

REPORT ON THE ACTIVITIES OF THE SUPERVISORY BOARD of ARCTIC PAPER S.A.(“the Company”, “Arctic Paper”) in 2024

The Supervisory Board presents a report on its activities in the financial year 2024, including in particular the results of the assessment of the Management Board's report on the Company's operations in the financial year 2024, the Company's financial statements for 2024, and the evaluation of the Supervisory Board, including the internal control system, the management of material risks for the Company and the internal audit function.

1. Composition of the Supervisory Board and Management Board of the Company

As of 31st of December 2024, the Supervisory Board was composed of:

- Per Lundeen – Chairman of the Supervisory Board appointed on 14th of September 2016,
- Roger Mattsson – Vice-Chairman of the Supervisory Board appointed on 16th of September 2014,
- Thomas Onstad – Member of the Supervisory Board appointed on 22nd of October 2008,
- Zofia Dzik – Member of the Supervisory Board appointed 22nd of June 2021 (an independent member),
- Anna Jakubowski – Member of the Supervisory Board appointed on 22nd of June 2021(an independent member).

The independence of Mrs Anna Jakubowski and Mrs Zofia Dzik has been verified based on the submitted declaration on meeting the independence criteria of members of the supervisory board within the meaning of Annex II to the Recommendation of the European Commission of 15th of February 2005 on the role of non-executive directors or supervisory board members of listed companies and committees of the supervisory board), taking into account the provisions of Rules 2.3 "Best Practices of Companies Listed on the Warsaw Stock Exchange 2021" and the independence criteria indicated in art. 129 section 3 of the Act on statutory auditors, auditing companies and public supervision (Journal of Laws 2020, item 1415).

On 29th of May 2024 Annual General Meeting of Arctic Paper SA appointed the Supervisory Board in the above composition for another joint term of office.

On 31st of December 2024 the Management Board was composed of:

- Michał Jarczyński – President of the Management Board,
- Katarzyna Wojtkowiak – Member of the Management Board;
- Tom Fabian Langenskiöld – Member of the Management Board.

2. Activities of the Supervisory Board

The Arctic Paper Supervisory Board operates under the provisions of the Code of Commercial Companies as well as on the basis of the Company's Articles of Association and Rules of the Supervisory Board dated 24th November 2016.

In 2024, the Supervisory Board exercised permanent supervision over the Company's activities in all areas.

During the reporting period the Supervisory Board conducted its activities in the course of meetings convened by the Chairman. Some of the Supervisory Board Meetings were held by means of distance communication as on-line meetings. All meetings were minuted and decisions were taken by the Supervisory Board either in the form of resolutions or stated in the minutes.

In the reporting period, i.e. from 1st of January 2024 to 31st of December 2024 six meetings of the Supervisory Board of Arctic Paper S.A. were held on the following dates:

1. 2nd of February 2024,
2. 19th of April 2024,
3. 1st of July 2024,
4. 7th of August 2024,
5. 29th of October 2024,
6. 10th of December 2024.

All Supervisory Board meetings were convened properly. The Supervisory Board meetings were also attended by Members of the Management Board and invited guests.

The Supervisory Board performed its duties collectively, as well as with the support of the Audit Committee, the Remuneration Committee and the Risk Committee.

Audit Committee

Since 5th of August 2021 the Audit Committee is composed of:

- Anna Jakubowski – Chairman of the Audit Committee, a member meeting the independence criteria; according to a statement made by Mrs. Anna Jakubowski, she fulfils the condition of knowledge and skills in the field of accounting or auditing of financial statements;
- Zofia Dzik – Member of the Audit Committee, meeting the independence criteria; according to a statement made by Mrs. Zofia Dzik, she fulfils the condition of knowledge and skills in the field of accounting or auditing of financial statements;
- Roger Mattsson - Member of the Audit Committee - due to his long-term experience as the financial controller at the Arctic Paper Group and over three years in the Audit Committee, Mr Roger Mattsson meets the requirement of knowledge and know-how of the Company's business as required of members of the Audit Committee. Additionally, he has knowledge and skills in the sphere of accounting or auditing financial statements.

The basic task of the Audit Committee is advisory to the Supervisory Board on issues of proper implementation and control of the financial reporting processes in the Company, effectiveness of

the internal control and risk management systems and cooperating with certified auditors. In 2024, the Audit Committee held meetings on 28 March, 7 August and 9 December.

