20250611503009

Årsredovisning
Arctic Paper Investment AB

Org.nr 556800-7214

Räkenskapsår 2024-01-01 - 2024-12-31

ARCTIC PAPER

Fastställelseintyg

Undertecknad styrelseledamot i Arctic Paper Investment AB intygar att resultat- och balansräkningen i årsredovisningen har fastställts på årsstämma den 5 Juni 2025. Årsstämman beslutade att godkänna styrelsens förslag till vinstdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalet.

Göteborg den 9 Juni 2025

Magnus Hultman
Styrelseledamot

20250611150311

Arctic Paper Investment AB
Org.nr 556800-7214

Årsredovisning för räkenskapsåret 2024-01-01 - 2024-12-31

Styrelsen för Arctic Paper Investment AB avger härmed följande årsredovisning.

Innehåll **Sida**

Förvaltningsberättelse	2
Resultaträkning	4
Balansräkning	5
Tilläggsupplysningar	
Redovisningsprinciper	7
Noter	7

Styrelsens säte: Göteborgs Kommun
Årsredovisningen är upprättad i svenska kronor, SEK. Om inte annat särskilt anges, redovisas alla belopp i tusentals kronor (Tkr).

20250611150312

Förvaltningsberättelse

Information om verksamheten
Arctic Paper Investment huvudsakliga verksamhet består av förvaltning av aktier i koncernföretag verksam inom pappersindustrin. Företaget är moderbolag till Arctic Paper Grycksbo AB (556086-6112).

Företaget har sitt säte i Göteborgs Kommun.

Väsentliga händelser under räkenskapsåret
Arctic Paper Investment AB redovisar ett resultat efter finansnetto på -10 779 Tkr (-14 759 Tkr).

Verksamheten i Arctic Paper Investment AB:s dotterbolag är löpande exponerad för valutarisker, ränterisker, finansieringsrisker och råvarurisker. Valutarörelsers påverkan är stor då merparten av försäljningen sker utanför Sverige och i lokal valuta. Ränterisk motsvaras av den resultateffekt som en ränteändring orsakar. Med finansieringsrisk avses risken att finansieringen inte alls kan erhållas eller endast till kraftigt ökade kostnader. I bolaget liksom i dotterbolagen pågår ett kontinuerligt arbete för att minimera riskerna och deras resultatpåverkan.

Efter balansdagens slut fram till rapportens undertecknande kan ingenting som är uppenbart gynnsamt eller ogynnsamt för bolaget sägas ha inträffat.

Framtida utveckling samt väsentliga risker och osäkerhetsfaktorer
Allt tyder på att marknadens efterfrågan på grafiska papperskvaliteter fortsätter att minska. Utifrån detta perspektiv bedriver dotterbolagen fortsatt produktutveckling framförallt avseende produkter anpassade till de nya krav som digitala tryckteknologier ställer.

Koncernen i sin helhet fortsätter arbetet att skapa finansiell stabilitet och ökad operativ förmåga inkluderande produktförnyelse och snabb adaption till förändrade villkor på marknaden.

Ägarförhållanden
Arctic Paper Investment AB med säte i Göteborg (556800-7214) är ett helägt dotterbolag till det på Warszawabörsen noterade bolaget Arctic Paper S.A. (org. nr KRS0000306944) med säte i Kostrzyn, Polen. Svensk koncernmoder är Nemus Holding AB (556618-9766) med säte i Göteborg och är majoritetsägare av aktierna i Arctic Paper S.A. Nemus Holding AB ägs till 100% av Thomas Onstad. Arctic Paper S.A. och Nemus Holding AB upprättar och avlämnar koncernredovisning.

Flerårsöversikt (TKr)	**2024**	**2023**	**2022**	**2021**
Nettoomsättning	0	0	0	0
Resultat efter finansnetto	-10 779	-14 759	31 988	-4 574
Balansomslutning	349 989	350 014	350 046	306 192
Soliditet (%)	9,3%	12,4%	16,6%	8,6%

20250611150313

Förändringar i eget kapital (Tkr)

	Aktie-kapital	Balanserat resultat	Årets resultat	Totalt
Belopp vid årets ingång	100	58 127	-14 759	**43 468**
Disposition enligt beslut av årsstämman:				
Balanseras i ny räkning		-14 759	14 759	**0**
Årets resultat			-10 779	**-10 779**
Belopp vid årets utgång	**100**	**43 368**	**-10 779**	**32 690**

Förslag till vinstdisposition
Styrelsen föreslår att till förfogande stående vinstmedel (Tkr)

balanserat resultat	43 368
årets resultat	-10 779
	32 590
disponeras så att:	
i ny räkning överföres	32 590
	32 590

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med noter.

20250611150314

Resultaträkning

	Not	2024-01-01 -2024-12-31	2023-01-01 -2023-12-31
	1		
Rörelsens kostnader			
Övriga externa kostnader		-26	-33
Rörelseresultat		**-26**	**-33**
Resultat från finansiella poster:			
Ränteintäkter/kostnader och liknande resultatposter	2	-10 753	-14 726
		-10 753	**-14 726**
Resultat efter finansiella poster		**-10 779**	**-14 759**
Resultat före skatt		**-10 779**	**-14 759**
Skatt på årets resultat		0	0
Årets resultat		**-10 779**	**-14 759**

20250611150315

Balansräkning

	Not	2024-12-31	2023-12-31
	1		
TILLGÅNGAR			
Anläggningstillgångar			
Finansiella anläggningstillgångar			
Andelar i koncernföretag	3,4	305 240	305 240
		305 240	**305 240**
Summa anläggningstillgångar		**305 240**	**305 240**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar koncernföretag		43 855	44 614
Övriga fordringar		6	8
		43 861	**44 622**
Kassa och bank		888	152
Summa omsättningstillgångar		**44 749**	**44 774**
SUMMA TILLGÅNGAR		**349 989**	**350 014**

20250611503316

Balansräkning

	Not	2024-12-31	2023-12-31
	1		
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		100	100
		100	**100**
Fritt eget kapital			
Balanserat resultat		43 368	58 127
Årets resultat		-10 779	-14 759
		32 589	**43 368**
Summa eget kapital		**32 690**	**43 468**
Långfristiga skulder			
Skulder till koncernföretag	5	317 299	306 546
Summa långfristiga skulder		**317 299**	**306 546**
SUMMA EGET KAPITAL OCH SKULDER		**349 989**	**350 014**

20250611150317

Noter

Not 1 Redovisnings- och värderingsprinciper

Allmänna redovisningsprinciper
Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Redovisningsprinciperna är oförändrade jämfört med föregående år.

Koncernförhållanden
Företaget är moderföretag, men med hänvisning till undantagsreglerna i årsredovisningslagen 7 kap 2 § upprättas ingen koncernredovisning. Koncernredovisning upprättas av Nemus Holding AB, (556618-9766), med säte i Göteborg och Arctic Paper S.A (org nr KRS0000306944) med säte i Kostrzyn, Polen på respektive koncernnivå.

Intäktsredovisning
Ersättning i form av ränta, royalty eller utdelning redovisas som intäkt när det är sannolikt att företaget kommer att få de ekonomiska fördelar som är förknippade med transaktionen och när inkomsten kan beräknas på ett tillförlitligt sätt.

Omräkning av poster i utländsk valuta
Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Om inget annat anges ovan värderas kortfristiga fordringar till det lägsta av dess anskaffningsvärde och det belopp varmed de beräknas bli reglerade. Långfristiga fordringar och långfristiga skulder värderas efter det första värderingstillfället till upplupet anskaffningsvärde. Övriga skulder och avsättningar värderas till de belopp varmed de beräknas bli reglerade. Övriga tillgångar redovisas till anskaffningsvärde om inget annat anges ovan.

Nyckeltalsdefinitioner
Resultat efter finansnetto
Resultat efter finansiella intäkter och kostnader, men före extraordinära intäkter och kostnader.

Balansomslutning
Företagets samlade tillgångar.

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) dividerat med balansomslutningen.

20250611150318

Not 2 Ränteintäkter/kostnader och liknande resultatposter

	2024	2023
Valutakursförändring	-10 753	-14 726
	-10 753	**-14 726**

Not 3 Andelar i koncernföretag

	2024-12-31	2023-12-31
Ingående anskaffningsvärden	192 692	192 692
Aktieägartillskott	0	0
Utgående ackumulerade anskaffningsvärden	**192 692**	**192 692**
Ingående nedskrivningar	-233 543	-233 543
Utgående ackumulerade nedskrivningar	**-233 543**	**-233 543**
Ingående fusion	**346 091**	**346 091**
Utgående ackumulerad fusion	**346 091**	**346 091**
Utgående redovisat värde	**305 240**	**305 240**

Not 4 Specifikation av andelar i koncernföretag

Namn	Kapital-andel	Rösträtts-andel	Antal andelar	Bokfört värde
Arctic Paper Grycksbo AB	100%	100%	125 000 000	305 240
Summa				**305 240**

	Org.nr.	Säte	Eget kapital	Resultat
Arctic Paper Grycksbo AB	556086-6112	Falun Kommur	839 746	133 356

20250611150319

Not 5 Förfallostruktur långfristiga skulder

	2024-12-31	2023-12-31
Förfaller mellan 2 och 5 år efter balansdagen		
Skulder till koncernföretag	317 299	306 546
	317 299	**306 546**

Not 6 Ställda säkerheter och eventualförpliktelser

Ställda säkerheter	Inga	Inga
Borgensåtagande för dotterbolagets engagemang i bank.	Inga	Inga

Göteborg den 12 maj 2025

Magnus Hultman
Styrelseledamot

Vår revisionsberättelse har lämnats den 4 juni 2025

Öhrlings PricewaterhouseCoopers AB

Peter Ek
Auktoriserad revisor

20250611150320

Revisionsberättelse

Till bolagsstämman i Arctic Paper Investment AB, org.nr 556800-7214

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Arctic Paper Investment AB för år 2024.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Arctic Paper Investment ABs finansiella ställning per den 31 december 2024 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för Arctic Paper Investment AB.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Arctic Paper Investment AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. *Rimlig säkerhet är en hög grad av säkerhet, men är ingen* garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Arctic Paper Investment AB för år 2024 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamot ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Arctic Paper Investment AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

20250611150321

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Karlstad den 4 juni 2025

Öhrlings PricewaterhouseCoopers AB

Peter Ek
Auktoriserad revisor

Bolagsverket

851 81 Sundsvall
0771-670 670
bolagsverket.se

Meddelande 2025-07-15
Ärendenummer 9338294/2025

20250711721742

Arctic Paper Investment AB
c/o Arctic Paper Munkedals AB
455 81 MUNKEDAL

Företagsnamn:	Arctic Paper Investment AB , 556800-7214
Ärende:	Årsredovisning
Räkenskapsår:	2024-01-01-2024-12-31
Ärendenummer:	9338294/2025
Ärendet kom in:	2025-06-11
Svaret ska ha kommit in:	2025-07-31
Telefonnummer:	060-18 42 00

Årsredovisningen innehåller fel

Här kan du läsa om vad som blivit fel i årsredovisningen och hur du gör för att rätta till det.

Information om förseningsavgift

Om du inte svarar i tid kan företaget behöva betala en förseningsavgift.

Skicka in en koncernredovisning

Årsredovisningen som vi har fått hänvisar till ett moderföretags koncernredovisning. Skicka in en kopia av koncernredovisningen och revisionsberättelsen som årsredovisningen hänvisar till.

Mer information hittar du på bolagsverket.se.

Gör så här

Skicka handlingarna med post och kom ihåg att skriva ärendenumret. Svaret ska ha kommit in senast 31 juli 2025.

På bolagsverket.se kan du se hur det går med ditt ärende. Där kan du också se våra aktuella handläggningstider.

Vad händer om årsredovisningen inte kommer in i tid?

Om du inte svarar i tid kan företaget få betala en förseningsavgift. Har det gått mer än 11 månader sedan räkenskapsåret tog slut kan vi pröva om företaget ska gå i likvidation.

"p0160_arsred_forelaggande"

ARCTIC PAPER CAPITAL GROUP

Consolidated Financial Statements
for the year ended
on 31 December 2024

ARCTIC PAPER

20250717217 44

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 2024 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 XHTML file into PDF format, certain discrepancies, omissions or approximations may exist. In case of any differences between the PDF and the XHTML versions, the XHTML 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 on consolidated financial statements 5
Definitions and abbreviations 5
Abbreviations applied to business entities, institutions and authorities of the Company 5
Definitions of selected terms abbreviations of currencies 8
Consolidated Financial Statements for the year ended 31 December 2024 9
Consolidated statement of profit or loss 9
Consolidated statement of total comprehensive income 10
Consolidated statement of financial position 11
Consolidated statement of cash flows 13
Consolidated statement of changes in equity 15
Additional information including description of accounting rules and explanatory notes 16
1. General information 16
1.1. Name, registered office, scope of business activity 16
1.2. Shareholding structure 16
1.3. Capital Group composition 17
1.4. Management and supervisory bodies 19
1.5. Approval of the financial statements 19
2. Accounting principles 20
2.1. Basis of preparation of the consolidated financial statements 20
2.2. Compliance statement 20
2.3. Currency of the financial statements and functional currencies 20
2.4. Changes in applied accounting policies 20
2.5. New and amended standards and interpretations applied 20
2.6. New standards and interpretations that have been published and are not yet effective 22
2.7. Implementation of new standards 22
2.8. Material values based on professional judgement and estimates 22
2.9. Information on the impact of climate issues on the Group's operations 23
2.10. Consolidation principles 23
2.11. Foreign currency translation 24
2.12. Offsetting financial assets and liabilities 24
3. Notes to operating segments 25
4. Notes to the consolidated statement of profit or loss and other comprehensive income 28
4.1. Sales revenue 28
4.2. Other income and expenses 30
4.3. Items of other comprehensive income 32
4.4. Income tax 33
4.5. Earnings per share 37
4.6. Dividend paid and proposed 37

