ARCTIC PAPER CAPITAL GROUP

Consolidated quarterly report
for Q1 2024

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Introduction

Information on the report

This Consolidated Quarterly Report for Q1 2024 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 2023.

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 Entity, 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

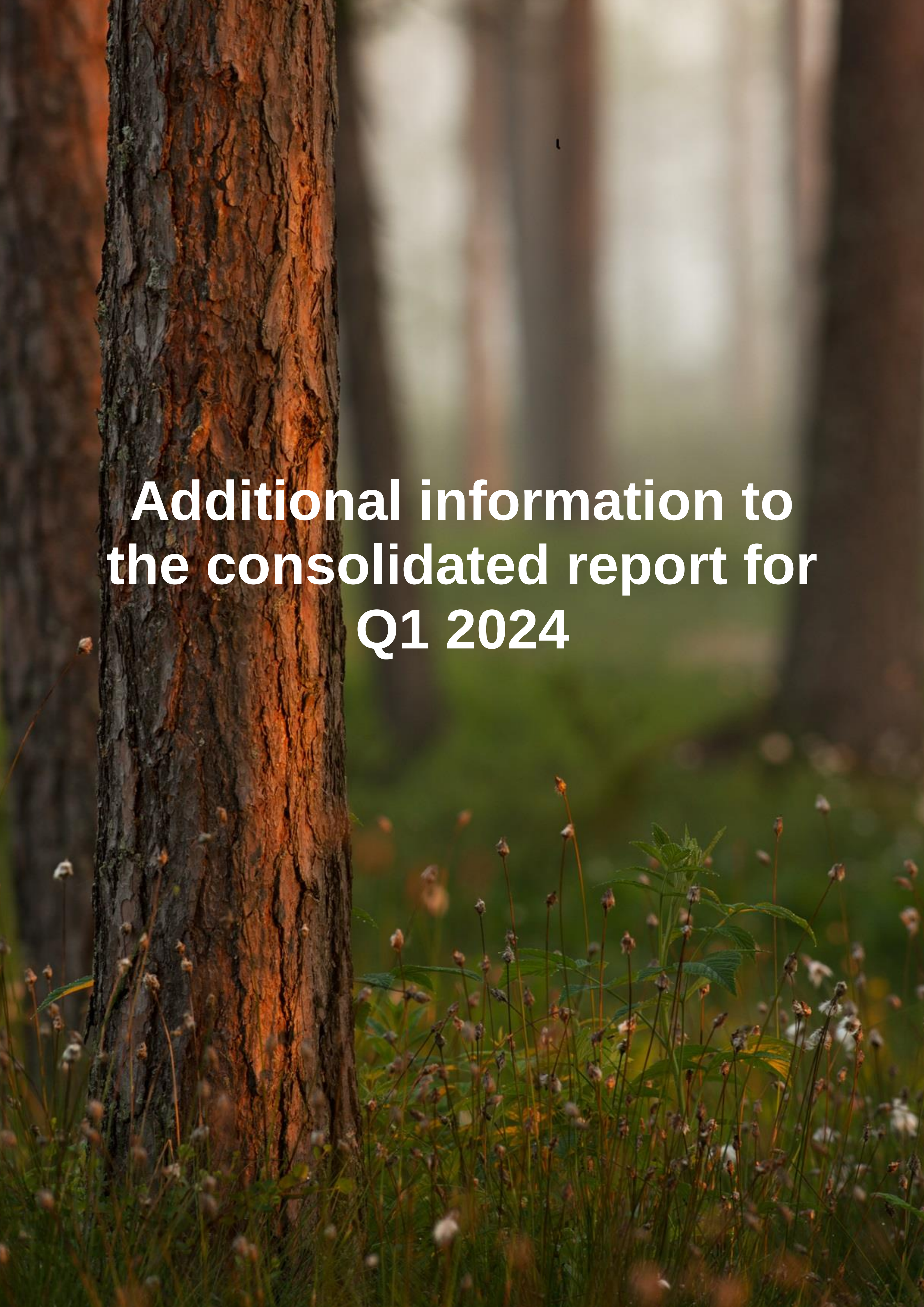
Definitions of selected financial concepts and indicators

Sales profit margin	Ratio of gross profit/(loss) on sales to sales revenues 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 revenues 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 revenues from continuing operations
Sales profitability ratio, net profit margin	Ratio of net profit/(loss) to sales revenues

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 fixed assets ratio	Ratio of equity to fixed 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 short-term liabilities
Quick ratio	Ratio of current assets minus inventory and short-term accruals and deferred income to short-term liabilities
Cash solvency ratio	Ratio of total cash and cash equivalents to short-term 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 revenues. 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 2024

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 2024, the Arctic Paper Group employs over 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 2024, the Group had 13 Sales Offices ensuring access to all European markets, including Central and Eastern Europe. Our consolidated sales revenues for Q1 2024 amounted to PLN 965 million.

Arctic Paper S.A. is a holding company set up in April 2008. The Parent Entity 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 Entity 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 the generation and transmission of electricity, the generation and distribution of heat, production of packaging, logistics services and the distribution of paper and pulp.

Arctic Paper Group's product range includes uncoated and coated woodfree paper, uncoated woodfree 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 2023.

Capital Group structure

The Arctic Paper Capital Group comprises Arctic Paper S.A., as the Parent Entity, 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 Capital Group of Arctic Paper S.A. 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 2024, 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. 4 April 2024.

as at 14.05.2024

Shareholder	Number of shares	Share in the share capital [%]	Number of votes	Share in the total number of votes [%]
Thomas Onstad	**47 205 107**	**68,13%**	**47 205 107**	**68,13%**
- indirectly via	41 581 449	60,01%	41 581 449	60,01%
Nemus Holding AB	*40 981 449*	*59,15%*	*40 981 449*	*59,15%*
other entity	*600 000*	*0,87%*	*600 000*	*0,87%*
- directly	5 623 658	8,12%	5 623 658	8,12%
Other	**22 082 676**	**31,87%**	**22 082 676**	**31,87%**
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 to shares as at 14.05.2024
Management Board	
Michał Jarczyński	5 572
Katarzyna Wojtkowiak	-
Tom Fabian Langenskiöld	900
Supervisory Board	
Per Lundeen	34 760
Thomas Onstad	5 623 658
Roger Mattsson	-
Zofia Dzik	-
Anna Jakubowski	-

The shareholding of the Company’s managing and supervising persons has not changed since the date of publication of the annual report, i.e. 4 April 2024.

Summary of the consolidated financial results

Comments of the President of the Management Board Michał Jarczyński on the results of Q1 2024

In line with results from recent quarters, we still see a mixed picture due to uncertainty affecting the general economy. The first quarter of 2024 came in with lower sales and profit than for the comparison quarter. At the same time, the consolidated result for Q1, 2024 was stronger than for the consecutive quarter. We clearly see the benefits of combining pulp and paper as the two segments balance each other through economic cycles. For the first quarter of 2024, the Group's revenue amounted to PLN 965.4 million (1,032.2) and EBITDA to PLN 112.0 million (185.5). The operating margin was 11.6 percent (18.0).

For the paper segment, the first quarter of the year is normally one of the best and we saw an increase in demand compared to the fourth quarter last year. Paper sales revenue reached PLN 701.0 million (722.3) with an EBITDA of 109,0 million (113.8) and an EBITDA margin of 15.5 percent (15.8). The capacity usage continued to rise and reached 86 percent (71). Although our focus is still on optimizing production in terms of profitability rather than volume, this is a healthier level for the business in a long-term perspective.

For the pulp segment (Rottneros), net sales fell to SEK 688 million (744) as production-related challenges affected one of the two mills. Rottneros will increase the rate of continuing maintenance investments to ensure high and stable pulp production. EBITDA dropped to SEK 35 million (178) mainly due to lower pulp prices than for the comparable quarter, but the pulp market continues to strengthen with gradual price increases. Deliveries for the pulp segment increased to 89,800 tonnes (87,200).

For the packaging segment, the investment in a new production unit for molded fiber trays in Kostrzyn is progressing with an expected start of production in the third quarter of 2024.

Progress in the energy segment continues. At the end of May, a 17 MW expansion of our PV farm in Kostrzyn will be commissioned and we expect to receive permission to install an additional 9 MW in 2025. In addition, we are currently evaluating potential solar acquisitions. After the period, we signed an agreement to house battery storage systems in our premises in Munkedal and in Grycksbo. This contract is expected to contribute annually to EBITDA in the range of SEK 10-30 million and will also increase our competences with plan to provide system services for the grid in Poland. The investment in upgrading and expanding the biofuel boiler in Grycksbo is in progress.

