profit and loss		-	1 990
Investments in equity instruments		14 729	13 852
Receivable from realised forward contracts		743	590
Other financial assets		73	509
Total		15 846	19 506
– current		903	3 760
– non-current		14 943	15 547

5.6. Other non-financial assets

	As at 31 December 2025	As at 31 December 2024
Insurance costs	816	649
Lease fees	399	332
Advance payments for services	40 776	29 323
of which for unclaimed gas	28 476	19 348
Rent	431	509
Other	6 361	2 667
Total	48 784	33 480
– current	47 115	33 317
– non-current	1 668	162

5.7. Investments in joint ventures

Significant accounting principles (policies)

Joint ventures are contractual arrangements pursuant to which two or more parties take up economic operations that is subject to joint control. In the case of the Group, the joint venture concerns Kalltorp Kraft Hb.

The Group's investments in joint ventures are recognised in the consolidated financial statements with the equity method. In accordance with the equity method, investments in joint ventures are initially recognised at cost and afterwards adjusted to reflect the Group's share in the financial result and other comprehensive income of the joint venture. If the Group's share in losses of a joint venture exceeds the value of its interest in the entity, the Group discontinues to disclose its share in further losses. Additional losses are recognised solely to the extent corresponding to legal or customary obligations assumed by the Group or payments made on behalf of the joint venture.

Investments in joint ventures are disclosed with the equity method since the day the entity has obtained the status of a joint venture. On the day the investment is made in a joint venture, the amount by which the investment costs exceed the Group's interest in the net fair value of identifiable assets and liabilities of the entity, is recognised as goodwill and included in the carrying amount of the investment. The amount by which the Group's interest in the net fair value of identifiable assets and liabilities exceeds the costs of the investment, is recognised directly in profit and loss of the period in which the investment was made.

Unless specified otherwise, all amounts are in PLN '000.

If necessary, the entire carrying amount of the investment is tested for impairment in compliance with IAS 36 Impairment of Assets as a single asset and its realisable value is compared to the carrying amount. Such recognised impaired value constitutes a part of the carrying amount of the investment. Such impairment is reversed in compliance with IAS 36 to the extent corresponding to a subsequent increase in the realisable value of the investment.

The Group discontinues to apply the equity method on the day the investment stops being a joint venture and when it is reclassified to assets available for sale. The difference between the carrying amount of a joint venture as at the day the equity method is no longer applied and the fair value of retained interests and proceeds from the sale of certain interests in the entity, is taken into account when calculating the profit or loss on disposal of such joint venture.

If the Group decreases its interests in a joint venture and continues to account for it with the equity method, in its financial result it recognises the part of profit or loss previously recognised in other comprehensive income corresponding to the reduced interest if such profit or loss is subject to re-classification to financial result at disposal of the related assets or liabilities.

Gains/losses on measurement of interests in joint ventures are recognised as other finance income/expenses.

Investments in joint ventures include shares in the Kalltorp Kraft Hb hydroelectric power plant. The purpose of acquiring the shares was to implement the strategy of increasing its own energy capacity.

5.8. Impairment test for property, plant and equipment and intangible assets

As at 31 December 2025, the Group did not identify any indicators of impairment of assets or cash-generating units for the units comprising the operations of Arctic Paper Kostrzyn, Arctic Paper Munkedals and Arctic Paper Grycksbo. Consequently, the Group did not perform impairment tests for these units. These cash-generating units do not include any significant consolidated goodwill or trademarks subject to mandatory annual impairment testing irrespective of the assessment of impairment indicators.

The impairment of assets of the Rottneros Group is discussed separately below.

As at 31 December 2024, the Group performed an impairment test of the cash-generating unit comprising the operations of Arctic Paper Grycksbo using the discounted cash flow method. The test did not result in the recognition or adjustment of any impairment loss.

Rottneros Group

As at 31 December 2025, as well as as of 30 June 2025 and 31 December 2024, the Parent Company performed impairment tests using the discounted cash flow method.

As of 30 June 2025, the Parent Company of the Rottneros Group performed impairment tests of assets at the Rottneros Mill. The test indicated the need to recognise an impairment loss of SEK 140,000 thousand. This impairment loss was recognised in the financial statements of the Rottneros Group and included in the consolidation of the entire Arctic Paper Group.

As of 31 December 2025, an impairment test was performed for the cash-generating unit represented by the Rottneros Group. The cash-generating unit is classified within the pulp segment.

The recoverable amount of the cash-generating unit was determined based on its value in use, calculated using the discounted cash flow method. In determining the value in use of the net assets allocated to the cash-generating unit, a discount rate (WACC) of 10.9% was applied, and the forecast period covered the years from 2026 up 2030. The projected cash flows included a residual period exceeding five years, reflecting the Group's strategy that assumes the cash-generating unit will continue to operate for an indefinite period.

As of 31 December 2025, the total carrying amount of net assets subject to impairment testing amounted to PLN 787,631 thousand (including goodwill of PLN 8,207 thousand and a trademark of PLN 28,430 thousand). As of 31 December 2024, the total carrying amount of net assets subject to impairment testing amounted to PLN 832,895 thousand (including goodwill of PLN 7,835 thousand and a trademark of PLN 27,142 thousand).

The recoverable amount of the cash-generating unit as of 31 December 2025 was determined as its value in use and amounted to PLN 799,577 thousand (31 December 2024: PLN 908,827 thousand).

As the recoverable amount of the net assets allocated to the cash-generating units exceeded their carrying amounts, the impairment tests did not indicate any impairment of property, plant and equipment or intangible assets (including the trademark and goodwill) of the Rottneros Group recognised in these consolidated financial statements as of 31 December 2025 and 31 December 2024.

Unless specified otherwise, all amounts are in PLN '000.

Main assumptions

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%
USD/SEK rate	9,45	-

Sensitivity of assumptions – impact on the value of assets as reported in the statement of financial position

Parameter	Change of the parameter by	2025 Impact on the value of assets in use	2024 Impact on the value of assets in use
Weighted average cost of capital (WACC)	+1 p.p.	(67 957)	(8 466)
Growth rate in the residual period	+1 p.p.	none	none
USD/SEK rate	+1 p.p.	none	none
Weighted average cost of capital (WACC)	-1 p.p.	none	none
Growth rate in the residual period	-1 p.p.	(28 341)	none
USD/SEK rate	-1 p.p.	(78 887)	none

5.9. Inventories

Significant accounting principles (policies)

Inventories are valued at the lower of purchase price/construction cost and realisable net selling price. Purchase price or construction cost of every item of inventories includes all purchase expenses, transformation expenses and other costs incurred in bringing each inventory item to its present location and conditions are accounted for as follows for both the current and previous year:

Materials	at purchase cost, disposal at average weighted cost
Finished products and work in progress	cost of direct materials and labour and an appropriate surcharge of indirect production costs determined with an assumption of normal use of production capacities with the exclusion of external financing costs
Goods	at purchase cost, disposal at average weighted cost

Net realisable value is the estimated selling price in the ordinary course of economic activity, reduced by estimated costs of necessary to finish the items and to finalise the sale.

Several factors are taken into account when determining inventory write-downs. The most important of these are the duration of the backlog and the assessment of the possibility of finding its use. When calculating such a

Unless specified otherwise, all amounts are in PLN '000.

write-down, the possibility of reusing the product in the production process is also considered; the write-down is reduced accordingly.

Significant estimates and judgements

A write-down of inventories is recognised when the carrying amount of a given item is higher than its net realisable value. The net sales price is estimated as the realisable price of the assortment net of selling and distribution costs. Several factors are taken into account when determining inventory write-downs. The most important of these are the duration of the backlog and the assessment of the possibility of finding its use. When calculating such a write-down, the possibility of reusing the product in the production process is also considered; the write-down is reduced accordingly.

Inventories as at 31 December 2025 and 31 December 2024:

	As at 31 December 2025	As at 31 December 2024
Materials (at purchase prices)	161 963	221 434
Production in progress (at manufacturing costs)	7 102	6 769
Finished products, of which:		
At purchase price / manufacturing costs	243 697	266 840
At net realisable price	30 767	-
Total inventories, at the lower of: purchase price / manufacturing costs or net realisable price	443 529	495 044
Inventory write-down	(41 278)	(19 875)
Total inventories before write-down	484 807	514 386

Goods amounted to PLN 0 thousand at 31 December 2025 (31 December 2024: PLN 0 thousand).

The value of inventories recognised in 2025 costs is PLN 1,851 million (2024: PLN 1,869 million). In the year ended 31 December 2025, the Group increased inventory write-downs by a net amount of PLN 21,403 thousand (2024: a net decrease of PLN 3,319 thousand).

The change in the write-down is recognised in cost of sales in the statement of profit or loss. The write-down relates to finished goods and materials (including spare parts) that are slow-moving or exposed to the risk of damage, non-sale or non-utilisation for own use.

In the financial year ended on 31 December 2025 the Group had a pledge agreement on its entire movable assets understood as inventories, trade receivables and cash for PLN 522,356 thousand, SEK 420 thousand.

In the financial year ended on 31 December 2024 the Group had a pledge agreement on its entire movable assets understood as inventories, trade receivables and cash for PLN 545,083 thousand, SEK 420 thousand.

5.10. Trade and other receivables

Significant accounting principles (policies)

TRADE RECEIVABLES

Trade receivables are recognised and reported at the amounts originally invoiced, including an allowance for doubtful debts. 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.

Unless specified otherwise, all amounts are in PLN '000.

BUDGET RECEIVABLES

Budget receivables are presented within other receivables, with the exception of corporate income tax receivables (from tax offices e.g. in Sweden), which are a separate item in the statement of financial position.

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 collectability levels and recoveries from counterparties. The anticipated credit loss is calculated at the time the receivables are recognised in the statement of financial position and it is updated as at each closing of reporting periods, subject to the number of overdue dates.

Significant estimates and judgements

At the year-end, the Group estimates and updates the expected credit loss on financial assets measured at amortised cost. The most significant financial asset item in the Group's consolidated financial statements that is subject to the calculation of expected credit losses is trade receivables.

