ARCTIC PAPER CAPITAL GROUP

Consolidated quarterly report
for Q1 2025

Table of contents

Introduction

Information on the report

This Consolidated Quarterly Report for Q1 2025 was prepared in accordance with the Regulation of the Minister of Finance of 29 March 2018 on the current and periodic information provided by securities issuers and on the conditions for recognizing information required by the law of a non-member state as equivalent information (Journal of Laws of 2018, item 757) and a part of the abbreviated consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), in particular in accordance with International Accounting Standard No. 34.

The Abbreviated Consolidated Financial Statements do not comprise all information and disclosures required in the Annual Consolidated Financial Statements which are subject to mandatory audit and therefore they should be read in conjunction with the Consolidated Financial Statements of the Group for the year ended 31 December 2024.
Certain selected information contained in this report comes from the Arctic Paper Group management accounting system and statistics systems.
This Consolidated Quarterly Report presents data in PLN, and all figures, unless otherwise indicated, are given in thousand PLN.

Definitions and abbreviations

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

Arctic Paper, Company, Issuer, Parent Company, AP	Arctic Paper Spółka Akcyjna with its registered office in Kostrzyn nad Odrą, Poland
Capital Group, Group, Arctic Paper Group, AP Group	Capital Group comprised of Arctic Paper Spółka Akcyjna and its subsidiaries as well as joint ventures
Paper Mills	Arctic Paper Kostrzyn, Arctic Paper Munkedals, Arctic Paper Grycksbo
Sales Offices	Arctic Paper Papierhandels GmbH with its registered office in Vienna (Austria)
	Arctic Paper Benelux SA, with its registered office in Haverlee, Belgium
	Arctic Paper Danmark A/S with its registered office in Greve (Denmark)
	Arctic Paper France SA with its registered office in Paris (France)
	Arctic Paper Deutschland GmbH with its registered office in Hamburg, (Germany)
	Arctic Paper Italia Srl with its registered office in Milan (Italy)
	Arctic Paper Baltic States SIA with its registered office in Riga (Latvia)
	Arctic Paper Norge AS with its registered office in Oslo (Norway)
	Arctic Paper Polska Sp. z o.o. with its registered office in Warsaw (Poland)

	Arctic Paper España SL with its registered office in Barcelona (Spain)
	Arctic Paper Finance AB with its registered office in Munkedal (Sweden)
	Arctic Paper Schweiz AG with its registered office in Derendingen (Switzerland)
	Arctic Paper UK Ltd with its registered office in London (UK)
Rottneros Group, Rottneros AB Group	Rottneros AB with its registered office in Söderhamn, Sweden; Rottneros Bruk AB with its registered office in Rottneros, Sweden; Utansjo Bruk AB with its registered office in Söderhamn, Sweden, Vallviks Bruk AB with its registered office in Vallvik, Sweden; Rottneros Packaging AB with its registered office in Sunne, Sweden; SIA Rottneros Baltic with its registered office in Kuldiga, Latvia; Nykvist Skogs AB with its registered office in Gräsmark, Sweden
Pulp Mills	Rottneros Bruk AB with its registered office in Rottneros, Sweden; Vallviks Bruk AB with its registered office in Vallvik, Sweden
Thomas Onstad	The Issuer's core shareholder, holding directly and indirectly over 50% of shares in Arctic Paper S.A.; a member of the Issuer's Supervisory Board
NBSK	Northern Bleached Softwood Kraft
BHKP	Bleached Hardwood Kraft Pulp

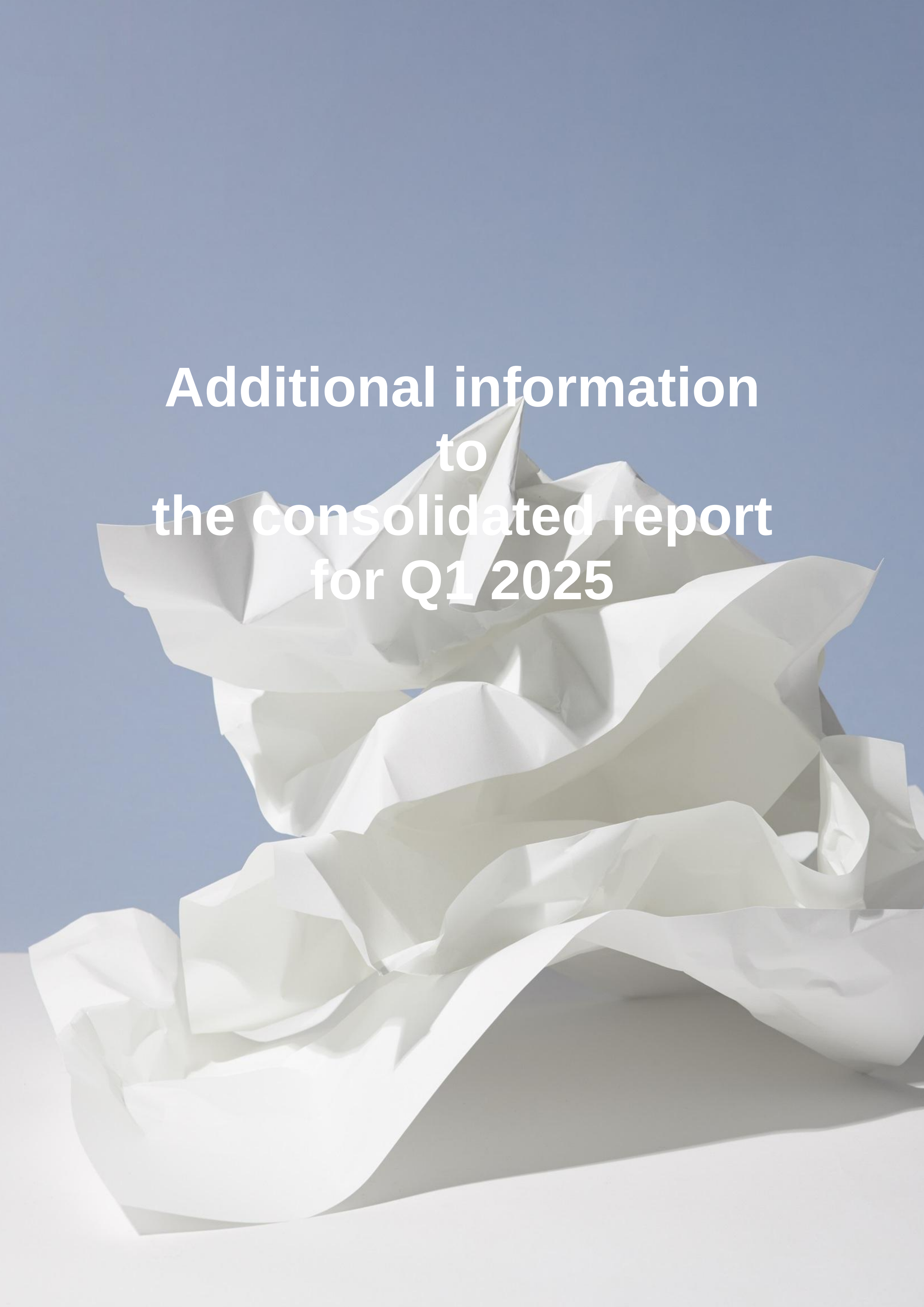
Definitions of selected financial concepts and indicators

Sales profit margin	Ratio of gross profit/(loss) on sales to sales revenue from continuing operations
EBIT	Profit on continuing operating activity (Earnings Before Interest and Taxes)
EBIT profitability, operating profitability, operating profit margin	Ratio of operating profit/(loss) to sales revenue from continuing operations
EBITDA	Operating profit from continuing operations plus depreciation and amortisation and impairment allowances (Earnings Before Interest, Taxes, Depreciation and Amortisation)
EBITDA profitability, EBITDA margin	Ratio of operating profit plus depreciation and amortisation and impairment allowances to sales income from continuing operations
Gross profit margin	Ratio of gross profit/(loss) to sales revenue from continuing operations
Sales profitability ratio, net profit margin	Ratio of net profit/(loss) to sales revenue
Return on equity, ROE	Ratio of net profit/(loss) to equity income
Return on assets, ROA	Ratio of net profit/(loss) to total assets