Looking to the near future, the market outlook remains uncertain, and we expect 2024 to be a challenging year. As the economy recovers, the balance between paper and pulp will slowly shift in favour of pulp. With the Group's solid finances as a strong foundation, we continue to diversify our business in line with the 4P strategy with new investments in packaging and power, while maintaining and strengthening our business position in paper and pulp.

Selected items of the consolidated statement of profit and loss

PLN '000	Q1 2024	Q4 2023	Q1 2023	Change % Q1 2024/ Q4 2023	Change % Q1 2024/ Q1 2023
Continuing operations					
Sales revenues	**965 378**	**825 888**	**1 032 216**	**16,9**	**(6,5)**
of which:					
Sales of paper	*701 048*	*581 171*	*722 284*	*20,6*	*(2,9)*
Sales of pulp	*264 330*	*244 717*	*309 932*	*8,0*	*(14,7)*
Profit on sales	207 124	141 482	269 352	46,4	(23,1)
EBIT	**83 655**	**67 073**	**155 636**	**24,7**	**(46,2)**
EBITDA	**111 989**	**96 322**	**185 535**	**16,3**	**(39,6)**
Net profit/(loss)	**81 569**	**35 608**	**131 665**	**129,1**	**(38,0)**
Net profit/(loss) for the reporting period attributable to the shareholders of the Parent Entity	82 467	47 989	107 868	71,8	(23,5)
Sales volume (in thousand tonnes)					
paper	144	113	113	27,5	27,5
pulp	90	81	87	11,4	3,6

During Q1 2024, there was an increase in sales due to higher demand for paper and pulp.

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

Profitability analysis

PLN '000	Q1 2024	Q4 2023	Q1 2023	Change % Q1 2024/ Q4 2023	Change % Q1 2024/ Q1 2023
Profit/(loss) on sales	207 124	141 482	269 352	46,4	(23,1)
% of sales revenues	*21,46*	*17,13*	*26,09*	*4,3 p.p.*	*(4,6) p.p.*
EBITDA	**111 989**	**96 322**	**185 535**	**16,3**	**(39,6)**
% of sales revenues	*11,60*	*11,66*	*17,97*	*(0,1) p.p.*	*(6,4) p.p.*
EBIT	**83 655**	**67 073**	**155 636**	**24,7**	**(46,2)**
% of sales revenues	*8,67*	*8,12*	*15,08*	*0,5 p.p.*	*(6,4) p.p.*
Net profit/(loss)	**81 569**	**35 608**	**131 665**	**129,1**	**(38,0)**
% of sales revenues	*8,45*	*4,31*	*12,76*	*4,1 p.p.*	*(4,3) p.p.*
Return on equity / ROE (%)	*4,6*	*2,0*	*6,5*	2,6 p.p.	(1,9) p.p.
Return on assets / ROA (%)	*3,0*	*1,3*	*4,2*	1,7 p.p.	(1,2) p.p.

Margins and profitability ratios in Q1 2024 were at or close to Q4 2023, but lower than in Q1 2023.

Selected items of the consolidated statement of financial position

PLN '000	31.03.2024	31.12.2023	31.03.2023	Change 31.03.2024 -31.12.2023	Change 31.03.2024 -31.03.2023
Fixed assets	1 277 097	1 292 261	1 309 014	(15 164)	(31 917)
Current assets	1 440 151	1 430 616	1 826 150	9 535	(385 999)
Total assets	**2 717 248**	**2 722 877**	**3 135 164**	**(5 629)**	(417 916)
Equity	1 776 519	1 801 508	2 032 357	(24 989)	(255 838)
Short-term liabilities	699 088	641 617	745 027	57 470	(45 940)
Long-term liabilities	241 642	279 752	357 780	(38 111)	(116 139)
Total equity and liabilities	**2 717 248**	**2 722 877**	**3 135 164**	**(5 629)**	**(417 916)**

The decrease in total assets compared to 31 December 2023 is mainly due to a lower positive valuation of forward power purchase contracts and lower cash levels.

The increase in current liabilities is primarily the result of an increase in trade payables due to higher purchases of raw materials for paper and pulp production. The lower level of long-term liabilities is the result of a decrease in deferred tax liabilities due to a lower positive valuation of forward power purchase contracts and a decrease in pension provisions.

Debt analysis

	Q1 2024	Q4 2023	1Q 2023	Change % Q1 2024/ Q4 2023	Change % Q1 2024/ Q1 2023
Equity debt ratio (%)	53,0	51,1	54,3	1,8 p.p.	(1,3) p.p.
Equity to fixed assets ratio (%)	139,1	139,4	155,3	(0,3) p.p.	(16,2) p.p.
Interest-bearing debt-to-equity ratio (%)	8,3	8,5	9,9	(0,2) p.p.	(1,5) p.p.
Net debt to EBITDA ratio for the last 12 months (x)	(0,8)	(0,7)	(0,3)	(0,0)	(0,5)
EBITDA to interest expense ratio for the last 12 months (x)	49,8	75,6	132,8	(25,9)	(83,0)

The decrease in the debt-to-equity ratio is the result of an increase in the level of the Group's liabilities (due to cash-pooling).

The decrease in the equity to fixed assets ratio is mainly the result of a lower positive valuation of financial instruments (forward contracts).

The decrease in the debt to equity ratio with interest-bearing debt compared to Q1 2023 is the result of lower interest-bearing debt.

The decrease in the ratio of interest expense to EBITDA for the last 12 months compared to Q1 2023 is the result of both higher interest expense and lower EBITDA for the 12 months.

Liquidity analysis

	Q1 2024	Q4 2023	Q1 2023	Change % Q1 2024/ Q4 2023	Change % Q1 2024/ Q1 2023
Current ratio	**2,1**	**2,2**	**2,5**	**(0,2)**	**(0,4)**
Quick ratio	**1,4**	**1,5**	**1,6**	**(0,2)**	**(0,2)**
Cash solvency ratio	**0,7**	**0,8**	**0,6**	**(0,1)**	**0,0**
DSI (days)	53,4	58,5	74,9	(5,1)	(21,4)
DSO (days)	46,5	45,3	46,0	1,2	0,5
DPO (days)	60,6	58,9	59,9	1,7	0,7
Operating cycle (days)	99,9	103,8	120,8	(3,9)	(21,0)
Cash conversion cycle (days)	**39,3**	**44,9**	**60,9**	**(5,6)**	**(21,6)**

The decrease in the cash conversion cycle in days in Q1 2024 is due to the decrease in the inventory turnover cycle.

Selected items of the consolidated cash flow statement

PLN '000	Q1 2024	Q4 2023	Q1 2023	Change % Q1 2024/ Q4 2023	Change % Q1 2024/ Q1 2023
Cash flows from operating activities	78 106	126 066	62 476	(38,0)	25,0
Cash flows from investing activities	(72 969)	(77 105)	(73 859)	(5,4)	(1,2)
Cash flows from financing activities	(21 736)	(36 684)	(7 577)	(40,7)	186,9
Total cash flows	**(16 600)**	**12 277**	**(18 960)**	**(235,2)**	**(12,5)**

The lower cash flows from operating activities in Q1 2024 are mainly due to changes in working capital.

The negative flow from investing activities is the result of expenditure on the acquisition of tangible fixed assets.

Unusual events and factors

In Q1 2024, there were no unusual events or factors.

Summary of standalone financial results

Selected items of the standalone statement of profit and loss

PLN '000	Q1 2024	Q4 2023	Q1 2023	Change % Q1 2024/ Q4 2023	Change % Q1 2024/ Q1 2023
Sales revenues	19 149	4 070	5 733	371	234
Profit on sales	16 385	(1 143)	2 943	-1534	457
EBIT	9 572	76 416	1 124	-87	752
EBITDA	9 665	75 883	1 190	-87	712
Gross profit/(loss)	9 973	78 944	807	-87	1136
Net profit/(loss)	10 580	79 248	958	-87	1005

Revenue and profit on sales

The main reason for the increase in revenue and profit in 2024 was the dividend received in the amount of PLN 14,727 thousand.