Trade and other receivables:

	As at 31 December 2025	As at 31 December 2024
Trade receivables	305 025	360 738
VAT receivables	33 736	42 474
Other third party receivables	29 072	25 561
Total (net) receivables	367 833	428 773
Loss allowance on receivables	17 493	17 050
Gross receivables	385 326	445 823

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

The terms and conditions of transactions with related entities are presented in note 7.1.

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

Unless specified otherwise, all amounts are in PLN '000.

The Group has an appropriate policy of selling solely to verified customers. Accordingly, in management's opinion, there is no additional credit risk beyond the level reflected in the allowance for uncollectible receivables appropriate for the Group's trade receivables.

As at 31 December 2025, trade receivables of PLN 17,493 thousand (as at 31 December 2024: PLN 17,050 thousand) were deemed uncollectible and therefore written off.

The changes to impairment allowances to receivables were as follows:

	Year ended on 31 December 2025	Year ended on 31 December 2024
Impairment allowance as at 1 January	17 050	4 150
Increase	665	12 771
Utilisation	-	-
Reversal of unused allowance	(63)	(6)
Foreign exchange differences on translation of foreign operations	(159)	135
Impairment allowance as at 31 December	17 493	17 050

The impairment allowance fully refers to receivables under contracts with customers.

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

	Total	Not overdue	Overdue but collectible				
			< 30 days	30-60 days	60-90 days	90-120 days	>120 days
As at 31 December 2025	305 025	238 086	41 345	6 195	5 833	3 282	10 285
As at 31 December 2024	360 738	283 062	52 962	1 515	477	88	22 633

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

The maturities of other receivables from third parties do not exceed 360 days. The policy for recognising an allowance for receivables is described in note 5.10.

Corporate tax receivables

	Year ended on 31 December 2025	Year ended on 31 December 2024
Advance income tax paid	22 296	15 349
Other	-	809
Total	22 296	16 158

5.11. 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 if 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 at bank earns interest at variable interest rates based on overnight bank deposit rates.

The fair value of cash and cash equivalents at 31 December 2025 is PLN 151.643 thousand (31 December 2024: PLN 287.582 thousand).

Unless specified otherwise, all amounts are in PLN '000.

As at 31 December 2025, the Group had unused cash under current facilities of PLN 272,720 thousand (31 December 2024: PLN 225.569 thousand).

As at 31 December 2025, the Group had a used overdraft facility of PLN 68.819 thousand (31 December 2024: PLN 931 thousand).

The balance of cash and cash equivalents disclosed in the statement of cash flows consisted of the following items:

	As at 31 December 2025	As at 31 December 2024
Cash in bank and on hand	151 642	212 239
Short-term deposits	-	75 343
Cash in transit	-	-
Cash and cash equivalents in the consolidated statement of financial position	151 642	287 582
Cash in bank and on hand attributable to discontinued operations	-	-
Cash and cash equivalents in the consolidated statement of cash flows	151 642	287 582

Since 2017, cash pooling in EUR and in PLN has been operating within the Arctic Paper Group companies. The operation consists in pooling cash balances held by the individual system participants and setting them off with temporary shortages of funds with the other cash-pool participants. The solution is aimed at supporting effective cash management in the Group and minimising the costs of external funding sources by using the Group's own cash.

5.12. Share capital and other reserves

5.12.1. Share capital

Share capital (in PLN)	As at 31 December 2025	As at 31 December 2024
series A ordinary shares of the nominal value of PLN 1 each	50 000	50 000
series B ordinary shares of the nominal value of PLN 1 each	44 253 500	44 253 500
series C ordinary shares of the nominal value of PLN 1 each	8 100 000	8 100 000
series E ordinary shares of the nominal value of PLN 1 each	3 000 000	3 000 000
series F ordinary shares of the nominal value of PLN 1 each	13 884 283	13 884 283
Number of shares	69 287 783	69 287 783
Value of share capital	69 287 783	69 287 783

Changes to the share capital of Arctic Paper S.A.

In 2024 and 2025 there were no changes to the share capital of Arctic Paper S.A.

Nominal value of shares

The shares have a nominal value of PLN 1 and have been fully paid.

Shareholders' rights

Shares in all series are entitled to one vote and they have equal privileges as to dividend and capital refund.

5.12.2. Foreign exchange differences on translation of foreign operations

This item includes exchange rate differences resulting from the translation of the financial statements of foreign subsidiaries, for which the functional currency is different from PLN, into the presentation currency of these financial statements, i.e. PLN. The rules of translation along with the applied foreign currency rates are described in note 2.11.

Unless specified otherwise, all amounts are in PLN '000.

5.12.3. Supplementary capital

Reserve capital is made up of the issue price of shares of Arctic Paper S.A. in excess of their nominal value reduced by the costs of the issues that took place in 2009, 2010 and 2013, equal to PLN 134,257 thousand, reduction of the nominal price of the shares from PLN 10 to PLN 1 in 2012 of PLN 498,632 thousand and a portion of retained profit and accumulated loss resulting from profit distribution by Arctic Paper S.A. of PLN -224,913 thousand.

	2025-12-31	2024-12-31
Excess of issue price over nominal value (agio)	134 257	134 257
Reserves 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	625 733	625 733

The table below presents changes to the supplementary capital in the year ended on 31 December 2025 and 31 December 2024:

	Year ended on 31 December 2025	Year ended on 31 December 2024
Supplementary capital at the beginning of period	625 733	443 805
Profit/(loss) distribution	-	181 928
Supplementary capital at the end of the period	625 733	625 733

In accordance with provisions of the Code of Commercial Partnerships and Companies, the parent company is obliged to establish reserve 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 use of supplementary capital and reserve funds is determined by the General Meeting; however, a part of supplementary capital equal to one third of the share capital can be used solely to cover the losses disclosed in the separate financial statements of the Parent Company and cannot be distributed to other purposes.

5.12.4. Other reserves

Other reserves include part of retained earnings and losses resulting from the distribution of the result of Arctic Paper S.A., reclassification between reserves in Arctic Paper S.A. and capital from the valuation of hedging transactions. Information on other reserves is presented in the table below:

	2025-12-31	2024-12-31
Other reserves at the beginning of the period	138 750	135 511
Other reserve capital created from profits	197 292	-
Capital from revaluation of a hedging instrument	4 268	3 239
TOTAL	340 310	138 750

Unless specified otherwise, all amounts are in PLN '000.

The following table shows the changes in other reserves for the year ended 31 December 2025 and 31 December 2024:

	Year ended on 31 December 2025	Year ended on 31 December 2024
Other reserve capital at the beginning of period	138 749	175 639
Changes to cash flow hedges		
Change of measurement of financial instruments, of which:	242	(40 964)
– Forward for electricity	1 573	(39 254)
– interest rate SWAP	(1 331)	(1 710)
Deferred income tax on the change of measurement of financial instruments, including:	(71)	8 087
– Foreign currency forward		
– Forward for electricity	(324)	8 087
– interest rate SWAP	253	-
Other changes		
Profit distribution	197 292	-
Other	4 097	(4 012)
Other reserve capital at the end of period	340 310	138 750

5.12.5. Retained profit/accumulated loss and restrictions to dividend distribution

The item of retained profit/accumulated loss covers retained profit/accumulated loss of the financial year and actuarial gains/losses on actuarial measurement of provisions for retirement benefits.

Retained profit/accumulated loss in the consolidated financial statements may contain amounts that are not distributable – such that may not be distributed as dividend. All financial statements of consolidated entities are prepared in accordance with the companies' articles of association. Arctic Paper Kostrzyn S.A. and Arctic Paper S.A. prepare their financial statements in accordance with International Financial Reporting Standards. The statutory financial statements of the other entities are prepared in accordance with local accounting standards. Dividend to the parent company may be distributed out of net profit disclosed in their separate financial statements made for statutory purposes. Such local definition of undistributed profit often differs from the definition of undistributed profit resulting from EU IFRS which may restrict profit distribution. For instance, local legal regulations often require allocations to certain reserves on account of potential future losses. Application of different accounting principles may generate differences between statutory financial statements and reporting packages for consolidation purposes.

Dividend for shareholders of the parent company may be distributed out of net profit disclosed in the separate annual financial statements of Arctic Paper S.A. made for statutory purposes.

In connection with the term loan and revolving loan agreements 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 defined in the term loan and revolving loan agreement) and the absence of an event of default (as defined in the term loan and revolving loan agreement). In 2025, there were no restrictions on the payment of dividends on this account.

Due to the signed loan agreement, RROS AB has a dividend restriction of 50% of net profit.

As at 31 December 2025, there were no other restrictions concerning dividend distribution.

Retained earnings/losses presented in the statement of financial position as at 31 December 2025 and 31 December 2024 consist of the following items:

Unless specified otherwise, all amounts are in PLN '000.

	As at 31 December 2025	As at 31 December 2024
Consolidated gains / losses attributable to the parent company	1 087 339	1 187 019
Consolidated profit / loss from the distribution of profit / loss of the parent company, incl	(614 697)	(417 405)
– from last year's profit/loss distribution/dividend payment	(197 292)	(251 216)
Profit / loss on the acquisition/sale of Rottneros AB shares from non-controlling shareholders, incl.	36 581	23 193
– profit	42 741	29 353
– loss	(6 160)	(6 160)
– profit/loss distribution	-	-
Actuarial profit/loss	(27 186)	(26 888)
Profit/(loss) retained at the end of the period	482 037	765 920

5.12.6. Non-controlling interests

	Year ended on 31 December 2025	Year ended on 31 December 2024
As at beginning of the period	313 428	358 081
Dividend disbursed by subsidiary entities	-	(13 980)
Acquisition of shares in a subsidiary – minority interest	28 221	-
Share in other comprehensive income of subsidiary entities	(59 716)	(30 673)
At the end of period	281 934	313 428

Non-controlling interests cover a portion of the Group's equity attributable primarily to the non-controlling shareholders in Rottneros AB. The table below presents the main financial data for the Rottneros Group disclosed in the consolidation of the Arctic Paper Group, taking into account the settlement of the fair value of the assets acquired as at the date of taking control of the Rottneros Group:

	Year ended on 31 December 2025	Year ended on 31 December 2024
Consolidated statement of profit or loss		
Revenue from product sales	973 255	1 021 030
Operating expenses	(1 171 447)	(1 016 114)
Operating profit/(loss)	(198 192)	4 916
Finance income/expenses	(9 678)	5 270
Gross profit/(loss)	(207 870)	10 186
Income tax	43 330	(2 566)
Net profit/(loss)	(164 540)	7 620

Unless specified otherwise, all amounts are in PLN '000.