EPS	Earnings Per Share, ratio of net profit to the weighted average number of shares
BVPS	Book Value Per Share, Ratio of book value of equity to the number of shares
Debt-to-equity ratio	Ratio of total liabilities to equity
Equity to non-current assets ratio	Ratio of equity to non-current assets
Interest-bearing debt-to-equity ratio	Ratio of interest-bearing debt and other financial liabilities to equity
Net debt-to-EBITDA ratio	Ratio of interest-bearing debt minus cash to EBITDA from continuing operations
EBITDA-to-interest coverage ratio	Ratio of EBITDA to interest expense from continuing operations
Current ratio	Ratio of current assets to current liabilities
Quick ratio	Ratio of current assets minus inventory and short-term accruals and deferred income to current liabilities
Cash solvency ratio	Ratio of total cash and cash equivalents to current liabilities
DSI	Days Sales of Inventory, ratio of inventory to cost of sales multiplied by the number of days in the period
DSO	Days Sales Outstanding, ratio of trade receivables to sales income from continuing operations multiplied by the number of days in the period
DPO	Days Payable Outstanding, Ratio of trade payables to cost of sales from continuing operations multiplied by the number of days in the period
Operating cycle	DSI + DSO
Cash conversion cycle	Operating cycle – DPO

Forward looking statements

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



Additional information to the consolidated report for Q1 2025

Description of the business of the Arctic Paper Group

General information

The Arctic Paper Group is a paper and pulp producer. We offer voluminous book paper and a wide range of products in this segment, as well as high-grade graphic paper. The Group produces numerous types of uncoated and coated wood-free paper as well as wood-containing uncoated paper for printing houses, paper distributors, book and magazine publishing houses and the advertising industry. In connection with acquisition of the Rottneros Group in December 2012, the Group's assortment was expanded with the production of pulp. As at 31 March 2025, the Arctic Paper Group employs nearly 1,500 people in its Paper Mills, companies involved in sale of paper and in pulp producing companies, procurement office and a company producing food packaging. Our three Paper Mills are located in Poland and Sweden, and have total production capacity of over 695,000 tonnes of paper per year. Our two Pulp Mills located in Sweden have aggregated production capacities of over 400,000 tonnes of pulp annually. As at 31 March 2025, the Group had 13 Sales Offices ensuring access to all European markets, including Central and Eastern Europe. Our consolidated sales revenue for Q1 2025 amounted to PLN 823 million.

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

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

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

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

Capital Group structure

The Arctic Paper Capital Group comprises Arctic Paper S.A., as the Parent Company, and its subsidiaries, as well as joint ventures. Since 23 October 2009, Arctic Paper S.A. has been listed on the primary market of Giełda Papierów Wartościowych w Warszawie S.A. and since 20 December 2012 in the NASDAQ stock exchange in Stockholm. The Group operates through its Paper Mills and Pulp Mills and its subsidiary producing packaging as well as its sales Offices and Procurement Offices.
Details on the organisation of the Arctic Paper S.A. Group along with identification of the consolidated entities are specified in note 2 in the abbreviated consolidated financial statements, further below in this quarterly report.

Changes in the capital structure of the Arctic Paper Group

In Q1 2025, no material changes in the capital structure of the Arctic Paper Group occurred.

Shareholding structure – shareholders holding at least 5% of the total number of votes in the Company

The table below shows the shareholders holding directly or indirectly at least 5% of the total number of votes at the Company's General Meeting. This status has not changed since the publication date of the annual report, i.e. 29 April 2025.

as at 15.05.2025

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

Shares in Arctic Paper S.A. or entitlements to them held by the Company's managing and supervising persons

	Number of shares or rights as at 15/05/2025
Management Board	
Michał Jarczyński	5 572
Katarzyna Wojtkowiak	-
Tom Fabian Langenskiöld	900
Supervisory Board	
Per Lundeen	34 760
Thomas Onstad	5 323 658
Roger Mattsson	-
Zofia Dzik	-
Anna Jakubowski	-

*the list includes only shares held directly

The shareholding of the Company's managing and supervising persons has not changed since the date of publication of the annual report, i.e. 29 April 2025.

Summary of the consolidated financial results

Comments of the President of the Management Board Michał Jarczyński on the results of Q1 2025

The first quarter of 2025 was marked by geopolitical turbulence and continued uncertainty regarding tariffs and trade barriers, which contributed to a cautious and hesitant market environment. Arctic Paper Group sales amounted to PLN 822,8 million (965,4), which is lower than for the strong quarter by comparison but slightly above Q4, 2024. High raw material prices continued to put pressure on profitability, resulting in an EBITDA of PLN 22,9 million (112,0), corresponding to an EBITDA margin of 2.8 percent (11.6).

To mitigate the impact of current headwinds and to safeguard the Group's financial stability, we have intensified our efforts on cost optimization and operational efficiency. Considering this, decisions on new investment projects have been suspended, allowing us to prioritize the completion of ongoing initiatives, resulting in lower expected capex for 2025: PLN 270 million versus 423 million last year.

For the Paper segment, the weaker demand seen in recent quarters also characterized the first quarter. Sales amounted to PLN 578,8 million (701,0), remaining stable relative to the previous period, Q4 2024. The challenging market environment continued to pressure our profitability. As a result, EBITDA for the period declined to PLN 32,6 million (109,0), corresponding to an EBITDA margin of 5.6 percent (15.5). To increase our competitiveness, investments has been initiated to modernize the paper machines and further save energy at the mill in Grycksbo and at the mill in Munkedal, investments are made in our sheeting department to increase both efficiency and customer service.

The pulp segment's results were significantly impacted by unfavourable import tariff decisions introduced in the U.S., which affected, among other things, pulp exports from Sweden. However, the greatest negative impact came from currency exchange rate fluctuations, particularly the weakening of the U.S. dollar against the Swedish krona. The pulp segment incurs most of its costs in Swedish krona, while all sales are settled in U.S. dollars. An additional factor is the continued very high wood prices in Scandinavia. Due to the weak performance in the pulp segment, an efficiency improvement program has been introduced, including decisions to reduce headcount and implement other cost-saving measures.

The packaging segment continued to develop stably. The investment in moulded fibre tray production in Kostrzyn is in the final phase and production will successively ramp up during the beginning of the year. Fiber-based packaging makes a big climate benefit when it replaces plastic-based packaging.

The previously initiated investments in renewable energy progressed according to plan. At the Kostrzyn mill, the expansion of the photovoltaic (PV) farm is on track for completion in the second quarter of 2025, bringing the total installed capacity to 30 MW. In Grycksbo, construction is underway for a 50,000-ton wood pellet production line, introducing a new revenue stream for the mill. Both the pellet production line and the upgraded bio-boiler are expected to be operational by year-end. These ongoing investments within the energy segment are set to strengthen the Group's competitiveness and contribute to future growth.

In the near term, the challenging market environment and heightened uncertainty necessitate a continued focus on cost optimization and maintaining a strong balance sheet. We expect the current situation to persist at least during the first half of 2025. From a long-term perspective, our ambition to grow within renewable energy and packaging in line with our strategy remains intact, while we continue to defend our market positions in paper and pulp. The Group is well positioned to navigate the ongoing turbulence with a clear focus on long-term profitable growth opportunities.

Selected items of the consolidated statement of profit and loss

PLN '000	Q1 2025	Q4 2024	Q1 2024	Change % Q1 2025/ Q4 2024	Change % Q1 2025/ Q1 2024
Continuing operations					
Sales revenue	**822 770**	**810 827**	**965 378**	**1,5**	**(14,8)**
of which:					
Sales of paper	*578 783*	*576 377*	*701 048*	*0,4*	*(17,4)*
Sales of pulp	*243 987*	*234 450*	*264 330*	*4,1*	*(7,7)*
Profit on sales	114 384	66 147	207 124	72,9	(44,8)
EBIT	**(9 824)**	**11 281**	**83 655**	**(187,1)**	**(111,7)**
EBITDA	**22 856**	**38 831**	**111 989**	**(40,0)**	**(79,2)**
Net profit/(loss)	**(23 820)**	**18 774**	**81 569**	**(226,9)**	**(129,2)**
Net profit/(loss) for the reporting period attributable to the shareholders of the Parent Company	(13 423)	23 261	82 467	(157,7)	(116,3)
Sales volume (in thousand tonnes)					
paper	125	116	144	7,5	(13,6)
pulp	82	75	90	9,9	(8,7)

During Q1 2025, there was a decrease in sales due to lower demand for paper and pulp.

The Group reported a decrease in both profit on sales and EBIT, EBITDA and net profit compared to the previous quarter, mainly due to lower sales volumes, mainly in the paper segment, and higher administrative costs.