EBIT and EBITDA

The increase in EBIT and EBITDA in Q1 2024 compared to the same period in 2023 is due to the achievement of higher operating income. The higher EBIT in Q4 2023 was due to the reversal of impairment allowances at Arctic Paper Investment AB.

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

The higher financial result in Q1 2024 compared to the same period in 2023 is due to the Company achieving higher operating income resulting from the dividend received.

Selected items of the standalone statement of financial position

PLN '000	31.03.2024	31.12.2023	31.03.2023	Change 31.03.2024 -31.12.2023	Change 31.03.2024 -31.03.2023
Fixed assets	999 597	989 972	888 710	9 624	110 886
Current assets	324 113	297 712	219 865	26 401	104 249
Total assets	**1 323 710**	**1 287 686**	**1 108 575**	**36 024**	**215 135**
Equity	848 735	837 975	776 754	10 760	71 982
Short-term liabilities	430 725	405 043	256 939	25 682	173 786
Long-term liabilities	44 250	44 668	74 882	(418)	(30 632)
Total equity and liabilities	**1 323 710**	**1 287 686**	**1 108 575**	**36 024**	**215 135**

Fixed assets

The increase in the value of non-current assets in Q1 2024 compared to Q1 2023 is primarily due to the reversal of the impairment allowance at Arctic Paper Investment AB at the end of 2023.

Current assets

The increase in current assets was due to higher cash balances and an increase in receivables in Q1 2024.

Equity

The main reason for the increase in equity was the profit generated in 2024.

Short-term liabilities

The increase in short-term liabilities in Q1 2024 and at the end of 2023 is due to an increase in the company's cash-pooling liabilities.

Long-term liabilities

The decrease in long-term liabilities compared to Q1 2023 is due to the repayment of bank loan instalments in Q4 2023.

Selected items of the standalone cash flow statement

PLN '000	Q1 2024	Q4 2023	Q1 2023	Change % Q1 2024/ Q4 2023	Change % Q1 2024/ Q1 2023
Cash flows from operating activities	26 322	73 764	(43 305)	(393)	(618)
Cash flows from investing activities	(292)	(752)	-	(61)	-
Cash flows from financing activities	(314)	(30 066)	554	(99)	(157)
Total cash flows	**25 716**	42 946	(42 751)	**(40)**	**(774)**

The positive operating cash flow in Q1 2024 and at the end of 2023 was significantly influenced by the gross profit generated, dividends received from subsidiaries and the change in cashpooling. The negative cash flow from financing activities was related to interest repayments on existing bank loans.

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

Information on market trends

Supplies of fine paper

In Q1 2024, the Arctic Paper Group recorded an increased level of orders versus Q4 2023 by 27.4% and a growth of orders versus the equivalent period of 2023 by 27.5%.

Source of data: Analysis by Arctic Paper

Paper prices

In Q1 2024, the average prices of high quality UWF paper decreased by 8.4% while the prices of CWF paper decreased by 9.3% versus equivalent prices of Q1 2023.

In the period from the end of December 2023 to March 2024, 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 remained at the same level (UWF) or increased slightly (1% for CWF).

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 2024 by 15.8% versus the equivalent period of 2023 while in the segment of coated wood-free paper (CWF) the prices decreased by 11.5%.

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 2024, pulp prices reached the following levels: NBSK 1,396 USD/tonne and BHKP 1,220 USD/tonne. The average NBSK price in Q1 2024 was 5.1% lower than in the same period last year, while BHKP was 4.7% lower. The average pulp price in Q1 2024 was, compared to Q4 2023: for NBSK 11.4% higher, for BHKP 23.3% higher.

The average cost of pulp per ton of produced paper as calculated for the AP Group, expressed in PLN, in Q1 2024 increased by 6.5% versus Q4 2023 and decreased by 34.4% versus Q1 2023. 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 2023 (56%).

In Q1 2024, the AP Group used pulp in the production process in the following structure: BHKP 78%, NBSK 18% and other 4%.

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

Currency exchange rates

The EUR/PLN exchange rate at the end of Q1 2024 amounted to 4.3009 and was lower by 1.1% than at the end of Q4 2023 and lower by 8% than at the end of Q1 2023. The average exchange rate in Q1 2024 was lower by 1.9% than in Q4 2023 and amounted to 4.3338 versus 4.4193. The average exchange rate in Q1 2024 was by 8% lower than in Q1 2023.

The EUR/SEK exchange rate at the end of March 2024 stood at 11.5460 against 11.0947 at the end of 2023 and 11.2608 at the end of Q1 2023, implying an appreciation of the EUR against the SEK by 4.1% and 2.5% respectively:

For this pair, the mean exchange rate in Q1 2024 was by 1.7% lower compared to Q4 2023. The mean exchange rate in Q1 2024 was by 0.7% higher than in the corresponding period of 2023.

The changes mean depreciation of SEK vis-a-vis EUR in Q1 2024 which had an unfavourable impact on the Group's financial results, primarily with reference to the sales revenues generated by the Swedish factories that rely on prices in EUR.

At the end of Q1 2024, the USD/PLN rate recorded an increase by 1.4% versus the end of Q4 2023 and amounted to 3.9886. In Q1 2024, the mean exchange rate amounted to 3.9922 compared to 4.1113 in Q4 2023. This represents a 2.9% appreciation of the PLN against the USD compared to the previous quarter and a 9% appreciation of the local currency against the USD compared to the same quarter of the previous year.

At the end of Q1 2024, the USD/SEK rate amounted to 10.7077 and was by 6.6% higher than at the end of 2023. The average rate in Q1 2024 was 10.3924, 2.7% lower than the average rate in Q4 2023.

The changes of the USD/SEK exchange rates in Q1 2024 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 2023, 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 1.0783 compared to 1.1050 at the end of Q4 2023 and to 1.0890 at the end of March 2023. In terms of percentage, that means a depreciation of EUR to USD by 2.4% versus Q4 2023 and a depreciation of the currency by 1% versus Q1 2023. In Q1 2024, the mean exchange rate of the pair amounted to 1.0856 compared to 1.0755 in Q4 2023 (+0.9%).

The appreciation of SEK versus EUR has unfavourably affected the Group's financial profit, mainly due to decreased sales revenues generated in EUR and translated into SEK. The strengthening of the PLN against the USD in Q1 2024 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 paper in Europe at a time of a tense geopolitical situation, high energy prices, and an expected economic slowdown. Over the recent years there has been a major decrease of demand for fine paper in Europe (level of executed orders). Further negative developments in the market may adversely affect order levels to our Paper Mills. The intensification of remote working may have the additional effect of reducing demand for high-quality graphic papers and therefore negatively affect the Group's financial performance.
- Price changes of fine paper. In particular, the possibility to maintain the prices of Arctic Paper products in local currencies in view of the declining supply/demand in Europe and in the context 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 2024, there were no material changes to the risk factors. Those were presented in detail in the annual report for 2023.

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 revenues 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 revenues.

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 CO2 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 revenues 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 revenues, 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 revenues are largely denominated in EUR, GBP, SEK and PLN while revenues 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 revenues and incur costs, and the currency in which we report our financial results (PLN).

Other relevant information including this occurring after the end of Q1 2024

Receipt of the decision to grant support to the Issuer's subsidiary

On 11 March 2024, the Management Board became aware that the Ministry of Development and Technology had granted its subsidiary Arctic Paper Kostrzyn S.A. a decision on public aid for development investments. These investments will consist of upgrading paper machines, improving the efficiency and energy intensity of the paper production process and building infrastructure. The support decision was granted under the following conditions:

1. If the tax exemption for eligible costs is used, the maximum amount of eligible investment costs will be PLN 133.9 million.

2. The nominal value of the aid in the form of tax exemptions will amount to a maximum of PLN 53.4 million, (40% of the expenditure incurred) and will depend on the actual investment outlay. Arctic Paper Kostrzyn S.A. will be entitled to benefit from the aid upon completion of the investment within a period of 14 years from the date of the decision.

3. The new investments will take place between 1 April 2024 and 31 March 2027.

Recommendations concerning dividend distribution

On 22 April 2024, the Company's Supervisory Board adopted a resolution giving a favourable opinion on the submission to the Annual General Meeting of a recommendation of the Company's Management Board on the payment of a dividend to shareholders from a part of the Company's net profit for the financial year 2023 in the amount of PLN 69,287,783.00 (in words: sixty-nine million two hundred and eighty-seven thousand seven hundred and eighty-three zlotys 00/100). The dividend per share will be PLN 1.00 gross (in words: one zloty). The remaining part of the Company's net profit for the financial year 2023, in the amount of PLN 181,928,491.87 (in words: one hundred and eighty-one million nine hundred and twenty-eight thousand four hundred and ninety-one zloty 87/100), will be allocated to the Company's reserve capital. The recommendation of the Management Board together with the opinion of the Supervisory Board will be submitted to the General Meeting for resolution. The final decision on the distribution of the Company's 2023 profit and the payment of the dividend will be taken by the Annual General Meeting.