In reference to the new regulations on the selection of the auditor, in particular the provisions of:

- (i) the Act of 11th of May 2017 on statutory auditors, audit firms and public supervision (the "Act on Statutory Auditors"),
- (ii) Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16th of April 2014 on specific requirements on the statutory audits of annual financial statements of public interest entities ("Regulation 537/2017"),

Audit Committee carries out its works related to the auditor's appointment procedure and performance of services other than statutory audit based on policies: "Policy and procedure for the selection of the audit firm to carry out the statutory and voluntary audit of consolidated and separate financial statements of Arctic Paper S.A." and "Policy on provision of allowed services by an audit firm that carries out an audit, by entities related to such audit firm, and by a network member of an audit firm which are not audit services of statutory consolidated and separate financial statements of Arctic Paper S.A."

According to the regulations applicable to the Company, the Company's Supervisory Board shall select – by way of a resolution and acting under a recommendation of the Audit Committee – the auditor authorised to carry out the audit.

On 22nd of February 2023 the Supervisory Board based on the recommendation of Audit Committee on selection of an audit firm conducting an audit of the financial statements, took a decision to select PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k. as an auditor for the Company and the Group for the period 2023-2024. The Audit Committee's recommendation was made pursuant to the selection procedure in line with the "Policy and procedure of selecting an audit firm to conduct a statutory and voluntary audit of consolidated and separate financial statements of Arctic Paper S.A. with its registered office in Kostrzyn nad Odrą".

Remuneration Committee

Since 9th of February 2017 the Remuneration Committee is composed of:

- Per Lundeen - Chairman of the Remuneration Committee,
- Thomas Onstad - Member of the Remuneration Committee,
- Roger Mattsson - Member of the Remuneration Committee.

The basic task of the Remuneration Committee is advisory to the Supervisory Board on issues related to remuneration policy, bonus policy and other issues related to the remuneration of the employees, members of the Company's authorities and the authorities of Capital Group companies.

On 31st of August 2020, the Annual General Meeting of the Company, bearing in mind art. 90d.1 in connection with art. 90c.2.1 of the Act of 29th of July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies (i.e. Journal of Laws of 2025, item 592) adopted the "Remuneration Policy for Members of the Management Board and Members of the Supervisory Board of Arctic Paper S.A". Under the

above-mentioned Acts, all public companies, including the Company, were obliged to adopt, by resolution of Annual General Meeting, the Remuneration Policy of Management Board and Supervisory Board Members, which is the rules for determining the remuneration of Members of the Management Board and Supervisory Board and to publish a remuneration report. The Company shall pay remuneration to the Members of the Management Board and the Supervisory Board solely in compliance with the adopted policy. The policy prepared by the Company was drawn up in accordance with the principles set out in the above-mentioned Act and refers to the required elements related to remuneration and other terms of employment for Members of the Management Board and Members of the Supervisory Board. The policy received an opinion from the Remuneration Committee operating at the Supervisory Board, as well as by the Supervisory Board.

In accordance with Art. 7.1 of the Policy, the Supervisory Board shall annually prepare a Remuneration Report in order to provide the Annual General Meeting with information on the remuneration received in the preceding financial year by the Management Board and the Supervisory Board of the Company. The report is reviewed by the auditor.

On 5th of May 2025 the Supervisory Board has adopted a resolution adopting “Remuneration Report of Members of the Management Board and Supervisory Board of Arctic Paper S.A. for year 2024” and recommends its submission to the Annual General Meeting of the Company.

“Remuneration Report of Members of the Management Board and Supervisory Board of Arctic Paper S.A. for year 2024” was assessed by Grant Thornton Polska Prosta Spółka Akcyjna. On 5th of May 2025 the auditor has issued a report with an opinion on the Remuneration Report which is enclosed to the draft of the resolution of the Annual General Meeting.

The Annual General Meeting shall adopt a resolution with an opinion on the remuneration report. The nature of such resolution is advisory.

Risk Committee

Since 5th of August 2021 the Audit Committee is composed of:

- Per Lundeen – Chairman of the Risk Committee;
- Zofia Dzik – Member of the Risk Committee, meeting the independence criteria;
- Roger Mattsson – Member of the Risk Committee.

The basic task of the Risk Committee is advisory to the Supervisory Board on issues related to the proper identification, assessment and control of potential risks, i.e. opportunities and threats to realization of the Company’s strategic goals, with particular consideration for financial risk, related to both external factors (such as volatility of exchange rates, interest rates, general international economic condition) and internal factors (such as cash flows, liquidity management, variation of budget and financial forecasts).