20250717217745

5. Notes to the consolidated statement of financial position 38
5.1. Property, plant and equipment 38
5.2. The right to use the asset 41
5.3. Investment properties 43
5.4. Non-current assets by countries and regions 44
5.5. Intangible assets and goodwill 44
5.6. Other financial assets 48
5.7. Other non-financial assets 49
5.8. Joint ventures 49
5.9. Impairment test for property, plant and equipment and intangible assets 50
5.9.1. Rottneros Group 50
5.9.2. Arctic Paper Grycksbo 51
5.10. Inventories 53
5.11. Trade and other receivables 54
5.12. Cash and cash equivalents 56
5.13. Share capital and other capitals 57
5.13.1. Share capital 57
5.13.2. FX differences on translation of foreign operations 57
5.13.3. Supplementary capital 57
5.13.4. Other capital 58
5.13.5. Retained profit/accumulated loss and restrictions to dividend distribution 58
5.13.6. Non-controlling interests 59
5.13.7. Analysis of other comprehensive income by capital item 61
5.14. Bank loans payable and other financial liabilities 61
5.14.1. Bank loans 62
5.14.2. Collateral to loans 63
5.15. Lease liabilities 64
5.16. Employment benefits 64
5.16.1. Employee liabilities 64
5.16.2. Retirement benefits and other post-employment benefits 65
5.17. Provisions 67
5.17.1. Change in provisions 67
5.18. Trade and other payables, grants and deferred income 68
5.18.1. Trade and other payables (short-term) 68
5.18.2. Grants and deferred income 69
5.18.3. Income tax liability 69
5.18.4. Bank guarantees 69
5.19. Legal claims 69
5.20. Certificates in cogeneration 69
5.21. Financial instruments 70
5.21.1. Fair value measurement 70
5.21.2. Financial assets 71
5.21.3. Impairment of financial assets 71
5.21.4. Financial derivatives and hedges 72
5.21.5. Fair value of each class of financial instruments 72
5.21.6. Changes in assets and liabilities arising from financing activities 74
5.21.7. Collateral 74
5.21.8. Other information on derivative instruments 76
6. Financial risk management objectives and policies 77
6.1. Financial risk management 77
6.1.1. Interest rate risk 77
6.1.2. FX risk 79
6.1.3. Product and raw material price risk 79

202507172174 6

6.1.4. Credit risk 79
6.1.5. Liquidity risk 81
6.2. Capital risk management 82
7. Other explanatory notes 83
7.1. Information on related parties 83
7.1.1. Ultimate Parent Company of the Group 84
7.1.2. Parent Company 84
7.1.3. Terms and conditions of transactions with related parties 84
7.1.4. Remuneration of senior management and the Supervisory Board of the Parent Company 84
7.1.5. Loan granted to members of the Management Board 84
7.1.6. Other transactions with the involvement of Members of the Management Board 84
7.2. Employment structure 85
7.3. Information on the agreement and remuneration of the statutory auditor or entity authorised to audit financial statements 85
7.4. Impact of the war in Ukraine on the Group's operations 85
7.5. Investment plans 85
7.6. Material events after the balance sheet date 85
Statement of the Management Board 86
Accuracy and reliability of the presented reports 86

202507171747

Information on consolidated financial statements

These Consolidated Financial Statements, which are a component of the Consolidated Annual Report for 2024 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, No. 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

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

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Grycksbo Group	Arctic Paper Grycksbo AB, Arctic Paper Investment AB, Arctic Paper Finance AB
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 Spółka z o.o.	Kostrzyn Packaging 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; Utansjo Bruk AB with its registered office in Söderhamn, Sweden, Vallviks Bruk AB with its registered office in Vallvik, Sweden; Rottneros Packaging AB with its registered office in Sunne, Sweden; SIA Rottneros Baltic with its registered office in Kuldiga, Latvia; since 1 January 2020 – Nykvist Skogs AB with its registered office in Gräsmark, Sweden

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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 Kuldiga, 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	Kostrzyńsko-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
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

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Definitions of selected terms abbreviations of currencies

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 – monetary unit of Sweden
DKK	Danish krone – the monetary unit of Denmark
NOK	Norwegian krone – 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

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Consolidated Financial Statements for the year ended 31 December 2024

Consolidated statement of profit or loss

	Note	Year ended on 31 December 2024	Year ended on 31 December 2023
Continuing operations			
Revenue from sales of paper and pulp	4.1.1.	3 434 693	3 549 153
Sales revenue		3 434 693	3 549 153
Costs of sales	4.2.2.	(2 850 307)	(2 803 469)
Gross profit/(loss) on sales		584 386	745 684
Selling and distribution costs	4.2.2.	(349 188)	(340 973)
Administrative expenses	4.2.2.	(120 618)	(124 077)
Other operating income	4.2.1.	132 055	129 397
Other operating expenses	4.2.2.	(62 341)	(52 963)
Operating profit/(loss)		184 294	357 068
Finance income	4.2.3.	19 686	15 069
Finance costs	4.2.4.	(11 531)	(31 220)
Gross profit/(loss)		192 449	340 917
Income tax	4.4.	(31 344)	(68 529)
Net profit/(loss) from continuing operations		161 105	272 388
Net profit/(loss) for the financial year		161 105	272 388
Attributable to:			
The shareholders of the Parent Company		154 458	247 132
To the non-controlling shareholder		6 647	25 256

Earnings per share:

– basic earnings from the profit/(loss) attributable to the shareholders of the Parent Company	4.4.4.	2,23	3,57
– diluted earnings from the profit attributable to the shareholders of the Parent Company	4.4.4.	2,23	3,57

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Consolidated statement of total comprehensive income

	Note	Year ended on 31 December 2024	Year ended on 31 December 2023
Net profit/(loss) for the reporting period		161 105	272 388
Items of other comprehensive income to be reclassified to profit or loss, before taxation		***(119 353)***	***(344 644)***
FX differences on translation of foreign operations	5.13.2.	(58 223)	(99 035)
Measurement of financial instruments, including:		(61 130)	(245 609)
Measurement of financial instruments (items to be reclassified in future periods)	4.3.	*(45 631)*	*(224 619)*
Measurement of financial instruments (items reclassified in the period)	4.3.	*(15 499)*	*(20 990)*
Items of other comprehensive income not to be reclassified to profit or loss, before taxation		***748***	***281***
Actuarial profit/(loss) for defined benefit plans	5.16.2.	748	281
Other comprehensive income before tax		**(118 605)**	**(344 363)**
Income tax relating to items of other comprehensive income that will be reclassified to profit or loss		***8 087***	***50 398***
Deferred tax on the measurement of financial instruments, including:	4.4.1.	8 087	50 398
Deferred tax on the measurement of financial instruments		7 350	46 092
Deferred tax on the measurement of financial instruments (reclassified in the period)		737	4 306
Income tax relating to items of other comprehensive income not to be reclassified to profit or loss		***(106)***	***(174)***
Deferred tax on actuarial profit/(loss) relating to defined benefit plans	4.4.1.	(106)	(174)
Other net comprehensive income		(110 624)	(294 139)
Total comprehensive income for the period		50 481	(21 751)
Total comprehensive income attributable to:			
The shareholders of the Parent Company		81 154	42 885
Non-controlling shareholders		(30 673)	(64 633)

20250717217S3

Consolidated statement of financial position

	Note	As at 31 December 2024	As at 31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	5.1.	1 419 069	1 166 171
Investment properties	5.3.	-	1 751
Intangible assets	5.5.	38 202	58 464
Goodwill	5.5.	7 835	8 230
Joint ventures	5.5.3.	5 059	4 891
Other financial assets	5.6.	15 547	49 414
Other non-financial assets	5.7.	162	158
Deferred tax asset	4.4.3.	6 453	3 183
TOTAL NON-CURRENT ASSETS		1 492 327	1 292 262
Current assets			
Inventories	5.10.	495 044	444 930
Trade and other receivables	5.11.	428 773	415 421
Corporate income tax receivables	5.11c.	16 158	847
Other non-financial assets	5.6.	33 318	17 170
Other financial assets	5.7.	3 760	51 798
Cash and cash equivalents	5.12.	287 583	500 449
TOTAL CURRENT ASSETS		1 264 636	1 430 615
TOTAL ASSETS		2 756 963	2 722 877

20250717217S4

	Note	As at 31 December 2024	As at 31 December 2023
EQUITY AND LIABILITIES			
Equity			
Equity (attributable to the shareholders of the Parent Company)			
Share capital	5.13.1	69 288	69 288
Supplementary capital	5.13.3	625 733	443 805
Other capital	5.13.4.	138 750	175 639
FX differences on translation	5.13.2.	(144 397)	(107 340)
Retained earnings/Accumulated losses	5.13.5.	765 920	862 036
		1 455 294	1 443 428
Non-controlling interests	5.13.6.	313 429	358 080
TOTAL EQUITY		1 768 723	1 801 508
Non-current liabilities			
Loans payables	5.14.	179 108	79 311
Provisions	5.17.1	13 365	5 095
Employee liabilities	5.16.1.	20 432	41 139
Other financial liabilities	5.11.	45 740	24 887
Deferred tax provision	4.4.3.	110 319	121 208
Grants and deferred income	5.18.2.	6 596	8 113
		375 560	279 753
Current liabilities			
Loans payables	5.18.1.	52 647	43 862
Provisions	5.17.1.	365	1 240
Other financial liabilities	5.14.	8 716	4 880
Trade and other payables	5.18.1.	427 154	447 917
Employee liabilities	5.13.1.	96 743	105 525
Income tax liability	5.18.3.	17 928	29 485
Grants and deferred income	5.18.2.	9 127	8 707
		612 680	641 616
TOTAL LIABILITIES		988 240	921 369
TOTAL EQUITY AND LIABILITIES		2 756 963	2 722 877

20250717217S5

Consolidated statement of cash flows

	Note	12-month period ended on 31 December 2024	12-month period ended on 31 December 2023
Cash flows from operating activities			
Gross profit/(loss)		192 449	340 917
Adjustments for:		*54 259*	*217 094*
Depreciation/amortisation	4.2.6	114 302	118 237
Impairment of non-financial assets		-	-
FX gains/(losses)		(5 555)	(4 610)
Interest, net		4 508	6 682
Profit/(loss) on investing activities		8 116	2 291
(Increase)/decrease in trade and other receivables		(23 774)	64 913
(Increase)/decrease in inventories		(67 515)	129 807
Increase/(decrease) of liabilities except loans, borrowings, bonds and other financial liabilities		44 669	(96 201)
Change in non-financial assets		(17 869)	(27 959)
Change in provisions		7 708	4 797
Change in pension provisions and employee liabilities		(25 108)	(17 820)
Change in grants and deferred income		(844)	(7 813)
Co-generation certificates and CO2 emission rights (increase)		11 693	2 221
Change in settlement of realised forward contracts that meet hedge accounting rules (reduction)		11 204	46 526
Change in accounting for unrealized forward contracts not meeting hedge accounting rules		(7 122)	(3 566)
Other		(154)	(411)
Total flows from operations		246 708	558 011
Income tax paid		(58 313)	(86 808)
Net cash flows from operating activities		188 395	471 203
Cash flows from investing activities			
Disposal of property, plant and equipment and intangible assets		2 169	2 989
Purchase of property, plant and equipment and intangible assets		(423 597)	(200 172)
Outflows from bank deposit set up for more than 3 months		-	(41 520)
Proceeds from bank deposit set up for more than 3 months		-	41 520
Interest received		531	531
Proceeds from forward contracts that do not comply with hedge accounting rules		4 267	61 013
Purchase of long-term financial assets		-	(11 490)
Other capital outflows / inflows		-	409
Net cash flows from investing activities		(416 630)	(146 720)
Cash flows from financing activities			
Change to overdraft facilities		1 130	-
Repayment of leasing liabilities		(6 354)	(9 795)
Repayment of other financial liabilities		7	(795)
Proceeds from borrowing		179 473	39 619
Repayment of loans		(66 276)	(80 761)
Dividend paid to shareholders of AP SA	4.4.4.	(69 288)	(187 077)
Dividend paid to non-controlling shareholders	5.13.6	(13 980)	(41 849)
Interest paid		(1 877)	(8 275)
Net cash flows from financing activities		22 835	(288 933)
Increase/(decrease) in cash and cash equivalents		(205 400)	35 550
Net FX differences		(7 465)	(17 030)

Accounting principles (policies) and additional explanatory notes to the financial statements provided on pages 18 to 98 constitute an integral part hereof

20250717217S6

Increase (decrease) in cash and cash equivalents after effects of exchange rate changes		*(212 865)*	*18 520*
Cash and cash equivalents at the beginning of the period		500 449	481 930
Cash and cash equivalents at the end of the period	5.12.	*287 583*	*500 449*

Consolidated statement of changes in equity

	Note	Attributable to the shareholders of the Parent Company							
		Share capital	Supplementary capital	FX differences on translation of foreign operations	Other reserves	Retained earnings (Accumulated losses)	Total	Equity attributable to non-controlling shareholders	Total equity
As at 1 January 2024		69 288	443 805	(107 340)	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
Financial profit distribution		-	181 928	-	-	(181 928)	-	-	-
Payment of dividend to shareholders	4.4.4., 5.13.6	-	-	-	-	(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

	Note	Attributable to the shareholders of the Parent Company							
		Share capital	Supplementary capital	FX differences on translation of foreign operations	Other capital	Retained earnings (Accumulated losses)	Total	Equity attributable to non-controlling shareholders	Total equity
As at 1 January 2023		69 288	407 976	(39 794)	312 447	837 702	1 587 619	464 563	2 052 182
Net profit/(loss) for the period		-	-	-	-	247 132	247 132	25 256	272 388
Other net comprehensive income for the period		-	-	(67 547)	(136 808)	108	(204 247)	(89 889)	(294 139)
Total comprehensive income for the period		-	-	(67 547)	(136 808)	247 240	42 885	(64 633)	(21 751)
Profit-sharing		-	35 829	-	-	(35 829)	-	-	-
Payment of dividend to shareholders of AP SA	4.4.4., 5.13.6	-	-	-	-	(187 077)	(187 077)	(41 849)	(228 926)
Total changes in capital		-	35 829	(67 547)	(136 808)	24 334	(144 192)	(106 482)	(250 677)
As at 31 December 2023		69 288	443 805	(107 340)	175 639	862 036	1 443 428	358 080	1 801 508

20250717217 58

Additional information including description of accounting rules and explanatory notes

1. General information

1.1. Name, registered office, scope of business activity

The Arctic Paper Group is a paper and pulp producer. We offer voluminous book paper and a wide range of products in this segment, as well as high-grade graphic paper. The Group produces numerous types of uncoated and coated wood-free paper as well as wood uncoated paper for printing houses, paper distributors, book and magazine publishing houses and the advertising industry. As at 31 December 2024, 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 in Sweden. Pulp Mills are located in Sweden. As at 31 December 2024, the Group had 13 Sales Offices ensuring access to all European markets, including Central and Eastern Europe. Our consolidated sales revenue for 12 months of 2024 amounted to PLN 3,435 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 Paper Mill Arctic Paper Mochenwangen (Germany) in November 2008 and the Paper Mill Grycksbo (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 principal business of the Arctic Paper Group is the production of paper and pulp.

