

**Directors' Report on Operations of STELLA PACK SPÓŁKA AKCYJNA
for the period from 1 January 2025 to 31 December 2025**

1. Company information

Full name:	Stella Pack Spółka Akcyjna
Registered address:	21-100 Lubratów, ul. Krańcowa 67
Entry number in the National Court Register:	00000689135
Tax Identification Number:	7141712077
Business Identification Number:	630319202

Based in Lubartów, ul. Krańcowa 67, Stella Pack Spółka Akcyjna was formed on 1 September 2017 through legal form conversion of Stella Pack spółka z ograniczoną odpowiedzialnością spółka komandytowa or a successor of a business active since 2000.

As at 31 December 2025, the Company's sole shareholder is Sarantis Polska S.A. of Piaseczno. The Company's share capital of PLN 56 500 000.00 comprises:

- a) 5 000 000 series A shares;
 - b) 200 000 000 series B shares;
 - c) 210 000 000 series C shares;
 - d) 150 000 000 series D shares,
- each with the face value of PLN 0.10. The shares are not preferred.

The Company's core business is manufacturing and selling film products as well as selling other household and cleaning products. Stella Pack Spółka Akcyjna has process lines, machines and equipment to produce reprocessed granules and film sleeves, as well as finished products at the final production stage, such as (garbage) bag rolls, carrier bags and food bags (sandwich, frozen food and ice bags). The Company is also engaged in co-packing food grade film, aluminium foil, baking paper and sleeves, cloths, rubber gloves as well as disposable products (plastic crockery, cutlery, trays, etc.).

As at 31 December 2025, the Company operated in the following 4 locations:

1. Plant no. 1 in Poniatowa, ul. Przemysłowa 33, 24-320 Poniatowa

This is the largest state-of-the-art plant of the Company. The plant manufactures garbage bags and packs microfibre cloths. There is also a line that converts own waste film into reprocessed granules.

2. Plant no. 2 in Poniatowa, ul. Przemysłowa 23, 24-320 Poniatowa

The plant manufactures reprocessed granules from waste film purchased from suppliers.

3. Plant in Chlewiska, Chlewiska 68B, 21-100 Lubartów

The plant manufactures reprocessed granules.

4. High-Bay Warehouse, Panattoni Park Lublin II, ul. Przemysłowa 4, Hall B, 21-025 Niemce

In this location, there are the High-Bay Warehouse and two production floors where garbage bags are manufactured and food film, aluminium foils, baking sleeves and disposable products are packed.

The duration of the Company is indefinite. The Company does not operate branches.

2. Organizational structure of the Board of Directors and Supervisory Board

As at the balance sheet date for this Report, the Company's Board of Directors was composed of:

- Ioannis Bouras – President of the Board of Directors
- Christos Varsos – Vice President of the Board of Directors
- Tomasz Tramś – Vice President of the Board of Directors
- Nikolaos Bazigos – Member of the Board of Directors

Until the date of this Report, the composition of the Board of Directors remained unchanged.

As at the balance sheet date, the Company's Supervisory Board was composed of:

- Grigorios Sarantis (born on 16 April 1958) – Chairman of the Supervisory Board
- Evangelos Siarlis – Vice Chairman of the Supervisory Board
- Konstantinos Stamatiou – Member of the Supervisory Board
- Grigorios Sarantis (born on 30 June 1990) - Member of the Supervisory Board

Until the date of this Report, the composition of the Supervisory Board remained unchanged.

3. Information on events occurring in the financial year or after the balance sheet date and having material effect on the Company's operations.

In the period from 1 January to 31 December 2025 as well as after the balance sheet date, there were no events of any material effect on the Company's operations, which are not included in these Financial Statements.

4. R&D achievements

In the period from 1 January to 31 December 2024, the Company did not conduct any research and development.

5. Environmental protection

As far environmental protection is concerned, the Company meets statutory obligations imposed on legal persons – the Company maintains a register of consumption and air emissions of pollutants, and pays relevant fees as prescribed by applicable regulations.

6. Information on the Company's purchase of treasury shares

In the period from 1 January to 31 December 2025, the Company did not purchase any treasury shares.

7. Company's production potential

Asset investment in 2025

June 2025 saw the Company completing its investment project of building a production floor, including land hardening and a rainwater drainage system, in the manufacturing plant in Chlewiska. As part of the project, two storage canopies for storing materials were constructed, offering 600 m² and 258 m², respectively. The expansion of the Chlewiska plant infrastructure was further complemented by the construction of a new access road to the factory.