Consolidated balance sheet	As at 31 December 2025	As at 31 December 2024
Non-current assets	558 461	633 646
Current assets, of which:	388 355	424 497
Inventories	185 884	220 311
Receivables and other assets	176 129	196 914
Cash and cash equivalents	26 341	7 272
TOTAL ASSETS	946 816	1 058 143
Equity	544 889	631 063
Non-current liabilities	31 199	199 360
Current liabilities	370 728	227 720
TOTAL EQUITY AND LIABILITIES	946 816	1 058 143

Consolidated statement of cash flows	Year ended on 31 December 2025	Year ended on 31 December 2024
Cash flows from operating activities	(27 839)	5 676
Cash flows from investing activities	48 327	(164 868)
Cash flows from financing activities	(2 122)	92 684
Change in cash and cash equivalents	18 365	(66 509)
Cash and cash equivalents at the beginning of the period	7 272	76 812
Net foreign exchange differences	704	(3 032)
Cash and cash equivalents at the end of the period	26 341	7 272

In 2025, Rottneros AB did not pay dividends.

During 2024, Rottneros AB paid dividends, totalling PLN 28,707 thousand (SEK 76 million) of which PLN 13,980 thousand related to non-controlling shareholders.

There are no other restrictions on the management of assets and capital for the Arctic Paper Group due to the non-controlling shareholders of the Rottneros Group.

Unless specified otherwise, all amounts are in PLN '000.

5.12.7. Analysis of other comprehensive income by capital item

	As at 31 December 2025	As at 31 December 2024
Foreign exchange differences on translation of foreign operations		
included in "Foreign exchange differences on translation of foreign operations" attributable to equity holders of the parent company	47 455	(41 068)
included under "Non-controlling shareholders' equity"	15 146	(17 155)
Measurement of financial instruments		
Items to be reclassified to profit/(loss) in future reporting periods:		
included under "Other reserve capital"	(4 993)	(12 921)
included under "Non-controlling shareholders' equity"	1 036	(25 360)
reclassified to profit/(loss) during the reporting		
included under "Other reserve capital"	4 342	(19 986)
included under "Non-controlling shareholders' equity"	(213)	5 224
Actuarial profit/(loss) for defined benefit plans		
recognised under "Retained earnings"	(298)	642
included under "Non-controlling shareholders' equity"	-	-
TOTAL	62 474	(110 624)
including those concerning		
The shareholders of the Parent Company	46 505	(73 304)
Non-controlling shareholders	15 968	(37 320)

5.13. Liabilities under bank loans and other financial liabilities

Significant accounting principles (policies)

Financial liabilities are classified as measured, at amortized cost (trade and other payables for the purchase of property, plant and equipment and intangible assets, other payables, credit and lease liabilities) or as hedging instruments.

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. Replacement of an existing debt instrument with an instrument with basically different conditions, made between the same entities, is recognised by the Company as expiry of the original financial liability and recognition of a new financial liability. When a financial liability is derecognised from the statement of financial position, the difference between the carrying amount of the extinguished liability and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the income statement.

Unless specified otherwise, all amounts are in PLN '000.

Liabilities under bank loans and other financial liabilities:

Current liabilities	Note	Repayment date	Interest rate	As at 31 December 2025	As at 31 December 2024
Other financial liabilities:					
Lease liabilities	5.14.	to 31-12-2026		5 290	4 758
Hedging instruments	5.20.5			5 322	3 958
Other liabilities		to 31-12-2026		163	-
Total other short-term financial liabilities				10 776	8 716
Bank loan commitments:					
Long-term loan from a consortium of banks: Santander, Pekao, BNP in PLN				-	12 126
Long-term loan from a consortium of banks: Santander, Pekao, BNP in EUR				-	12 161
Investment loan from a consortium of banks: Santander, Pekao, BNP in EUR	5.20.6	to 31-12-2026	EURIBOR 6M + 1,6%	5 743	-
Revolving loadm, a consortium of Santander, Pekao, BNP banks in EUR	5.20.6	to 31-12-2026	EURIBOR 1M + 1,3%	28 696	-
Pekao investment loan in EUR	5.20.6	to 31-12-2026	EURIBOR 3M + 1,65%	3 804	-
Danske Bank working capital loan in SEK	5.20.6	to 31-12-2026	STIBOR 3M+1,75%	155 988	27 613
Nordea Bank Abp investment loan in SEK	5.20.6	to 31-12-2026	NSSu+1,75%	782	746
Total short-term bank loans				195 013	52 647
Total short-term financial liabilities				205 789	61 363
Non-current liabilities	Note	Repayment date	Interest rate	As at 31 December 2025	As at 31 December 2024
Other financial liabilities:					
Lease liabilities	5.14.	to 31-12-2028		18 058	20 628
Hedging instruments	5.20.5			18 443	25 112
Total other long-term financial liabilities				36 501	45 740
Bank loan commitments:					
Long-term loan from a consortium of banks: Santander, Pekao, BNP in PLN				-	7 061
Long-term loan from a consortium of banks: Santander, Pekao, BNP in EUR				-	31 542
Nordea Bank Abp investment loan in SEK	5.20.6	2027	NSSu+1,75%	16 609	16 603
Investment loan from a consortium of banks: Santander, Pekao, BNP in EUR	5.20.6	2028	EURIBOR 6M + 1,6%	31 722	-
Pekao investment loan in EUR	5.20.6	2030	EURIBOR 3M + 1,65%	6 581	-
Danske Bank working capital loan in SEK	5.20.6	2029	STIBOR 3M+1,75%	1 148	123 902
Total long-term bank loans				56 060	179 108
Total long-term financial liabilities				92 561	224 848

Unless specified otherwise, all amounts are in PLN '000.

5.13.1. Bank loans

In the period covered by this report, the Group made a repayment of the term loan under the loan agreement concluded on 2 April 2021 with a syndicate of banks in the amount of PLN 42,933 thousand and made a partial repayment of the loan with Nordea Bank in the amount of PLN 16,919 thousand and with Danske Bank in the amount of PLN 40,301 thousand.

In the period covered by this report, the Group took out new loans of PLN 12,789 thousand under the investment loan from a consortium of banks, from Nordea Bank PLN 760,40 thousand and from Danske Bank PLN 38,020 thousand.

Conclusion by Arctic Paper S.A. of a material financing agreement for the Issuer Group

On 31 October 2025, the Company entered into a term and revolving loan agreement (the "Loan Agreement"), which was entered into between the Company as borrower and the guarantor, subsidiaries of the Company: Arctic Paper Kostrzyn S.A., Arctic Paper Munkedals AB and Arctic Paper Grycksbo AB, as guarantors ("Guarantors") and a consortium of banks as follows: BNP Paribas Bank Polska S.A. ("Security Agent"), Bank Polska Kasa Opieki S.A. and Santander Bank Polska S.A. (together the "Lenders"), pursuant to which the Lenders granted the Company a term investment loan in the aggregate amount of EUR 20,000,000 and a revolving loan in the aggregate amount of EUR 60,000,000 (the "Loans"). The revolving loan remains only partially utilised, in line with the Company's current working capital requirements.

The Loan Agreement was entered into due to the impending maturity of the current Term Loan Agreement entered into on 2 April 2021, which falls five years after its execution.

Loan Agreement

In accordance with the Loan Agreement, the Lenders provided the Company with the following Loans:

- (a) an investment term loan in the total amount of EUR 20,000,000 (twenty million euros) (the "Investment Loan"); and
- (b) a revolving loan in the total amount of EUR 60,000,000 (sixty million euro) (the "Revolving Loan").

Subject to the relevant terms and conditions of the Loan Agreement, the Investment Loan was made available, inter alia, for the purpose of (i) refinancing the investment term loan taken for the construction of the biomass drying and pellet production plant project (the "Project"), granted under the Term and Revolving Loan Agreement the execution of which was reported by the Company in report No. 12/2021 dated 2 April 2021 and amended by the receipt of a term loan for the Project, which was reported by the Company in report No. 19/2023 dated 8 November 2023, and (ii) further financing of the implementation of the Project.

Subject to the relevant terms and conditions of the Loan Agreement, amounts raised under the revolving loan may be used, inter alia, (i) to refinance the revolving loan provided under the Term and Revolving Credit Agreement, which the Company announced in Report No. 12/2021 dated 2 April 2021 and Report No. 19/2023 dated 8 November 2023, and (ii) for general corporate purposes and to fund the working capital of the Company and its certain subsidiaries (including intra-group lending in any form).

Disbursement of funds under the Loans will be made subject to the Company and the Guarantors meeting the standard conditions precedent set out in the Loan Agreement.

Under the terms of the Loan Agreement, the interest rate on the Loans is variable, determined on the basis of the EURIBOR base rate and an agreed margin for the Investment Loan and the Revolving Loan.

In compliance with the Loan Agreement, some Loans will be repaid by:

- (i) in the case of an Investment Loan, on the day falling 5 years after the conclusion of the Loan Agreement; and
- (ii) in the case of a Revolving Loan, on the date falling 3 years after the date of the Loan Agreement, with the option to extend it for an additional two one-year periods or one two-year period (subject to compliance with the agreed extension conditions);

The Investment Loan is repayable subject to the following conditions: 67.5% of the disbursed amount of the Investment Loan is repayable in equal semi-annual instalments starting in May 2026 and the remaining amount of the Investment Loan is repayable on its final repayment date. The Revolving Loan is repayable on the final repayment date.

In connection with the term and revolving loan agreements, signed on 31 October 2025, the Group agreed to maintain specified financial ratios that are calculated at the end of each quarter. As at 31 December 2025, the Group has maintained the ratio levels required by the loan agreement with the consortium of financing banks (Pekao SA, Santander Bank S.A. and BNP Paribas SA).