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

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

1.2. Shareholding structure

	as at 31.12.2024				as at 31.12.2023			
Shareholder	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 On stad	**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%
Negus Holding AB	*41 374 890*	*41 374 890*	*59,71%*	*40 981 449*	*59,15%*	*40 981 449*	*59,15%*	*59.15%*
other entity	*600 000*	*600 000*	*0,87%*	*600 000*	*0,87%*	*600 000*	*0,87%*	*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%**

20250717217S9

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 2024) 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 2024 was 68.26% (31 December 2023: 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. Capital 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		
			29 April 2024	31 December 2024	31 December 2023
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%
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, Korskildelund 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	Activities of holding companies	100%	100%	100%
Arctic Paper Finance AB	Sweden, Box 383, 401 26 Göteborg	Activities of holding companies	100%	100%	100%

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Unit	Registered office	Business activity	Group's interest in the equity of the subsidiaries as at		
			29 April 2024	31 December 2024	31 December 2023
Arctic Paper Verwaltungs GmbH *	Germany, Fabrikstrasse 62, DE-882, 84 Wolpertswende	Activities of holding companies	100%	100%	100%
Arctic Paper Immobilienverwaltung GmbH&Co. KG*	Germany, Fabrikstrasse 62, DE-882, 84 Wolpertswende	Activities of holding companies	94,90%	94,90%	94,90%
Arctic Paper Investment AB **	Sweden, Box 383, 401 26 Göteborg	Activities of holding companies	100%	100%	100%
EC Kostrzyn Sp. z o.o.	Poland, ul. Fabryczna 1, 66-470 Kostrzyn nad Odrą	Rental of properties and machines and equipment	100%	100%	100%
Munkedals Kraft AB	Sweden, 455 81 Munkedal	Production of hydropower	100%	100%	100%
Kostrzyn Packaging Spółka z o.o.	Poland, ul. Fabryczna 1, 66-470 Kostrzyn nad Odrą	Production of packaging	76%	76%	100%
Rottneros AB	Sweden, Söderhamn	Activities of holding companies	51,27%	51,27%	51,27%
Rottneros Bruk AB	Sweden, Rottneros	Pulp production	51,27%	51,27%	51,27%
Utansjo Bruk AB	Sweden, Söderhamn	Non-operating company	51,27%	51,27%	51,27%
Vallviks Bruk AB	Sweden, Vallvik	Pulp production	51,27%	51,27%	51,27%
Nykvist Skogs AB	Sweden, Gräsmark	Company grouping forest owners	51,27%	51,27%	51,27%
Rottneros Packaging AB	Sweden, Sunne	Production of food packaging	51,27%	51,27%	51,27%
SIA Rottneros Baltic	Latvia, Kuldiga	Procurement bureau	51,27%	51,27%	51,27%
Project Frost APM AB	Sweden, SE 455 81 Munkedal	Energy storage	100%	100%	0%
Project Frost APG AB	Sweden, Box 1, SE 790 20 Grycksbo	Energy storage	100%	100%	0%

** – 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*

In 2024, two new companies were established in Sweden: Project Frost APG AB located in Falun and Project Frost APM AB located in Munkedal. 100% of the shares in both companies are owned directly by (respectively) Arctic Paper Grycksbo AB and Arctic Paper Munkedals AB. The business activities of the above-mentioned companies are the development, management and operation of battery energy storage systems, as well as the direct or indirect ownership, development and management of real estate, movable property and securities and the conduct of any other related business activities. The companies have not been consolidated due to the immaterial value of their capital (SEK 25 thousand) and the absence of any assets other than cash.

At the date of this report, there were no other changes in the composition of the Group compared to 31 December 2024.

As at 31 December 2024 and as well as on the day hereof, the percentage of voting rights held by the Group in its subsidiaries corresponded to the percentage held in the share capital of those entities. All subsidiaries within the Group (apart from those mentioned above) are consolidated under the full method from the day of obtaining control by the Group and cease to be consolidated from the day the control has been transferred out of the Grou[redacted].

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1.4. Management and supervisory bodies

1.4.1. Management Board of the Parent Company

As at 31 December 2024, 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 Executive Board shall hold office continuously from the date of their appointment.

From 31 December 2024 until the publication date of the financial statements no changes in the composition of the Management Board of the Company occurred.

1.4.2. Supervisory Board of the Parent Company

As at 31 December 2024, the Parent Company's Supervisory Board was composed of:
- Per Lundeen – Chairman of the Supervisory Board appointed on 22 September 2016 (appointed to the Supervisory Board on 14 September 2016);
- Roger Mattsson – Deputy Chairman 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.

1.4.3. Audit Committee of the Parent Company

As at 31 December 2024, the Parent Company's Audit Committee was composed of:
- Anna Jakubowski – Chairperson 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. Approval of the financial statements

These consolidated financial statements were approved for publication by the Parent Company's Management Board on 29 April 2025.

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2. Accounting principles

2.1. Basis of preparation of the consolidated financial statements

These Consolidated Financial Statements have been made in accordance with the historical cost convention, with the exception of investment properties and derivative financial instruments that 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.

In connection with the term and revolving loan agreements, signed on 2 April 2021, the Group agreed to maintain specified financial ratios that are calculated at the end of each quarter. As at 31 December 2024, the Group has not maintained the level of Cashflow Cover required by the loan agreement with the consortium of financing banks (Pekao SA, Santander Bank S.A. and BNP Paribas SA). The main reason for this was the high level of investment associated with the implementation of the 4P strategy in 2024. Prior to the balance sheet date, Arctic Paper S.A. received written assurance from the syndicate of financing banks that the Group's failure to meet the required Cashflow Cover ratio as at 31 December 2024 does not constitute an event of default under the loan agreement of 2 April 2021 ("default"), and therefore this situation has no impact on the presentation of data in the Group's consolidated financial statements. The second of the ratios specified in the agreement, Net debt/EBITDA, remains at a level that meets the requirements of the loan agreement.

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 20018, 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 krone (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 2024.

The Company did not decide to adopt earlier other standards, interpretations or amendments that were issued but are not yet effective for periods commencing on 1 January 2024.

2.5. New and amended standards and interpretations applied

The following new standards and amendments to existing standards, which become effective in 2024, have been applied for the first time in these financial statements:

a) Lease liability under sale and leaseback transactions – Amendments to IFRS 16 Leases The amendments to IFRS 16 set out the requirements that a seller-lessee is required to apply when measuring a lease liability arising from a sale and leaseback transaction so that it does not recognise a gain or loss on the right-of-use that it retains.

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These changes have no impact on these consolidated financial statements.

b) Classification of liabilities as current or non-current and non-current liabilities linked to conditions – Amendments to IAS 1 Presentation of Financial Statements

The amendments to IAS 1 set out the requirements for classifying liabilities as short-term or long-term.

The amendments to IAS 1 clarify:

- which implies the right to postpone maturity;
- that the right to deferral must exist at the end of the reporting period;
- that classification is not affected by the likelihood of an individual exercising his or her right to deferral;
- that only when the option to settle a liability by issuing its own equity instruments is classified as an equity instrument, the settlement of such option is not taken into account for the purpose of classifying the liability itself as short-term or long-term.

In addition, an entity has been required to disclose information when a liability under a loan agreement is classified as a non-current liability and the entity's right to defer repayment of the liability is conditional on the satisfaction of future covenants within twelve months.

The changes had no impact on the classification of liabilities.

In addition, the amendments to IAS 1 Presentation of Financial Statements and the IFRS Board's guidance on disclosure of accounting policies in practice – the issue of materiality in relation to accounting policies – are effective from 1 January 2023. The Group has reviewed the range of accounting policies presented in the separate financial statements and discloses the significant accounting principles/(policies) in the individual Notes to this report.

c) Supplier finance arrangements - Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures
The amendments set out the features of supplier finance arrangements and require additional disclosures about such arrangements.

Supplier financing mechanisms are often referred to as supply chain financing, accounts payable financing or reverse factoring mechanisms.

The disclosure requirements are intended to help users of financial statements understand the impact of supplier financing mechanisms on an entity's liabilities, cash flows and liquidity risk exposure. These changes have no impact on these financial statements.

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

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

a) IFRS 14 Regulatory Accruals (published 30 January 2014) – in accordance with the European Commission's decision, the approval process for the preliminary version of the standard will not be initiated until the final version is published – not endorsed by the EU until the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2016;

b) Amendments to IFRS 10 and IAS 28: Transactions for the sale or contribution of assets between an investor and its associate or joint venture (published 11 September 2014) – the work leading to the approval of these amendments has been postponed indefinitely by the EU – the effective date has been postponed indefinitely by the IASB;

c) Amendments to IAS 21: Effects of changes in foreign exchange rates: Non-convertibility (published 15 August 2023) – applicable for annual periods beginning on or after 1 January 2025;

d) IFRS 18: Presentation and Disclosure in Financial Statements (published on 9 April 2024) – not endorsed by the EU at the date of approval of these financial statements – applicable for annual periods beginning on or after 1 January 2027;

e) IFRS 19: Subsidiaries without public accountability: disclosure (published on 9 May 2024) – not endorsed by the EU until the date of approval of these financial statements – applicable for annual periods beginning on or after 1 January 2027;

f) Amendments to IFRS 9 and IFRS 7: Amendments relating to the classification and measurement of financial instruments (published 30 May 2024) – not endorsed by the EU up to the date of approval of these financial statements – applicable for annual periods beginning on or after 1 January 2026;

g) Annual Improvements, Volume 11 (published 18 July 2024) – not endorsed by the EU until the date of approval of these financial statements – applicable for annual periods beginning on or after 1 January 2026;

h) Amendments to IFRS 9 and IFRS 7: Agreements referring to nature-dependent electricity (published on 18 December 2024) – not endorsed by the EU at the date of approval of these financial statements – applicable for annual periods beginning on or after 1 January 2026.

At the date of approval of these financial statements for publication, 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

As at the date of approval of these Consolidated Financial Statements for publication, the Management Board of the Parent Company does not expect material impact of the introduction of other standards and interpretations on the accounting principles (policy) applied by the Group with respect to the Group's operations or its financial results.

2.8. Material values based on professional judgement and estimates

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

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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. Consolidation principles

These Consolidated Financial Statements cover financial statements of Arctic Paper S.A. and its subsidiaries for the year ended on 31 December 2024. The financial statements of subsidiaries, subject to adjustments to achieve compliance with EU IFRS, are made for the same reporting period as the financial statements of the patent 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 versus 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 earlier general meetings.

Change to the holdings by the Parent Company that do not result in loss of control over subsidiaries, are recognised as capital transactions. In such instances, in order to reflect the changes in relative interests in subsidiaries, 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.

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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 FX rate prevailing on the transaction date.

On the balance sheet date, monetary assets and liabilities expressed in currencies other than the functional currency of the entity are translated into the functional currency using the mean 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 exchange 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 or loss is translated using the average weighted exchange rates for the relevant reporting period. The FX differences on translation are recognised in other total comprehensive income and cumulated in a separate equity item. On disposal of a foreign operation, the cumulative amount of the deferred FX differences recognised in equity and relating to that particular foreign operation shall be recognised in the statement of profit or loss.

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 2024	As at 31 December 2023
USD	4,1012	3,9350
EUR	4,2730	4,3480
SEK	0,3731	0,3919
DKK	0,5730	0,5833
NOK	0,3624	0,3867
GBP	5,1488	4,9997
CHF	4,5371	4,6828

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

	01.01 – 31.12.2024	01.01 – 31.12.2023
USD	3,9799	4,2030
EUR	4,3065	4,5437
SEK	0,3768	0,3962
DKK	0,5774	0,6098
NOK	0,3705	0,3984
GBP	5,0868	5,2230
CHF	4,5231	4,6753

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.

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3. Notes to operating segments

Operational 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's 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 cellulose business is presented as the "Cellulose" segment and includes, among others, two cellulose plants:

- Rottneros pulp mill (Sweden) – mainly produces chemi-thermo 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 paper. Uncoated wood-free paper can 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) and groundwood which are used mainly for production of printing and writing papers.

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.

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

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

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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)
FX gains and other finance income	16 704	10 127	26 832	(14 248)	12 584
FX 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)
Joint ventures	5 059	-	5 059	-	5 059

- Revenue from inter-segment transactions are 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 FX differences) and finance costs (PLN 11,532 thousand, of which PLN 7,507 thousand is interest expense), 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 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 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 2023 and as at 31 December 2023.

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Twelve-month period ended on 31 December 2023 and as at 31 December 2023

	Paper	Pulp	Total	Exclusions	Total continuing operations
Revenue					
Sales to external customers	2 460 441	1 088 712	3 549 153	-	3 549 153
Sales between segments	-	2 794	2 794	(2 794)	-
Total segment revenue	2 460 441	1 091 506	3 551 947	(2 794)	3 549 153
Result of the segment					
Adjusted EBITDA	380 946	104 198	485 144	(9 839)	475 304
Depreciation/amortisation	(83 255)	(34 665)	(117 920)	(317)	(118 237)
Operating profit/(loss)	297 691	69 533	367 224	(10 156)	357 068
Interest income	7 366	5 547	12 912	(2 581)	10 331
Interest expense	(4 342)	(3 566)	(7 908)	1 624	(6 284)
FX gains and other finance income	3 446	3 962	7 408	(2 670)	4 738
FX losses and other finance costs	(19 951)	(4 754)	(24 705)	(231)	(24 936)
Gross profit	284 209	70 722	354 931	(14 014)	340 917
Assets of the segment	1 762 824	1 057 151	2 819 975	(105 172)	2 714 803
Liabilities of the segment	670 887	279 817	950 704	(150 542)	800 162
Capital expenditures	(123 971)	(80 166)	(204 136)	3 964	(200 172)
Joint ventures	4 891	-	4 891	-	4 891

- Revenue from inter-segment transactions are eliminated on consolidation.
- The segment result does not include finance income (PLN 15,069 thousand, of which PLN 10,331 thousand is interest income and PLN 4,738 thousand is FX differences) and finance costs (PLN 31,220 thousand, of which PLN 6,284 thousand is interest expense and PLN 24,936 thousand is FX differences), depreciation/amortisation (PLN 118,237 thousand), as well as income tax liabilities (PLN 68,528 thousand).
- Segment assets do not include deferred tax (PLN 3,183 thousand), as this item is managed at Group level and interests in joint ventures (PLN 4,891 thousand). Segment liabilities do not include deferred tax (PLN 121,208 thousand), as this item is managed at Group level.

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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.

[redacted]ividend
Dividend is recognised when the shareholders' rights to receive dividend are established[redacted]

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.

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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 2024 and 2023:

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**

Geographical information

Year ended on 31 December 2023

Revenue from sales of paper and pulp from external customers by segment:	Paper	Pulp	Total
Germany	540 316	146 591	686 907
France	217 531	7 924	225 455
UK	287 745	23 771	311 517
Scandinavia	242 716	297 519	540 235
Western Europe (other countries)	319 787	176 701	496 488
Poland	414 438	792	415 230
Central and Eastern Europe (other than Poland)	404 880	57 844	462 723
Outside Europe	33 027	377 570	410 597
Total segment revenue	**2 460 441**	**1 088 712**	**3 549 153**

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.