Profitability analysis

PLN '000	Q1 2025	Q4 2024	Q1 2024	Change % Q1 2025/ Q4 2024	Change % Q1 2025/ Q1 2024
Profit/(loss) on sales	114 384	66 147	207 124	72,9	(44,8)
% of sales revenue	*13,90*	*8,16*	*21,46*	*5,7 p.p.*	*(7,6) p.p.*
EBITDA	**22 856**	**38 831**	**111 989**	**(40,0)**	**(79,2)**
% of sales revenue	*2,78*	*4,79*	*11,60*	*(2,0) p.p.*	*(8,8) p.p.*
EBIT	**(9 824)**	**11 281**	**83 655**	**(187,1)**	**(111,7)**
% of sales revenue	*(1,19)*	*1,39*	*8,67*	*(2,6) p.p.*	*(9,9) p.p.*
Net profit/(loss)	**(23 820)**	**18 774**	**81 569**	**(226,9)**	**(129,2)**
% of sales revenue	*(2,90)*	*2,32*	*8,45*	*(5,2) p.p.*	*(11,3) p.p.*
Return on equity / ROE (%)	*(1,3)*	*1,1*	*4,6*	(2,4) p.p.	(5,9) p.p.
Return on assets / ROA (%)	*(0,8)*	*0,7*	*3,0*	(1,5) p.p.	(3,8) p.p.

Margins and profitability ratios in Q1 2025 were at a lower level compared to both Q1 2024 and Q4 2024.

Selected items of the consolidated statement of financial position

PLN '000	31.03.2025	31.12.2024	31.03.2024	Change 31.03.2025 -31.12.2024	Change 31.03.2025 -31.03.2024
Non-current assets	1 570 208	1 492 328	1 277 097	77 880	293 111
Current assets	1 298 576	1 264 634	1 440 151	33 942	(141 575)
Total assets	**2 868 784**	**2 756 962**	**2 717 248**	**111 822**	151 536
Equity	1 778 511	1 768 722	1 776 519	9 789	1 992
Current liabilities	848 996	612 680	699 088	113 718	27 310
Non-current liabilities	241 277	375 560	241 642	(11 685)	122 233
Total equity and liabilities	**2 868 784**	**2 756 962**	**2 717 248**	**111 822**	**151 536**

The increase in total assets compared to 31 December 2024 is mainly due to higher levels of inventories and short-term receivables, as well as property, plant and equipment.

The increase in current liabilities is primarily the result of an increase in interest-bearing debt in the Rottneros Group due to an increase in working capital overdrafts and the reclassification of long-term loans to current liabilities, as a result of the Rottneros Group failing to meet the ratios required by Danske Bank.

Debt analysis

	Q1 2025	Q4 2024	Q1 2024	Change % Q1 2025/ Q4 2024	Change % Q1 2025/ Q1 2024
Debt-to-equity ratio (%)	61,3	55,9	53,0	5,4 p.p.	8,3 p.p.
Equity to non-current assets ratio (%)	113,3	118,5	139,1	(5,3) p.p.	(25,8) p.p.
Interest-bearing debt-to-equity ratio (%)	21,1	16,2	8,3	4,9 p.p.	12,8 p.p.
Net debt to EBITDA ratio for the last 12 months (x)	(0,0)x	(0,0)x	(0,8)x	-	0,8
EBITDA to interest expense ratio for the last 12 months (x)	34,1x	39,8x	49,8x	(5,7)	(15,7)

The increase in the debt-to-equity ratio is the result of an increase in the Group's level of liabilities.

The decrease in the equity to non-current assets ratio is primarily the result of an increase in property, plant and equipment.

The decrease in the debt to equity ratio with interest-bearing debt compared to Q1 2025 is the result of higher levels of overdrafts.

The decrease in the ratio of interest expense coverage by EBITDA for the last 12 months compared to Q1 2024 is the result of lower EBITDA for 12 months.

Liquidity analysis

	Q1 2025	Q4 2024	Q1 2024	Change % Q1 2025/ Q4 2024	Change % Q1 2025/ Q1 2024
Current ratio	**1,5x**	**2,1x**	**2,1x**	**(0,5)**	**(0,5)**
Quick ratio	**0,9x**	**1,2x**	**1,4x**	**(0,3)**	**(0,5)**
Cash solvency ratio	**0,3x**	**0,5x**	**0,7x**	**(0,2)**	**(0,4)**
DSI (days)	65,6	63,4	53,4	2,2	12,2
DSO (days)	52,2	45,6	46,5	6,6	5,7
DPO (days)	58,0	54,7	60,6	3,3	(2,6)
Operating cycle (days)	117,8	109,0	99,9	8,8	17,9
Cash conversion cycle (days)	**59,8**	**54,3**	**39,3**	**5,5**	**20,5**

The decrease in the liquidity and cash solvency ratios is due to an increase in the value of current liabilities.

The increase in the cash conversion cycle in days in Q1 2025 is mainly due to an increase in the inventory and receivables turnover cycle.

Selected items of the consolidated statement of cash flows

PLN '000	Q1 2025	Q4 2024	Q1 2024	Change % Q1 2025/ Q4 2024	Change % Q1 2025/ Q1 2024
Cash flows from operating activities	(9 808)	392 444	78 106	(102,5)	(112,6)
Cash flows from investing activities	(73 940)	(77 105)	(72 969)	(4,1)	1,3
Cash flows from financing activities	72 123	(36 684)	(21 736)	(296,6)	(431,8)
Total cash flows	**(11 625)**	**278 655**	**(16 600)**	**(104,2)**	**(30,0)**

The lower operating cash flow in Q1 2025 is mainly due to the gross loss achieved.

The negative flows from investing activities are the result of expenditure on the acquisition of property plant and equipment.

The positive flow from financing activities is due to an increase in overdrafts.

Summary of the separate financial results

Selected items of the separate statement of profit and loss

PLN '000	Q1 2025	Q4 2024	Q1 2024	YTD Q1 2025	YTD Q1 2024	Change % Q1 2025/ Q4 2024	Change % Q1 2025/ Q1 2024
Sales revenue	**7 123**	**5 154**	**19 149**	**7 123**	**19 149**	**38**	**(63)**
Profit/(loss) on sales	4 198	(2)	16 385	4 198	16 385	(210 000)	(74)
EBIT	**(987)**	**97 595**	**9 572**	**(987)**	**9 572**	**(101)**	**(110)**
EBITDA	**(879)**	**96 860**	**9 665**	**(879)**	**9 665**	**(101)**	**(109)**
Gross profit/(loss)	**1 417**	**97 253**	**9 973**	**1 417**	**9 973**	**(99)**	**(86)**
Net profit/(loss)	**2 039**	**97 863**	**10 580**	**2 039**	**10 580**	**(98)**	**(81)**

Revenue and profit on sales

The main reason for the decrease in revenue and profit in Q1 2025 was lower dividends received in the amount of PLN 2,457 thousand compared to Q1 2024.

EBIT and EBITDA

The decrease in EBIT and EBITDA in Q1 2025 compared to the same period in 2024 is due to the achievement of lower operating income. The higher level of EBIT in Q4 2024 was due to the reversal of impairment allowances at Arctic Paper Investment AB.

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

The lower financial result in Q1 2025 compared to the same period in 2024 is due to the Company achieving lower operating income resulting from the dividend received.

Selected items of the separate statement of financial position

PLN '000	31.03.2025	31.12.2024	31.03.2024	Change 31.03.2025 -31.12.2024	Change 31.03.2025 -31.03.2024
Non-current assets	1 129 685	1 130 202	999 597	(517)	130 088
Current assets	166 361	211 256	324 113	(44 895)	(157 752)
Total assets	**1 296 046**	**1 341 458**	**1 323 710**	**(45 412)**	**(27 664)**
Equity	966 109	964 703	848 735	1 406	117 373
Current liabilities	302 698	335 192	430 725	(32 494)	(128 027)
Non-current liabilities	27 239	41 563	44 250	(14 324)	(17 011)
Total equity and liabilities	**1 296 046**	**1 341 458**	**1 323 710**	**(45 413)**	**(27 664)**

Non-current assets

The increase in the value of non-current assets in Q1 2025 compared to Q1 2024 is primarily due to the reversal of the impairment allowance at Arctic Paper Investment AB at the end of 2024.

Current assets

The decrease in current assets was due to lower cash and a decrease in receivables in Q1 2025.

Equity

The main reason for the increase in equity was the profit generated in 2025.

Current liabilities

The decrease in current liabilities in Q1 2025 and at the end of 2024 is due to a decrease in the company's cash-pooling liabilities.

Non-current liabilities

The decrease in non-current liabilities compared to Q1 2024 is due to the repayment of bank loan instalments in Q4 2024.

Selected items of the separate cash flow statement

PLN '000	Q1 2025	Q4 2024	Q1 2024	Change % Q1 2025/ Q4 2024	Change % Q1 2025/ Q1 2024
Cash flows from operating activities	(44 367)	46 301	26 322	(196)	(269)
Cash flows from investing activities	-	(4 999)	(292)	(100)	(100)
Cash flows from financing activities	(790)	9 429	(314)	(108)	152
Total cash flows	**(45 157)**	50 730	25 716	**(189)**	**(276)**

The negative operating cash flow in Q1 2025 was significantly impacted by the lower gross profit generated, lower dividends received from subsidiaries and the change in cash-pooling. The negative cash flow from financing activities was related to interest repayments on bank loans.