Conclusion of a refinancing agreement by a subsidiary

In December 2024, Rottneros carried out a refinancing of its existing long-term credit facilities. The financing comprises long-term loans with a total value of SEK 400 million, with annual repayments of SEK 69 million, as well as revolving credit facilities of up to SEK 150 million. The credit agreement was concluded for a period of three years, with an option to extend it by one additional year. In addition, Rottneros has overdraft credit facilities amounting to SEK 225 million.

Unless specified otherwise, all amounts are in PLN '000.

As previously, the financing agreement includes a mechanism linking the interest margin to sustainability criteria, under which the level of interest depends on the achievement of selected environmental and occupational-related targets defined in the Group's long-term objectives. This linkage reflects Rottneros' continued commitment to sustainable development.

In July 2025, the credit agreement was updated and expanded, including the introduction of a liquidity covenant and a profitability target, which replaced the original debt-to-equity covenant until 30 September 2026. As at the end of 2025, Rottneros did not meet the required profitability target and was therefore granted a waiver for the fourth quarter of 2025. The waiver limits the availability of the revolving credit facility of SEK 150 million; consequently, this amount was not included in available liquidity. At the same time, a portion of the long-term debt was reclassified to short-term liabilities. Details of the refinancing are presented in Note 7.6.

5.13.2. Loan collateral

The collateral established in connection with the term and revolving credit agreements signed on 31 October 2025 remained unchanged as at 31 December 2025.

In connection with the term and revolving loan agreement signed on 31 October 2025, the Company signed agreements and declarations to the effect that, in favour of Bank BNP Paribas Bank Polska S.A. acting as Collateral Agent, have been

established security for the above receivables and other claims, 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 Guarantor;
 - 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 relating to the assets of the Company Arctic Paper Kostrzyn S.A. (with the exception of the insurance policies listed in the Loan Agreement);
 - declarations by the Company and Arctic Paper Kostrzyn S.A. on voluntary submission to enforcement, in the form of a notary deed;
 - financial pledges and registered pledges on the bank accounts of the Company and Arctic Paper Kostrzyn S.A. 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, nor may it instruct the bank maintaining the account to disburse the funds);
 - powers of attorney to the Polish bank accounts of the Company and Arctic Paper Kostrzyn S.A.;
 - civil surety 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.

Unless specified otherwise, all amounts are in PLN '000.

Apart from the above, as at 31 December 2025 the Group disclosed:

1. security over the assets of Rottneros AB for its liabilities with Danske Bank – these are:
 - pledge on assets for SEK 889,162 thousand (PLN 347,485);
 - promissory notes amounting to SEK 941,892 thousand (PLN 368,091 thousand).
2. security over the assets on account of AP Kraft's liabilities with Nordea Bank – these are:
 - mortgage on assets for SEK 68,000 thousand (PLN 26,574 thousand).

5.14. Lease liabilities

Significant accounting principles (policies)

The Group has lease contracts which it recognizes in accordance with IFRS 16. IFRS 16 introduced a uniform lessee accounting model and requires the lessee to recognize the assets and liabilities arising from each lease. On the lease commencement date, the lessee recognizes an asset with respect to the right to use the underlying asset and a lease liability that reflects the lessee's obligation to make lease payments. The Parent Company's management exercises its professional judgement, inter alia, in determining whether a contract constitutes a lease and in determining the lease term when there is an option to extend the contract term, and makes an estimate in determining the marginal interest rate for leases based on the requirements in IFRS 16.

The Group entered into lease contracts covering selected motor vehicles, technical equipment, offices and warehouses and perpetual usufruct right of land.

As at 31 December 2025 and 31 December 2024 the future minimum lease fees and the present value of minimum net lease fees were as follows:

	As at 31 December 2025		As at 31 December 2024	
	Minimum fees	Present value of the fees	Minimum fees	Present value of the fees
In 1 year	5 425	5 291	5 062	4 758
In 1 to 5 years	10 107	8 666	12 420	10 458
Over 5 years	46 970	9 391	48 527	10 168
Total minimum lease fees	62 501	23 347	66 010	25 384
Minus finance costs	(39 286)	-	(41 919)	-
Value of present minimum lease fees, of which:	23 215	23 347	24 090	25 384
- current		5 291		4 758
- long-term		18 057		20 626

The Group applies leasing simplifications for leases of low value and a term of 12 months or less. In 2025, the value of costs incurred for low-value assets amounted to PLN 0 thousand (2024: PLN 0 thousand). In 2025 and 2024, the Group did not enter into leases of 12 months or less.

Unless specified otherwise, all amounts are in PLN '000.

5.15. Employee benefits

5.15.1. Employee benefit liabilities

The table below summarises the employee liabilities as at 31 December 2025 and 31 December 2024.

	Note	As at 31 December 2025	As at 31 December 2024
Provision for pensions and similar benefits	5.12.1	21 061	21 368
Payable to employees as salaries		15 522	15 951
Personal Income Tax		5 414	5 052
Tax on repaid provision for pensions and similar benefits		3 142	2 790
Social benefit liabilities		23 976	16 694
Unused leave		39 253	42 158
Bonuses		5 509	10 075
Other employee liabilities		4 595	3 087
TOTAL		118 471	117 175
– current		98 551	96 743
– long-term		19 920	20 432

5.15.2. Retirement benefits and other post-employment benefits

Significant accounting principles (policies)

In accordance with the Group's remuneration principles, the employees of the Group are entitled to a retirement allowance. It is a one-off payment due to employees upon their retirement. The amount of retirement allowance depends on the seniority and the average salary of the employee. The Group sets up a provision for future retirement allowance liabilities in order to allocate the costs to the relevant periods. In accordance with IAS 19, retirement allowances are defined post-employment benefit plans. The present value of the liabilities is calculated by an independent actuary as at each balance sheet date. The accrued liability is equal to discounted payments to be made in the future subject to staff rotation and applies to the period until the balance sheet date. Demographic information and information on staff rotation is based on historical data.

On the basis of measurements performed by professional actuarial companies, the Group recognises a provision for future employee benefits.

Re-measurement of employee benefits related to defined benefit plans, covering actuarial gains and losses, is recognised in other comprehensive income and is not later re-classified to profit or loss.

The Group recognises the following changes to its net liabilities relating to defined benefit plans within costs of sales, administrative expenses, selling and distribution costs and finance costs, composed of:

- service costs (including, inter alia, the current service costs, future service costs);
- net interest on the net liability under the defined benefit plans.

Significant estimates and judgements

The costs of retirement post-employment benefits are determined with actuarial techniques. Actuarial measurements require certain assumptions as to the applicable discount rates, anticipated salary increases, mortality ratio and projected growth of retirement benefits. Due to the long-term nature of the programmes, the estimates are subject to certain uncertainties.

Group entities pay post-employment benefits to its retiring employees in amounts set forth in Poland's Labour Code in case of Arctic Paper Kostrzyn S.A. and on the basis of existing agreements with trade unions in case of Arctic Paper Munkedals AB, Arctic Paper Kostrzyn S.A and Arctic Paper Grycksbo AB which additionally has set up a Social Fund for future retirees.

Unless specified otherwise, all amounts are in PLN '000.

In this connection, on the basis of measurement performed in each country by professional actuarial companies, the Group establishes a provision for future benefits.

Measurement of employee benefits related to defined benefit plans, covering actuarial gains and losses, is recognised in other comprehensive income and is not later re-classified to profit or loss.

The Group recognises the following changes to its net liabilities relating to defined benefit plans within costs of sales, administrative expenses or selling and distribution costs, composed of:

- service costs (including inter alia the current service costs, future service costs);
- net interest on the net liability under the defined benefit plans.

The net cost of employee benefits is presented in the table below:

	Year ended on 31 December 2025	Year ended on 31 December 2024
Current headcount costs	839	639
Interest expense on employee benefit liabilities	790	678
Actuarial (profit)/loss	(298)	748
Total costs of benefit in the plan	1 331	2 065
of which:		
recognised in the income statement	1 629	1 317
recognised in other comprehensive income	(298)	748

The justification presenting changes in the provisions for the years ended on 31 December 2025 and 31 December 2024 is presented in the table below.

	Defined benefit plan in Sweden (AP SA branch)	Defined benefit plan in Sweden (Munkedals)	Defined benefit plan in Sweden (Grycksbo)	Defined benefit plan in Sweden (Rottneros Group)	Defined benefit plan in Poland (Kostrzyn)	Defined benefit plan in Germany	Total
Provisions for pensions and similar benefits as at 01 January 2025	-	-	-	-	14 753	6 615	21 368
Current headcount costs	-	-	-	-	839		839
Interest expense	-	-	-	-	790	-	790
Actuarial Loss/(Profit)	-	-	-	-	(298)	-	(298)
Benefits paid	-	-	-	-	(804)	(373)	(1 177)
Reclassification of an asset	-	-	-	-	-	-	-
Foreign exchange differences on translation of foreign plans	-	-	-	-	-	(461)	(461)
Liabilities for pensions and similar benefits at 31 December 2025	-	-	-	-	15 280	5 781	21 061

Unless specified otherwise, all amounts are in PLN '000.

	Defined benefit plan in Sweden (AP SA branch)	Defined benefit plan in Sweden (Munkedals)	Defined benefit plan in Sweden (Grycksbo)	Defined benefit plan in Sweden (Rottneros Group)	Defined benefit plan in Poland (Kostrzyn)	Defined benefit plan in Germany	Total
Provisions for pensions and similar benefits as at 01 January 2024	-	-	-	21 555	14 226	6 914	42 694
Current headcount costs	-	-	-	-	639	-	639
Interest expense	-	-	-	-	678	-	678
Actuarial Loss/(Profit)	-	-	-	-	558	190	748
Benefits paid	-	-	-	-	(1 348)	-	(1 348)
Reclassified assets	-	-	-	(21 555)	-	-	(21 555)
Foreign exchange differences on translation of foreign plans	-	-	-	-	-	(489)	(489)
Liabilities for pensions and similar benefits at 31 December 2024	-	-	-	-	14 753	6 615	21 367

The core assumptions made by actuary as at each balance sheet date to calculate the amounts of the obligations are as follows:

	As at 31 December 2025	As at 31 December 2024
Discount rate (%)		
Programme in Sweden	n.a.	n.a.
Programme in Poland	5,0%	5,0%
Programme in Germany	4,35%	3,6%
Expected wage growth rate (%)		
Programme in Sweden	n.a.	n.a.
Programme in Poland	5,0%	5,0%
Programme in Germany*	n.a.	n.a.
Remaining period of employment (in years)		
Programme in Sweden	n.a.	n.a.
Programme in Poland	10,97	11,0
Programme in Germany*	n.a.	13,2

*AP Mochenwangen has no business activities and therefore changes in salary increases and the duration of employment have no impact on the value of the provision for severance payments in Germany.