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4.2. Other income and expenses

4.2.1. Other operating income

	Year ended on 31 December 2024	Year ended on 31 December 2023
Damages received	639	1 819
Rental income	4 150	3 509
Sales of services	3 290	6 031
Grants	5 745	6 376
Sale of utilities	41 790	66 630
Sale of materials	1 661	1 482
Profit on disposal of property, plant and equipment	259	1 206
Profit on sale of CO2 emission rights	35 232	8 777
Compensation of R&D projects from the National Centre for Research and Development	-	24
CO2 compensation	31 745	31 263
Compensation from the aid to energy-intensive industries scheme	5 296	-
Other	2 248	6 700
Total	**132 055**	**129 397**

4.2.2. Other operating expenses

	Year ended on 31 December 2024	Year ended on 31 December 2023
Real estate tax	(1 040)	(887)
Costs of sales of utilities	(35 574)	(45 692)
Costs of sales of materials	(158)	(80)
Loss on disposal/liquidation of property, plant and equipment	(1 341)	(517)
Environmental reserves	(6 977)	-
Write-downs on property, plant and equipment	(4 653)	-
Loss on forward contracts not meeting hedge accounting rules measured at fair value through profit or loss	(2 946)	-
Operating consultancy costs	(3 656)	-
Other	(5 996)	(5 787)
Total	**(62 341)**	**(52 963)**

4.2.3. Finance income

	Year ended on 31 December 2024	Year ended on 31 December 2023
Interest income on funds in bank accounts	6 325	8 518
Interest income on receivables	11	206
Other interest income	757	1 607
FX gains	11 868	-
Dividend income	368	-
Profit on interests in joint ventures	348	776
Other finance income	9	570
Gain on forward contracts not meeting hedge accounting rules measured at fair value through profit or loss	-	3 391
Total	**19 686**	**15 069**

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4.2.4. Finance costs

	Year ended on 31 December 2024	Year ended on 31 December 2023
Interest on bank loans measured at amortised cost	(3 149)	(979)
Interest on other financial liabilities	(3 062)	(4 423)
Interest on actuarial provisions	(678)	(1 154)
Finance costs under finance lease agreements	(1 290)	(529)
Bank charges	(1 518)	(859)
FX losses	-	(21 844)
Measurement effect of the adjusted purchase price	(890)	(816)
Ineffective remeasurement to fair value of derivatives	-	(396)
Other finance costs	(944)	(221)
Total	**(11 531)**	**(31 220)**

4.2.5. Prime costs

	Year ended on 31 December 2024	Year ended on 31 December 2023
Depreciation/amortisation	(114 302)	(118 237)
Consumption of materials and energy	(2 146 795)	(2 044 824)
Third party services	(513 220)	(492 631)
Taxes and charges	(9 622)	(10 437)
Employee benefit costs	(447 944)	(446 260)
Other prime costs	(110 198)	(94 164
Prime costs	(3 368 492)	(3 201 826)
Changes in product inventories	25 286	(71 788)
Change to impairment allowances to receivables	(3 319)	5 085
TOTAL	**(3 320 113)**	**(3 268 519)**
of which:		
Items recognised as costs of sales:	(2 850 307)	(2 803 469)
Items recognised as selling and distribution costs:	(349 188)	(340 973)
Items recognised as administrative expenses	(120 618)	(124 077)

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4.2.6. Depreciation/amortisation expense and impairment allowances recognised in profit or loss

	Year ended on 31 December 2024	Year ended on 31 December 2023
Items recognised as costs of sales:		
Depreciation of property, plant and equipment and intangible assets	(108 734)	(113 009)
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	(2 345)	(2 399)
Impairment of property, plant and equipment	-	-
Impairment of intangible assets	-	-
Items recognised as administrative expenses:		
Depreciation of property, plant and equipment and intangible assets	(3 223)	(2 829)
Impairment of property, plant and equipment	-	-
Impairment of intangible assets	-	-

4.2.7. Employee benefit costs

	Note	Year ended on 31 December 2024	Year ended on 31 December 2023
Salary costs		(386 616)	(353 053)
Social insurance premiums		(59 193)	(92 323)
Costs of retirement benefits	5.16.2	(1 387)	(603)
Total costs of employee benefits, of which:		**(447 197)**	**(445 979)**
Items recognised as costs of sales:		(345 656)	(334 920)
Items recognised as selling and distribution costs:		(45 818)	(46 619)
Items recognised as administrative expenses		(56 471)	(64 721)
Items recognised as other comprehensive income		748	314

4.3. Items of other comprehensive income

The components of other total comprehensive income for the year ended on 31 December 2024 and 31 December 2023 that are re-classified to profit or loss, are as follows:

	Year ended on 31 December 2024	Year ended on 31 December 2023
Cash flow hedges		
Profit/(loss) for the period resulting from contracts settled during the reporting period	(15 499)	(20 990)
Profit/(loss) for the period resulting from contracts not settled as the reporting date	(45 631)	(224 619)
Total other comprehensive income	(61 130)	(245 609)

Cash flow hedges are described in more detail in note 5.21.7 of this report.

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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 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:

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

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

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.

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Excise tax

The amount of excise tax payable in respect of the electricity produced is recognised in the statement of profit or 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 or 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.

4.4.1. Tax liability

The major components of income tax liabilities for the year ended on 31 December 2024 and on 31 December 2023 are as follows:

	Year ended on 31 December 2024	Year ended on 31 December 2023
Consolidated statement of profit or loss		
Current income tax		
Current income tax liability	(26 801)	(62 563)
Adjustments related to current income tax from previous years	216	1 318
Deferred tax		
Resulting from the establishment and reversal of temporary differences	(4 760)	(7 285)
Tax credit/(liability) disclosed in the consolidated statement of profit or loss	(31 345)	(68 529)
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 tax on the measurement of hedging instruments	8 087	50 398
Deferred tax on actuarial profit/loss	(106)	(174)
Tax benefit (tax liability) recognised in other comprehensive income	7 981	50 224

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4.4.2. Recognition of effective tax rate

A reconciliation of income tax on profit before tax at the statutory tax rate to income tax calculated at the Group's effective tax rate for the year ended 31 December 2024 and 31 December 2023 is as follows:

	Year ended on 31 December 2024	Year ended on 31 December 2023
Gross profit/(loss) before tax	192 449	340 917
Tax at the statutory rate prevailing in Poland in 2008-2024, of 19%	(36 565)	(64 774)
Tax adjustments from previous years, recognised in the current income tax	216	1 318
Difference resulting from income tax rates in force in other countries	(1 056)	(4 368)
Tax loss not incorporated in deferred income tax assets calculation	-	-
Use of tax expenses on which no deferred tax has been recognised	-	-
Non-taxable revenues	14 513	616
Costs that are not tax deductible	(7 639)	(3 378)
Effects of the tax group in Sweden	-	-
Effects of the tax group in Poland	-	2 058
Tax at the effective tax rate of 16% (2023: 20%)	(31 344)	(68 528)
Income tax (charge) stated in the consolidated income statement	(31 344)	(68 528)

The value of unrecognised deferred tax assets mainly relates to tax losses that are expected to expire before they are realised and those temporary differences that the Group believes may not be utilised 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:

	2024	Expiry date	2023	Expiry date
Expiring tax losses	12 869	2024-2028	20 829	2023-2027
Tax losses and temporary differences without time limit	-		-	
TOTAL	35 166		20 829	

The potential tax effect of non-activated tax losses and temporary differences amounts to PLN 2,445 thousand and relates to tax losses at Arctic Paper S.A. incurred prior to the establishment of the tax group in Poland

4.4.3. Deferred tax

Significant accounting principles (policies)

The Group recognises a deferred 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.

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Significant estimates and judgements

The Group recognises a deferred 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 2024	31 December 2023	31 December 2024	31 December 2023
Deferred tax liability				
Property, plant and equipment	115 148	122 996	7 848	(7 635)
Hedging instruments	(4 829)	9 979	14 808	68 295
			-	-
Gross deferred tax provision	**110 319**	**132 975**	**22 656**	**60 659**

	Consolidated balance sheet as at		Consolidated statement of profit or loss for the year ended	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Deferred tax asset				
Post-employment benefits	-	8 539	(8 539)	6 023
Uninvoiced liabilities	1 379	3 566	(2 187)	(7 071)
Inventories	-	1 322	(1 322)	423
Trade receivables	-	1 523	(1 523)	(5 505)
Losses deductible from future taxable income	5 074	-	5 074	-
Gross deferred tax asset	**5 616**	**14 949**	**(8 497)**	**(6 130)**
FX differences			(10 938)	(11 589)
Total, of which			3 221	42 941
Changes to deferred tax recognised in other comprehensive income			7 981	50 224
Changes to deferred tax recognised in the statement of profit or loss			(4 760)	(7 285)

Net deferred tax Asset / Liability	31 December 2024	31 December 2023
- Change of presentation	-	(11 766)
- Deferred tax asset	6 453	3 183
- Deferred tax liability	110 319	121 208

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 to create or not create an asset is dictated by the recoverability of the asset at the entity level

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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 2024	Year ended on 31 December 2023
Net profit/(loss) attributable to the shareholders of the Parent Company	154 457	247 132
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	2.23	3.57
Diluted profit/(loss) per share (in PLN)		
– from the profit/(loss) for the period attributable to the shareholders of the Parent Company	2.23	3.57

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

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 standalone 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 2024

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

On 18 February 2025, the Management Board of the Parent Company, taking into account the preliminary financial results of the Parent Company and the Arctic Paper S.A. Capital Group for 2024, decided to recommend to the Annual General Meeting of the Company the payment of a dividend from the Company's net profit for the financial year 2024, in the total amount of PLN 48,501,448.10, i.e. PLN 0.70 gross per share. The Management Board's recommendation will be reviewed by the Supervisory Board and will be submitted to the Annual General Meeting for resolution. The final decision on the distribution of the Company's 2024 profit and the payment of the dividend will be taken by the Annual General Meeting.

Dividend payment restrictions are described in note 5.13.5.

The table below provides a summary of dividend amounts in 2024:

Type of dividend	amount
Dividends recognised as distributions to owners per share (PLN)	0,00
Dividends proposed or enacted up to the date the financial statements were authorised for issue but not recognised as distributed to shareholders (in PLN '000). PLN)	48 501
Dividends proposed or enacted by the date the financial statements were authorised for issue but not recognised as distributed to holders of shares, per share (PLN)	0,70

5. Notes to the consolidated statement of financial position

5.1. Property, plant and equipment

Significant accounting principles (policies)

Property, plant and equipment are measured at purchase price or construction cost reduced by accumulated depreciation and all impairment allowances. 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 includes the cost of replacing components of machinery and equipment at the time they are incurred, provided that the recognition criteria are met. Costs incurred after the date the fixed is placed in service, such as maintenance and repair costs, are charged to the statement of profit or loss as they are 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.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset, which is as follows:

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 profit or loss arising from the derecognition of an asset from the statement of financial position (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item) is recognised in the statement of profit or loss in the period in which the derecognition occurs. Construction in progress refers to property, plant and equipment under construction or assembly and is stated at cost, less any impairment allowances. Assets under construction are not depreciated until completed and brought into use.

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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 non-current 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 non-current 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 allowance 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 allowances of continuing operations are recognised in the expense categories consistent with the function of the impaired asset.

At each balance sheet date, the Group assesses whether there are indications that an impairment allowance 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 allowance 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 allowance been recognised for that cash-generating unit in prior years. A reversal of an impairment allowance for a cash-generating unit is recognised immediately as income. Once an impairment allowance has been reversed, the depreciation charge relating to an asset is adjusted in subsequent periods so that its revised carrying amount less residual value is systematically written off over the remaining useful life of that cash-generating unit.

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 and intangible assets in Arctic Paper Grycksbo

Due to the strong financial performance of Arctic Paper Grycksbo, following the annual assessment of the impairment indicators for property, plant and equipment and intangible assets, the Management Board identified the need to perform impairment tests on non-financial non-current assets for the Paper Mill in order to update the write-downs recognised in previous years.

In connection with the test, the Company makes a number of estimates, of which the forecast sales volumes, selling prices, raw material purchase prices, energy prices, discount rate and the growth rate over the residual period have the greatest impact on the value in use of the assets. Some of the assumptions used to determine the value in use of assets are based on unobservable inputs and are therefore subject to estimation uncertainty.

The results of the test as at 31 December 2024 are described in note 5.9.2. The test performed as at 31 December 2024 did not result in the reversal of part of the impairment allowance.

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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 2024	As at 31 December 2023
Property, plant and equipment without assets with the right of use	1 393 964	1 137 780
Right-of-use assets	25 105	28 391
TOTAL	**1 419 069**	**1 166 171**

Property, plant and equipment

	Land and buildings	Plant and machinery	Property, plant and equipment under construction	Total
Net carrying amount as at 1 January 2023	259 818	748 709	86 793	1 095 320
Increase due to purchase .	18 037	60 773	127 532	206 342
Increase due to transfer of property, plant and equipment under construction	396	53 020	(53 416)	-
Decreases due to disposal	-	(2 101)	(3 170)	(5 271)
Decreases due to liquidation	-	(10)	-	(10)
Depreciation allowance for the period	(18 697)	(92 215)	-	(110 912)
Change to presentation within groups	-	2 377	-	2 377
FX differences on translation	(11 428)	(33 441)	(5 198)	(50 067)
Net carrying amount as at 31 December 2023	**248 126**	**737 113**	**152 541**	**1 137 780**
Net carrying amount as at 1 January 2024	248 126	737 113	152 541	1 137 780
Increase due to purchase	6 108	66 033	327 467	399 608
Increase 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 allowance for the period	(19 428)	(88 561)	-	(107 989)
Reclassification of reversal of impairment loss	9 804	(2 860)	-	6 944
FX 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**
Balance as at 1 January 2023				
Gross carrying amount	580 482	2 146 173	86 793	2 813 448
Depreciation/amortisation and impairment allowances	(320 664)	(1 397 463)	-	(1 718 128)
Net carrying amount	259 818	748 709	86 793	1 095 320
Balance as at 31 December 2023				
Gross carrying amount	570 812	2 160 025	152 541	2 883 378
Depreciation/amortisation and impairment allowances	(322 687)	(1 422 911)	-	(1 745 598)
Net carrying amount	248 126	737 113	152 541	1 137 780

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Balance as at 1 January 2024				
Gross carrying amount	570 812	2 160 025	152 541	2 883 378
Depreciation/amortisation and impairment allowances	(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				
Gross carrying amount	578 357	2 256 328	332 202	3 166 887
Depreciation/amortisation and impairment allowances	(332 1352)	(1 450 570)	-	(1 772 923)
Net carrying amount	256 004	805 758	332 202	1 393 964

- As at 31 December 2024, an impairment test of the assets of Arctic Paper Grycksbo and the Rottneros Group was carried out, the results of the test are described in note 5.9.1 of this report. Impairment of property, plant and equipment recognised in the year ended 31 December 2024 amounted to PLN 0 thousand (corresponding to 2023).

  Property, plant and equipment excluding rights-of-use assets with a carrying amount of PLN 563,931 thousand (as at 31 December 2023: PLN 731,515 thousand are subject to mortgage to secure the bank loans (note 5.14).

- The amount of capitalised external funding costs and FX gains/losses in the year ended on 31 December 2024 was PLN 925 thousand (in the year ended on 31 December 2023: PLN 72 thousand).
  The value of depreciation for 2023 for additions to property, plant and equipment made during 2024 amounted to PLN 4,988 thousand and related mainly to machinery and equipment (2023: PLN 1,651 thousand).