Conclusion of significant agreements by the Issuer's subsidiaries

On May the 8th 2024 Management Board received information about the conclusion of agreements by the subsidiary companies Arctic Paper Grycksbo AB and Arctic Paper Munkedal AB with S.E.R. Sverige AB, regarding the installation and connection to the power grid in both Swedish paper mills of battery electricity storage systems with a total capacity of 24 MW and the provision of system services to the Swedish operator of the electricity transmission system - Svenska Kraftnät.
The agreements were concluded for a period of 15 years, and the estimated impact on the annual consolidated EBITDA of the Issuer's group will range from 10 to 30 MSEK in the first two years of the agreements' validity.

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 2024.

Information on sureties and guarantees granted in Q1 2024

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 entities 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	14 May 2024	signed with a qualified electronic signature
Member of the Management Board Chief Financial Officer	Katarzyna Wojtkowiak	14 May 2024	signed with a qualified electronic signature
Member of the Management Board Vice-President for Sales and Marketing	Fabian Langenskiöld	14 May 2024	signed with a qualified electronic signature

Quarterly abbreviated consolidated financial statements

for the period of three months
ended on 31 March 2024

Consolidated financial statements

Abbreviated consolidated profit and loss account

	3-month period ended on 31 March 2024 (unaudited)	3-month period ended on 31 March 2023 (unaudited)	Year ended on 31 December 2023
Continuing operations			
Revenues from sales of products	965 378	1 032 216	3 549 153
Sales revenues	965 378	1 032 216	3 549 153
Costs of sales	(758 254)	(762 864)	(2 803 469)
Profit/(loss) on sales	207 124	269 352	745 683
Selling and distribution costs	(95 274)	(95 890)	(340 973)
Administrative expenses	(30 680)	(26 981)	(124 077)
Other operating income	18 703	25 858	129 397
Other operating expenses	(16 217)	(16 702)	(52 963)
Operating profit/(loss)	83 655	155 636	357 068
Financial income	19 684	2 888	15 069
Financial expenses	(5 103)	(4 034)	(31 220)
Gross profit/(loss)	98 236	154 490	340 917
Income tax	(16 667)	(22 826)	(68 528)
Net profit/(loss) from continuing operations	81 569	131 665	272 388
Net profit/(loss)	81 569	131 665	272 388
Attributable to:			
The shareholders of the Parent Entity	82 467	107 868	247 132
Non-controlling shareholders	(898)	23 797	25 256
	81 569	131 665	272 388
Earnings per share:			
– basic earnings from the profit/(loss) attributable to the shareholders of the Parent Entity	1,19	1,56	3,57
– diluted earnings from the profit attributable to the shareholders of the Parent Entity	1,19	1,56	3,57

Abbreviated consolidated statement of total comprehensive income

	3-month period ended on 31 March 2024 (unaudited)	3-month period ended on 31 March 2023 (unaudited)	Year ended on 31 December 2023
Net profit/(loss) for the reporting period	81 569	131 665	272 388
Items of other comprehensive income to be reclassified to profit or loss, before taxation	**(100 362)**	**(184 734)**	**(344 644)**
FX differences on translation of foreign operations	(62 358)	(21 632)	(99 034)
Measurement of financial instruments	(38 004)	(163 103)	(245 609)
Measurement of financial instruments (items to be reclassified in future periods)	*(34,517)*	*(34 517)*	*(153 794)*
Measurement of financial instruments (items reclassified in the period)	*(3 487)*	*(9 309)*	*(20 990)*
Items of other comprehensive income not to be reclassified to profit or loss, before taxation	**-**	**-**	**282**
Actuarial profit/(loss) for defined benefit plans	-	-	282
Other comprehensive income before tax	**(100 362)**	**(184 734)**	**(344 363)**
Income tax relating to items of other comprehensive income that will be reclassified to profit or loss	**7 782**	**33 244**	**50 399**
Deferred income tax on the measurement of financial instruments	7 782	33 244	50 399
Deferred income tax on the measurement of financial instruments	*7 068*	*31 347*	*46 092*
Deferred income tax on the measurement of financial instruments (reclassified in the period)	*714*	*1 897*	*4 307*
Income tax relating to items of other comprehensive income not to be reclassified to profit or loss	**-**	**-**	(174)
Deferred income tax on actuarial profit/(loss) relating to defined benefit plans	-	-	(174)
Other net comprehensive income	(92 580)	(151 490)	(294 136)
Total comprehensive income for the period	(11 011)	(19 826)	(21 748)
Total comprehensive income attributable to:			
The shareholders of the Parent Entity	16 582	917	42 885
Non-controlling shareholders	(27 592)	(20 743)	(64 633)

Abbreviated consolidated statement of financial position

	As at 31 March 2024 (unaudited)	As at 31 December 2023	As at 31 March 2023 (unaudited)
ASSETS			
Fixed assets			
Tangible fixed assets	1 173 851	1 166 171	1 119 800
Investment properties	1 751	1 751	1 763
Intangible assets	59 892	58 464	65 024
Goodwill	7 822	8 230	8 719
Interest in joint ventures	4 747	4 891	4 231
Other financial assets	24 849	49 414	102 710
Other non-financial assets	164	158	286
Deferred income tax assets	4 020	3 183	6 481
	1 277 097	1 292 262	1 309 014
Current assets			
Inventories	450 141	444 930	634 567
Trade and other receivables	498 247	415 421	527 360
Corporate income tax receivables	7 309	847	15 333
Other non-financial assets	22 621	17 170	16 544
Other financial assets	3 999	51 798	173 690
Cash and cash equivalents	457 833	500 449	458 656
	1 440 151	1 430 615	1 826 150
TOTAL ASSETS	2 717 248	2 722 877	3 135 164
EQUITY AND LIABILITIES			
Equity			
Equity (attributable to the shareholders of the Parent Entity)			
Share capital	69 288	69 288	69 288
Reserve capital	443 805	443 805	407 976
Other reserves	154 488	175 639	220 198
FX differences on translation	(152 075)	(107 341)	(54 495)
Retained earnings/Accumulated losses	944 502	862 036	945 570
Cumulated other comprehensive income related to discontinued operations			
	1 460 008	1 443 427	1 588 537
Non-controlling interests	316 511	358 081	443 820
Total equity	1 776 519	1 801 508	2 032 357
Long-term liabilities			
Interest-bearing loans and bonds	73 336	79 311	133 909
Provisions	4 842	5 095	1 246
Employee liabilities	19 882	41 139	44 020
Other financial liabilities	27 533	24 887	23 587
Deferred income tax liability	108 526	121 208	145 316
Grants and deferred income	7 523	8 113	9 702
	241 642	279 753	357 780
Short-term liabilities			
Interest-bearing loans and bonds	42 758	43 862	34 891
Provisions	260	1 240	2 956
Other financial liabilities	4 247	4 880	7 873
Trade and other payables	510 407	447 917	507 836
Employee liabilities	103 208	105 525	119 449
Income tax liability	30 935	29 485	65 040
Grants and deferred income	7 273	8 708	6 981
	699 088	641 616	745 027
TOTAL LIABILITIES	940 729	921 369	1 102 808
TOTAL EQUITY AND LIABILITIES	2 717 248	2 722 877	3 135 164

Additional notes to the quarterly abbreviated financial statements
provided on pages 34 to 49 constitute an integral part hereof