Unless specified otherwise, all amounts are in PLN '000.

The table below presents a sensitivity analysis of the provision for retirement benefits:

Change in the adopted discount rate by 1 percentage point

	Increase by 1 p.p.	Increase by 1 p.p.
	PLN '000	PLN '000
31 December 2025		
Impact on the defined benefit obligation (not including Swedish tax)	1 537	(1 537)
31 December 2024		
Impact on the defined benefit obligation (not including Swedish tax)	1 424	(1 424)

Change to the anticipated salary growth rate by 1 percentage point

	Increase by 1 p.p.	Increase by 1 p.p.
	PLN '000	PLN '000
31 December 2025		
Impact on the liabilities under defined benefit plans	(1 838)	1 838
31 December 2024		
Impact on the liabilities under defined benefit plans	(1 684)	1 684

5.16. Provisions

Significant accounting principles (policies)

Provisions are created when the Group is charged with a (legal or customary) obligation relating to past events, and when it is likely that satisfaction of such obligation shall result in a necessity of an outflow of economic benefits and an amount of such obligation may be reliably estimated. Where the Group expects some or all of the provisioned costs to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss after the deduction of any reimbursement.

The Group calculates provisions for discounts on the basis of signed contracts with customers. In addition, the Group is obliged to cover the costs of any complaints about the products sold. Such events may occur in the future; therefore, the Group applies professional judgement based on historical data to determine the amount of this allowance.

Provisions for wages and salaries and unused leave are calculated based on the best knowledge of its future realisation.

Significant estimates and judgements

Provisions are reviewed at each reporting period end date and updated to reflect the current most appropriate estimate.

Unless specified otherwise, all amounts are in PLN '000.

5.16.1. Change in provisions

The table below presents changes to provisions in for 2025-2024:

	Provisions
As at 1 January 2025	13 730
Established during the financial year	1 456
Applied	(348)
Reversed	43
Adjustment due to foreign exchange differences	(1 177)
As at 31 December 2025, of which:	13 703
- current	774
- long-term	12 930
of which environmental provision	11 758
As at 1 January 2024	6 335
Established during the financial year	8 819
Applied	(1 302)
Adjustment due to foreign exchange differences	(122)
As at 31 December 2024, of which:	13 730
- current	365
- non-current	13 365

5.17. Trade and other payables, grants and deferred income

Significant accounting principles (policies)

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

The Group 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.

5.17.1. Trade and other payables (short-term)

Principles and payment terms of the liabilities presented above:

- the terms and conditions of transactions with related entities are presented in note 7.1;
- trade payables are interest free and are usually payable within 60 days;
- other liabilities are interest free and the usual payment term is 1 month;
- the amount of the difference between VAT payable and receivable is paid to the relevant tax authorities on a monthly basis.

Unless specified otherwise, all amounts are in PLN '000.

	As at 31 December 2025	As at 31 December 2024
Trade payables, of which:		
Due to related parties	484	7
Due to other entities	433 742	405 467
	434 226	405 474
Taxes, duties and other liabilities		
VAT	8 038	10 926
Excise tax	432	430
Real estate tax	538	1 780
Other taxes	1 948	1 706
	10 957	14 842
Other liabilities		
Investment commitments	5 007	5 533
Liabilities related to environmental protection	372	368
Prepayments	3 966	938
	9 345	6 839
TOTAL	454 527	427 154

5.17.2. Grants and deferred income

	As at 31 December 2025	As at 31 December 2024
Subsidies/Grants from Ekofundusz	2 552	3 456
Subsidies/Grants from NFOŚiGW	1 965	2 568
Other grants	2 253	-
Deferred income	13 967	9 699
TOTAL	20 737	15 723
– current	15 971	9 127
– non-term	4 766	6 596

5.17.3. Income tax liability

	As at 31 December 2025	As at 31 December 2024
Income tax payable	518	17 928
TOTAL	518	17 928

5.17.4. Bank guarantees

As at 31 December 2025, the Company held the following contingent liabilities:

- a bank guarantee in favour of Skatteverket Ludvika for SEK 135 thousand (PLN 53 thousand).

Unless specified otherwise, all amounts are in PLN '000.

5.18. Legal cases

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

5.19. Certificates in cogeneration

The property rights to the certificates of origin, which are evidence of the production of electricity in CHP, are held by AP Grycksbo.

In 2025 and 2024, the Group received no revenue from the sale of CHP certificates.

Revenue related to the certificates in cogeneration are recognised as a reduction of internal costs of sales in the statement of profit or loss.

5.20. Financial instruments

5.20.1. Fair value measurement

Significant accounting principles (policies)

The Group measures financial instruments such as derivative instruments and non-financial assets such as investment properties at fair value as at each balance sheet date. Additionally, the fair value of financial instruments measured at amortised cost is disclosed in note 5.20.5.

The fair value is understood as the price that could be received for the sale of an asset or paid as a result of transfer of a liability subject to ordinary sale of such asset between market players as at the measurement date at the prevailing market conditions. Fair value measurement is based on an assumption that the sale transaction of an asset or transfer of a liability is executed:

- in the main market for such asset or liability,
- if no main market exists, in the most advantageous market for such asset or liability.

Both the main and most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured subject to an assumption that market players act in their best economic interests when setting the price of such asset or liability.

The measurement of the fair value of a non-financial asset provides for the possibility of a market player to generate economic benefits as a result of most intensive and best use of the asset or sale thereof to another market player that would ensure the most intensive and best use of such asset.

The Group applies measurement techniques that are adequate to the circumstances at hand and when adequate data is available to measure the fair value with maximum use of adequate observable input data and minimum use of non-observable input data.

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 Group 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.

The Management Board of Arctic Paper S.A. define policies and procedures for both systematic fair value measurement of investment properties, hedging instruments (SWAPs, forwards) and other derivatives to be used by the boards of directors of subsidiaries.

Independent appraisers are retained to measure material assets such as properties as at the end of each financial year.

Measurement at fair value of financial instruments is performed by independent financial institutions specialised in the measurement of such instruments.

For the disclosure of results of such measurement at fair value, the Group has defined classes of assets and liabilities on the basis of the type, features and risks related to individual assets and liabilities and the level in the hierarchy of fair value, as described above.

Unless specified otherwise, all amounts are in PLN '000.

5.20.2. Financial assets

Significant accounting principles (policies)

In compliance with IFRS 9, the Group 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. Trade receivables, after initial recognition, are measured at amortised cost using the effective interest method, taking into account impairment losses; however, trade receivables with a maturity of less than 12 months from origination (i.e. not containing a financing component) and not transferred to factoring are not discounted and are measured at nominal value. Interest income, foreign exchange differences and impairment losses are recognised in profit or loss; gains or losses on derecognition of a financial instrument are recognised in profit or loss for the period.
- measured at fair value through financial results: profit or loss resulting from measurement of financial assets, classified as measured at fair value through profit and loss, are recognised in statement of profit or loss in the period in which it was generated; those are primarily derivative instruments not designated for hedge accounting. Profit or loss on items at fair value through profit or loss includes interest income, investments in joint ventures and financial instruments held for sale.
- hedging financial instruments: Hedging financial instruments (SWAP contracts and energy forwards) are valued in accordance with the hedge accounting principles included in 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.

5.20.3. Impairment of financial assets

Significant accounting principles (policies)

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

In accordance with IFRS 9, the Company 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. In case of trade receivables, the Company applies a simplified approach and estimates allowances for expected credit losses equal to anticipated credit loss over the life of the receivables which does not exceed 12 months.

Trade receivables are the most important financial asset in the Group's financial statements that are subject to the principles of calculating anticipated credit losses.

The Group applies the simplified approach to determine impairment losses for trade receivables.

In the simplified model, the Group 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 Group applies a provision matrix estimated on the basis of historic collectibility levels and recoveries from counterparties. The anticipated credit loss is calculated at the time the receivables are recognised in the statement of financial position and it is updated as at each closing of reporting periods, subject to the number of overdue dates.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and in estimating expected credit losses, the Group considers reasonable and documentable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative analysis, based on the group's historical experience and credit rating. The Group assumes that the credit risk of a financial asset has increased significantly if it is more than 60 days past due.

Signs of increased credit risk can be (among other things):

Delayed instalment or interest payment of 60 days or more

Significant deterioration in the borrower's financial situation (profitability, indebtedness, liquidity ratios)

Commencement of formal restructuring, bankruptcy or liquidation process

Lack of ability to obtain financial information for the entity, etc.

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

The Group 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.

The Group divides trade receivables into insured receivables and uninsured receivables, and on the basis of historical data and taking into account expected future factors, it calculates the percentage of expected loss for

Unless specified otherwise, all amounts are in PLN '000.

each aging range of trade receivables. The receivables ageing ranges are as follows: maturity range, up to 30 days, up to 60 days, up to 90 days, up to 120 days, up to 360 days and over 360 days.

5.20.4. Financial derivatives and hedges

Significant accounting principles (policies)

The derivatives used by the Group to hedge the risks associated with fluctuations in the prices of currencies, electricity and pulp are primarily forward contracts for energy and the SEK/USD exchange rate and futures contracts on pulp. Such financial derivatives are measured at fair value through other comprehensive income. Such derivatives are stated as assets when the value is positive and as liabilities when the value is negative.