Significant information and factors affecting the Arctic Paper Group's performance and assessment of its financial position

Information on market trends

In Q1 2025, the Arctic Paper Group recorded an increased level of orders versus Q4 2024 by 7.4% and a decrease of orders versus the equivalent period of 2024 by 13.6%.

Source of data: Analysis by Arctic Paper

Paper prices

In Q1 2025, the average prices of high quality UWF paper decreased by 2.4% while the prices of CWF paper decreased by 0.5% versus equivalent prices of Q1 2024.

In the period from the end of December 2024 to March 2025, the prices of uncoated wood-free paper (UWF) and coated wood-free paper (CWF) for selected markets: Germany, France, Spain, Italy and the UK expressed in EUR and GBP decreased by 2.2% for UWF papers and by 1.8% for CWF papers, respectively.

The prices invoiced by Arctic Paper in EUR for comparable products in the segment of uncoated wood-free paper (UWF) decreased at the end of Q1 2025 by 6.8% versus the equivalent period of 2024 while in the segment of coated wood-free paper (CWF) the prices decreased by 4.9%.

Source: For market data – RISI, price changes for selected markets in Germany, France, Spain, Italy and the UK in local currencies for graphic papers similar to the product portfolio of the Arctic Paper Group. The prices are quoted without considering specific rebates for individual clients and they do not include any additions or price reductions in relation to the publicly available price lists. The estimated prices for each month reflect orders placed in the month while the deliveries may take place in the future. Because of that, RISI price estimates for a particular month do not reflect the actual prices at which deliveries are performed but only express ordering prices. For Arctic Paper products, the average invoiced sales prices for all served markets in EUR.

Pulp prices

At the end of Q1 2025, the pulp prices were as follows: NBSK 1,548 USD/tonne and BHKP 1,160 USD/tonne. The average NBSK price in Q1 2025 was 13% higher than in the same period last year, while BHKP was 5% lower. The average pulp price in Q1 2025 was lower by 1.4% for NBSK and lower by 3.3% for BHKP as compared to Q4 2024.

The average cost of pulp per ton of produced paper as calculated for the AP Group, expressed in PLN, in Q1 2025 increased by 15.9% versus Q4 2024 and decreased by 0.1% versus Q1 2024. The share of pulp costs in cost of paper sales in Q1 of the current year amounted to 50% and decreased compared to the level recorded in Q1 2024 (50.5%).

In Q1 2025, the AP Group used pulp in the production process in the following structure: BHKP 76%, NBSK 18% and other 6%.

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

Currency exchange rates

The EUR/PLN exchange rate at the end of Q1 2025 amounted to 4.1839 and was lower by 2.1% than at the end of Q4 2024 and lower by 2.7% than at the end of Q1 2024. The average exchange rate in Q1 2025 was lower by 2.5% than in Q4 2024 and amounted to 4.2013 versus 4.3074. The average exchange rate in Q1 2025 was by 3.1% lower than in Q1 2024.

The EUR/SEK exchange rate at the end of March 2025 stood at 10.8223 against 11.4527 at the end of 2024 and 11.5460 at the end of Q1 2024, implying a depreciation of the EUR against the SEK by 5.5% and 6.3% respectively:

The average rate for the pair was 2.3% lower in Q1 2025 than in Q4 2024, while it was 0.4% lower compared to the same period in 2024.

The changes mean depreciation of SEK vis-a-vis EUR in Q1 2025 which had an unfavourable impact on the Group's financial results, primarily with reference to the sales revenue generated by the Swedish factories that rely on prices in EUR.

At the end of Q1 2025, the USD/PLN rate recorded a decrease by 5.8% versus the end of Q4 2024 and amounted to 3.8643. In Q1 2025, the mean exchange rate amounted to 3.9931 compared to 4.0349 in Q4 2024. This represents a 1% appreciation of the PLN against the USD compared to the previous quarter. In relation to the corresponding quarter of the previous year, the average exchange rate of the home currency against the USD remained at the same level.

The USD/SEK exchange rate at the end of Q1 2025 was 9.9956, 9.1% lower than at the end of 2024. The average rate in Q1 2025 was 10.6794, 0.8% lower than the average rate in Q4 2024.

The changes of the USD/SEK exchange rates in Q1 2025 favourably affected the costs incurred in USD by the Swedish Pulp Mills, in particular the costs of pulp. With regard to the Kostrzyn paper mill, the average monthly USD/PLN exchange rate weakened in relation to the corresponding rate in Q4 2024, which also translated favourably into the pulp purchase costs realised in USD by the Polish mill.

At the end of March of the current year, the EUR/USD rate amounted to 1.0827 compared to 1.0419 at the end of Q4 2024 and to 1.0783 at the end of March 2024. In terms of percentage, that means an appreciation of EUR to USD by 3.9% versus Q4 2024 and an appreciation of the currency by 0.4% versus Q1 2024. In Q1 2025, the mean exchange rate of the pair amounted to 1.0527 compared to 1.0679 in Q4 2024 (-1.4%).

The appreciation of SEK versus EUR has unfavourably affected the Group’s financial profit, mainly due to decreased sales revenue generated in EUR and translated into SEK. The strengthening of the PLN against the USD in Q1 2025 had a positive impact on the purchase prices of raw material at the Kostrzyn mill. The SEK strengthening against the USD, in turn, had a positive impact on the aforementioned costs at Swedish paper mills.

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

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

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

Risk factors

In Q1 2025, there were no material changes to the risk factors. Those were presented in detail in the annual report for 2024.

Key factors affecting the performance results

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

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

Macroeconomic and other economic factors

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

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

Demand growth for products based on natural fibres

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

Reduced demand for certain paper types

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

Paper prices

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

Costs of raw materials, energy and transportation

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

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

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

Currency rate fluctuations

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

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

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

On March 21, 2025, the Management Board of the subsidiary Rottneros AB announced the expected lower financial results of the Rottneros Group for the first quarter of 2025 compared to the results for the fourth quarter of 2024 (EBIT for Q4 2024 amounted to -28 MSEK). These results will be affected primarily by high raw material prices (wood) and negative market development, in particular in the field of CTMP pulp. An additional unfavorable factor is the weakening of the USD against the SEK. In connection with the above, the Management Board of the subsidiary Rottneros AB expects lower financial results for the first quarter of 2025 and is intensifying its activities in the field of achieving further cost efficiencies. The Management Board of Arctic Paper S.A. indicates that the results of the subsidiary will have a significant impact on the consolidated results for the first quarter of 2025 achieved by the Arctic Paper Group.

In the first quarter of 2025, there were no other events and no unusual factors that would affect the condensed financial statements.

Supplementary information

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

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

Information on sureties and guarantees granted in Q1 2025

During the period covered by this report, the Company and the Group did not issue any new sureties or guarantees.

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

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

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

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

Signatures of the Members of the Management Board

Position	First and last name	Date	Signature
President of the Management Board CEO	Michał Jarczyński	15 May 2025	signed with a qualified electronic signature
Member of the Management Board Chief Financial Officer	Katarzyna Wojtkowiak	15 May 2025	signed with a qualified electronic signature
Member of the Management Board Vice-President for Sales and Marketing	Fabian Langenskiöld	15 May 2025	signed with a qualified electronic signature

Quarterly abbreviated consolidated financial statements

for the period of three months
ended on 31 March 2025

Interim abbreviated consolidated financial statements

Interim abbreviated consolidated statement of profit and loss

	3-month period ended on 31 March 2025 (unaudited)	3-month period ended on 31 March 2024 (unaudited)	Year ended on 31 December 2024
Continuing operations			
Revenue from sales of products	822 770	965 378	3 434 693
Sales revenue	822 770	965 378	3 434 693
Costs of sales	(708 386)	(758 254)	(2 850 307)
Profit/(loss) on sales	114 384	207 124	584 386
Selling and distribution costs	(87 857)	(95 274)	(349 188)
Administrative expenses	(35 922)	(30 680)	(120 618)
Other operating income	23 013	18 703	132 055
Other operating expenses	(23 442)	(16 217)	(62 341)
Operating profit/(loss)	(9 824)	83 655	184 294
Finance income	1 351	19 684	19 686
Finance costs	(19 067)	(5 103)	(11 532)
Gross profit/(loss)	(27 540)	98 236	192 449
Income tax	3 720	(16 667)	(31 344)
Net profit/(loss) from continuing operations	(23 820)	81 569	161 105
Net profit/(loss)	(23 820)	81 569	161 105
Attributable to:			
The shareholders of the Parent Company	(13 423)	82 467	154 457
Non-controlling shareholders	(10 397)	(898)	6 647
	(23 820)	81 569	161 105
Earnings per share:			
– basic earnings from the profit/(loss) attributable to the shareholders of the Parent Company	(0,19)	1,19	2,23
– diluted earnings from the profit attributable to the shareholders of the Parent Company	(0,19)	1,19	2,23