3. Assessment of the internal control, risk management, compliance systems and the internal audit function.

The Company has not established dedicated units to be involved in risk management, internal audit and compliance. However, the Company states that managers of each division of the

Company report directly to the relevant members of the Management Board. The external entities that provide consultancy services, including legal consulting and performing audits, have regular and direct contact with the Company's Management Board.

The Company's Supervisory Board and Management Board monitor the internal processes of the Company's operations at joint meetings. The Supervisory Board assesses the operational processes of the Company and formulates recommendations relating to current and planned processes of the Company's operations.

During 2024 the Management Board implemented the Risk Management system for Arctic Paper Group(ERM) and presented to the Supervisory Board adjusted risk matrix.

One of the main topics discussed together by the Management Board and Supervisory Board in 2024 was implementation new reporting standard ESRS – European Sustainability Reporting Standards into Arctic Paper reporting routine including the outcome of double materiality assessment conducted by the Company and identification of material impacts, risk and opportunities of Arctic Paper.

Over the year of 2024 the Supervisory Board together with Management Board has discussed among the others following topics: capex positions, fixed costs, raw materials prices and impact on financial situation, financing structure, market situation, planned marketing activities and brands recognition.

4. Assessment of compliance by the Company with its disclosure duties in 2024.

On 29th March 2021, the Supervisory Board of the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) by Resolution No. 13/1834/2021 adopted new corporate governance rules for companies listed on the WSE Main Market – “Best Practice of GPW Listed Companies 2021” (“Best Practice 2021”, “DPSN2021”).

“Best Practice 2021” came into force on 1st of July 2021.

Application by companies of the principles of corporate governance contained in the “Best Practice 2021” is voluntary, but reporting on their application is an obligation of every listed company, enshrined in the Regulations of the WSE. Companies had to publish their first reports on the application of “DPSN2021” by 31st July 2021.

Pursuant to § 29 (3) of the Rules of the Warsaw Stock Exchange, on 29th July 2021 the Management Board of Arctic Paper S.A. published in the form of an EBI report the first statement regarding the Company's application of the principles contained in “Best Practice of GPW Listed Companies 2021” and then updated it with subsequent EBI reports.

Arctic Paper S.A. was striving at applying corporate governance rules as set forth in the document “Best Practice of GPW Listed Companies 2021”.

In 2024, Arctic Paper S.A. did not apply the following rules:

Disclosure Policy, Investor Communication
Rule 1.3.2

Rule 1.4.2

Internal Systems and Functions

Rule 3.3

Rule 3.10

General Meeting, Shareholders Relations

Rule 4.1

Rule 4.3

In the opinion of the Supervisory Board, Arctic Paper S.A. has made all reasonable efforts to apply the corporate governance rules as specified in the document "Best Practice of GPW Listed Companies 2021" to the greatest possible extent subject to the size and nature of the Company's operations.

5. Assessment of the rationality of the Company's policy with respect to its sponsorship, charity or similar activities.

In 2024 Arctic Paper S.A. was not involved in any sponsorship, charity or similar activity.

6. Information on the total remuneration payable by the Company for all audits commissioned (advisers of the supervisory board) by the supervisory board during the financial year.

There were no orders in question in a given financial year.

7. Assessment of the Management Board's report on the Company's operations in the financial year 2024, the Company's financial statements for the financial year 2024 and the Management's proposal regarding the distribution of profit generated by the Company in the financial year 2024.

Acting pursuant to Art. 382 § 3 of the Code of Commercial Companies and in conjunction with the provisions of Art. 18.2 of the Company's Articles of Association, the Supervisory Board has analysed the consolidated and the Company's standalone financial statements for the period from 1st of January 2024 to 31st of December 2024 prepared by the Management Board and reviewed by the Company's auditor by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k., consisting of:

- Consolidated balance sheet as at 31st of December 2024, with assets and liabilities amounting to PLN thousand 2,756,962 and standalone balance sheet as at 31 December 2024, with assets and liabilities amounting to PLN thousand 1,341,458;
- Consolidated profit and loss account for the period from 1st of January 2024 to 31st of December 2024, showing a net profit of PLN thousand 161,105 and standalone profit and loss account for the same period showing a net profit of PLN thousand 197,292;
- Consolidated statement of changes in equity for the period from 1st of January 2024 to 31st of December 2024 showing decrease in equity of PLN thousand 32,787 and standalone statement of changes in equity for the period from 1st of January 2024 to 31st of December 2024 showing an increase in equity of PLN thousand 126,728;
- Consolidated cash flow statement for the period from 1st of January 2024 to 31st of December 2024, showing a decrease in net cash of PLN thousand of 205,399 and standalone

cash flow statement for the period from 1st of January 2024 to 31st of December 2024, showing an decrease in net cash of PLN thousand 86,184;

- Accounting principles (policies) and additional explanatory notes.