Any gains or losses arising from changes in the fair value of the derivatives that do not qualify for hedge accounting are recognised directly in the net profit or loss for the financial year.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability, or
- cash flow hedges when hedging exposure to variability in cash flows that is attributable to a particular risk inherent in the recognised asset or liability or a forecast transaction, or

When a hedge is established, the Group formally identifies and documents the hedging relationship, as well as the objective of risk management and the hedging strategy. 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 hedges

A cash flow hedge is a hedge against the risk of variability in cash flows (electricity and pulp prices and the SEK/USD exchange rate) that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, and which could affect 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 the statement of profit and loss in the same period or periods in which the asset acquired or liability assumed affects profit or loss.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are recognised directly to net financial result for the period.

The Company uses the following financial instruments: cash on hand and in bank accounts, loans, receivables, payables, leases, and forward USD exchange rate, pulp futures and forward power purchase contracts.

5.20.5. Fair values of different categories of financial instruments

Due to the fact that the carrying amounts of the financial instruments held by the Group do not materially differ from their fair value (except those listed in the table below), the table below presents all financial instruments by their carrying amounts, split into classes and categories of assets and liabilities.

Unless specified otherwise, all amounts are in PLN '000.

	Category in compliance with IFRS 9	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024
Financial assets					
Trade and other receivables	WwZK	334 098	386 299	***	***
Hedging instruments*	IRZ	301	2 364	***	***
Derivative instruments measured at fair value through profit and loss	WwWGpWF	-	1 990	***	***
Investments in other entities	WwZK	14 729	-	***	***
Settlement of realised forward contracts	WwZK	743	590	***	***
Other financial assets **	WwWGpWF	73	14 361	***	***
Cash and cash equivalents	WwZK	151 642	287 583	***	***
Financial liabilities					
Loans	WwZK	251 080	231 755	212 549	206 886
Leasing liabilities, of which:	WwZK	23 348	25 385	***	***
– non-current		18 058	20 628	***	***
– current		5 290	4 758	***	***
Trade payables, for the purchase of property, plant and equipment and intangible assets	WwZK	439 233	429 379	***	***
Hedging instruments*	IRZ	23 705	27 255	***	***
Other	WwWGpWF	163	-	***	***

* derivative hedging instruments meeting the requirements of hedge accounting

*** financial assets and liabilities at fair value close to carrying amount

Abbreviations used:

WwZK – Financial assets/liabilities measured at amortised cost

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

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

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

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

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

Unless specified otherwise, all amounts are in PLN '000.

5.20.6. Changes in assets and liabilities arising from financing activities

Year ended on 31 December 2025	Note	01 January 2025	Changes resulting from cash flows from financing activity	Effects of changes in foreign exchange rates	Changes in fair value or amortised cost	Changes due to acquisition /disposal	31 December 2025
Liabilities arising from financing activities							
Loans (short-term and long-term)	5.13	231 755	5 954	7 188	6 177	-	251 075
Lease liabilities (short-term and long-term)	5.13	25 385	(6 469)	345	-	4 086	23 350
Derivative financial instruments (equity and liabilities)	5.13	29 070	-	(1 591)	(3 550)	-	23 931
Total liabilities resulting from financing activity		286 210	44 417	5 942	2 627	4 086	298 356
Assets arising from financing activities							
Derivative financial instruments (assets)	5.5	4 355	(3 311)	-	-	-	1 044
Total assets resulting from financing activity		1 331	(3 311)	-	-	-	1 044

5.20.7. Hedge accounting

As at 31 December 2025, the Group held a forward contract for the purchase of electricity, a futures contract for the sale of pulp and a forward contract for the purchase of currency as cash flow hedges.

Cash flow hedge accounting related to electricity purchases with the use of forward transactions

The table below presents detailed information concerning the hedging relationship in the cash flow hedge accounting related to electricity purchases:

Cash flow hedge related to planned purchases of electricity	
Hedged item	The hedged position is a part of highly likely future cash flows for electricity purchases
Hedging instruments	Forward contract for the purchase of electricity at Nord Pool Exchange
Contract parameters:	
Contract conclusion date	depending on the contract; from 2021
Maturity date:	depending on the contract; until 31.12.2033
Hedged quantity of electricity	795,396 MWh
Term price	from 33.00 to 59.00 EUR/MWh

Unless specified otherwise, all amounts are in PLN '000.

Cash flow hedge accounting for sale of pulp using futures

The table below presents detailed information concerning the hedging relationship in the cash flow hedge accounting related to electricity purchases:

Type of hedge	Cash flow hedge related to sales of pulp
Hedged item	The hedged position is a part of highly likely future cash inflows for pulp sales
Hedging instruments	Forward contracts are used as the hedging item wherein the Company agrees to sell pulp for SEK
Contract parameters:	
Contract conclusion date	2022
Maturity date:	depending on the contract; until 31.12.2026
Hedged quantity of pulp	12,000 tonnes
Term price	SEK 15,037 /tonne

Cash flow hedge accounting for the purchase of US dollars using forward tranches

The following table presents details of the hedging relationship in cash flow hedge accounting related to the purchase of USD

	Hedging the volatility of cash flows associated with currency purchases
Hedged item	The hedged item represents a portion of future highly probable flows on the purchase of USD
Hedging instruments	The hedging position is a forward purchase of USD
Contract parameters:	
Contract conclusion date	depending on the contract; 2026
Maturity date:	30.11.2026
Hedged quantity of electricity	22 MUSD
Term price	9.2 to 10.93 SEK/USD

Unless specified otherwise, all amounts are in PLN '000.

5.20.8. Other information on derivative instruments

The table below shows the fair value of derivative hedging instruments in cash flow hedge accounting and fair value as at 31 December 2025 and comparatives:

	Status as at 31 December 2025		Status as at 31 December 2024	
	Assets	Equity and liabilities	Assets	Equity and liabilities
SWAP	-	-	1 331	-
Forward for electricity	1 044	23 705	3 024	27 255
Total hedging derivative instruments	1 044	23 705	4 355	27 255

The table below shows the nominal value of the amounts associated with the positions designated as hedging instruments at 31 December 2025:

Forward for electricity:	Up to 1 year	1 to 5 years	Over 5 years	Total
Purchased energy (in PLN '000)	51 838	31 573	-	83 410

The table below presents the amounts related to hedge accounting that were recognised in 2025 by the Group in profit and loss and in the total comprehensive income statement:

	Year ended on 31 December 2025
Other reserve capital in the part related to revaluation as at 31 December 2025 – fair value measurement of hedging derivative instruments due to the hedged risk, corresponding to effective hedging, net of tax effect	7 421
including those concerning	
forward contracts	7 421
The period of the anticipated hedged flows	1 January 2026 – 31 December 2033

The table below presents changes to other reserves in the part related to measurement under hedge accounting in 2025:

	Year ended on 31 December 2025
Other reserve capital in the part related to revaluation as at 01 January 2025	7 249
Deferral to changes of fair value measurement of the hedging derivative instruments due to the hedged risk, corresponding to the effective hedge, net of tax effect	171
The amount of the deferred changes of fair value measurement of the hedging derivative instruments due to the hedged risk, removed from other reserves and transferred to finance income, net of tax effect	-
Other reserve capital in the part related to revaluation as at 31 December 2025	7 421

The amounts in the table disclose the effect of deferred income tax.

Unless specified otherwise, all amounts are in PLN '000.

6. Financial risk management objectives and principles

6.1. Financial risk management

The main financial instruments used by the Group include bank loans. The main purpose of those financial instruments is to raise finance for the Group's operations. The Group companies also conclude lease agreements.

The Group also uses factoring without recourse for trade receivables. The main purpose for using the financial instrument is to quickly raise funds. Receivables that are subject to factoring have been removed from the consolidated statement of financial position, as the conditions for removing the asset in accordance with IFRS 9 have been met.

The Group has various other financial instruments such as trade receivables and payables which arise directly from its operations. The core risks arising from the Group's financial instruments include: interest rate risk, liquidity risk, foreign currency risk and credit risk. The Management Board reviews and approves policies for managing each of those risks.

In 2025, in the opinion of the Parent Company's Management Board – compared with the annual consolidated financial statements prepared as at 31 December 2025, there were no significant changes in financial risk. There have been no changes to the objectives and policies of the management of the risk.

6.1.1. Interest rate risk

The Group is exposed to interest rate changes primarily with respect to its long-term financial liabilities. The Group had no bank deposits at 31 December 2025.

Interest rate risk – sensitivity to fluctuations

The table below presents the sensitivity of gross profit to rationally feasible interest rate changes assuming no change to other factors (related to liabilities based on variable interest rates). Variable rate loans and leases as at 31 December 2025 and 31 December 2024 are included in the calculation. For each currency the same growth of interest rate was assumed by 1 percentage point. At the end of each reporting period, the values of loans and leases in a specific currency were grouped together and an increase of 1 percentage point was calculated on the calculated amounts.

As at 31 December 2025	PLN	SEK	EUR
Long-term portion of loans	-	17 757	38 303
Long-term portion of lease liabilities	12 290	4 409	1 358
Less loans covered by SWAP	-	-	-
The basis for calculating the impact of a change in the interest rate	12 290	22 167	39 661
Effect on profit before tax of a 1 percentage point increase in interest rates	(123)	(222)	(397)
As at 31 December 2024	PLN	SEK	EUR
Long-term portion of loans	7 061	140 505	31 542
Long-term portion of lease liabilities	13 442	5 077	1 938
Less loans covered by SWAP	(7 061)	-	(31 542)
The basis for calculating the impact of a change in the interest rate	13 442	145 582	1 938
Effect on profit before tax of a 1 percentage point increase in interest rates	(134)	(1 456)	(19)

The basis for calculating the impact of interest rate changes at 31 December 2025 for the long-term part of the SEK loans takes into account the extended maturity for the loan with Nordea Bank Abp.

The following table shows the carrying amount of the Group's financial instruments exposed and not exposed to interest rate risk.

Unless specified otherwise, all amounts are in PLN '000.