Interim abbreviated consolidated statement of total comprehensive income

	3-month period ended on 31 March 2025 (unaudited)	3-month period ended on 31 March 2024 (unaudited)	Year ended on 31 December 2024
Net profit/(loss) for the reporting period	(23 820)	81 569	161 105
Items of other comprehensive income to be reclassified to profit or loss, before taxation	**30 910**	**(100 362)**	**(119 353)**
FX differences on translation of foreign operations	44 310	(62 358)	(58 223)
Measurement of financial instruments	(13 401)	(38 004)	-61 130
Measurement of financial instruments (items to be reclassified in future periods)	*(13 516)*	*(34 517)*	*(45 631)*
Measurement of financial instruments (items reclassified in the period)	*116*	*(3 487)*	*(15 499)*
Items of other comprehensive income not to be reclassified to profit or loss, before taxation	**-**	**-**	**748**
Actuarial profit/(loss) for defined benefit plans	-	-	748
Other comprehensive income before tax	**30 910**	**(100 362)**	(118 605)
Income tax relating to items of other comprehensive income that will be reclassified to profit or loss	**2 697**	**7 782**	**8 087**
Deferred tax on the measurement of financial instruments	2 697	7 782	8 087
Deferred tax on the measurement of financial instruments (to be reclassified in future reporting periods:)	*1 989*	*7 068*	*7 350*
Deferred tax on the measurement of financial instruments (reclassified in the period)	*708*	*714*	*737*
Income tax relating to items of other comprehensive income not to be reclassified to profit or loss	**-**	**-**	(106)
Deferred tax on actuarial profit/(loss) relating to defined benefit plans	-	-	(106)
Other net comprehensive income	33 608	(92 580)	(110 624)
Total comprehensive income for the period	9 788	(11 011)	50 480
Total comprehensive income attributable to:			
The shareholders of the Parent Company	11 733	16 582	81 154
Non-controlling shareholders	(1 945)	(27 592)	(30 673)

Interim abbreviated consolidated statement of financial position

	As at 31 March 2025 (unaudited)	As at 31 December 2024	As at 31 March 2024 (unaudited)
ASSETS			
Non-current assets			
Property plant and equipment	1 486 258	1 419 069	1 173 851
Investment properties	-	-	1 751
Intangible assets	48 897	38 202	59 892
Goodwill	8 119	7 835	7 822
Interest in joint ventures	5 168	5 059	4 747
Other financial assets	15 304	15 547	24 849
Other non-financial assets	230	162	164
Deferred tax assets	6 232	6 453	4 020
	1 570 208	1 492 328	1 277 097
Current assets			
Inventories	516 422	495 044	450 141
Trade and other receivables	477 128	428 773	498 247
Corporate income tax receivables	34 885	16 158	7 309
Other non-financial assets	39 019	33 318	22 621
Other financial assets	618	3 760	3 999
Cash and cash equivalents	230 503	287 583	457 833
	1 298 576	1 264 634	1 440 151
TOTAL ASSETS	2 868 784	2 756 962	2 717 248
EQUITY AND LIABILITIES			
Equity			
Equity (attributable to the shareholders of the Parent Company)			
Share capital	69 288	69 288	69 288
Supplementary capital	625 733	625 733	443 805
Other reserves	130 692	138 750	154 488
FX differences on translation	(111 183)	(144 397)	(152 075)
Retained earnings/Accumulated losses	752 497	765 920	944 502
Cumulated other comprehensive income related to discontinued operations			
	1 467 027	1 455 294	1 460 008
Non-controlling interests	311 484	313 429	316 511
Total equity	1 778 511	1 768 722	1 776 519
Non-current liabilities			
Interest-bearing loans and bonds	47 838	179 108	73 336
Provisions	12 199	13 365	4 842
Employee liabilities	20 300	20 432	19 882
Other financial liabilities	49 759	45 740	27 533
Deferred tax liability	105 069	110 319	108 526
Grants and deferred income	6 111	6 596	7 523
	241 277	375 560	241 642
Current liabilities			
Interest-bearing loans and bonds	266 174	52 647	42 758
Provisions	349	365	260
Other financial liabilities	11 830	8 716	4 247
Trade and other payables	456 533	427 154	510 407
Employee liabilities	102 288	96 743	103 208
Income tax liability	421	17 928	30 935
Grants and deferred income	11 402	9 127	7 273
	848 996	612 680	699 088
TOTAL LIABILITIES	1 090 273	988 240	940 729
TOTAL EQUITY AND LIABILITIES	2 868 784	2 756 962	2 717 248

Interim abbreviated consolidated statement of cash flows

	3-month period ended on 31 March 2025 (unaudited)	3-month period ended on 31 March 2024 (unaudited)	Year ended on 31 December 2024
Cash flows from operating activities			
Gross profit/(loss)	(27 540)	98 236	192 449
Adjustments for:			
Depreciation/amortisation	33 112	28 334	114 302
Impairment of non-financial assets	(432)	-	-
FX gains/(loss)	3 711	(8 267)	(5 555)
Interest, net	3 312	3 508	4 508
Profit/(loss) from investing activities	-	349	8 116
(Increase)/decrease in receivables and other receivables	(28 177)	(101 889)	(23 774)
(Increase) / decrease in inventories	(7 126)	(22 596)	(67 515)
Increase (decrease) of liabilities except loans, borrowings, bonds and other financial liabilities	13 631	79 973	44 669
Change in accruals and prepayments	(4 626)	(3 448)	(17 869)
Change in provisions	37	(979)	7 708
Movement in pension provisions and employee liability	2 810	1 895	(25 108)
Change in grants and deferred income	1 530	(1 804)	(844)
Co-generation certificates and CO2 emission rights	-	(3 251)	11 693
Change in settlement of realised forward contracts that meet hedge accounting rules	61	7 918	11 204
Change in accounting for unrealized forward contracts not meeting hedge accounting rules	-	-	(7 122)
Other	(108)	127	(152)
Total flows from operations	(9 808)	78 106	246 707
Income tax paid	(47 692)	(19 150)	(58 313)
Net cash flows from operating activities	(57 499)	58 956	188 395
Cash flows from investing activities			
Disposal of property, plant and equipment and intangible assets	126	40	2 169
Purchase of property, plant and equipment and intangible assets	(74 066)	(75 315)	(423 597)
Interest received	-	-	531
Proceeds from forward contracts that do not comply with hedge accounting rules	-	2 305	4 267
Net cash flows from investing activities	(73 940)	(72 969)	(416 629)
Cash flows from financing activities			
Change to overdraft facilities	75 194	-	1 130
Repayment of leasing liabilities	(2 046)	(2 622)	(6 354)
Repayment of other financial liabilities	-	(1)	7
Inflows under loans	6 478	-	179 473
Repayment of loans	(6 547)	(3 991)	(66 276)
Dividend paid to shareholders of AP SA	-	-	(69 288)
Dividend paid to non-controlling shareholders	-	(13 979)	(13 980)
Interest paid	(956)	(1 142)	(1 877)
Net cash flows from financing activities	72 123	(21 736)	22 835
Increase/(decrease) in cash and cash equivalents	(59 317)	(35 749)	(205 399)
Net FX differences	2 237	(6 868)	(7 467)
Increase (decrease) in cash and cash equivalents after effects of exchange rate changes	(57 080)	(42 617)	(212 866)
Cash and cash equivalents at the beginning of the period	287 583	500 449	500 449
Cash and cash equivalents at the end of the period	230 503	457 833	287 583

Interim abbreviated consolidated statement of changes in equity

	Attributable to the shareholders of the Parent Company							
	Share capital	Supplementary capital	FX differences on translation of foreign operations	Other capital	Retained earnings (Accumulated losses)	Total	Equity attributable to non-controlling shareholders	Total equity
As at 1 January 2025	69 288	625 733	(144 397)	138 749	765 920	1 455 293	313 428	1 768 721
Net profit/(loss) for the period	-	-	-	-	(13 423)	(13 423)	(10 397)	(23 820)
Other net comprehensive income for the period	-	-	33 214	(8 057)	-	25 157	8 452	33 609
Total comprehensive income for the period	-	-	33 214	(8 057)	(13 423)	11 734	(1 945)	9 788
Payment of dividend to shareholders	-	-	-	-	-	-	(13 979)	(13 979)
Increase/decrease in equity	-	-	*33 214*	*(8 057)*	*(13 423)*	*11 734*	*(15 924)*	*(4 191)*
As at 31 March 2025 (unaudited)	69 288	625 733	(111 183)	130 692	752 497	1 467 027	297 504	1 764 532