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 recognises 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-of-use asset is depreciated on a straight-line basis over the useful life of the asset not exceeding the lease term under the contracts

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Right-of-use assets

Right-of-use assets with a carrying amount of PLN 4,373 thousand as at 31 December 2024 (PLN 4,255 thousand as at 31 December 2023) are covered by mortgages/pledges established to secure lease liabilities.

	Land and buildings	Plant and machinery	Property, plant and equipment under construction	Total
Net carrying amount as at 1 January 2023	25 429	4 255		29 684
Increase due to purchase	3 816	5 791		9 607
Decreases due to disposal	-	(161)		(161)
Decreases due to liquidation	-	-		-
Depreciation allowance for the period	(6 612)	(2 886)		(9 498)
FX differences on translation	(832)	(298)		(1 241)
Net carrying amount as at 31 December 2023	**21 800**	**6 702**		**28 391**
Net carrying amount as at 1 January 2024	21 800	6 702		28 503
Increase due to purchase	2 985	2 128		5 113
Decreases due to disposal	-	(1 711)		(1 711)
Decreases due to liquidation	-	-		-
Depreciation allowance for the period	(3 797)	(2 336)		(6 133)
FX differences on translation	(256)	(410)		(666)
Net carrying amount as at 31 December 2024	**20 733**	**4 373**		**25 105**
Balance as at 1 January 2023				
Gross carrying amount	49 379	10 325		59 703
Depreciation/amortisation and impairment allowances	(23 950)	(6 069)		(30 019)
Net carrying amount	25 429	4 255		29 684
Balance as at 31 December 2023				
Gross carrying amount	33 473	13 098		46 571
Depreciation/amortisation and impairment allowances	(11 673)	(6 507)		(18 180)
Net carrying amount	21 800	6 591		28 391
Balance as at 1 January 2024				
Gross carrying amount	33 473	13 098		46 571
Depreciation/amortisation and impairment allowances	(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/amortisation and impairment allowances	(12 425)	(6 688)		(19 113)
Net carrying amount	20 731	4 373		25 105

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5.3. Investment properties

Significant accounting principles (policies)

The initial recognition of investment properties is at the purchase price, including transactional costs. The carrying amount of an asset covers the replacement cost of the component of the investment property when incurred as long as the recognition criteria are satisfied, and it does not include the current maintenance costs of such properties.

After initial recognition, investment properties are disclosed at fair value. Gains or losses resulting from changes to the fair value are recognised in the profit or loss in the period they arose, subject to the related impact on deferred tax.

Investment properties are removed from the statement of financial position when they are disposed of or when an investment property is permanently withdrawn from use when no future benefits are expected from its sale. Any profit or loss arising on derecognition of an investment property from the statement of financial position are recognised as profit or loss in the period when such derecognition occurred.

- Assets are transferred to investment properties only when a change of their use takes place, confirmed with the end of use of such asset by the owner or conclusion of an operational lease contract. If an asset is used by the owner – the Group, it becomes an investment property when the Group applies the principles described in the section Property, plant and equipment (note 5.3) until the date the use of the property is changed.

- When an investment property is transferred to assets used by the owner or to inventories, the alleged cost of such asset to be applied to recognise it in another category, shall be equal to the fair value of the property determined as at the date its mode of use was changed.

Table of investment property movements:

	Year ended on 31 December 2024	Year ended on 31 December 2023
Opening balance as at 1 January	1 751	1 763
Increases (subsequent expenditures)	-	-
Sale of properties	3 799	-
Profit/(loss) on fair value measurement	(5 550)	(12)
		-
Closing balance as at 31 December	**-**	**1 751**

- The investment property concerned an undeveloped plot of land in Warsaw.

Investment properties were disclosed at fair value as a result of an appraisal by an accredited appraiser. The appraisal was made with a comparative approach, the adjusted average price method.

- The property appraiser holds a license in property appraising granted by the President of the Housing and City Development Office. The market value of a property is the most likely price that may be realised in the market, determined with reference to transactional prices and subject to the following assumptions:
  - the parties to the transaction were independent of each other, were not forced to act and were willing to enter into the transaction,
  - sufficient time has expired to expose the property to the market and to negotiate contractual terms and conditions.

The market value for the current method of use (WRU) was appraised subject to:

- purpose of the appraisal,
- type and location of the property,
- function in the local development plan,
- existence of technical infrastructure,
- condition of the property,
- available data on prices of similar properties

In 2024, the plot in Warsaw was sold.

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5.4. Non-current assets by countries and regions

The table below presents the Group's non-current assets reduced by deferred tax asset split by country and region, as at 31 December 2024 and 31 December 2023:

Geographical information Non-current assets:	As at 31 December 2024	As at 31 December 2023
Germany	2 227	2 521
France	472	223
Scandinavia	939 685	818 430
Western Europe (other countries)	384	419
Poland	543 063	467 398
Central and Eastern Europe (other than Poland)	44	86
Total non-current assets	1 485 874	1 289 078

The increase in the Group's non-current assets is primarily the result of higher capital expenditure on property, plant and equipment made at the factories during 2024.

5.5. 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 (except goodwill and trademarks) are carried at cost less accumulated amortisation and impairment allowances.

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 live 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.

A summary of the principles applied to the Group's intangible assets is as follows:

	Goodwill	Relations with customers	Trademarks	Software
Useful life	Unspecified	10 years	Unspecified	2-5 years
Depreciation method	Is not depreciated	10 years with the straight-line method	Is not depreciated	2-5 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

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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. Consequently, and in accordance 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, the goodwill is recognised at the purchase cost reduced by all accumulated impairment allowances. 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.

Impairment allowances are determined on the basis of an estimated value of each cash generating centre to which the goodwill was allocated. When the recoverable value of a cash generating centre is lower than its carrying amount, an impairment allowance 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.

Certificates in cogeneration

As an entity generating electricity in cogeneration, the Group receives certificates of origin ("certificates"). Revenue from the certificates are 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

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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

As at 31 December 2024, in accordance with the requirements of EU IFRS, the Company performed an impairment test for trademarks and goodwill arising from the acquisition of a subsidiary in 2010. The test did not show the need to make an impairment allowance for this asset. The results of the test as at 31 December 2024 are described in note 5.9.1.

Intangible assets – as at 31 December 2024:

	Status as at 31 December 2024					
	Goodwill	Relations with customers	Trademarks	Co-generation certificates and CO2 emission rights	Other*	Total
Net value as at 1 January 2024	8 230	-	37 122	20 902	439	66 694
Increases	-	-	-	4 100	302	4 402
Decreases	-	-	-	(15 811)	(11)	(15 822)
Depreciation for the period	-	-	-	-	(181)	(181)
Impairment (reversal)	-	-	(6 944)	-	-	(6 944)
FX 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/amortisation and impairment allowances	-	(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	27 507	16 ,020
Depreciation/amortisation and impairment allowances	-	(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

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	Status as at 31 December 2023					
	Goodwill	Relations with customers	Trademarks	Co-generation certificates and CO2 emission rights	Other*	Total
Net value as at 1 January 2023	8 847	-	39 808	23 563	527	72 746
Increases	-	-	-	15 984	116	16 100
Decreases	-	-	-	(18 617)	-	(18 617)
Depreciation for the period	-	-	-	-	(204)	(204)
Impairment (reversal)	-	-	-	-	-	-
FX differences on translation	(617)	-	(2 686)	(28)	(0)	(3 332)
Net value as at 31 December 2023	**8 230**	**-**	**37 122**	**20 902**	**439**	**66 694**
As at 1 January 2023						
Gross value	8 847	35 115	84 136	23 563	40 576	192 237
Depreciation/amortisation and impairment allowances	-	(35 115)	(44 327)	-	(40 049)	(119 491)
Net value	8 847	-	39 808	23 563	527	72 746
As at 31 December 2023						
Gross value	8 230	35 115	78 356	20 902	39 611	182 214
Depreciation/amortisation and impairment allowances	-	(35 115)	(41 234)	-	(39 172)	(115 521)
Net value	8 230	-	37 122	20 902	439	66 694

* the item other contains computer software

At 31 December 2024 and 31 December 2023, trademarks include Arctic Paper's trademarks (net value at 31 December 2024 and 31 December 2023: PLN 1,319 thousand), AP Grycksbo (net value at 31 December 2024: PLN 6,944 thousand, net value at 31 December 2023: PLN 7,293 thousand) and Rottneros (net worth at 31 December 2024: PLN 27,141 thousand and 31 December 2023: PLN 28,509 thousand). The Arctic Paper and Rottneros trademarks are not impaired. The trademark in AP Grycksbo as at 31 December 2024 is subject to an impairment allowance of PL 46,200 thousand (as at 31 December 2023: PLN 41,230 thousand).

Impairment of intangible assets recognised in the year ended 31 December 2024 amounted to PLN 0 thousand (recognised in the year ended 31 December 2023: PLN 0 thousand).

Intangible assets with a carrying amount of PLN 12,548 thousand (as at 31 December 2023: PLN 29,942 thousand) are used as collateral for bank loans (Note 5.14).

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5.6. 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. After initial recognition, trade receivables are measured at amortised cost with the effective interest rate method subject to impairment allowances' trade receivables due within 12 months of the day of their origin (without financing elements) and not forwarded to factoring, are not discounted and are measured at nominal value; interest income, FX differences and impairment allowances are recognised in profit or loss; profits 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 or loss, are recognised in profit and loss account 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, interests 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 hedge
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 forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the same period, or periods, during which the acquired asset or assumed liability 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.

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Other financial assets as at 31 December 2024 and 31 December 2023:

	Note	As at 31 December 2024	As at 31 December 2023
Hedging instruments	5.21.5	2 364	46 629
Derivative instruments measured at fair value through profit or loss		1 990	7 838
Investments in equity instruments		13 852	14 500
Receivable from realised forward contracts		590	
Other financial assets		509	11 008
Receivables from pension fund		-	21 236
Total		**19 306**	**101 211**
- short-term		3 760	51 270
- long-term		15 547	49 414

5.7. Other non-financial assets

	As at 31 December 2024	As at 31 December 2023
Insurance costs	649	531
Lease fees	332	476
Advance payments for services	29 323	13 177
of which for unclaimed gas	19 348	-
Rent	509	479
Other	2 667	2 665
Total	**33 480**	**17 328**
- short-term	33 317	17 170
- long-term	162	158

5.8. 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 relates to the company 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 disclosing 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.

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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 applying 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.

Interests 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.

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

5.9.1. Rottneros Group

As at 31 December 2024 and 31 December 2023, the Parent Company performed impairment tests for goodwill using the discounted cash flow method. Tests showed no need to write down goodwill at this date.

An impairment test of the Rottneros Group's cash flow generating unit was carried out as at 31 December 2024. The cash-generating unit is classified in the pulp segment.

The recoverable amount of the facility has been determined based on value in use using the discounted cash flow method. A discount rate (WACC) of 10% and a forecast period from 2025 to a maximum of 2029 were used to calculate the value in use of the net assets attributable to the cash-generating unit. The projected flows included a residual period of more than 5 years due to the Group's strategy of operating the centre indefinitely. As at 31 December 2024, the total net assets tested for impairment amounted to PLN 832,895 thousand (including goodwill of PLN 7,835 thousand and trademark of PLN 27,142 thousand). As at 31 December 2023, the total net assets tested for impairment amounted to PLN 678,450 thousand (including goodwill of PLN 8,229 thousand and trademark of PLN 28,509 thousand). The recoverable amount of the cash-generating unit at 31 December 2024 was determined as its value in use and amounted to PLN 908,827 thousand (at 31 December 2023: PLN 830,853 thousand)

The recoverable amount of the net assets allocated to the cash-generating units was higher than the carrying amount of these assets and therefore the test did not indicate an impairment of the Rottneros Group's property, plant and equipment and intangible assets (including trademark and goodwill) recognised in these consolidated financial statements as at 31 December 2024 and 31 December 2023.

Key assumptions

Main assumptions	2024	2023
Approved projections based on	2025-2029	2024-2028
Weighted average cost of capital (WACC)	10.0%	10.0%
Growth rate in the residual period	0.0%	0.0%

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

Parameter	Change of the parameter by		2024 Impact on the value of assets in use	2023 Impact on the value of assets in use
31 December 2024				
Weighted average cost of capital (WACC)		+1 p.p.	(8 466)	no
Growth rate in the residual period		+1 p.p.	no	no
Weighted average cost of capital (WACC)		-1 p.p.	no	no
Growth rate in the residual period		-1 p.p.	no	no

5.9.2. Arctic Paper Grycksbo

Impairment of property, plant and equipment and intangible assets in Arctic Paper Grycksbo

Due to the high demand for paper and the strong financial performance of Arctic Paper Grycksbo, following the annual assessment of the impairment rationale for property, plant and equipment and intangible assets, the Management Board identified the need to test the non-financial non-current assets for impairment for the Paper Mill in order to update impairment allowances recognised in previous years.

In connection with the test, the Company makes a number of estimates, of which the forecast sales volumes, selling prices, raw material purchase prices, energy prices, discount rate and the growth rate over the residual period have the greatest impact on the value in use of the assets. Some of the assumptions used to determine the value in use of assets are based on unobservable inputs and are therefore subject to estimation uncertainty.

As at 31 December 2024 and 31 December 2023 earlier impairment tests were conducted at Arctic Paper Grycksbo with reference to property, plant and equipment and intangible assets.

The carrying amount of the cash-generating unit as at 31 December 2024 was determined to be PLN 207,249 thousand. It comprised the following components: property, plant and equipment, intangible assets, net working capital, cash and cash equivalents less the previously recognised cumulative impairment allowance for Arctic Paper Grycksbo.

The recoverable amount of the cash-generating unit as at 31 December 2024 was determined as its value in use and amounted to PLN 249,122 thousand. The impairment test performed as at 31 December 2024 did not result in a change in the impairment allowance booked in previous periods. The difference between the value in use and the carrying amount of PLN 41,873 thousand was calculated, which was not reflected in the statement of financial position and the statement of profit or loss. An analysis of the write-down previously established with a view to its reversal shows that, as at 31.12.2024, the assets that have previously been written down have been fully depreciated (their value, defined as the carrying amount of the assets as determined over their normal life cycle after deducting depreciation, is equal to zero) and/or the undepreciated value has already been covered by the reversal of the past write-down.

The value of the weighted average cost of capital (WACC) at 31 December 2024 was 9.8% (at 31 December 2023 9.7%).

The key assumptions of the impairment test carried out as at 31 December 2024 are described below.

Key assumptions underlying the calculation of value in use
Calculations of the value in use of the paper sale centre at the Grycksbo Paper Mill is most sensitive to the following variables:

- Level of sales;
- Selling prices;
- Discount rate;
- Changes in commodity prices;
- Energy price developments;

Level of sales – estimates of the level of sales are made based on budget data on the basis of the expected demand for a given type of paper manufactured at AP Grycskbo and taking into account the paper mill's production capacity.

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Selling prices – estimates of selling prices are made based on budget data on the basis of the expected demand for a given type of paper manufactured at AP Grycksbo and in correlation with the prices of raw materials, mainly pulp.