Abbreviated consolidated cash flow statement

	3-month period ended on 31 March 2024 (unaudited)	3-month period ended on 31 March 2023 (unaudited)	Year ended on 31 December 2023
Cash flows from operating activities			
Gross profit/(loss)	98 236	154 490	340 917
Adjustments for:			
Depreciation/amortisation	28 334	29 898	118 237
FX gains/(loss)	(8 267)	224	(4 610)
Interest, net	3 508	1 031	6 682
Profit/(loss) from investing activities	349	3 571	2 291
(Increase)/decrease in receivables and other receivables	(101 889)	(29 766)	64 913
(Increase) / decrease in inventories	(22 596)	(39 414)	129 807
Increase (decrease) of liabilities except loans, borrowings, bonds and other financial liabilities	79 973	(42 720)	(96 201)
Change in accruals and prepayments	(3 448)	(5 239)	(27 959)
Change in provisions	(979)	(5 047)	4 797
Movement in pension provisions and employee liability	1 895	(11 480)	(17 820)
Change in grants and deferred income	(1 804)	(8 611)	(7 813)
Co-generation certificates and CO2 emission rights	(3 251)	(1 735)	2 221
Change in settlement of realised forward contracts that meet hedge accounting rules	7 918	43 842	46 526
Change in accounting for unrealized forward contracts not meeting hedge accounting rules	-	-	(3 566)
Other	127	(431)	(410)
Total flows from operations	78 106	62 476	558 010
Income tax paid	(19 150)	(24 934)	(86 808)
Net cash flows from operating activities	157 192	62 476	471 202
Cash flows from investing activities			
Disposal of tangible fixed assets and intangible assets	40	173	2 989
Purchase of tangible fixed assets and intangible assets	(75 315)	(32 512)	(200 172)
Interest received	-	-	531
Proceeds from forward contracts that do not comply with hedge accounting rules	2 305	-	61 013
Purchase of long-term financial assets	-	-	(11 490)
Other capital outflows / inflows	-	(41 520)	409
Net cash flows from investing activities	(72 969)	(73 859)	(146 719)
Cash flows from financing activities			
Repayment of leasing liabilities	(2 622)	(2 372)	(9 795)
Repayment of other financial liabilities	(1)	(1)	(795)
Inflows under loans	-	-	39 619
Repayment of loans	(3 991)	(4 206)	(80 761)
Dividend paid to shareholders of AP SA	-	-	(187 077)
Dividend paid to non-controlling shareholders	(13 979)	-	(41 849)
Interest paid	(1 142)	(998)	(8 276)
Net cash flows from financing activities	(21 736)	(7 577)	(288 933)
Increase/(decrease) in cash and cash equivalents	(35 749)	(18 960)	35 550
Net FX differences	(6 868)	(4 313)	(17 030)
Increase (decrease) in cash and cash equivalents after effects of exchange rate changes	(42 617)	(23 273)	18 520
Cash and cash equivalents at the beginning of the period	500 449	481 930	481 930
Cash and cash equivalents at the end of the period	**457 833**	**458 656**	**500 449**

Additional notes to the quarterly abbreviated financial statements
provided on pages 34 to 49 constitute an integral part hereof

Abbreviated consolidated statement of changes in equity

Attributable to the shareholders of the Parent Entity

	Share capital	Reserve 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 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	1 776 519

Attributable to the shareholders of the Parent Entity

	Share capital	Reserve 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 2023	69 288	407 976	(39 794)	312 447	837 702	1 587 619	464 563	2 052 182
Net profit/(loss) for the period	-	-	-	-	107 868	107 868	23 797	131 665
Other net comprehensive income for the period	-	-	(14 701)	(92 249)	-	(106 950)	(44 540)	(151 490)
Total comprehensive income for the period	-	-	(14 701)	(92 249)	107 868	917	(20 743)	(19 826)
Increase/decrease in equity	-	-	*(14 701)*	*(92 249)*	*107 868*	*917*	*(20 743)*	*(19 826)*
As at 31 March 2023 (unaudited)	69 288	407 976	(54 495)	220 198	945 570	1 588 537	443 820	2 032 357

Attributable to the shareholders of the Parent Entity

	Share capital	Reserve 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 2023	69 288	407 976	(39 794)	312 447	837 702	1 587 619	464 563	2 052 182
Net profit/(loss) for the financial year	-	-	-	-	247 132	247 132	25 256	272 388
Other net comprehensive income for the year	-	-	(67 547)	(136 808)	108	(204 247)	(89 889)	(294 136)
Total comprehensive income for the year	-	-	(67 547)	(136 808)	247 240	42 885	(64 633)	(21 748)
Payment of dividend to shareholders	-	-	-	-	(187 077)	(187 077)	(41 849)	(228 926)
Financial profit distribution	-	35 829	-	-	(35 829)	-	-	-
Total changes in capital	-	35 829	(67 547)	(136 808)	24 334	(144 192)	(106 482)	(250 674)
As at 31 December 2023	69 288	443 805	(107 341)	175 639	862 036	1 443 427	358 081	1 801 508

Standalone financial statements

Abbreviated standalone statement of profit and loss

	3-month period ended on 31 March 2024 (unaudited)	3-month period ended on 31 March 2023 (unaudited)	Year ended on 31 December 2023
Continuing operations			
Revenues from sales of services	3 921	3 610	14 321
Interest income on loans	501	550	1 930
Dividend income	14 727	1 573	179 235
Sales revenues	19 149	5 733	195 486
Interest expense to related entities and costs of sales of logistics services	(2 764)	(2 790)	(12 758)
Profit/(loss) on sales	16 385	2 943	182 727
Other operating income	2	1 670	68
Administrative expenses	(6 727)	(1 353)	(13 131)
Impairment allowances to assets	-	(471)	78 919
Other operating expenses	(88)	(1 666)	(46)
Operating profit/(loss)	9 572	1 124	248 537
Financial income	1 793	2 016	5 439
Financial expenses	(1 392)	(2 333)	(4 818)
Gross profit/(loss)	9 973	807	249 158
Income tax	607	151	2 058
Net profit/(loss) for the period	10 580	958	251 216
Earnings per share:			
– basic earnings from the profit/(loss) for the period (in PLN)	0,15	0,01	3,63
– basic earnings from the profit/(loss) from continuing operations for the period (in PLN)	0,15	0,01	3,63

Abbreviated standalone statement of comprehensive income

	3-month period ended on 31 March 2024 (unaudited)	3-month period ended on 31 March 2023 (unaudited)	Year ended on 31 December 2023
Net profit/(loss) for the reporting period	10 580	958	251 216
Items to be reclassified to profit/(loss) in future reporting periods:			
Measurement of financial instruments	(268)	(1 313)	(4 703)
Deferred income tax on the measurement of financial instruments	-	-	894
FX differences on translation of foreign operations	448	140	676
Other net comprehensive income	180	(1 173)	(3 134)
Total comprehensive income	10 760	(215)	248 083

Abbreviated standalone statement of financial position

	As at 31 March 2024 (unaudited)	As at 31 December 2023	As at 31 March 2023 (unaudited)
ASSETS			
Fixed assets			
Tangible fixed assets	1 228	1 026	967
Intangible assets	1 328	1 331	1 346
Shares in subsidiaries	960 977	960 977	855 079
Other financial assets	34 781	25 356	29 456
Deferred income tax	1 283	1 283	1 865
	999 597	989 972	888 711
Current assets			
Trade and other receivables	21 391	15 935	22 470
Income tax receivables	2 462	2 192	325
Other financial assets	5 618	7 519	20 606
Other non-financial assets	7 501	7 916	5 945
Cash and cash equivalents	287 142	264 150	170 521
	324 113	297 712	219 865
TOTAL ASSETS	**1 323 710**	**1 287 686**	**1 108 575**
EQUITY AND LIABILITIES			
Equity			
Share capital	69 288	69 288	69 288
Reserve capital	443 808	443 808	427 502
Other capital	138 030	138 298	105 412
FX differences on translation	2 586	2 138	1 602
Retained earnings/Accumulated losses	195 024	184 444	172 951
Total equity	848 735	837 975	776 754
Long-term liabilities			
Interest-bearing loans, borrowings and bonds	41 673	42 080	72 875
Other financial liabilities	7	17	3
Deferred income tax liability	2 570	2 570	2 003
	44 250	44 668	74 882
Short-term liabilities			
Interest-bearing loans, borrowings and bonds	400 576	380 057	232 843
Trade payables	22 717	18 939	20 201
Other financial liabilities	37	38	37
Other short-term liabilities	3 054	1 488	257
Employee liabilities	2 933	2 960	2 578
Income tax liability	1 408	1 561	1 022
	430 725	405 043	256 939
TOTAL LIABILITIES	474 975	449 710	331 821
TOTAL EQUITY AND LIABILITIES	**1 323 710**	**1 287 686**	**1 108 575**