Carried out and completed in 2025, yet another stage of the investment project in Chlewiska comprised the expansion of the technical infrastructure of the plant, including:

- installation of new electric power supply systems for production machines, and replacement of transformer substations;
- installation of a ventilation system with MVHR and process heat recovery involving heat pumps.

In October 2024, the Company also purchased investment plots for industrial use in Chlewiska, with the total area of 5,160 m².

As part of its business expansion in waste processing and reprocessed granule manufacturing, the Company purchased a wet line for reprocessed granules. The line consists of components such as a mill, a washing line, a process water treatment plant, a squeezing machine, dust collecting and drying equipment, a buffer, an extruder, and a volatile particulate filter.

March 2025 saw the Company starting renovation of P5 Floor in Poniatowa, to prepare the infrastructure for the start-up of two reprocessed granule production lines, the wet one and the dry one, as well as for the expansion of the sorting line.

As part of the infrastructure preparation effort in Poniatowa, the following were completed:

- retrofit of the floor and rest & welfare rooms, measuring 3.900 m² and 926m², respectively;
- installation of an electric lighting system and an electric power supply system for machines, including replacement of transformer substations;
- installation of a ventilation system with MVHR and process heat recovery involving heat pumps;

In connection with the reprocessed granule production launch, the following investments were completed:

- purchase of a wet line for reprocessed granules in Poniatowa, consisting of: a mill, a washing line, a process water treatment plant, a squeezing machine, dust collecting and drying equipment, a buffer, an extruder, and a volatile particulate filter;
- purchase of a dry line in Poniatowa, consisting of a guillotine shear, a mill, and an extruder;
- purchase of a sorting cabin, and a retrofit of three optical sorters;
- replacement of existing presses with new and higher efficiency ones.

Selected financial indicators

Indicator/ratio	Calculation formula	2025	2024
Days inventory outstanding [days] (DIO)	$\frac{\text{average inventory} * 365}{\text{sales revenue}}$	67	59
Days sales outstanding [days] (DSO)	$\frac{\text{average receivables} * 365}{\text{sales revenue}}$	53	46
Days payable outstanding [days] (DPO)	$\frac{\text{average trade liabilities} * 365}{\text{sales revenue}}$	63	55
Cash conversion cycle	$\text{DIO} + \text{DSO} - \text{DPO}$	57	50
Fixed asset performance	$\frac{\text{sales revenue}}{\text{non-current assets}}$	2.1	2.8
Asset turnover	$\frac{\text{sales revenue}}{\text{total assets}}$	1.0	1.4
Current ratio	$\frac{\text{current assets}}{\text{current liabilities}}$	1.9	2.1
Quick ratio	$\frac{\text{current assets} - \text{inventories}}{\text{current liabilities}}$	0.8	1.0
Fixed capital [PLN '000]	equity + non-current liabilities	206 377.7	156 261.9
Working capital [PLN '000]	Fixed capital – non-current assets	68 108.2	53 147.2

In 2025, the Company was involved in significant investment projects to increase the Company's production capacity and develop the Company's operating activities. The key projects included the expansion of the manufacturing plant in Chlewiska and the start-up of the line for reprocessed granules in the plant in Poniatowa. The investment efforts had an impact on the Company's selected financial indicators or ratios as well as asset and liability structure.

2025 saw an increase in the average number of days for DIO, DSO, and DPO. Days inventory outstanding jumped from 59 days in the previous year to 67 days, reflecting a buildup of stocks to safeguard production continuity and support the start-up of new production lines. Days sales outstanding went up from 46 days in 2024 to 53 days. Longer collection periods for receivables were due to an increase in the scale of operations as well as to a sales structure with a significant share of clients enjoying fixed, longer payment terms. Moreover, days payable outstanding reached 63 days, compared to 55 days in the previous year, and thus partially offset the extension of the receivables collection period. Consequently, the cash conversion cycle increased from 50 days in 2024 to 57 days in 2025, largely due to increased working capital engagement during the investment implementation phase as well as to preparations for the scaling up of production.

Despite significant investments, the Company maintained a stable liquidity position. The current ratio stood at 1.9 compared to 2.1 in the previous year, while the quick ratio decreased from 1.0 to 0.8. The achieved levels of the ratios indicate the ongoing ability of the Company to meet its short-term obligations in a timely manner, and a safe level of financial liquidity.

In 2025, the Company's fixed capital increased to PLN 206 377.7k from PLN 156 261.9k in the previous year, primarily due to financing ongoing development investments. Working capital stood at PLN 68 108.2k compared to PLN 53 147.2 in 2024, reflecting enhanced long-term capital financing for current assets, and a safe financing structure for the Company's operations.