Discount rate – reflects the assessment of risks inherent to the centre estimated by the management. This is the rate applied by the management to estimate the operational effectiveness (results) and future investment proposals. In the budgeted period the applied discount rate is 9.8% (the rate applied as at 31 December 2023: 9.7%). The discount rate was determined on the basis of the following: Weighted average cost of capital (WACC).

Changing raw material prices (mainly pulp) – estimates concerning changes to raw materials are made on the basis of the external data related to pulp prices. The main source of data underpinning the assumptions made are forecasts from a reputable external pulp market research company. It should be noted that the costs of pulp is characterised by high volatility.

Changing energy prices – a growth of energy prices, mainly electricity, listed at Nordpool, the commodity exchange in Sweden, and of the energy generated from biomass as the core source of energy, results from the assumptions applied to the projections approved by the local management of the Grycksbo Paper Mill. The assumed power purchase prices also take into account price levels that have been hedged by the company by forward contracts.

The tables below will present the assumptions and sensitivity analysis for the impairment test performed at 31 December 2024 and 31 December 2023.

Key assumptions

Main assumptions	2024	2023
Approved projections based on	2025-2029	2024-2028
Weighted average cost of capital (WACC)	9,8%	9,7%
Sales volume [tonnes]	180 000	180 000
Average annual change in selling prices over the projection period	(0,75)%	0,5%
Average annual change in pulp purchase prices over the projection period	(0,00)%	0,0%
Average annual change in power purchase prices over the projection period	(2,24)%	0,0%
Growth rate in the residual period	0,0%	0,0%

Parameter	Change of the parameter by	Impact on the value of assets in use	Impact on the value of assets in use
31 December 2024			
Weighted average cost of capital (WACC)	+1.0 p.p.	no	no
Growth rate in the residual period	+1.0 p.p.	no	no
Sales volume during the projection period	1%	no	no
Selling price during the projection period	1%	no	no
Purchase price of pulp during the projection period	1%	no	no
Purchase price of energy during the projection period	10%	no	no
Weighted average cost of capital (WACC)	-1.0 p.p.	no	no
Growth rate in the residual period	-1.0 p.p.	no	no
Sales volume during the projection period	-1%	no	no
Selling price during the projection period	-1%	no	no
Purchase price of pulp during the projection period	-1%	no	no

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5.10. 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 creating impairment allowances on inventories. The most important of these are the duration of the backlog and the assessment of the possibility of finding its use. When calculating such an allowance, the possibility of reusing the product in the production process is also taken into account, in which case the allowance is reduced by this value

Significant estimates and judgements

Impairment allowances for inventories are made when the carrying amount of a specific assortment is lower than its net realisable price. 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 creating inventory impairment allowances. The most important of these are the duration of the backlog and the assessment of the possibility of finding its use. When calculating such an allowance, the possibility of reusing the product in the production process is also taken into account, in which case the allowance is reduced by this value.

Inventories as at 31 December 2024 and 31 December 2023:

	As at 31 December 2024	As at 31 December 2023
Materials (at purchase prices)	221 434	187 943
Production in progress (at manufacturing costs)	6 769	8 428
Finished products, of which:		
At purchase price / manufacturing costs	266 840	247 760
At net realisable price	-	-
Advance payments for deliveries	-	800
Total inventories, at the lower of: purchase price / manufacturing costs or net realisable price	495 044	444 930
Impairment allowance to inventories	19 875	16 556
Total inventories before impairment allowance	514 386	461 487

Goods amounted to PLN 0 thousand at 31 December 2024 (31 December 2023: PLN 23 thousand).

The value of inventories recognised in 2024 costs is PLN 1,869 million (2023: PLN 1,887 million). In the year ended 31 December 2024, the Group increased inventory allowances by a net amount of PLN 3,319 thousand (2023: net reduction of PLN 6,853 thousand).

The difference in the impairment allowance is recognised in the statement of profit or loss under costs of sales. The impairment allowance is related to finished products and slowly (including spare parts) rotating materials and exposed to the risk of damage, obsolescence or non-use for internal needs.

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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.

In the financial year ended on 31 December 2023 the Group had a pledge agreement on its entire movable assets understood as inventories, trade receivables and cash for PLN 823,436 thousand, SEK 135 thousand.

5.11. 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.

- **Budgetary 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 to which the simplified approach to measuring expected credit losses over the life of the receivables has been applied, except for those included in Group 2;
- group 2 – includes trade receivables identified individually as uncollectible.

- The Company applies a simplified model to recognise impairment allowances to trade receivables. In the simplified model, the Company does not monitor changes to credit risk level over the life of the instrument and estimates anticipated credit losses over the horizon until the maturity of the instrument. In order to estimate the anticipated credit loss, the Company applies a provision matrix estimated on the basis of historic collectibility levels and recoveries from counterparties. The 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.

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Trade and other receivables:

	As at 31 December 2024	As at 31 December 2023
Trade receivables	360 738	365 415
VAT receivables	42 474	40 146
Other third party receivables	25 561	9 860
Total (net) receivables	428 773	415 421
Impairment allowances to receivables	17 050	4 150
Gross receivables	445 823	419 572

- 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 parties are presented in note 7.1.

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

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

As at 31 December 2024, trade receivables of PLN 17,050 thousand (as at 31 December 2023: PLN 4,150 thousand) were deemed uncollectible and therefore written off.

The changes to impairment allowances to receivables were as follows:

	Year ended on 31 December 2024	Year ended on 31 December 2023
Impairment allowance as at 1 January	4 150	5 482
Increase	12 771	(724)
Utilisation	-	(335)
Release of unused allowance	(6)	(177)
FX differences on translation of foreign operations	135	(96)
Impairment allowance as at 31 December	**17 050**	**4 150**

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

- *Below is an analysis of trade receivables that as at 31 December 2024 and 31 December 2023 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 2024	360 738	283 062	52 962	1 515	477	88	22 633
As at 31 December 2023	365 415	322 217	39 940	1 047	48	122	2 042

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 the write-down of receivables is described in note 5.11.

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Corporate tax receivables

	Year ended on 31 December 2024	Year ended on 31 December 2023
Advance income tax paid	15 349	847
Other	809	-
Total	16 158	847

5.12. Cash and cash equivalents

Major principles (accounting 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 cash flow statement, 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 2024 is PLN 287,582 thousand (31 December 2023: PLN 500,449 thousand).

As at 31 December 2024, the Group had unused cash under current facilities of PLN 225,569 thousand (31 December 2023: PLN 227,286 thousand).

As at 31 December 2024, the Group had a used overdraft facility of PLN 931 thousand (31 December 2023: PLN 0 thousand).

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

	As at 31 December 2024	As at 31 December 2023
Cash in bank and on hand	212 239	500 316
Short-term deposits	75 343	133
Cash in transit	-	-
Cash and cash equivalents in the consolidated statement of financial position	287 582	500 449
Cash in bank and on hand attributable to discontinued operations	-	-
Cash and cash equivalents in the consolidated cash flow statement	287 582	500 449

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.

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5.13. Share capital and other capitals

5.13.1. Share capital

Share capital (in PLN)	As at 31 December 2024	As at 31 December 2023
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 2023 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

5.13.2. FX 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 FX rates are described in note 2.11.

5.13.3. Supplementary capital

Supplementary 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.

	31 December 2024	31 December 2023
Excess of issue price over nominal value (agio)	117 486	117 486
Capitals under Article 396 of the Code of Commercial Partnerships and Companies	19 771	19 771
Decrease of share capital	498 632	498 632
Capital created from company profits	217 757	35 829
Coverage of losses with supplementary capital	(244 683)	(244 683)
TOTAL	**625 733**	**443 805**

The table below presents changes to the supplementary capital in the year ended on 31 December 2024 and 31 December 2023:

	Year ended on 31 December 2024	Year ended on 31 December 2023
Supplementary capital at the beginning of period	443 805	407 976
Profit/loss distribution	181 928	35 829
Supplementary capital at end of the period	**625 733**	**443 805**

In accordance with provisions of the Code of Commercial Partnerships and Companies, the parent company is obliged to establish supplementary capital to cover potential losses. At least 8% of the profit for the financial year disclosed in the standalone financial statements of the Parent Company should be transferred to the category of capital until the capital has reached the amount of at

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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.

5.13.4. Other capital

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

	31 December 2024	31 December 2023
Other reserves created from profits	135 511	135 511
Capital from revaluation of a hedging instrument	3 239	40 128
TOTAL	**138 750**	**175 639**

The following table shows the changes in other capital for the year ended 31 December 2024 and 31 December 2023:

	Year ended on 31 December 2024	Year ended on 31 December 2023
Other reserves at the beginning of period	*175 639*	312 447
Changes to cash flow hedges		
Change of measurement of financial instruments of which:	**(40 964)**	**(172 130)**
- Forward for electricity	(39 254)	(167 829)
- interest rate SWAP	(1 710)	(4 703)
- Forward for pulp	-	402
Deferred tax on the change of measurement of financial instruments including:	**8 087**	**35 322**
- FX forward		
- Forward for electricity	8 087	34 510
- interest rate SWAP	-	894
- Forward for pulp	-	(83)
Other changes		
Other	(4 012)	-
Other reserves at the end of period	**138 749**	**175 639**

5.13.5. 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 standalone 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 standalone annual financial statements of Arctic Paper S.A. made for statutory purposes

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In connection with the term and revolving loan agreements signed on 2 April 2021, the Company's ability to pay dividends is subject to the Group meeting certain financial ratios in the period prior to payment (as that term is defined in the term and revolving credit facility agreement) and there being no event of default (as that term is defined in the term and revolving loan agreement). In 2024, 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 2024, there were no other restrictions concerning dividend distribution.

Retained earnings/losses presented in the statement of financial position as at 31 December 2024 and 31 December 2023 consist of the following items:

	As at 31 December 2024	As at 31 December 2023
Consolidated gains / losses attributable to the parent company	1 187 019	1 032 561
Consolidated profit / loss from the distribution of profit / loss of the parent company incl	(417 405)	(166 189)
- from last year's profit/loss distribution/dividend payment	*(251 216)*	*(222 906)*
Profit / loss on the acquisition/sale of Rottneros AB shares from non-controlling shareholders incl.	23 193	23 193
- profit	*29 353*	*29 353*
- loss	*(6 160)*	*(6 160)*
- profit/loss distribution	-	-
Actuarial profit/loss	(26 888)	(27 530)
Gains / losses retained at the end of the period	**765 920**	**862 036**

5.13.6. Non-controlling interests

	Year ended on 31 December 2024	Year ended on 31 December 2023
As at beginning of the period	358 081	464 564
Dividend disbursed by subsidiaries	(13 980)	(41 849)
Share in other comprehensive income of subsidiaries	(30 673)	(64 633)
At the end of period	**313 428**	**358 081**

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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:

Consolidated statement of profit or loss	Year ended on 31 December 2024	Year ended on 31 December 2023
Revenue from sales of products	1 021 030	1 091 506
Operating expenses	(1 016 114)	(1 032 077)
Operating profit/(loss)	4 916	59 429
Finance income/costs	5 270	1 189
Gross profit/(loss)	10 186	60 617
Income tax	(2 566)	(12 678)
Net profit/(loss)	7 620	47 939

Consolidated balance sheet	As at 31 December 2024	As at 31 December 2023
Non-current assets	633 646	576 093
Current assets of which:	424 497	492 618
Inventories	220 311	193 599
Receivables and other assets	196 914	222 207
Cash and cash equivalents	7 272	76 812
TOTAL ASSETS	1 058 143	1 068 711

Equity	631 063	728 150
Non-current liabilities	199 360	110 516
Current liabilities	227 720	230 045
TOTAL EQUITY AND LIABILITIES	1 058 143	1 068 711

Consolidated statement of cash flows	Year ended on 31 December 2024	Year ended on 31 December 2023
Cash flows from operating activities	5 676	38 169
Cash flows from investing activities	(164 868)	(54 017)
Cash flows from financing activities	92 684	(90 728)
Change in cash and cash equivalents	(66 509)	(106 575)
Cash and cash equivalents at the beginning of the period	76 812	195 905
Net FX differences	(3 032)	(12 517)
Cash and cash equivalents at the end of the period	7 272	76 812

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.
During 2023, Rottneros AB paid dividends, totalling PLN 85,932 thousand (SEK 213 million) of which PLN 41,849 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

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5.13.7. Analysis of other comprehensive income by capital item

	As at 31 December 2024	As at 31 December 2023
FX differences on translation of foreign operations		
included in "FX differences on translation of foreign operations" attributable to equity holders of the parent company	(41 068)	(67 547)
included under "Non-controlling shareholders' equity"	(17 155)	(31 488)
Measurement of financial instruments		
Items to be reclassified to profit/(loss) in future reporting periods:		
included under "Other reserves"	(12 921)	(128 013)
included under "Non-controlling shareholders' equity"	(25 360)	(50 514)
reclassified to profit/(loss) during the reporting		
included under "Other reserves"	(19 986)	(8 796)
included under "Non-controlling shareholders' equity"	5 224	(7 888)
Actuarial profit/(loss) for defined benefit plans		
recognised under "Retained earnings"	642	107
included under "Non-controlling shareholders' equity"	-	-
TOTAL	(110 624)	(294 139)
including those concerning		
The shareholders of the Parent Company	(73 304)	(204 249)
Non-controlling shareholders	(37 320)	(89 890)

5.14. Bank loans payable and other financial liabilities

Significant accounting principles (policies)

Financial liabilities are classified as either measured, at amortised cost (trade and purchase payables for property, plant and equipment and intangible assets, other payables, credit and lease payables) 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 statement of profit or loss.

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Bank loans payable and other financial liabilities:

Current liabilities	Note	Repayment date	Interest rate	As at 31 December 2024	As at 31 December 2023
Other financial liabilities:					
Lease liabilities	5.12	to 31-12-2025		4 758	4 720
Hedging instruments	5.21.5			3 958	-
Other liabilities		to 31-12-2025		-	160
Total other short-term financial liabilities				8 716	4 880
Bank loan commitments:					
Long-term loan from a consortium of banks: Santander Pekao BNP (short-term part) in PLN		31-03-2026	WIBOR 3M + 1.8%	12 126	13 383
Long-term loan from a consortium of banks: Santander Pekao BNP (short-term part) in EUR	5.21.6	31-03-2026	EURIBOR 3M + 1.8%	12 161	13 225
Loan from Danske Bank in SEK	5.21.6	to 31-12-2025	STIBOR 3M+1.75%	27 613	12 541
Loan from Nordea Bank Abp in SEK (short-term part)	5.21.6	to 31-12-2025	NSSu+1.75%	746	4 714
Total short-term bank loans				52 647	43 862
Total short-term financial liabilities				**61 363**	**48 742**

Non-current liabilities	Note	Repayment date	Interest rate	As at 31 December 2024	As at 31 December 2023
Other financial liabilities:					
Lease liabilities	5.12	to 31-12-2028		20 628	24 022
Hedging instruments	5.21.5			25 112	865
Other liabilities					
Total other long-term financial liabilities				45 740	24 887
Bank loan commitments:					
Long-term loan from a consortium of banks: Santander Pekao BNP (long-term part) in PLN	5.21.6	31-03-2026	WIBOR 3M + 1.8%	7 061	21 417
Long-term loan from a consortium of banks: Santander Pekao BNP (long-term part) in EUR	5.21.6	31-03-2026	EURIBOR 3M + 1.8%	31 542	20 663
Loan from Nordea Bank Abp in SEK (long-term part)	5.21.6	to 31-12-2027	NSSu+1.75%	16 603	17 244
Loan from Danske Bank in SEK	5.21.6	31 December 2029	STIBOR 3M+1.75%	123 902	19 987
Total long-term bank loans				179 108	79 311
Total long-term financial liabilities				**224 848**	**104 198**

5.14.1. Bank loans

In the period covered by this report, the Group made a partial repayment of the term loan under the loan agreement concluded on 2 April 2021 with a syndicate of banks in the amount of PLN 28,784 thousand and made a partial repayment of the loan with Nordea Bank in the amount of PLN 17,521 thousand and with Danske Bank in the amount of PLN 34,289 thousand.