Abbreviated standalone cash flow statement

	3-month period ended on 31 March 2024 (unaudited)	3-month period ended on 31 March 2023 (unaudited transformed)	Year ended on 31 December 2023
Cash flows from operating activities			
Gross profit/(loss)	9 973	807	249 158
Adjustments for:			
Depreciation/amortisation	93	48	317
FX gains/(loss)	2 807	(819)	(741)
Impairment of assets	-	291	(80 208)
Interest and dividend, net	237	(70)	3 713
Profit/(loss) from investing activities	(9)	(564)	(2)
Increase / decrease in receivables and other non-financial assets	(5 041)	(3 798)	(468)
Change in liabilities excluding loans and borrowings and other financial liabilities	5 318	(5 024)	(4 066)
Change in accruals and prepayments	-	(128)	-
Income tax	183	-	3 271
Change to liabilities due to cash-pooling	20 759	(35 774)	120 023
Change in cash-pooling receivables	-	(9)	-
Increase / decrease of loans granted to subsidiaries	(7 809)	1 128	10 604
Interest received on loans granted and cash-pooling	489	558	1 972
Interest paid under cash-pooling	(678)	(782)	(5 447)
Other	-	820	-
Net cash flows from operating activities	**26 322**	**(43 316)**	**298 125**
Cash flows from investing activities			
Disposal of tangible fixed assets and intangible assets	9	-	-
Purchase of tangible fixed assets and intangible assets	(301)	-	(752)
Increase of interests in subsidiaries	-	-	(25 940)
Sale of shares to non-controlling shareholders	-	-	68
Net cash flows from investing activities	**(292)**	**-**	**(26 624)**
Cash flows from financing activities			
Repayment of leasing liabilities	(12)	(19)	(126)
Repayment of liabilities from loans and borrowings	-	-	(29 257)
Dividend received	-	1 573	-
Interest paid	(302)	(990)	(2 028)
Dividend paid	-	-	(187 077)
Net cash flows from financing activities	**(314)**	**565**	**(218 489)**
Cash and cash equivalents at the beginning of the period	**264 150**	**213 272**	**213 272**
Change in cash and cash equivalents	25 716	(42 751)	53 011
Net FX differences	(2 726)	-	(2 135)
Cash and cash equivalents at the end of the period	**287 142**	**170 521**	**264 149**

Abbreviated standalone statement of changes in equity

	Share capital	Reserve 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	-	-	-	-	10 580	10 580
Other total comprehensive income for the period	-	-	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

	Share capital	Reserve capital	FX differences on translation of foreign operations	Other capital	Retained earnings (Accumulated losses)	Total equity
As at 1 January 2023	69 288	427 502	1 463	106 725	171 993	776 969
FX differences on translation	-	-	140	-	-	140
Net profit for the period	-	-	-	-	958	958
Other total comprehensive income	-	-	-	(1 313)	-	(1 313)
Total comprehensive income for the period	-	-	140	(1 313)	958	(215)
As at 31 March 2023 (unaudited)	69 288	427 502	1 602	105 412	172 951	776 754

	Share capital	Reserve capital	FX differences on translation of foreign operations	Other capital	Retained earnings (Accumulated losses)	Total equity
As at 1 January 2023	69 288	427 502	1 463	106 725	171 993	776 969
Capital presentation adjustment	-	(19 523)	-	35 382	(15 859)	-
As of 1 January 2023 after presentation adjustment	69 288	407 979	1 463	142 107	156 134	776 969
Net profit for the period	-	-	-	-	251 216	251 216
Other total comprehensive income for the period	-	-	676	(3 809)	-	(3 134)
Financial profit distribution	-	35 829	-	-	(35 829)	-
Dividend distribution	-	-	-	-	(187 077)	(187 077)
As at 31 December 2023 (audited)	69 288	443 808	2 138	138 298	184 444	837 975

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 2024, the Arctic Paper Group employs over 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 2024, the Group had 13 Sales Offices ensuring access to all European markets, including Central and Eastern Europe. Our consolidated sales revenues for 3 months of 2024 amounted to PLN 965 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 Entity of Arctic Paper S.A. In addition, under the expansion, the Group acquired the Paper Mill of Arctic Paper Mochenwangen (Germany) in November 2008 and the Paper Mill Grycksbo (Sweden) in March 2010. In December 2012, the Group acquired a controlling package of shares in Rottneros AB, a company listed on NASDAQ in Stockholm, Sweden, holding interests in two pulp companies (Sweden).

The Parent Entity 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 Entity 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 2024 and include comparative data for the period of first three months ended on 31 March 2023 as well as for the twelve month period ended on 31 December 2023.

The Quarterly Abbreviated Consolidated Financial Statements of the Company comprise also a statement of financial position as at 31 March 2024 and include comparative data as on 31 December 2023 and 31 March 2023.

1.1. Group Profile

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

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

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

1.2. Shareholding structure

Nemus Holding AB, a company under Swedish law (a company owned indirectly by Mr Thomas Onstad), is the majority shareholder of Arctic Paper S.A., holding (as at 31 March 2024) 40,981,449 shares of our Company, which constitutes

59.15% of its share capital and corresponds to 59.15% of the total number of votes at General Meetings. Thus Nemus Holding AB is the Parent Entity of the Issuer.

Additionally, Mr Thomas Onstad, an indirect shareholder of Nemus Holding AB, holds directly 5,623,658 shares representing 8.12% 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 2024 was 68.13% 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 subsidiary entities as at		
			14 May 2024	31 March 2024	31 December 2023
Arctic Paper Kostrzyn S.A.	Poland, Fabryczna 1, 66-470 Kostrzyn nad Odrą	Paper production	100%	100%	100%
Arctic Paper Munkedals AB	Sweden, SE 455 81 Munkedal	Paper production	100%	100%	100%
Arctic Paper Mochenwangen GmbH	Germany, 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 Chiaravalle 7, 20 122 Milan	Trading company	100%	100%	100%
Arctic Paper Danmark A/S	Denmark, Korskildelund 6 DK-2670 Greve	Trading company	100%	100%	100%
Arctic Paper France SAS	France, 30 rue du Chateau des Rentiers, 75013 Paris	Trading company	100%	100%	100%
Arctic Paper Espana SL	Spain, Avenida Diagonal 472-474, 9-1 Barcelona	Trading company	100%	100%	100%
Arctic Paper Papierhandels GmbH	Austria, Hainborgerstrasse 34A, A-1030 Wien	Trading company	100%	100%	100%
Arctic Paper Polska Sp. z o.o.	Poland, Okrężna 9, 02-916 Warszawa	Trading company	100%	100%	100%

Unit	Registered office	Group Profile	Group's interest in the equity of the subsidiary entities as at		
			14 May 2024	31 March 2024	31 December 2023
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%
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%

* – 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 2024, and as well as on the day hereof, the percentage of voting rights held by the Group in its subsidiaries corresponded to the percentage held in the share capital of those entities. All subsidiaries within the Group 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 Entity

As at 31 March 2024, the Parent Entity'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 Entity.

3.2. Supervisory Board of the Parent Entity

As at 31 March 2024, the Parent Entity'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 Entity.

3.3. Audit Committee of the Parent Entity

As at 31 March 2024, the Parent Entity'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 Entity.

4. Approval of the financial statements

These Abbreviated Consolidated Financial Statements were approved for publication by the Management Board on 14 May 2024.

5. 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 2023.

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 2024, the Group has met the financial ratios required by the above-mentioned loan agreement with the consortium of financing banks (Santander Bank S.A, Bank BNP Paribas S.A. and Pekao SA).

6. Significant accounting principles (policies)

The accounting principles (policies) applied to prepare the interim abbreviated consolidated financial statements are compliant with those applied to the annual consolidated financial statements of the Group for the year ended on 31 December 2023, except for those presented below.

a) IFRS 17 "Insurance Contracts" and amendments to IFRS 17

IFRS 17 "Insurance Contracts" was issued by the International Accounting Standards Board on 18 May 2017, while the amendments to IFRS 17 were published on 25 June 2020. The new standard is effective for annual periods beginning on or after 1 January 2023.

IFRS 17 Insurance Contracts will replace the current IFRS 4, which allows for a variety of practices in accounting for insurance contracts. The new standard will fundamentally change the accounting for all entities that deal with insurance contracts and investment contracts; however, the scope of the standard is not limited to insurance companies only, and contracts entered into by entities other than insurance companies may also contain an element that meets the definition of an insurance contract (as defined in IFRS 17).

b) Amendments to IFRS 17 "Insurance Contracts"

The amendment relates to the transitional requirements in connection with the first-time application of IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments". The purpose of the amendment is to ensure the usefulness of financial information for investors in the period of initial application of the new standard by introducing certain simplifications with regard to the presentation of comparative information.