	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	862 035	1 443 427	358 081	1 801 508
Net profit/(loss) for the period	-	-	-	-	82 467	82 467	(898)	81 569
Other net comprehensive income for the period	-	-	(44 734)	(21 151)	-	(65 885)	(26 695)	(92 580)
Total comprehensive income for the period	-	-	(44 734)	(21 151)	82 467	16 582	(27 592)	(11 011)
Payment of dividend to shareholders	-	-	-	-	-	-	(13 979)	(13 979)
Increase/decrease in equity	-	-	*(44 734)*	*(21 151)*	*82 467*	*16 582*	*(41 571)*	*(24 990)*
As at 31 March 2024 (unaudited)	69 288	443 805	(152 075)	154 488	944 502	1 460 009	316 511	1 776 520

	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	1 443 427	358 081	1 801 508
	-	-	-	-	-	-	-	-
Net profit/(loss) for the financial year	-	-	-	-	154 458	154 458	6 647	161 105
Other net comprehensive income for the year	-	-	(37 056)	(36 890)	642	(73 304)	(37 320)	(110 624)
Total comprehensive income for the year	-	-	(37 056)	(36 890)	155 100	81 154	(30 673)	50 481
Payment of dividend to shareholders	-	181 928	-	-	(181 928)	-	-	-
Financial profit distribution	-	-	-	-	(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)	138 749	765 920	1 455 293	313 428	1 768 721

Interim abbreviated separate financial statements

Interim abbreviated separate statement of profit and loss

	3-month period ended on 31 March 2025 (unaudited)	3-month period ended on 31 March 2024 (unaudited)	Year ended on 31 December 2024
Continuing operations			
Revenue from sales of services	3 826	3 921	15 180
Interest income on loans	840	501	2 580
Dividend income	2 457	14 727	106 097
Sales revenue	7 123	19 149	123 857
		-	
Interest expense to related parties and costs of sales of logistics services	(2 925)	(2 764)	(13 103)
Profit/(loss) on sales	4 198	16 385	110 754
Other operating income	32	2	154
Administrative expenses	(5 154)	(6 727)	(22 970)
Impairment allowances to assets	-	-	104 343
Other operating expenses	(63)	(88)	(257)
Operating profit/(loss)	(987)	9 572	192 024
Finance income	3 603	1 793	7 362
Finance costs	(1 199)	(1 392)	(5 755)
Gross profit/(loss)	1 417	9 973	193 631
Income tax	622	607	3 661
Net profit/(loss) for the period	2 039	10 580	197 292
Earnings per share:			
– basic earnings from the profit/(loss) for the period (in PLN)	0,03	0,15	2,85
– basic earnings from the profit/(loss) from continuing operations for the period (in PLN)	0,03	0,15	2,85

Interim abbreviated separate statement of comprehensive income

	3-month period ended on 31 March 2025 (unaudited)	3-month period ended on 31 March 2024 (unaudited)	Year ended on 31 December 2024
Net profit/(loss) for the reporting period	2 039	10 580	197 292
Items to be reclassified to profit/(loss) in future reporting periods:			
Measurement of financial instruments	(379)	(268)	(2 111)
Deferred tax on the measurement of financial instruments	72	-	401
FX differences on translation of foreign operations	(327)	448	433
Other net comprehensive income	(633)	180	(1 276)
Total comprehensive income	1 406	10 760	196 016

Interim abbreviated separate statement of financial position

	As at 31 March 2025 (unaudited)	As at 31 December 2024	As at 31 March 2024 (unaudited)
ASSETS			
Non-current assets			
Property plant and equipment	1 066	1 174	1 228
Intangible assets	1 319	1 319	1 328
Shares in subsidiaries	1 070 752	1 070 752	960 977
Other financial assets	50 809	51 218	34 781
Deferred tax	5 739	5 739	1 283
	1 129 685	1 130 202	999 597
Current assets			
Trade and other receivables	20 583	17 606	21 391
Income tax receivables	5 599	6 118	2 462
Other financial assets	118	197	5 618
Other non-financial assets	9 756	10 349	7 501
Cash and cash equivalents	130 305	176 985	287 142
	166 361	211 256	324 113
TOTAL ASSETS	**1 296 046**	**1 341 458**	**1 323 710**
EQUITY AND LIABILITIES			
Equity			
Share capital	69 288	69 288	69 288
Supplementary capital	625 736	625 736	443 808
Other capital	136 281	136 588	138 030
FX differences on translation	2 245	2 571	2 586
Retained earnings/Accumulated losses	132 559	130 520	195 024
Total equity	966 109	964 703	848 735
Non-current liabilities			
Interest-bearing loans, borrowings and bonds	24 350	38 602	41 673
Other financial liabilities	-	-	7
Deferred tax liability	2 889	2 961	2 570
	27 239	41 563	44 250
Current liabilities			
Interest-bearing loans, borrowings and bonds	270 642	304 269	400 576
Trade payables	18 957	17 829	22 717
Other financial liabilities	12	17	37
Other current liabilities	10 582	9 274	3 054
Employee liabilities	2 505	3 803	2 933
Income tax liability	-	-	1 408
	302 698	335 192	430 725
TOTAL LIABILITIES	329 937	376 755	474 975
TOTAL EQUITY AND LIABILITIES	**1 296 046**	**1 341 458**	**1 323 710**

Interim abbreviated separate statement of cash flows

	3-month period ended on 31 March 2025 (unaudited)	3-month period ended on 31 March 2024 (unaudited)	Year ended on 31 December 2024
Cash flows from operating activities			
Gross profit/(loss)	1 417	9 973	193 631
Adjustments for:			
Depreciation/amortisation	108	93	423
FX gains/(loss)	283	2 807	736
Impairment of assets	-	-	(104 775)
Interest and dividend, net	556	237	3 764
Profit/(loss) from investing activities	-	(9)	(30)
Increase / decrease in receivables and other non-financial assets	(2 384)	(5 041)	(4 104)
Change in liabilities excluding loans and borrowings and other financial liabilities	1 141	5 318	7 521
Income tax	1 141	183	(5 491)
Change to liabilities due to cash-pooling	(46 813)	20 759	(73 467)
Increase / decrease of loans granted to subsidiaries	110	(7 809)	(20 651)
Interest received on loans granted and cash-pooling	916	489	1 966
Interest paid under cash-pooling	(745)	(678)	(4 891)
Other	(96)	-	(226)
Net cash flows from operating activities	**(44 367)**	**26 322**	**(5 596)**
Cash flows from investing activities			
Disposal of property, plant and equipment and intangible assets	-	9	178
Purchase of property, plant and equipment and intangible assets	-	(301)	(708)
Increase of interests in subsidiaries	-	-	(5 000)
Net cash flows from investing activities	**-**	**(292)**	**(5 530)**
Cash flows from financing activities			
Repayment of leasing liabilities	(7)	(12)	(38)
Repayment of liabilities from loans and borrowings	-	-	(28 784)
Loans received	-	-	24 869
Interest paid	(783)	(302)	(1 817)
Dividend paid	-	-	(69 288)
Net cash flows from financing activities	**(790)**	**(314)**	**(75 058)**
Cash and cash equivalents at the beginning of the period	**176 985**	**264 150**	**264 150**
Change in cash and cash equivalents	(45 157)	25 716	(86 184)
Net FX differences	(1 523)	(2 726)	(981)
Cash and cash equivalents at the end of the period	**130 305**	**287 142**	**176 985**

Interim abbreviated separate statement of changes in equity

	Share capital	Supplementary capital	FX differences on translation of foreign operations	Other capital	Retained earnings (Accumulated losses)	Total equity
As at 1 January 2025	69 288	625 736	2 571	136 588	130 520	964 703
FX differences on translation	-	-	-	-	-	-
Net profit/(loss) for the period	-	-	-	-	2 039	2 039
Other total comprehensive income for the period	-	-	(327)	(307)	-	(633)
Total comprehensive income for the period	-	-	(327)	(307)	2 039	1 406
As at 31 March 2025 (unaudited)	69 288	625 736	2 245	136 281	132 559	966 109

	Share capital	Supplementary capital	FX differences on translation of foreign operations	Other capital	Retained earnings (Accumulated losses)	Total equity
As at 1 January 2024	69 288	443 808	2 138	138 298	184 444	837 975
FX differences on translation	-	-	-	-	-	-
Net profit for the period	-	-	-	-	10 580	10 580
Other total comprehensive income	-	-	448	(268)	-	180
Total comprehensive income for the period	-	-	448	(268)	10 580	10 760
As at 31 March 2024 (unaudited)	69 288	443 808	2 586	138 030	195 024	848 735

Additional notes to the quarterly abbreviated financial statements

provided on pages 35 to 50 constitute an integral part hereof

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

Additional explanatory notes

1. General information

The Arctic Paper Group is a paper and pulp producer. We offer voluminous book paper and a wide range of products in this segment, as well as high-grade graphic paper. The Group produces numerous types of uncoated and coated wood-free paper as well as wood-containing uncoated paper for printing houses, paper distributors, book and magazine publishing houses and the advertising industry. As at 31 March 2025, the Arctic Paper Group employs nearly 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 March 2025, the Group had 13 Sales Offices ensuring access to all European markets, including Central and Eastern Europe. Our consolidated sales revenue for the three months of 2025 was PLN 823 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 and Nemus Holding AB), the indirect Parent Company of Arctic Paper S.A. In addition, under the expansion, the Group acquired the Paper Mill of Arctic Paper Mochenwangen (Germany – closed in 2015) 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 has also a foreign branch in Göteborg, Sweden.