The Supervisory Board has examined the Management Board's report on the Company's operations in the financial year 2024.

Pursuant to article 70.1.14 and article 71.1.12 of the Regulation of the Minister of Finance of 29th of March 2018, on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent, the Supervisory Board of Arctic Paper S.A. evaluates that:

- the financial statements of Arctic Paper S.A. for the financial year ended 31st of December 2024, as well as with the report of an independent certified auditor on the audit of the Company's annual standalone financial statements for the financial year ended 31st of December 2024, prepared by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k.,
- the consolidated financial statements of the Arctic Paper Group for the financial year ended 31st of December 2024, as well as with the report of an independent auditor on the audit of the annual consolidated financial statements for the financial year ended 31st of December 2024, prepared by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp.k.

have been prepared correctly in terms of substance and form, in accordance with the books and documents, as well as with the facts, and accurately reflects the financial result and assets of the Company and Arctic Paper Group in the financial year 2024.

The Supervisory Board of Arctic Paper S.A., after review of the reports of the Management Board of Arctic Paper S.A. on the activities of the Arctic Paper Group and the Company for 2024, states that reports have been prepared in accordance with the relevant applicable regulations regarding the reports on the activities and is in accordance with the books, documents and the actual state.

The Supervisory Board adopts the report, expresses its approval for the activities of the Management Board in 2024 and recommends that the Annual General Meeting discharges the Members of the Management Board for the performance of their duties in the financial year 2024:

- Mr Michał Jarczyński for a period from 1st of January 2024 until 31st of December 2024,
- Mrs Katarzyna Wojtkowiak for a period from 1st of January 2024 until 31st of December 2024,
- Mr Tom Fabian Langenskiöld for a period from 1st of January 2024 until 31st of December 2024.

The Supervisory Board requests the Annual General Meeting to grant discharge to members of the Supervisory Board for the performance of their duties in the financial year 2024.

8. Proposal regarding the distribution of profit generated by the Company in the financial year 2024

On 15th May 2025 the Management Board of the Company decided to recommend to the Annual General Meeting to allocate the Company's net profit of 2024 in the amount of PLN 197,291,617.02 (one hundred ninety-seven million two hundred ninety-one thousand six hundred seventeen zlotys and two groszy) in its entirety to the Company's reserve capital.

The basis for the decision not to pay a dividend for 2024 is, in particular, the weaker financial results achieved in both main paper and pulp production segments of the Arctic Paper Group in the first months of 2025. In addition this decision was influenced by the fact that the prices of wood used for pulp production in Scandinavia remain at a very high level and the rapid strengthening of the Swedish krona exchange rate against the euro, and in particular against the US dollar, as well as the lack of predictability of the economic situation intensified by the introduction of global trade tariffs.

The recommendation of the Management Board together with the opinion of the Supervisory Board will be submitted to the General Meeting for adoption of a resolution.

9. Assessment of the Company's condition

The paper segment has focused on maintaining volumes in a challenging market of year 2024, where the segment's largest market, Germany, was characterized by headwinds. Arctic Paper is seen as a stable supplier with strong brands and has continuously strengthened its position: for the last years, the market share of coated paper (CWF) has increased substantially, while the share of uncoated paper has remained stable.

For the pulp segment, Rottneros, pulp wood costs continued to rise and had an impact on the lower results.

The investment in molded fiber tray production in Kostrzyn is in the final phase and we expect production to start, and successively ramp up, during the first quarter. Fiber-based packaging makes a big climate benefit when it replaces plastic-based packaging.

In the energy segment, a 10 MW expansion of the solar park in Kostrzyn is underway. During the period, a PV farm of 4 MW was acquired in Garwolin in Poland, which means that the Group will have over 30 MW of installed capacity by the summer of 2025.

Arctic Paper's commitment and focus align with our 4P strategy to strengthen our positions in paper and pulp while also investing in the expansion of our packaging and green energy businesses. In 2024, the Group invested a total of PLN 424 million, with 40 percent allocated to the power and packaging segments. The Group's strong finances and stable position give us the strength to encounter another challenging year with confidence.

[Per Lundeen, Chairman of the Supervisory Board of Arctic Paper S.A
on behalf of the Supervisory Board of Arctic Paper S.A.]