In the period covered by this report, the Group took out new loans of PLN 24,985 thousand under the investment loan from a consortium of banks, from Nordea Bank PLN 753.6 thousand and from Danske Bank PLN 154,111 thousand.

The other changes in the value of loans at 31 December 2024 compared to 31 December 2023 are mainly due to changes in the balance sheet valuation and payment of interest accrued at 31 December 2023 and paid during 2024.

20250717218O5

In connection with the term and revolving loan agreements, signed on 2 April 2021, the Group agreed to maintain specified financial ratios that are calculated at the end of each quarter. As at 31 December 2024, the Group has not maintained the level of Cashflow Cover required by the loan agreement with the consortium of financing banks (Pekao SA, Santander Bank S.A. and BNP Paribas SA). The main reason for this was the high level of investment associated with the implementation of the 4P strategy in 2024. Prior to the balance sheet date, Arctic Paper S.A. received written assurance from the syndicate of financing banks that the Group's failure to meet the required Cashflow Cover ratio as at 31 December 2024 does not constitute an event of default under the loan agreement of 2 April 2021 ("default"), and therefore this situation has no impact on the presentation of data in the Group's consolidated financial statements. The second of the ratios specified in the agreement, Net debt/EBITDA, remains at a level that meets the requirements of the loan agreement.

5.14.2. Collateral to loans

The collateral established in connection with the term and revolving loan agreements signed on 2 April 2021 and signed on 11 May 2021 remained unchanged as at 31 December 2024.

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

1. under Polish law – Collateral Documents establishing the following Collateral:
   - financial and registered pledges on all shares 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 mortgage loans granted by the Guarantors registered in Sweden as long as such collateral covers solely the existing mortgage deeds;
   - assignment of (existing and future) insurance policies covering the assets of 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.

Apart from the above, as at 31 December 2024 the Group disclosed:
1) collateral on assets related to the obligations contracted by Rottneros AB with Danske Bank – this is:
   - pledge on assets for SEK 284,730 thousand (PLN 106,233).

2. collaterals on assets on account of AP Kraft's liabilities with Nordea Bank – these are:
   - mortgage on assets for SEK 68,000 thousand (PLN 25,371 thousand).

20250717218O6

5.15. 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 2024 and 31 December 2023 the future minimum lease fees and the present value of minimum net lease fees were as follows:

	As at 31 December 2024		As at 31 December 2023	
	Minimum fees	Present value of the fees	Minimum fees	Present value of the fees
In 1 year	5 062	4 758	5 103	4 720
In 1 to 5 years	12 420	10 458	14 536	13 032
Over 5 years	48 527	10 168	49 626	10 990
Total minimum lease fees	66 010	25 384	69 265	28 742
Minus finance costs	(41 919)		(41 062)	
Value of present minimum lease fees of which:	24 090	25 384	28 742	28 742
- short-term		4 758		4 720
- long-term		20 626		24 022

The Group applies leasing simplifications for leases of low value and a term of 12 months or less. In 2024, the value of costs incurred for low-value assets amounted to PLN 0 thousand (2023: PLN 42 thousand). In 2024 and 2023, the Group did not enter into leases of 12 months or less.

5.16. Employment benefits

5.16.1. Employee liabilities

The table below summarises the employee liabilities as at 31 December 2024 and 31 December 2023.

	Note	As at 31 December 2024	As at 31 December 2023
Provision for pensions and similar benefits	5.13.1	21 368	42 694
Payable to employees as salaries		15 951	18 202
Personal Income Tax		5 052	5 045
Tax on repaid provision for pensions and similar benefits		2 790	5 523
Social benefit liabilities		16 694	24 064
Unused leave		42 158	38 592
Bonuses		10 075	10 433
Other employee liabilities		3 087	2 111
TOTAL		**117 175**	**146 664**
- short-term		96 743	105 525
- long-term		20 432	41 139

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5.16.2. 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 is 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.

In this connection, on the basis of measurement performed in each country by professional actuarial companies, the Group establishes a provision for future 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 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 2024	Year ended on 31 December 2023
Current headcount costs	639	921
Interest expense on employee benefit liabilities	678	1 172
Actuarial (profit)/loss	748	(281)
Total costs of benefit in the plan	**2 065**	**1 812**
of which:		
recognised in the statement of profit or loss	1 317	2 092
recognised in other comprehensive income	748	(281)

20250717218O8

The justification presenting changes in the provisions for the years ended on 31 December 2024 and 31 December 2023 is presented in the table below.

	Defined benefit plan in Sweden (AP SA branch)	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 2004	-	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)
Change of presentation	-	(21 555)	-	-	-
FX differences on translation of foreign plans	-	-	-	(489)	(22 044)
Liabilities for pensions and similar benefits at 31 December 2024	**-**	**-**	**14 753**	**6 615**	**21 367**

	Defined benefit plan in Sweden (AP SA branch)	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 2023	3 083	23 172	13 912	7 120	47 286
Current headcount costs	-	-	848	73	921
Interest expense	-	-	831	341	1 172
Actuarial Loss (Profit)	-	-	(917)	636	(281)
Benefits paid	(3 083)	-	(448)	(722)	(4 254)
FX differences on translation of foreign plans	-	(1 617)	-	(533)	(2 150)
Liabilities for pensions and similar benefits at 31 December 2023	**-**	**21 555**	**14 226**	**6 914**	**42 694**

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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 2024	As at 31 December 2023
Discount rate (%)		
Programme in Sweden	n.a.	n.a.
Programme in Poland	5,0%	5,0%
Programme in Germany	3,56%	3,6%
Anticipated salary growth rate (%)		
Programme in Sweden	n.a.	n.a.
Programme in Poland	5,0%	5,0%
Programme in Germany*	n.a.	n.a.
Remaining employment period (in years)		
Programme in Sweden	n.a.	n.a.
Programme in Poland	10,7	11,0
Programme in Germany*	n.a.	13,2

*AP Mochenwangen is not a business operator and therefore changes in salary growth and the duration of employment do not affect the value of the provision for retirement benefits in Germany.

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. PLN thousand	Increase by 1 p.p. PLN thousand
31 December 2024		
Impact on the defined benefit obligation (not including Swedish tax)	(2 341)	(1 424)
31 December 2023		
Impact on the defined benefit obligation (not including Swedish tax)	(2 868)	(2 348)

Change to the anticipated salary growth rate by 1 percentage point

	Increase by 1 p.p. PLN thousand	Increase by 1 p.p. PLN thousand
31 December 2024		
Impact on the liabilities under defined benefit plans	1 688	1 685
31 December 2023		
Impact on the liabilities under defined benefit plans	1 161	1 684

5.17. 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 agreements 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 and therefore the Group makes a professional judgement based on historical data to determine the value 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
The balance of reserves is reviewed at each reporting period end date and updated to reflect the current most appropriate estimate.

5.17.1. Change in provisions

The table below presents changes to provisions in for 2024-2023:

20250717218 10

	Provisions
As at 1 January 2024	6 335
Established during the financial year	8 819
Applied	(1 302)
Reversed	-
Adjustment due to FX differences	(122)
As at 31 December 2024 of which:	**13 730**
- short-term	365
- long-term	13 365

As at 1 January 2023	10 467
Established during the financial year	4 801
Applied	(8 277)
Reversed	
Adjustment due to FX differences	(656)
As at 31 December 2023 of which:	**6 335**
- short-term	1 240
- long-term	5 095

5.18. 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.

5.18.1. Trade and other payables (short-term)

	As at 31 December 2024	As at 31 December 2023
Trade payables of which:		
Due to related parties	7	6
Due to other entities	405 467	412 918
	405 474	412 924
Taxes duties and other liabilities		
VAT	10 926	5 009
Excise tax	430	575
Real estate tax	1 780	2 634
Other taxes	1 706	1 876
	14 842	10 094
Other liabilities		
Investment commitments	5 533	16 295
Liabilities related to environmental protection	368	198
Prepayments	938	8 406
	6 839	24 899
TOTAL	427 154	447 917

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Principles and payment terms of the liabilities presented above:
- the terms and conditions of transactions with related parties 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.

5.18.2. Grants and deferred income

	As at 31 December 2024	As at 31 December 2023
Grants from Ekofundusz	3 456	4 517
Grants from NFOŚiGW	2 568	3 172
Deferred income	9 699	9 132
TOTAL	**15 723**	**16 821**
- short-term	9 127	8 708
- long-term	6 596	8 113

5.18.3. Income tax liability

	As at 31 December 2024	As at 31 December 2023
Income tax payable	17 928	29 485
TOTAL	**17 928**	**29 4851**

5.18.4. Bank guarantees

As at 31 December 2024, the Company held the following contingent liabilities:

- a bank guarantee in favour of Skatteverket Ludvika for SEK 135 thousand (PLN 50 thousand).

5.19. Legal claims

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

5.20. 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 2024 and 2023, 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.

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5.21. Financial instruments

5.21.1. 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 5.21.5.

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.

202507172181 3

5.21.2. 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. After initial recognition, trade receivables are measured at amortised cost with the effective interest rate method subject to impairment allowances' trade receivables due within 12 months of the day of their origin (without financing elements) and not forwarded to factoring, are not discounted and are measured at nominal value; interest income, FX differences and impairment allowances are recognised in profit or loss; profits 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 or loss, are recognised in profit and loss account 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, interests 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.

5.21.3. 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 anticipated credit loss 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 a simplified model to recognise impairment allowances to 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.

202507172181

The Group considers financial instruments to have low credit risk if the instrument's rating is within an 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 each aging range of trade receivables. The receivables aging 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.

5.21.4. Financial derivatives and hedges

Significant accounting principles (policies)

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 hedge

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 forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the same period, or periods, during which the acquired asset or assumed liability 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, lease agreements and interest SWAP contracts, forward contracts for the sale of pulp and forward contracts for the purchase of electricity.

5.21.5. Fair value of each class 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.

20250717218 15

	Category in compliance with IFRS 9	Carrying amount As at 31 December 2024	Carrying amount As at 31 December 2023	Fair value As at 31 December 2024	Fair value As at 31 December 2023
Financial assets					
Trade and other receivables	*WwZK*	386 299	375 276	***	***
Hedging instruments*	*IRZ*	2 364	46 629	***	***
Derivative instruments measured at fair value through profit or loss	*WwWGpWF*	1 990	7 838	***	***
Pension fund receivables	*WwZK*	-	21 236	***	***
Settlement of realised forward contracts	*WwZK*	590	11 008	***	***
Other financial assets **	*WwWGpWF*	14 361	35 737	***	***
Cash and cash equivalents	*WwZK*	287 583	500 449	***	***
Financial liabilities					
Loans	*WwZK*	231 755	123 173	206 886	181 237
Leasing liabilities of which:	*WwZK*	25 385	28 742	***	***
- long-term		20 628	24 022	***	***
- short-term		4 758	4 720	***	***
Trade payables for the purchase of tangible and intangible assets.	*WwZK*	429 379	430 244	***	***
Hedging instruments*	*IRZ*	27 255	865	***	***

* 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 or loss

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

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

As at 31 December 2024 and 31 December 2023, financial instruments according to the valuation hierarchy qualify as Level 3 except for derivatives (Level 2).

20250717216

5.21.6. Changes in assets and liabilities arising from financing activities

Year ended on 31 December 2024	Note	1 January 2024	Changes resulting from cash flows from financing activity	Effects of currency exchange rate fluctuations	Changes in fair value or amortised cost	Changes due to acquisition/disposal	31 December 2024
Liabilities arising from financing activities							
Loans (short-term and long-term)	5.14	123 173	114 328	(5 746)	-	-	231 755
Lease liabilities (short-term and long-term)	5.14	28 742	(6 354)	(405)	-	3 402	25 385
Other (short-term and long-term)	5.14	160	7	-	24 945	-	25 112
Total liabilities resulting from financing activity		**152 075**	**107 981**	**(6 151)**	**24 945**	**3 402**	**282 252**
Assets arising from financing activities							
Derivative financial instruments (assets)	5.6	3 442	(2 734)	-	623	-	1 331
Total assets arising from financing activities		**3 442**	**(2 734)**	**-**	**623**	**-**	**1 331**

5.21.7. Collateral

As at 31 December 2024, the Group held a forward power purchase contract and an interest SWAP contract 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 position	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 2020
Maturity date	depending on the contract; until 31.12.2033
Hedged quantity of electricity	1,136,552 MWh
Term price	from 28.05 to 54.10 EUR/MWh

Cash flow volatility hedge accounting related to variable loan interest rate of the long-term loan with the use of SWAP transactions

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The table below presents detailed information concerning the hedging relationship in the cash flow hedge accounting related to payment of interest in EUR and PLN on the loan in EUR and PLN:

SWAP on the interest rate	EUR	PLN
Type of hedge	Hedge of cash flows related to variable interest rate on the EUR long-term loan	Hedge of cash flows related to variable interest rate on the PLN long-term loan
Hedged position	The hedged item are future EUR interest flows in EUR related to a loan in EUR calculated on the basis of 3M EURIBOR	Future PLN interest flows on PLN loan calculated on the basis of 3M WIBOR
Hedging instruments	SWAP transaction under which the Company agreed to pay interest in EUR on the EUR loan on the basis of a fixed interest rate	SWAP transaction under which the Company agreed to pay interest in PLN on the PLN loan on the basis of a fixed interest rate

Currency	Date	Fair value of the loan PLN at 31.12.2024
EUR	2021-04-02 – 2026-04-02	7 392 123
EUR	2021-04-02 – 2026-04-02	5 721 103
EUR	2021-04-02 – 2026-04-02	5 721 103
		18 834 328
PLN	2021-04-02 – 2026-04-02	7 518 569
PLN	2021-04-02 – 2026-04-02	5 834 505
PLN	2021-04-02 – 2026-04-02	5 834 505
		19 187 579
The value secured is the interest calculated on the value of the loan in the amount of		**72 501 400**
Interest secured by an interest rate swap		**2 316 015**

The fixed interest rate on the EUR flow hedge is: 0.11%, and for flows in PLN it is: 1.21%.