	As at 31 December 2025			As at 31 December 2024		
	The value of the financial liability, including:	The value of liability subject to fixed interest rate	The value of liability subject to variable interest rate	The value of the financial liability, including:	The value of liability subject to fixed interest rate	The value of liability subject to variable interest rate
Other financial liabilities:						
Lease liabilities	23 348	-	23 348	25 385	-	25 385
Bank loans:						
Long-term loan from a consortium of banks: Santander, Pekao, BNP in PLN	-	-	-	19 188	19 188	-
Long-term (investment) loan from a consortium of banks: Santander, Pekao, BNP in EUR	37 465	-	37 465	43 703	43 703	-
Pekao long-term loan	10 385	-	10 385	-	-	-
Revolving loan syndicate of banks (Santander, Pekao, BNP) EUR	28 696	-	28 696	-	-	-
Loan from Nordea Bank Abp in SEK	17 391	-	17 391	18 287	-	18 287
Loan from Danske Bank in SEK	157 136	-	157 136	150 577	-	150 577
Total fixed and variable rate bank loans	251 073	-	251 073	231 755	62 890	168 864
TOTAL FIXED AND VARIABLE INTEREST RATE LIABILITIES	274 421	-	274 421	257 140	62 890	194 250

6.1.2. Foreign currency risk

The Group is exposed to transactional foreign currency risk. This risk also takes place in the case of transactions in other currencies than the entity's measurement currency.

The table below presents the sensitivity of the financial result and comprehensive income to rationally feasible fluctuations of USD, EUR, GBP and SEK rates assuming no changes to any other factors. The calculations cover only the impact of foreign currency rate fluctuations on foreign currency balance sheet items and a rate increase or decrease for each currency of 5% was applied. At the end of each reporting period, assets and liabilities were grouped by currency and a rate increase or decrease by 5% was calculated on the net position in each currency – assets minus liabilities. During the year, foreign currency assets and liabilities remained stable.

As at 31 December 2025	Basis for the calculation		Total impact	Decrease in exchange rate	Total impact
Impact of foreign currency rate changes on gross profit	the effect of foreign currency rate change	Increase in exchange rate			
PLN – EUR	(7 601)	+5%	(380)	-5%	380
PLN – USD	(28 425)	+5%	(1 421)	-5%	1 421
PLN – GBP	6 066	+5%	303	-5%	(303)
PLN – SEK	(84 608)	+5%	(4 230)	-5%	4 230
SEK – EUR	26 474	+5%	1 324	-5%	(1 324)
SEK – USD	(7 974)	+5%	(399)	-5%	399
SEK – GBP	18 640	+5%	932	-5%	(932)
Impact of financial instruments on other comprehensive income (due to differences on translation of foreign operations)		Increase in exchange rate	Total impact	Decrease in exchange rate	Total impact
PLN – SEK		+5%	78 654	-5%	(78 654)

Unless specified otherwise, all amounts are in PLN '000.

As at 31 December 2025	Basis for the calculation				
Impact of foreign currency rate changes on gross profit	the effect of foreign currency rate change	Increase in exchange rate	Total impact	Decrease in exchange rate	Total impact
PLN – EUR		+5%	(28 258)	-5%	28 258
<hr/>					
As at 31 December 2024	Basis for the calculation				
Impact of foreign currency rate changes on gross profit	increase/decrease in exchange rates	Increase in exchange rate	Total impact	Decrease in exchange rate	Total impact
PLN – EUR	153 544	+5%	7 677	-5%	(7 677)
PLN – USD	(34 631)	+5%	(1 732)	-5%	1 732
PLN – GBP	11 643	+5%	582	-5%	(582)
PLN – SEK	(78 541)	+5%	(3 927)	-5%	3 927
SEK – EUR	32 569	+5%	1 628	-5%	(1 628)
SEK – USD	(5 183)	+5%	(259)	-5%	259
<hr/>					
SEK – GBP	17 345	+5%	867	-5%	(867)
<hr/>					
Impact of financial instruments on other comprehensive income (due to differences on translation of foreign operations)		Increase in exchange rate	Total impact	Decrease in exchange rate	Total impact
PLN – SEK		+5%	45 290	-5%	(45 290)
PLN – EUR		+5%	250	-5%	(250)

6.1.3. Product and raw material price risk

The Group is exposed to the risk of decreasing sales prices as a result of intensifying competition in the market and the risk of growing prices of raw materials due to restricted supply of raw materials in the market.

The Group uses derivative instruments to manage market risk. The Rottneros Group is hedging against changes in the price of its product, pulp. The Group hedges the risk of changes in energy prices to limit their impact on the volatility of the result. Details of all hedges used in the Group are set out in note 5.20.8.

6.1.4. Credit risk

Credit risk is the risk of financial loss by the Group when a customer or a counterparty to a financial instrument contract defaults under the contract. Credit risk is primarily related to receivables. The Group's trade receivables are mostly covered by insurance.

The Group enters into transactions solely with companies of a good financial standing. All customers who wish to use merchant credit are subject to preliminary verification procedures. Additionally, due to monitoring of the status of receivables on an ongoing basis, the Group's exposure to the risk of uncollectible receivables is limited.

The Group recognises impairment losses on financial assets (allowance for expected credit losses) classified as financial assets measured at amortised cost or financial assets measured at fair value through profit or loss. If credit risk related to a specific financial instrument has increased materially since initial recognition, the Group estimates the allowance for expected credit losses related to the financial instrument equal to anticipated credit losses throughout the lifetime of the instrument. If as at the reporting date, credit risk related to a financial instrument has not increased materially since its initial recognition, the Group assesses the allowance for expected credit losses related to that financial instrument in an amount equal to 12-month anticipated credit losses. Due to the fact that the Group's trade receivables do not contain a significant financing component, the impairment loss on trade receivables is calculated based on lifetime expected credit losses.

The table below presents the calculation of the allowance for trade receivables based on expected credit losses and specific (individual) risk.

Unless specified otherwise, all amounts are in PLN '000.

As at 31 December 2025	Weighted average percentage of the expected loss for uninsured receivables	Gross value of uninsured receivables	Weighted average percentage of expected credit losses insured receivables	Gross value of insured receivables	Allowance for expected loss on uninsured receivables	Allowance for expected loss on insured receivables	Specific allowance	Total allowance for receivables
Not overdue	-0,02%	138 287	0,00%	99 812	(13)	-	-	(13)
< 30 days	-0,06%	25 575	0,00%	15 773	(4)	-	-	(4)
30-60 days	-0,05%	3 619	0,00%	2 744	(1)	-	(167)	(168)
60-90 days	0,00%	3 317	n.a.	2 697	-	-	(181)	(181)
90-120 days	0,00%	509	0,00%	2 908	-	-	(136)	(136)
120-360 days	-2,93%	11 514	-9,77%	5 405	(612)	(528)	(5 494)	(6 634)
>360 days	-39,08%	6 456	0,00%	3 901	(596)	-	(9 760)	(10 357)
		189 278		133 241	(1 226)	(528)	(15 738)	(17 493)

As at 31 December 2024	Weighted average percentage of the expected loss for uninsured receivables	Gross value of uninsured receivables	Weighted average percentage of expected credit losses insured receivables	Gross value of insured receivables	Allowance for expected loss on uninsured receivables	Allowance for expected loss on insured receivables	Specific allowance	Total allowance for receivables
Not overdue	0,00%	56 241	0,01%	226 846	1	12	-	13
< 30 days	0,01%	9 081	0,01%	43 887	-	6	-	6
30-60 days	0,23%	384	0,22%	1 135	1	2	-	3
60-90 days	0,01%	478	n.a.	-	-	-	-	-
90-120 days	(1,61)%	(31)	(0,04)%	119	-	-	-	-
120-360 days	0,25%	21 567	17,32%	9 057	55	1 569	6 992	8 615
>360 days	24,60%	1 457	65,90%	3 901	-	-	4 849	4 849
		89 281		284 944	58	1 589	11 841	13 487

The weighted average percentage of expected loss was determined on the basis of historical data for 2023-2025 and took into account an analysis of macro-economic factors possible in the future.

The Group assesses all receivables that are neither overdue nor subject to a write-down as recoverable.

With respect to other financial assets of the Group such as cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty.

The Group has no major concentration of credit risk. Concentration of risk is assessed separately for insured and uninsured receivables. In addition, when determining the credit risk for a given group of receivables, the Group takes into account the grade of paper/pulp being sold and the currency of the transaction, as well as the geographical location of the counterparties and their rating.

The maximum amount exposed to credit risk is equal to the carrying value of the financial instruments held.

6.1.5. Liquidity risk

The Group monitors its risk of a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operating activities.

The Group aims to maintain a balance between continuity and flexibility of financing through the use of various sources of funding, such as overdrafts, bank loans and leasing agreements.

The table below summarises the Group's financial liabilities at 31 December 2025 and as at 31 December 2024 by maturity based on contractual undiscounted payments.

Unless specified otherwise, all amounts are in PLN '000.

As at 31 December 2025	Carrying amount	Upon request	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Bank loans	251 073	145 716	40 123	11 110	56 719	-	253 668
Leases	23 348	2 008	1 017	2 400	10 107	46 970	62 501
Trade payables and for the purchase of property, plant and equipment and intangible assets	439 233		432 357	-		-	432 357
Other financial liabilities	23 929	798	4 344	344	18 443	-	23 929
	737 583	148 522	477 840	13 854	85 269	46 970	772 455

As at 31 December 2024		Upon request	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Bank loans	231 755	-	7 803	45 340	186 313	-	239 456
Leases	25 385	399	1 189	4 770	12 420	48 527	67 300
Trade payables and for the purchase of property, plant and equipment and intangible assets	411 007	773	411 875	-	-	-	412 648
Other financial liabilities	29 070	159	1 178	(53)	25 112	-	26 396
	697 217	1 331	422 045	50 057	223 963	48 527	745 800

The table above as at 31 December 2025 takes into account the extension of the term of the loan with Nordea Bank Abp.

The Group has contractual commitments to acquire property, plant and equipment amounting to PLN 63,353 thousand as at 31 December 2025 (PLN 63,353 thousand as at 31 December 2024).

The table below provides a reconciliation of the items in the table above to data from the statement of financial position (SHSF) or the notes.

As at 31 December 2025	Note / balance sheet	Value according to the note or balance sheet	Interest payable until repayment	Value according to the table
Bank loans	5.13	251 080	2 588	253 668
Leases	5.14	23 347	39 286	62 634
Trade payables and for the purchase of property, plant and equipment and intangible assets	5.17.1	439 233	n.a.	439 233
Other financial liabilities	5.17.1	23 929	n.a.	23 929

Unless specified otherwise, all amounts are in PLN '000.