The amendment relates only to the application of the new IFRS 17 standard and does not affect any other requirements in IFRS 17.

c) Amendments to IAS 1 "Presentation of Financial Statements" and the IFRS Board's guidance on disclosure of accounting policies in practice

The amendment to IAS 1 introduces the requirement to disclose material information about accounting policies as defined in the standard. The amendment clarifies that information on accounting policies is material if, in its absence, users of the financial statements would not be able to understand other relevant information contained in the financial statements. In addition, the Board's guidance on the application of the concept of materiality in practice has also been revised to provide guidance on the application of the concept of materiality to accounting policy disclosures. The change is effective from 1 January 2023.

d) Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

In 2021 the Board published an amendment to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" regarding the definition of estimates. The amendment to IAS 8 clarifies how entities should distinguish between changes in accounting policies and changes in accounting estimates. The change is effective from 1 January 2023.

e) Amendments to IAS 12 "Income Taxes":

The amendments to IAS 12 clarify how to account for deferred tax on transactions such as leases and retirement obligations. Prior to the amendment to the standard, there was ambiguity as to whether the recognition of equal amounts of an asset and a liability for accounting purposes (e.g. the initial recognition of a lease) that has no impact on current tax settlements necessitates the recognition of deferred tax balances or whether the so-called initial recognition exemption applies, which states that deferred tax balances are not recognised if the recognition of an asset or liability has no impact on the accounting or tax outcome at the time of that recognition. Revised IAS 12 addresses this issue by requiring deferred tax to be recognised in the above situation by additionally stating that the exemption from initial recognition does not apply if an entity simultaneously recognises an asset and an equivalent liability and each creates temporary differences.

The amendment is effective for financial statements for periods beginning on or after 1 January 2023.

f) Amendments to IAS 12 "Income Taxes": Global Minimum Income Tax (Pillar Two)

In May 2023, the Board published amendments to IAS 12 'Income Taxes' in response to the Pillar Two global minimum income tax regulations issued by the Organisation for Economic Co-operation and Development (OECD) in connection with international tax reform. The amendment to IAS 12 provides a temporary exemption from the requirement to recognise deferred income tax arising from enacted tax law that implements the Pillar II model rules. Companies can apply the guidance of the revised IAS 12 standard immediately, while certain disclosures are required for annual periods beginning on or after 1 January 2023. As at the date of these consolidated financial statements, the modification has not been approved by the European Union.

The Group did not decide to adopt earlier any other standards, interpretations or amendments that were issued but are not yet effective for periods commencing on 1 January 2023.

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

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

a) Amendment to IFRS 16 “Leases”

In September 2022 the Board amended IFRS 16 “Leases” by supplementing the requirements for the subsequent measurement of the lease liabilities for sale and leaseback transactions, where the criteria of IFRS 15 are met and the transaction should be accounted for as a sale.

The amendment requires the seller-lessee to subsequently measure the lease liabilities arising from a sale-leaseback in such a way that no gain or loss on retained right-of-use is recognised. The new requirement is particularly relevant where sale-leasebacks include variable lease payments that do not depend on an index or rate, as these payments are excluded from “lease payments” under IFRS 16. The revised standard includes a new example that illustrates the application of the new requirement in this respect. The amendment is effective from 1 January 2024. At the date of these consolidated financial statements, the amendment has not yet been approved by the European Union.

b) Amendments to IAS 1 “Presentation of Financial Statements”

In 2020, the Board published amendments to IAS 1 that clarify the presentation of liabilities as long- and short-term. In October 2022 the Board issued further amendments to IAS 1, which address the classification of liabilities as long-term and short-term for which an entity is required to meet certain contractual requirements known as covenants. The revised IAS 1 standard states that liabilities are classified as either short-term or long-term depending on the rights that exist at the end of the reporting period. Neither the entity’s expectations nor events after the reporting date (for example, waiver or breach of covenant) affect the classification.

The published amendments are effective for financial statements for periods beginning on or after 1 January 2024.

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

c) Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures” – disclosure of supplier finance arrangements

In May 2023, the Board published amendments to IAS 7 “Statement of cash flows” and IFRS 7 “Financial instruments: disclosures”. The amendments to the standards introduce disclosure requirements for supplier finance arrangements. The amendments require specific disclosures about the entity’s financial contracts with suppliers to enable readers of the financial statements to assess the impact of those contracts on the entity’s liabilities and cash flows and the entity’s exposure to liquidity risk. These amendments are intended to increase the transparency of disclosures about arrangements made with suppliers. The amendments do not affect the recognition and measurement principles, only the disclosure requirements. The new disclosure obligations will be effective for annual reporting periods beginning on or after 1 January 2024.

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

d) IAS 21 “The Effects of Changes in FX Rates”

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

The published amendments are effective for financial statements for periods beginning on or after 1 January 2025.

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

e) IFRS 14 “Regulatory Accruals and deferred income”

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

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

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

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

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

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

g) Reform of the interest rate reference index (IBOR reform)

On 1 January 2018, Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices to be used as benchmarks in financial instruments and contracts ("IBOR Reform") entered into force. An amendment to the regulation was issued in February 2021. The regulation introduced a new standard for the determination and application of reference rates used in the financial market. Consequently, the approach to setting WIBOR and EURIBOR rates has been reformed. The LIBOR rates for the British pound, Swiss franc, yen and euro ceased to be quoted from 1 January 2022 and were replaced by alternative rates. At the same time, the 1W and 2M LIBOR rates for the US dollar ceased to be quoted. In line with the current decisions of the reform appointees, the remaining USD LIBOR rates are likely to exist until 30 June 2023.

It is not expected that the above Amendments, other than the application of the changes arising from IAS 1, will have a significant impact on the Group's financial statements.

6.2. Foreign currency translation

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

On the balance sheet date, monetary assets and liabilities expressed in currencies other than the functional currency of the entity are translated into the functional currency using the mean FX rate prevailing for the presentation currency as at the end of the reporting period. FX differences from translation are recognised under financial income or financial expenses 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 profit and loss accounts 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 recognised in the profit and loss account.

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 2024	As at 31 December 2023
USD	3,9886	3,9350
EUR	4,3009	4,3480
SEK	0,3725	0,3919
DKK	0,5766	0,5833
NOK	0.3675	0,3675
GBP	5.0300	5,0300
CHF	4,4250	4,6828

Mean FX rates for the reporting periods are as follows:

	01.01 – 31.03.2024	01.01 – 31.03.2023
USD	3,9922	4,3880
EUR	4,3338	4,7100
SEK	0,3842	0,4206
DKK	0,5812	0,6328
NOK	0.3796	0,3796
GBP	5.0619	5,0619
CHF	4,5675	4,7465

7. 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.

8. Operational segments

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

The paper production business is presented as the "Uncoated" and "Coated" segments and includes the financial results, among others, of the three Paper Mills:

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

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

- 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 tangible fixed assets 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 entities.

The table below presents data concerning revenues 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
Revenues					
Sales to external customers	701 048	264 330	965 378	-	965 378
Sales between segments	-	864	864	(864)	-
Total segment revenues	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 financial income	-	7 300	7 300	-	7 300
FX losses and other financial expenses	(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

— Revenues from inter-segment transactions are eliminated on consolidation.
— The results of the segments do not cover financial income (PLN 9,320 thousand of which PLN 2,020 thousand is interest income) and financial expenses (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 revenues 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 2023 and as at 31 March 2023.

3-month period ended on 31 March 2023 and on 31 March 2023

	Paper	Pulp	Total	Exclusions	Total continuing operations
Revenues					
Sales to external customers	722 284	309 932	1 032 216	-	1 032 216
Sales between segments	283	2 966	3 248	(3 248)	-
	-				
Total segment revenues	722 567	312 897	1 035 464	(3 248)	1 032 216
	-				
Result of the segment	-				
EBITDA	113 384	75 280	188 664	(3 130)	185 535
Depreciation/amortisation	(20 332)	(9 515)	(29 846)	(52)	(29 898)
Operating profit/(loss)	93 052	65 766	158 818	(3 182)	155 636
Interest income	766	1 262	2 027	587	2 615
Interest expense	(1 194)	(841)	(2 035)	(611)	(2 646)
FX gains and other financial income	1 038	-	1 038	(765)	274
FX losses and other financial expenses	(402)	(1 262)	(1 663)	276	(1 388)
Gross profit	93 260	64 925	158 185	(3 695)	154 490
Assets of the segment	1 891 728	1 355 368	3 242 529	(118 077)	3 124 452
Liabilities of the segment	825 912	350 844	1 172 189	(214 697)	957 492
Capital expenditures	(24 915)	(13 797)	(35 347)	2 835	(32 512)
Interest in joint ventures	4 231	-	4 231	-	4 231

— Revenues from inter-segment transactions are eliminated on consolidation.