2025 was also a year of intense development of the Company's production infrastructure. The investment projects in Chlewiska and Poniatowa resulted in an increase in fixed assets and a temporary decline in selected asset efficiency ratios. At the same time, the Company maintained stable financial liquidity levels and a safe financing structure. The completion and full delivery of the investments should contribute to the increased scale of the Company's operations and the improved operating efficiency in subsequent periods.

8. Company's development

Sales strategy and development lines

In 2025, Stella Pack S.A. undertook a comprehensive restructuring of the Company's operations, including both the optimisation of production processes and the modification of the sales strategy. The steps taken aimed at improving operational efficiency and cost competitiveness as well as adjusting the Company's business model to the strategic development lines of Sarantis Group which owns the Company. Currently, the sales strategy of Stella Pack S.A. is fully aligned with the strategy of Sarantis Group.

As part of its strategy, the Company carried out investments for vertical integration in the supply chain. Boosting production of high-quality feedstock used in the manufacture of one of the Company core products, i.e. garbage bags, is the key element of the said process. These steps will make it possible to significantly reduce cost of goods manufactured per unit, which is expected to positively affect return on sales levels.

The sales strategy for 2026 includes also intensification of marketing efforts and streamlining of the product portfolio. These steps are to properly position products owned by Stella Pack S.A., including specifically the brands Stella and Anna Zaradna. In addition, the integration with Sarantis Group allows the leveraging of sales and marketing synergies, which is to contribute to increased sales in both domestic and international markets.

One of the key strategic growth paths is an increase in the Company's presence in the markets of Central and Eastern Europe, including specifically in countries such as Lithuania and Romania. Growing export sales to those countries is expected to increase the scale of operations and improve sales margins. Strengthening partnerships with key retail chains is also a significant element of the strategy. The Company has been developing new products for the Pepco retail chain, which is to further strengthen the brand position of Stella and Anna Zaradna. And a wide range of products for the Sinsay retail chain has been rolled out, which is yet another significant step towards sales growth.

Manufacturing costs reduced through the investments will also facilitate improved competitiveness of the Company's portfolio in the private label segment. This will make it possible to overcome the existing barriers to production profitability in the segment and enhance partnerships with the existing clients in the Western European markets. At the same time, the Company continues to grow its sales in the non-European markets. Innovative products of Stella Pack S.A. have been gaining recognition in Southern American markets, including specifically Chile, which is a significant step towards further geographical diversification of sales.

Strategic efforts that have been taken are to further increase the scale of the Company's operations, improve profitability levels, and strengthen the position of Stella Pack S.A. as one of the key manufacturers in the Company's product category.

Asset investments

Scheduled for 2026, the Company's investment projects are primarily focused on further expansion of the plant infrastructure and development of external areas to ensure that storage sites and plant infrastructure meet the latest technical and environmental requirements.

Specifically, the Company intends to:

- construct storage canopies with the total area of approx. 3,000 m²;
- make a storage yard with the area of approx. 600 m²;
- construct a fire water storage tank with the capacity of 606 m³;
- construct a retention and evaporation basin with the capacity of 591 m³;
- construct a storage hall for reprocessed granules, with the area of approx. 700 m²;
- construct a fire access road to ensure proper access to the plant infrastructure.

9. Risk factors

Price risk of products, feedstock and commodities

Consumption of feedstock, including primarily LDPE and HDPE in the form of virgin products taken directly from refineries, and of reprocessed products, constitutes the most significant item in the Company's cost account. As feedstock consists of petroleum products, its price depends on the price of a basic material, i.e. crude oil. And the crude oil market is highly vulnerable to a political situation and susceptible to unpredictable episodes of price volatility.

Due to month-over-month price fluctuations, the Company is exposed to the risk of raising prices, which is unpredictable in terms of its scale and time and depends on oil prices on the exchanges, demand levels, and foreign exchange rates. There is, therefore, a risk of raising production cost, which, if realised, translates into lower profit. To hedge against the said risk, the Company calculates costs of order (production) completion based on current and forecast prices for feedstock, and makes efforts on a regular basis to transfer those costs onto final purchasers of the Company's products by changing sales prices on a periodical basis (depending on the content of relevant agreements that have been negotiated and signed).