As at 31 December 2024	Note / balance sheet	Value according to the note or balance sheet	Interest payable until repayment	Value according to the table
Bank loans	5.13	231 755	7 701	239 456
Leases	5.14	25 505	41 855	67 360
Trade payables and for the purchase of property, plant and equipment and intangible assets	5.17.1	411 007	n.a.	411 007
Other financial liabilities	5.17.1	29 070	n.a.	29 070

There is no significant concentration of liquidity risk in the Group. Concentrations of risk are assessed separately for loan agreements, leases, trade and other payables by maturity of the liability. In addition, the Group takes into account the type and currency of the transaction and the geographical location of the counterparty when determining liquidity risk.

The table below shows the breakdown of cash by rating of the bank where it is deposited:

rating	cash and cash equivalents at 31.12.2025
A+	99 273
A	37 069
BBB+	7 965
other	7 336
Total	161 642

*Other cash is held in bank accounts of sales branches, due to significant fragmentation, no data was collected on the ratings of the banks where cash is deposited.

The three main banks where the Group maintains cash and cash equivalents account for 30%, 26% and 15% of the total balance at 31 December 2025.

6.2. Capital risk management

The primary objective of the Group's capital management is to maintain a strong credit rating and healthy capital ratios in order to support the Group's business operations and maximise the shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in the economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to its shareholders, return capital to the shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended on 31 December 2025 and 31 December 2024.

The Group monitors its equity using a leverage ratio, which is net debt divided by total equity plus net debt. The Group's rules stipulate that this ratio should be within a range of up to 0.55. The Group includes interest bearing loans, trade and other payables, net of cash and cash equivalents within its net debt.

Unless specified otherwise, all amounts are in PLN '000.

Arctic Paper Group	As at 31 December 2025	As at 31 December 2024
Bank loans and other financial liabilities	298 356	286 211
Trade and other payables	454 527	427 154
Minus cash and cash equivalents	(151 642)	(287 583)
Net debt	601 241	425 783
Equity	1 697 441	1 768 722
Equity and net debt	2 298 682	2 194 505
Leverage ratio	0,26	0,19

Compared with the 2024 annual report, the leverage ratio increased as a result of a decrease in cash and cash equivalents and equity at 31 December 2025.

7. Other explanatory notes

7.1. Information on related entities

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

- Thomas Onstad – majority shareholder,
- Nemus Holding AB – parent company for Arctic Paper SA,
- Munkedal Skog AB – a subsidiary of Nemus Holding AB,
- Key management personnel – company related to the CEO.

Senior management consists of the Chair and Members of the Parent Company's Management Board. Related entities may also include the Chair and Members of the Supervisory Board of the Parent Company during the period in which they serve on the Company's body.

The table below presents the total values of transactions with related entities in 2024-2025:

Data for the period from 01 January 2025 to 31 December 2025 and as at 31 December 2025

Related entity	Sales of services to related entities	Purchases of services from related entities/remuneration	Interest – finance income	Interest – finance costs	Receivables from related parties	Loan receivables	Liabilities to related entities
Nemus Holding AB	431	73	-	-	-	-	-
Thomas Onstad	-	-	-	-	-	-	-
Munkedals Skog AB	-	294	-	-	-	-	-
Key management personnel	51	1 595	-	-	62	-	484
Total	482	1 962	-	-	62	-	484

Unless specified otherwise, all amounts are in PLN '000.

Data for the period from 01 January 2024 to 31 December 2024 and as at 31 December 2024

Related entity	Sales of services to related entities	Purchases of services from related entities/remuneration	Interest – finance income	Interest – finance costs	Receivables from related parties	Loan receivables	Liabilities to related entities
Nemus Holding AB	399	65	-	-	-	-	7
Thomas Onstad	-	-	-	-	-	-	-
Munkedals Skog AB	-	216	-	-	-	-	-
Key management personnel	-	1 386	-	-	-	-	-
Total	399	1 667	-	-	-	-	7

7.1.1. Ultimate Parent Company of the Group

The ultimate parent company of the Group that prepares the consolidated financial statements is Nemus Holding AB. During the financial year ended 31 December 2025 and 31 December 2024, there were transactions between the Group and Nemus Holding AB listed in note 7.1.

7.1.2. Parent Company

Nemus Holding AB is the Parent Company for the Arctic Paper S.A. Group which as at 31 December 2025 held 59.71% ordinary shares in Arctic Paper S.A.

7.1.3. Terms and conditions of transactions with related parties

Trade receivables and payables usually have a payment term of between 14 and 30 days for related entities. Transactions with related entities are carried out at arm's length.

7.1.4. Remuneration of senior management and the Supervisory Board of the Parent Company

The Parent Company's management team as at 31 December 2025 comprises three persons: President of the Management Board and two Members of the Management Board.

The remuneration of the management staff in the year ended on 31 December 2025 amounted to PLN 7,985 thousand (PLN 7,309 thousand in the year ended on 31 December 2024).

The table below shows the remuneration of the Parent Company's senior management and Supervisory Board:

	Year ended on 31 December 2025	Year ended on 31 December 2024
Management Board		
Short-term employee benefits	5 975	5 066
Post-employment retirement and medical benefits	556	487
Total remuneration of the Management Board	6 531	5 553
Supervisory Board		
Short-term employee benefits	1 454	1 756
Total amount of remuneration of top managerial staff	7 985	7 309

Short-term employee benefits include costs incurred by the Parent Company for senior management services provided to a subsidiary of PLN 728 thousand.

7.1.5. Loan to a member of the Management Board

In 2024-2025 neither the Parent Company, nor its subsidiaries granted any loans to Members of the Management Board.

7.1.6. Other transactions with the involvement of Members of the Management Board

In the period covered with these Consolidated Financial Statements there were no other transactions between the subsidiaries and Members of the Management Board.

Unless specified otherwise, all amounts are in PLN '000.

7.2. Employment structure

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

	Year ended on 31 December 2025	Year ended on 31 December 2024
Management Board of the Parent Company	3	3
Management Boards of Group entities	30	38
Administration	109	120
Sales Department	71	86
Production Division	1 206	1 174
Other	91	69
Total	1 510	1 490

7.3. Information on the agreement and remuneration of the statutory auditor or entity authorised to audit 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 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 on 31 December 2025	Year ended on 31 December 2024
Statutory audit of the annual financial statements	473	340
Review of interim financial statements	161	174
Statutory audit of the annual non-financial statements	566	520
Total	1 200	1 034

7.4. Impact of the war in Ukraine on the Group's operations

The Arctic Paper Group sells graphic paper to, inter alia, Ukraine (sales to Russia and Belarus have been discontinued); sales to this market are mostly on a deferred payment basis and, for non-insured customers, on a prepaid basis and self-collection from the premises of Arctic Paper mills or on a FCA Poland basis. In 2025, sales to this market amounted to 1.12% of the Group's turnover. We assess that the war in Ukraine has no direct impact on the Group's operations.

7.5. Investment plans

As at 31 December 2025, the Group plans to incur expenditures of not less than PLN 98 million on property, plant and equipment in 2026. These amounts will be allocated to the purchase of new machinery and equipment.

As at 31 December 2024, the Group planned to spend no less than PLN 183 million on property, plant and equipment in 2025.

7.6. Material events after the balance sheet date

Execution by a Subsidiary of an Amendment to a Loan Agreement

Unless specified otherwise, all amounts are in PLN '000.

On 26 March 2026, Rottneros AB entered into an amendment to a loan agreement with Danske Bank, originally concluded in December 2024 for a three-year term. The amendment adjusts the financing terms to the current financial situation of the Company and the Rottneros Group as a whole. Pursuant to the amendment, the Company obtained access to an additional amount of SEK 75 million under a revolving credit facility (RCF), increasing the total available limit beyond the previous level of SEK 225 million. In addition, the amendment introduces updated financial covenants, and its validity has been extended until the end of April 2027. Under the executed amendment, Rottneros provided security in the form of a pledge over its entire shareholding in Vallviks Bruk AB and Nykvist Skogs AB.

Impact of the Political and Economic Situation in the Middle East on the Group's Operations

The Issuer continuously monitors and analyses the impact of the political and economic situation in the Middle East on the Group's operations. The Group does not conduct operational activities in countries within this region, nor does it use logistics routes passing through conflict-affected areas for the supply of raw materials or the distribution of its products.

Based on the analysis performed, no indications have been identified at present that the conflict would have a direct and material impact on the Group's operating activities in the foreseeable future, including in particular the availability of key raw materials or the continuity of supply chains.

At the same time, the Issuer notes that an escalation of geopolitical tensions in the Middle East may indirectly affect the macroeconomic environment and the operating conditions of the markets in which the Group operates. In particular, potential risks include:

- increased volatility in energy commodity prices (including oil and gas), which may affect energy costs in Europe,
- disruptions in global supply chains and increased transportation and insurance costs,
- deterioration of economic conditions and a decline in demand for the Group's products as a result of heightened economic uncertainty,
- fluctuations in foreign exchange rates.

As at the date of preparation of this report, the Issuer does not identify any material adverse impact of these factors on the Group's results. However, the situation remains dynamic and is subject to ongoing monitoring. Should the identified risks materialise, they may in the future indirectly affect the Group's operations, financial performance and development prospects.

The post-balance sheet events described do not affect the financial statements as at 31 December 2025 and do not change Management's assessment of the Group's ability to continue as a going concern.

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

Unless specified otherwise, all amounts are in PLN '000.

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 for Sales and Marketing	Fabian Langenskiöld	21 April 2026	signed with a qualified electronic signature

Statement 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 consolidated financial statements of the Arctic Paper Capital Group for the year ended on 31 December 2025 and the comparable data were prepared in compliance with the applicable accounting principles and they reflect the economic and financial condition of the Capital Group and its financial result for 2025 in a true, reliable and clear manner.

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 for Sales and Marketing	Fabian Langenskiöld	21 April 2026	signed with a qualified electronic signature

Unless specified otherwise, all amounts are in PLN '000.