The Quarterly Abbreviated Consolidated Financial Statements of the Company comprise income statement, statement of comprehensive income, cash flow statement and statement of changes in equity for the period of the first three months ended on 31 March 2025 and include comparative data for the period of first three months ended on 31 March 2024 as well as for the twelve month period ended on 31 December 2024.

The Quarterly Abbreviated Consolidated Financial Statements of the Company comprise also a statement of financial position as at 31 March 2025 and include comparative data as on 31 December 2024 and 31 March 2024.

1.1. Group Profile

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

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

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

1.2. Shareholding structure

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

Additionally, Mr Thomas Onstad, an indirect shareholder of Nemus Holding AB, holds directly 5,323,658 shares representing 7.68% of the total number of shares in the Company, and via another entity – 600,000 shares accounting for 0.87% of the total number of shares of the Issuer. Mr Thomas Onstad's total direct and indirect holding in the capital of Arctic Paper S.A. as at 31 March 2025 was 68.26% and has not changed until the date hereof.

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

2. Composition of the Group

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

Unit	Registered office	Group Profile	Group's interest in the equity of the subsidiaries as at		
			15 May 2025	31 March 2025	31 December 2024
Arctic Paper Kostrzyn S.A.	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Paper production	100%	100%	100%
Arctic Paper Munkedals AB	Sweden, SE 455 81 Munkedal	Paper production	100%	100%	100%
Arctic Paper Mochenwangen GmbH	Germany, Am Sandtorkai 72, D-20457 Hamburg	Non-operating company, previously 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. Vardemara 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, Interleuvenlaan 62 bus 14, B-3001 Heverlee	Trading company	100%	100%	100%
Arctic Paper Schweiz AG	Switzerland, Gutenbergstrasse 1, CH-4552 Derendingen	Trading company	100%	100%	100%
Arctic Paper Italia srl	Italy, Via 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, 30 rue du Chateau des Rentiers, 75013 Paris	Trading company	100%	100%	100%
Arctic Paper Espana SL	Spain, Avenida Diagonal 472-474, 9-1 Barcelona	Trading company	100%	100%	100%
Arctic Paper Papierhandels GmbH	Austria, Hainborgerstrasse 34A, A-1030 Wien	Trading company	100%	100%	100%
Arctic Paper Polska Sp. z o.o.	Poland, Okrężna 9, 02-916 Warszawa	Trading company	100%	100%	100%
Arctic Paper Norge AS	Norway, Eikenga 11-15, NO-0579 Oslo	Trading company	100%	100%	100%
Arctic Paper Sverige AB	Sweden, SE 455 81 Munkedal	Trading company	100%	100%	100%
Arctic Power Sp.z o.o. (formerly Arctic Paper East Sp. z o.o.)	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Energy projects	100%	100%	100%
Arctic Paper Investment GmbH *	Germany, Am Sandtorkai 72, D-20457 Hamburg	Activities of holding companies	100%	100%	100%
Arctic Paper Finance AB	Sweden, Box 383, 401 26 Göteborg	Activities of holding companies	100%	100%	100%

Unit	Registered office	Group Profile	Group's interest in the equity of the subsidiaries as at		
			15 May 2025	31 March 2025	31 December 2024
Arctic Paper Verwaltungs GmbH *	Germany, Am Sandtorkai 72, D-20457 Hamburg	Activities of holding companies	100%	100%	100%
Arctic Paper Immobilienverwaltung GmbH&Co. KG*	Germany, Am Sandtorkai 72, D-20457 Hamburg	Activities of holding companies	94,90%	94,90%	94,90%
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%	76%
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, Ventspils	Procurement bureau	51,27%	51,27%	51,27%
Project Frost APM AB	Sweden, SE 455 81 Munkedal	Energy storage	100,00%	100,00%	100,00%
Project Frost APG AB	Sweden, Box 1, SE 790 20 Grycksbo	Energy storage	100,00%	100,00%	100,00%

* – 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

As at 31 March 2025, and as well as on the day hereof, the percentage of voting rights held by the Group in its subsidiaries corresponded to the percentage held in the share capital of those entities. All subsidiaries within the Group are consolidated under the full method from the day of obtaining control by the Group and cease to be consolidated from the day the control has been transferred out of the Group.

3. Management and supervisory bodies

3.1. Management Board of the Parent Company

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

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

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

3.2. Supervisory Board of the Parent Company

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

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

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

3.3. Audit Committee of the Parent Company

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

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

Until the date hereof, there were no changes in the composition of the Audit Committee of the Parent Company.

4. Approval of the financial statements

These Abbreviated Consolidated Financial Statements were approved for publication by the Management Board on 15 May 2025.

5. Accounting principles

5.1. Basis of preparation of the consolidated financial statements

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

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

These Abbreviated Consolidated Financial Statements have been prepared based on the assumption that the Group companies will continue as a going concern in the foreseeable future.

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

In connection with the term and revolving credit facility agreements signed on 2 April 2021, the Group has committed to meeting certain financial ratios, which are calculated at the end of each quarter. As at 31 March 2025, the Group has not maintained the Cashflow Cover ratio required by the loan agreement with the consortium of financing banks (Pekao SA, Santander Bank S.A. and BNP Paribas SA). The main reason for this was the high level of investment associated with the implementation of the 4P strategy in 2024 (the indicator is calculated cumulatively for 12 months). Prior to the balance sheet date, Arctic Paper S.A. received written assurances from the syndicate of financing banks that the Group's failure to meet the required Cashflow Cover ratio as at 31 March 2025 does not constitute an event of default under the loan agreement dated 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.

The Rottneros Group did not meet the financial ratio required by the credit agreements with Danske Bank as of 31 March 2025, however, after the end of the reporting period it received assurance from the bank that failure to meet this ratio does not constitute a breach of the credit agreement. In accordance with the requirements of IAS 1, due to the lack of such assurance as of 31 March 2025, the Rottneros Group presented bank loans in the amount of SEK 313 million as current liabilities.

5.2. 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.

5.3. 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.

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 current or non-current.

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 current and non-current.

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.

c) Supplier financing mechanisms – 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.

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

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

a) 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: Contracts 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.

5.5. Foreign currency translation

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

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

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

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

The following exchange rates were used for book valuation purposes:

	As at 31 March 2025	As at 31 December 2024
USD	3,8643	3,9886
EUR	4,1839	4,3009
SEK	0,3866	0,3725
DKK	0,5608	0,5766
NOK	0,3676	0,3675
GBP	5,0020	5,0300
CHF	4,3875	4,4250

Mean FX rates for the reporting periods are as follows:

	01.01 – 31.03.2025	01.01 – 31.03.2024
USD	3,9931	3,9922
EUR	4,2013	4,3338
SEK	0,3741	0,3842
DKK	0,5632	0,5812
NOK	0,3606	0,3796
GBP	5,0268	5,0619
CHF	4,4418	4,5675

6. Seasonality

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

7. Operational segments

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

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

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

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

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

The Group identifies the following business segments:

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

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

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

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

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

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

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

The table below presents data concerning revenue and profit as well as certain assets and liabilities split by segments of the Group for the period of 3 months ended on 31 March 2025 and as at 31 March 2025.