The effectiveness of the hedging instruments is very high due to the fact that the parameters of the hedging instruments are matched to the hedged items, particularly with regard to the denominations and dates of the cash flows, the interest rate underlying the calculation of these flows, and the interest accrual conventions. The effectiveness of hedging instruments such as electricity forwards is very high due to the fact that the parameters of the hedging instruments are matched to the hedged items, particularly in terms of the type and quantity of energy purchased and the dates of cash flows associated with energy payments. The effectiveness of hedging instruments such as forwards for the sale of pulp is very high due to the fact that the parameters of the hedging instruments are matched to the hedged items, in particular with regard to the grade and quantity of the pulp sold and the dates of the cash flows associated with receiving payment for the pulp.

The Group assesses whether the derivative designated in each hedging relationship will effectively offset changes in the cash flows of the hedged item using the notional derivative method. The hedge ratios are 100% and the only source of potential ineffectiveness we identify is the two-day difference in maturity of the hedged item and the hedging instrument. The ratios and sources of ineffectiveness are presented in the hedge accounting documentation.

20250717218 18

5.21.8. 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 2024 and comparatives:

	Status as at 31 December 2024		Status as at 31 December 2023	
	Assets	Equity and liabilities	Assets	Equity and liabilities
Forward on pulp sales	-	-	3 135	-
SWAP	1 331	-	3 441	-
Forward for electricity	3 024	27 255	40 053	865
Total hedging derivative instruments	**4 355**	**27 255**	**46 629**	**865**

The table below shows the nominal value of the amounts associated with the positions designated as hedging instruments at 31 December 2024:

	Up to 1 year	1 to 5 years	Over 5 years	Total
Forward for electricity:				
Purchased energy (in PLN '000)	51 180	50 296	-	101 476
interest rate SWAP				
principal repayment (in PLN '000)	24 288	38 603	-	62 890

The table below presents the amounts related to hedge accounting that were recognised in 2024 by the Group in profit and loss and in the total comprehensive income statement:

	Year ended on 31 December 2024
Other reserves in the part related to revaluation as at 31 December 2024 – fair value measurement of hedging derivative instruments due to the hedged risk corresponding to effective hedging net of tax effect	**7 249**
including those concerning	
forward contracts	4 933
SWAP contracts	2 316
The period of the anticipated hedged flows	01 January 2025 – 31 December 2029

202507172181 9

The table below presents changes to other reserves in the part related to measurement under hedge accounting in 2024:

	Year ended on 31 December 2024
Other reserves in the part related to revaluation as at 01 January 2024	40 127
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	(32 877)
Amount of deferred remeasurement to fair value of hedging derivatives for hedged risk removed from other reserves and *transferred to finance income net of tax effect*	-
Other reserves in the part related to revaluation as at 31 December 2024	7 249

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

6. Financial risk management objectives and policies

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, FX risk and credit risk. The Management Board reviews and approves policies for managing each of those risks.

In 2024, in the opinion of the Parent Company's Management Board – compared to the annual consolidated financial statements prepared as at 31 December 2024, 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 held bank deposits as at 31 December 2024.

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 2024 and 31 December 2023 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.

20250717218 20

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	145 181	2 339
Effect on profit before tax of a 1 percentage point increase in interest rates	(134)	(1 452)	(23)

As at 31 December 2023	PLN	SEK	EUR
Long-term portion of loans	21 417	37 231	20 663
Long-term portion of lease liabilities	14 504	5 992	3 414
Less loans covered by SWAP	(21 417)	-	(20 663)
The basis for calculating the impact of a change in the interest rate	14 504	43 222	3 414
Effect on profit before tax of a 1 percentage point increase in interest rates	(145)	(432)	(34)

The basis for calculating the impact of interest rate changes at 31 December 2024 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.

	As at 31 December 2024			As at 31 December 2023		
	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	25 385	-	25 385	28 742	-	28 742
Bank loans:						-
Long-term loan from a consortium of banks: Santander Pekao BNP in PLN	19 188	19 188	-	34 800	34 800	-
Long-term loan from a consortium of banks: Santander Pekao BNP in EUR	43 703	43 703	-	33 888	33 888	-
Revolving loan syndicate of banks (Santander Pekao BNP) PLN	-	-	-	-	-	-
Revolving loan syndicate of banks (Santander Pekao BNP) EUR	-	-	-	-	-	-
Loan from Nordea Bank Abp in SEK	18 287	-	18 287	21 957	-	21 957
Loan from Danske Bank in SEK	150 577	-	150 577	32 528	-	32 528
Total fixed and variable rate bank loans	231 755	62 890	168 864	123 173	68 688	54 485
TOTAL FIXED AND VARIABLE INTEREST RATE LIABILITIES	**257 140**	**62 890**	**194 250**	**151 915**	**68 688**	**83 227**

The fixed interest rates for bank loans result from the concluded SWAP instruments.

20250717218 21

6.1.2. FX risk

The Group is exposed to transactional FX 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 FX rate fluctuations on FX 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, FX assets and liabilities remained stable.

As at 31 December 2024 Impact of FX rate changes on gross profit	Basis for the calculation the effect of FX rate change	FX rate growth	Total impact	FX rate decrease	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
SEK – GBP	17 345	+5%	867	-5%	(867)

Impact of financial instruments on other comprehensive income (due to differences on translation of foreign operations)	FX rate growth	Total impact	FX rate decrease	Total impact
PLN – SEK	+5%	45 290	-5%	(45 290)
PLN – EUR	+5%	250	-5%	(250)

As at 31 December 2023 Impact of FX rate changes on gross profit	Basis for the calculation increase/decrease in FX rates	FX rate growth	Total impact	FX rate decrease	Total impact
PLN – EUR	181 509	+5%	9 075	-5%	(9 075)
PLN – USD	(22 384)	+5%	(1 119)	-5%	1 119
PLN – GBP	13 850	+5%	693	-5%	(693)
PLN – SEK	(17 870)	+5%	(893)	-5%	893
SEK – EUR	147 131	+5%	7 357	-5%	(7 357)
SEK – USD	99 327	+5%	4 966	-5%	(4 966)
SEK – GBP	18 547	+5%	927	-5%	(927)

Impact of financial instruments on other comprehensive income (due to differences on translation of foreign operations)	FX rate growth	Total impact	FX rate decrease	Total impact
PLN – SEK	+5%	36 965	-5%	(36 965)
PLN – EUR	+5%	61	-5%	(61)

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, cellulose. 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 5.21.8

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.

202507172182

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 an impairment allowance 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 anticipated 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 anticipated 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 material funding component, the impairment allowance for trade receivables is calculated on the basis of the anticipated credit losses throughout the lifetime of the financial instrument.

The table below presents the calculation of the allowance for trade receivables in terms of expected credit losses and specific risk (allowance) :

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

As at 31 December 2023	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%	83 212	0,00%	239 006	1	-	-	1
< 30 days	0,00%	4 583	0,00%	35 357	-	-	-	-
30-60 days	0,17%	445	0,32%	605	1	2	-	3
60-90 days	0,47%	48	n.a.	-	-	-	-	-
90-120 days	1,64%	37	0,99%	86	1	1	-	1
120-360 days	1,88%	1 998	1,22%	82	38	1	-	39
>360 days	100%	4 106	-	-	-	-	4 106	4 106
		94 430		275 135	40	4	4 106	4 150

The weighted average percentage of expected loss was determined on the basis of historical data for 2021-2023 and took into account an analysis of macro-ecomonic factors possible in the future.

The Group treats all receivables that are not overdue and are not subject to any impairment allowance, as collectible.

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.

20250717218 23

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/cellulose 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 2024 and as at 31 December 2023 by maturity based on contractual undiscounted payments.

As at 31 December 2024	Carrying amount	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	4 765	12 420	48 527	67 300
Trade payables and for the purchase of tangible 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	50 052	223 845	48 527	745 800

As at 31 December 2023		Upon request	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Bank loans	123 173	-	6 307	40 923	83 883	-	131 113
Leases	28 742	538	1 228	3 877	14 536	49 626	69 805
Trade payables and for the purchase of tangible and intangible assets	429 219	479	424 056	4 685	-	-	429 219
Other financial liabilities	1 025	160	-	-	865	-	1 025
	582 159	1 177	431 590	49 485	99 285	49 626	631 162

The table above as at 31 December 2024 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 2024 (PLN 150,938 thousand as at 31 December 2023).

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 2024	Note / balance sheet	Value according to the note or balance sheet	Interest payable until repayment	Value according to the table
Bank loans	5.14	231 755	7 701	239 456
Leases	5.15	25 384	41 919	67 303
Trade payables and for the purchase of tangible and intangible assets	5.18.1	411 007	n.a.	412 649
Other financial liabilities	5.18.1	29 070	n.a.	29 070

As at 31 December 2023	Note / balance sheet	Value according to the note or balance sheet	Interest payable until repayment	Value according to the table
Bank loans	5.14	123 173	7 940	131 113
Leases	5.15	28 742	41 062	69 804
Trade payables and for the purchase of tangible and intangible assets	5.18.1	429 219	n.a.	429 219
Other financial liabilities	5.18.1	1 025	n.a.	1 025

202507172182 4

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 31.12.2024
A+	100 365
AA-	43 211
BBB+	44 290
BBB	13 102
BB	75 343
other	11 273
Total	287 583

*The remaining cash is held in the bank accounts of the sales branches; due to significant fragmentation, data on the ratings of the banks where the cash is deposited was not collected.

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 2024.

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 2024 and 31 December 2023.

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 in its net debt, less cash and cash equivalents.

Arctic Paper Group	As at 31 December 2024	As at 31 December 2023
Bank loans and other financial liabilities	286 211	152 940
Trade and other payables	427 154	447 917
Minus cash and cash equivalents	(287 583)	(500 449)
Net debt	425 783	100 408
Equity	1 768 722	1 801 508
Equity and net debt	2 194 505	1 901 915
Leverage ratio	**0.19**	**0.05**

Compared to the 2023 annual report, the leverage ratio increased as a result of a decrease in cash and cash equivalents and equity at 31 December 2024.

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7. Other explanatory notes

7.1. Information on related parties

The related parties to the Arctic Paper S.A. Capital 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 President and Members of the Parent Company's Management Board. Related parties may also include the Chairman 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 parties in 2023-2024:

Data for the period from 1 January 2024 to 31 December 2024 and as at 31 December 2024

Related party	Sales of services to related parties	Purchases of services from related parties/remuneration	Interest – finance income	Interest – finance costs	Receivables from related parties	Loan receivables	Liabilities to related parties
Negus Holding AB	399	65	-	-	-	-	7
Thomas On stad	-	-	-	-	-	-	-
Munkedals Skok AB	-	216	-	-	-	-	-
Key management personnel	-	1 386	-	-	-	-	-
Total	399	1 667	-	-	-	-	7

Data for the period from 1 January 2023 to 31 December 2023 and as at 31 December 2023

Related party	Sales of services to related parties	Purchases of services from related parties/remuneration	Interest – finance income	Interest – finance costs	Receivables from related parties	Loan receivables	Liabilities to related parties
Negus Holding AB	409	60	-	-	-	-	6
Thomas On stad	-	-	-	-	-	-	-
Munkedals Skok AB	-	349	-	-	-	-	-
Key management personnel	-	1 272	-	-	-	-	-
Total	409	1 681	-	-	-	-	6

20250717218 26

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 2024 and 31 December 2023, 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. Capital Group which as at 31 December 2024 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 parties. Transactions with related parties 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 2024 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 2024 amounted to PLN 6,783 thousand (PLN 3,857 thousand in the year ended on 31 December 2023).

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

Management Board	Year ended on 31 December 2024	Year ended on 31 December 2023
Short-term employee benefits	5 066	2 418
Post-employment retirement and medical benefits	487	265
Total remuneration of the Management Board	**5 553**	**2 683**
Supervisory Board		
Short-term employee benefits	1 756	1 174
Total amount of remuneration of top managerial staff	**7 309**	**3 857**

Short-term employee benefits include costs incurred by the Parent Company for senior management services provided to a subsidiary of PLN 1,707 thousand.

7.1.5. Loan granted to members of the Management Board

In 2023-2024 neither the Parent Company, nor its subsidiary companies 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.

20250717218227

7.2. Employment structure

The average headcount in the Group in the years ended on 31 December 2024 and 31 December 2023 was as follows:

	Year ended on 31 December 2024	Year ended on 31 December 2023
Management Board of the Parent Company	3	3
Management Boards of Group entities	38	35
Administration	120	119
Sales Department	86	108
Production Division	1 174	1 183
Other	69	77
Total	**1 490**	**1 525**

7.3. Information on the agreement and remuneration of the statutory auditor or entity authorised to audit financial statements

On 22 February 2023, 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. Capital Group to audit the financial statements for 2023 and 2024. 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 standalone 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 2024 and 31 December 2023 by category of services:

	Year ended on 31 December 2024	Year ended on 31 December 2023
Service type		
Statutory audit of the annual financial statements	340	335
Review of interim financial statements	174	115
Statutory audit of the annual non-financial statements	520	-
Total	**1 034**	**450**

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 carried out with deferred payment terms, and in the case of uninsured customers, on the basis of prepayments and personal collection from the premises of Arctic Paper factories or on the basis of FCA Poland. In 2024, 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 2024, the Group plans to make expenditures on property, plant and equipment in 2025 of minimum PLN 183 million. These amounts will be allocated to the purchase of new machinery and equipment.

As at 31 December 2023, the Group planned expenditures on property, plant and equipment of no less than PLN 150 million in 2024.

7.6. Material events after the balance sheet date

After the balance sheet date, on 21 March 2025, the Management Board of the subsidiary Rottneros AB, listed on the NASDAQ Stockholm, announced the expected weaker financial result of Rottneros Group for first quarter of 2025 compared to the fourth quarter of 2024. The Issuer reported this in current report no. 5/2025 dated 21 March 2025.

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These results of the subsidiary are primarily affected by high prices of raw materials (wood) and negative market development, especially for CTMP pulp. An additional unfavorable factor is weakening USD currency against SEK. As a result of the above, the Rottneros Group carried out a cost analysis and announced a decision to partially reduce employment. On the basis of this information, Rottneros carries out an analysis in the scope of long-term cost and capital structure, financing conditions, covenants and the resulting from it subsequent necessary actions.
The described events after the balance sheet date do not affect the financial statements as at 31 December 2024 and do not change the Management Board'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.

Signatures of the Members of the Management Board

Position	First and last name	Date	Signature
President of the Management Board CEO	Michał Jarczyński	29 April 2025	signed with a qualified electronic signature
Member of the Management Board Chief Financial Officer	Katarzyna Wojtkowiak	29 April 2025	signed with a qualified electronic signature
Member of the Management Board Vice-President for Sales and Marketing	Fabian Langenskiöld	29 April 2025	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 2024 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 2024 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	29 April 2025	signed with a qualified electronic signature
Member of the Management Board Chief Financial Officer	Katarzyna Wojtkowiak	29 April 2025	signed with a qualified electronic signature
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