— The results of the segments do not cover financial income (PLN 2,888 thousand of which PLN 2,615 thousand is interest income) and financial expenses (PLN 4,034 thousand of which PLN 2,646 thousand is interest expense), depreciation/amortisation (PLN 29,898 thousand), and income tax liability (PLN 22,826 thousand).

— Segment assets do not include deferred tax (PLN 4,019 thousand), as this item is managed at Group level and interests in joint ventures (PLN 4,747 thousand). Segment liabilities do not include deferred tax (PLN 108,526 thousand), as this item is managed at Group level.

The table below presents data concerning revenues 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 2023 and as at 31 December 2023.

12-month period ended on 31 December 2023 and on 31 December 2023

	Paper	Pulp	Total	Exclusions	Total continuing operations
Revenues					
Sales to external customers	2 460 441	1 088 712	3 549 153	-	3 549 153
Sales between segments	-	2 794	2 794	(2 794)	-
Total segment revenues	2 460 411	1 091 506	3 551 947	(2 794)	3 549 153
Result of the segment					
EBITDA	380 946	104 198	485 144	(9 839)	475 304
Depreciation/amortisation	(83 255)	(34 665)	(117 920)	(317)	(118 237)
Operating profit/(loss)	297 691	69 533	367 224	(10 156)	357 068
Interest income	7 366	5 547	12 912	(2 581)	10 331
Interest expense	(4 342)	(3 566)	(7 908)	1 624	(6 284)
FX gains and other financial income	3 446	3 962	7 408	(2 670)	4 738
FX losses and other financial expenses	(19 951)	(4 754)	(24 705)	(231)	(24 936)
Gross profit/(loss)	284 209	70 722	354 931	(14 014)	340 917
Assets of the segment	1 762 824	1 057 151	2 819 975	(105 172)	2 714 803
Liabilities of the segment	670 887	279 817	950 704	(150 542)	800 162
Capital expenditures	(123 971)	(80 166)	(204 136)	3 964	(200 172)
Interest in joint ventures	4 891	-	4 891	-	4 891

— Revenues from inter-segment transactions are eliminated on consolidation.

— The segment result does not include financial income (PLN 15,069 thousand, of which PLN 10,331 thousand is interest income and PLN 4,738 thousand is FX differences) and financial expenses (PLN 31,220 thousand, of which PLN 6,284 thousand is interest expense and PLN 24,936 thousand is FX differences), depreciation/amortisation (PLN 118,237 thousand), as well as income tax liabilities (PLN 68,528 thousand).

— Segment assets do not include deferred tax (PLN 3,183 thousand), as this item is managed at Group level and interests in joint ventures (PLN 4,891 thousand). Segment liabilities do not include deferred tax (PLN 121,208 thousand), as this item is managed at Group level.

9. Dividend paid and proposed

Dividend is paid based on the net profit disclosed in the standalone annual financial statements of Arctic Paper S.A. after covering losses carried forward from 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 2023.

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 2023, the Company paid a total dividend of PLN 187,077,014.10, i.e. PLN 2.70 gross per share.

On 22 April 2024, the Company's Supervisory Board adopted a resolution giving a favourable opinion on the submission to the Annual General Meeting of a recommendation of the Company's Management Board on the payment of a dividend to shareholders from a part of the Company's net profit for the financial year 2023 in the amount of PLN 69,287,783.00 (in words: sixty-nine million two hundred and eighty-seven thousand seven hundred and eighty-three zlotys 00/100). The dividend per share will be PLN 1.00 gross (in words: one zloty). The remaining part of the Company's net profit for the financial year 2023, in the amount of PLN 181,928,491.87 (in words: one hundred and eighty-one million nine hundred and twenty-eight thousand four hundred and ninety-one zloty 87/100), will be allocated to the Company's reserve capital. The recommendation of the Management Board together with the opinion of the Supervisory Board will be submitted to the General Meeting for resolution. The final decision on the distribution of the Company's 2023 profit and the payment of the dividend will be taken by the Annual General Meeting, which will be held on 29 May 2024.

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 2024 (unaudited)	3-month period ended on 31 March 2023 (unaudited)	Year ended on 31 December 2023
Net profit/(loss) from continuing operations attributable to the shareholders of the Parent Entity	82 467	107 868	247 132
Net profit/(loss) attributable to the shareholders of the Parent Entity	82 467	107 868	247 132
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 Entity	1,19	1,56	3,57
Diluted profit/(loss) per share (in PLN) – basic earnings from the profit/(loss) for the period attributable to the shareholders of the Parent Entity	1,19	1,56	3,57

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 3,031 thousand and Nordea Bank Abp in the amount of PLN 1,153 thousand.

The other changes to loans as at 31 March 2024, compared to 31 December 2023 result mainly from balance sheet evaluation and payment of interest accrued as at 31 December 2023 and paid in Q1 2024.

12. Share capital

There were no changes in share capital as at 31 March 2024 compared to 31 December 2023.

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.

As at 31 March 2024, the Company held the following financial instruments: cash on hand and in bank accounts, term deposits, loans, receivables, payables including lease agreements and interest SWAP contracts, forward power purchase contracts and forward pulp sale 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 2024, the Group's cash flows were hedged with a forward contract for purchase of electricity, a forward contract for sale of pulp, an interest rate SWAP.

Hedge accounting of cash flows from sales of pulp

The table below presents detailed information concerning the hedging relationship in cash flow hedge accounting regarding sales of pulp:

Type of hedge	Cash flow hedge related to sales of pulp
Hedged position	The hedged position is a part of highly likely future cash inflows for pulp sales
Hedging instruments	Forward contracts are used as the hedging item wherein the Company agrees to sell pulp for SEK
Contract parameters:	
Contract conclusion date	2 022
Maturity date	depending on the contract; until 31.12.2024
Hedged quantity of pulp	9 000 tonnes
Term price	SEK 13 284 /tonne

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 2018
Maturity date	depending on the contract; until 31.12.2028
Hedged quantity of electricity	980,335 MWh
Term price	from 36,95 to 65,10 EUR/MWh

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

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 na stopie procentowej	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

Waluta	Data	Kwota kredytu PLN na 31.03.2024
EUR	2021-04-02 - 2026-04-02	13 848 898
EUR	2021-04-02 - 2026-04-02	10 386 674
EUR	2021-04-02 - 2026-04-02	10 386 674
		34 622 245
PLN	2021-04-02 - 2026-04-02	15 000 000
PLN	2021-04-02 - 2026-04-02	11 250 000
PLN	2021-04-02 - 2026-04-02	11 250 000
		37 500 000
Łączna wartość kredytów zabezpieczona swapem odsetkowym		**72 122 245**
Odsetki zabezpieczone swapem odsetkowym		**4 607 267**

The table below presents the fair value of hedging instruments in cash flow and fair value hedge accounting as at 31 March 2024 and the comparative data:

	As at 31 March 2024		As at 31 December 2023	
	Assets	Equity and liabilities	Assets	Equity and liabilities
Forward on pulp sales	-	2 974	3 135	-
SWAP	3 174	-	3 441	-
Forward for electricity	13 646	2 075	40 053	865
Total hedging derivative instruments	**16 820**	**5 048**	**46 629**	**865**

14. Contingent liabilities and contingent assets

As at 31 March 2024, the Capital Group reported:

— a bank guarantee in favour of Skatteverket Ludvika for SEK 135 thousand (PLN 50 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 balance sheet date

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	14 May 2024	signed with a qualified electronic signature
Member of the Management Board Chief Financial Officer	Katarzyna Wojtkowiak	14 May 2024	signed with a qualified electronic signature
Member of the Management Board Vice-President for Sales and Marketing	Fabian Langenskiöld	14 May 2024	signed with a qualified electronic signature

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