3-month period ended on 31 March 2025 and on 31 March 2025

	Paper	Pulp	Total	Exclusions	Total continuing operations
Revenue					
Sales to external customers	578 783	243 987	822 770	-	822 770
Sales between segments	-	-	-	-	-
Total segment revenue	578 783	243 987	822 770	-	822 770
Result of the segment					
EBITDA	35 655	(10 039)	25 982	(3 126)	22 856
Depreciation/amortisation	(20 861)	(12 143)	(33 004)	(108)	(33 112)
Operating profit/(loss)	15 160	(22 182)	(7 022)	(3 234)	(10 256)
Interest income	927	67	994	357	1 351
Interest expense	(1 311)	(2 635)	(3 946)	858	(3 088)
FX gains and other finance income	-	-	-	-	-
FX losses and other finance costs	(186 354)	(24)	(186 378)	170 399	(15 980)
Gross profit	(171 579)	(24 774)	(196 353)	168 381	(27 972)
Assets of the segment	1 908 174	1 130 096	3 038 270	(180 886)	2 857 384
Liabilities of the segment	762 157	461 121	1 223 278	(238 073)	985 204
Capital expenditures	(60 089)	(13 977)	(74 066)	-	(74 066)
Interest in joint ventures	5 168	-	5 168	-	5 168

— Revenue from inter-segment transactions are eliminated on consolidation,
— The results of the segments do not cover finance income (PLN 1,351 thousand of which PLN 1,351 thousand is interest income) and finance costs (PLN 19,067 thousand of which PLN 3,088 thousand is interest expense), depreciation/amortisation (PLN 33,112 thousand), and income tax liability (PLN 3,720 thousand),
— Segment assets do not include deferred tax (PLN 6,232 thousand), as this item is managed at Group level and interests in joint ventures (PLN 5,168 thousand). Segment liabilities do not include deferred tax (PLN 105,069 thousand), as this item is managed at Group level.

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

3-month period ended on 31 March 2024 and on 31 March 2024

	Paper	Pulp	Total	Exclusions	Total continuing operations
Revenue					
Sales to external customers	701 048	264 330	965 378	-	965 378
Sales between segments	-	864	864	(864)	-
Total segment revenue	701 048	265 194	966 242	(864)	965 378
Result of the segment					
EBITDA	113 230	6 095	119 690	(7 336)	111 990
Depreciation/amortisation	(19 165)	(9 076)	(28 241)	(93)	(28 334)
Operating profit/(loss)	94 430	(2 981)	91 449	(7 429)	83 655
Interest income	853	768	1 621	399	2 020
Interest expense	(1 080)	(3 842)	(4 922)	485	(4 438)
FX gains and other finance income	-	7 300	7 300	-	7 300
FX losses and other finance costs	(160 522)	-	(160 522)	170 220	9 698
Gross profit	(66 319)	1 245	(65 074)	163 675	98 236
Assets of the segment	1 933 408	946 296	2 879 704	(171 223)	2 708 481
Liabilities of the segment	796 934	258 888	1 055 821	(223 617)	832 204
Capital expenditures	(49 935)	(28 174)	(78 110)	1 818	(76 292)
Interest in joint ventures	4 747	-	4 747	-	4 747

— Revenue from inter-segment transactions are eliminated on consolidation,
— The results of the segments do not cover finance income (PLN 9,320 thousand of which PLN 2,020 thousand is interest income) and finance costs (PLN +5,260 thousand of which PLN 4,438 thousand is interest expense), depreciation/amortisation (PLN 28,334 thousand), and income tax liability (PLN 16,667 thousand),
— Segment assets do not include deferred tax (PLN 6,481 thousand), as this item is managed at Group level and interests in joint ventures (PLN 4,231 thousand). Segment liabilities do not include deferred tax (PLN 145,316 thousand), as this item is managed at Group level.

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

12-month period ended on 31 December 2024 and on 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)	(30 744)	(104 269)	(10 033)	(114 302)
Operating profit/(loss)	184 825	24 136	208 961	(24 667)	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/(loss)	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)
Interest in 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 foreign exchange differences) and finance costs (PLN 11,532 thousand, of which PLN 7,507 thousand is interest expense), depreciation and amortisation (PLN 114,301 thousand), as well as income tax charges (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.

9. Dividend paid and proposed

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

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

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

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

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

On 18 February 2025, the Company's Management Board, taking into account the preliminary financial results of the Company and the Arctic Paper S.A. Group for 2024, decided that it would recommend to the Company's Annual General Meeting that a dividend be paid from the Issuer's net profit for 2024 in the amount of PLN 0.70 (in words: seventy cents) gross per share. The Management Board is to present its final recommendation on the distribution of net profit for 2024 to the Annual General Meeting following the publication of the Company's annual report for 2024. The Management Board's recommendation will be reviewed by the Company's Supervisory Board.

10. Earnings per share

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

Information regarding profit and the number of shares which constituted the base to calculate earnings per share and diluted earnings per share is presented below:

	3-month period ended on 31 March 2025 (unaudited)	3-month period ended on 31 March 2024 (unaudited)	Year ended on 31 December 2024
Net profit/(loss) period from continuing operations attributable to the shareholders of the Parent Company	(13 423)	82 467	154 457
Net profit/(loss) attributable to the shareholders of the Parent Company	(13 423)	82 467	154 457
Total number of shares	69 287 783	69 287 783	69 287 783
Weighted average number of shares	69 287 783	69 287 783	69 287 783
Diluted weighted average number of ordinary shares	69 287 783	69 287 783	69 287 783
Profit/(loss) per share (in PLN)			
– basic earnings from the profit/(loss) for the period attributable to the shareholders of the Parent Company	(0,19)	1,19	2,23
Diluted profit/(loss) per share (in PLN)			
– from the profit/(loss) for the period attributable to the shareholders of the Parent Company	(0,19)	1,19	2,23

11. Interest-bearing bank loans and borrowings and lease contracts

In the period covered by this report, the Group made partial repayments of its loan debt with Danske Bank in the total amount of PLN 6,817 thousand and Nordea Bank Abp in the amount of PLN 17,784 thousand. The Group increased its indebtedness due to the Rottneros Group taking out a working capital overdraft of PLN 78,430 thousand.

As a result of failure to meet as at 31 March 2025 the covenants required by the bank, long-term loans of the Rottneros Group in the amount of SEK 312 million were reclassified to short-term.

The other changes to loans as at 31 March 2025, compared to 31 December 2024 result mainly from balance sheet evaluation and payment of interest accrued as at 31 December 2024 and paid in Q1 2025.

12. Share capital

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

13. Financial instruments

The Group uses the following financial instruments: cash on hand and in bank accounts, term deposits, loans, receivables, payables, leasing contracts and interest SWAP contracts, forward contracts for the sale of pulp and forward contracts for the purchase of electricity.

At 31 March 2025, the Company held the following financial instruments: cash on hand and in bank accounts, term deposits, loans, receivables, payables, including leases, and interest SWAP and forward power purchase contracts.

13.1. Hedge accounting

In order to mitigate the volatility of future energy prices, the Paper Mills and Pulp Mills in Sweden apply forward contracts for the purchase of electricity. Rottneros Group companies, in order to mitigate the volatility of future inflows from pulp sales, enter into forward contracts for pulp sales. Arctic Paper S.A., in order to mitigate the volatility of future interest costs on loans, has concluded interest rate SWAP contracts.

As at 31 March 2025, the Group held a forward power purchase contract and an interest rate 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:

Type of hedge	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 2019
Maturity date	depending on the contract; until 31.12.2033

Hedged quantity of electricity	1,087,494 MWh
Term price	from 28.05 to 59.90 EUR/MWh

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

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	Loan amount PLN as at 31.03.2025
EUR	2021-04-02 – 2026-04-02	7 212 890
EUR	2021-04-02 – 2026-04-02	5 584 699
EUR	2021-04-02 – 2026-04-02	5 584 699
		18 382 289
PLN	2021-04-02 – 2026-04-02	7 476 943
PLN	2021-04-02 – 2026-04-02	5 806 694
PLN	2021-04-02 – 2026-04-02	5 806 694
		19 090 331
The total value of loans is secured with an interest rate swap		**37 472 621**
Interest secured by an interest rate swap		**2 266 144**

The table below presents the fair value of hedging instruments in cash flow and fair value hedge accounting as at 31 March 2025 and the comparative data:

	As at 31 March 2025		As at 31 December 2024	
	Assets	Equity and liabilities	Assets	Equity and liabilities
SWAP	952	-	1 331	-
Forward for electricity	-	37 428	3 024	27 255
Total hedging derivative instruments	**952**	**37 428**	**4 355**	**27 255**

14. Contingent liabilities and contingent assets

As at 31 March 2025, the Capital Group reported:

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

15. Legal claims

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

16. Material events after the end of reporting period

After the balance sheet date, there were no other material events which have not been disclosed in this report and which might have had a material influence on the capital and financial position of the Group.

Signatures of the Members of the Management Board

Position	First and last name	Date	Signature
President of the Management Board CEO	Michał Jarczyński	15 May 2025	signed with a qualified electronic signature
Member of the Management Board Chief Financial Officer	Katarzyna Wojtkowiak	15 May 2025	signed with a qualified electronic signature
Member of the Management Board Vice-President for Sales and Marketing	Fabian Langenskiöld	15 May 2025	signed with a qualified electronic signature

Head Office
Arctic Paper S.A.
Ul. Fabryczna 1

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

Branch in Sweden

Östra Hamngatan 30-34

SE-411 09 Göteborg, Sweden
Phone: +46 10 451 8000

Investor relations:
ir@arcticpaper.com

swww.arcticpaper.com