Risk presented by suppliers of raw materials and services

For years, the Company has been following a spot buying policy, which, on one hand, enables the Company to optimize purchase prices, but, on the other hand, involves the risk of unavailability of any particular raw material type. The risk is mitigated through the long-term collaboration relationship with suppliers. In addition, the Company is constantly searching for new suppliers to have alternative sources of good quality raw materials in a crisis situation.

Over recent years, all leading plastic manufacturers from all parts of the globe have been present in the Polish market, through both their representatives and distributors. We have been also continuously experiencing the Latin American and Near Eastern manufacturers of polyolefins going on the offensive. Their steps have an impact on the regional and local balance between supply and demand, enabling the Company to diversify the Company's suppliers and thereby mitigate the risk of sudden price changes through increased purchasing activities in periods of lower prices, as well as minimize the risk of unavailability of any raw material.

Risk of clients' insolvency

Among the Company's clients, there are also smaller businesses that face financial liquidity problems leading to past due balances from time to time. Therefore, there is a risk that a contracting party may turn out to be unreliable or, in the worst-case scenario, insolvent. To protect the Company from sudden unplanned losses, which may arise from a contracting party's failure to pay, and to effectively manage business risks, the Company continues to maintain its trade receivable insurance policy. Some clients, whose transactions are covered under the insurance policy, have a specific credit limit assigned and, as soon as they have any past due balances, the process of completing their further orders is suspended and any loss arising from an unpaid debt is compensated from insurance.

Account receivable insurance also improves the quality of accounts receivable management as it:

- opens opportunities for, and improves the safety of new business relationships;
- improves relationships with the existing clients;
- makes the Company a more reliable partner for the banks.

Risk of excessive debt obligations

Involving significant expenditure, the investment projects started in 2024, including specifically the expansion of the plant in Chlewiska, are extremely capital-intensive. To meet capital requirements of the investment projects, the Company started using internal sources of finance, taking out a loan from its related company, Sarantis Polska S.A., with the maximum loan amount of PLN 35 million. In addition, the Company opened a line of credit with Millennium Bank S.A. to finance the Company's short-term operations, with maximum line amount of PLN 12 million, and, on 14 November 2025, the Company signed the agreement for the ecological loan with Bank Millenium S.A. to finance a pro-ecological investment project of modernising the wet and dry lines for reprocessed granules, and a sorting facility, including thermal retrofitting of the building, in the plant of Stella Pack S.A. As at the balance sheet date, both the line and the loan remained unutilised.

Tax uncertainty risk

As is the case for all business entities, the Company is exposed to imprecise provisions of tax law. The imprecise provisions may cause discrepancies in tax-law interpretation, including specifically interpretation of the Company's business transactions that involve income tax, civil-law transaction tax, and VAT. Imprecise provisions are also found in regulations governing the Company's obligation to prepare a transfer pricing file. Therefore, there is a risk that, despite the fact that the Company follows current tax standards, interpretation by a competent tax authority may differ from tax treatments adopted by the Company. In consequence, a penalty may be imposed on the Company, which penalty may adversely affect the Company's financial performance.

Risk associated with the outbreak of war in Ukraine

On 24 February 2022, Russia began its military operations on the territory of Ukraine or a neighbouring country of Poland. Many countries across Europe and globally started introducing sanctions against Russia as well as against Belarus that openly supports Russia's attack. Therefore, the Company carried out a business risk analysis that, however, did not identify any significant business continuity risk arising from a negative impact of the war.

The analysis examined sales markets of the Company which was selling to neither Russia nor Belarus in the past reporting period. And as plans for expansion into new markets do not include the said countries either, there is no risk of any drop in potential revenue.

The Company's supply chains were also looked at, especially in the context of transit routes going through Ukraine or Belarus. As the Company does not purchase raw materials in the East, the Management does not expect any major disruptions in the supply of raw materials.

Lubartów, 08 April 2026

Board of Directors:

Ioannis Bouras - President of the Board of Directors

Electronically signed by
IOANNIS BOURAS
08.04.2026
15:11:18 +03'00'

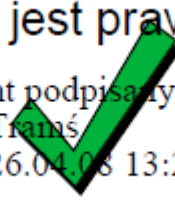
Christos Varsos - Vice President of the Board of Directors

Electronically signed by
CHRISTOS VARSOS
08.04.2026
15:36:01 +03'00'

Tomasz Tramś - Vice President of the Board of Directors

Podpis jest prawidłowy

Dokument podpisany przez
Tomasz Tramś
Data: 2026.04.08 13:22:10
CEST



Nikolaos Bazigos - Member of the Board of Directors

NIKOLAOS BAZIGOS
08.04.2026 16:32