

REPORT ON THE ACTIVITIES OF THE SUPERVISORY BOARD of ARCTIC PAPER S.A.(“the Company”, “Arctic Paper”) in 2025

The Supervisory Board presents a report on its activities in the financial year 2025, including in particular the results of the assessment of the Management Board's report on the Company's operations in the financial year 2025, the Company's financial statements for 2025, 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 2025, 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 2025, item 1891).

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 2025 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 2025, 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 2025 to 31st of December 2025 meetings of the Supervisory Board of Arctic Paper S.A. were held on the following dates:

1. 7th of February 2025,
2. 22nd of April 2025,
3. 15th of May 2025,
4. 10th of June 2025,
5. 6th of August 2025,
6. 21st of October 2025,
7. 16th of December 2025.

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

During its meetings, the Supervisory Board regularly assessed the Company's financial situation in light of dynamic market changes, particularly in terms of changes in raw material and energy prices, exchange rates, and the stability of supply chains and balancing supply and demand in the paper and pulp segment, which was particularly under pressure from low profitability. The Supervisory Board emphasized the need for the Management Board to take operational and management actions to support the Company's continued stable operation. The Supervisory Board also oversaw the reporting process through the Audit Committee.

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 2025, the Audit Committee held meetings on 1st of April, 22 of April, 11th of August and 15th of 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 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 6th of August 2025 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 2025-2026. 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.

In 2025, the Remuneration Committee held meetings on 18th of February, 13th of March, 21st of March, 27th of March and 17th of April 2025.

On 31st of August 2020, the Annual General Meeting of the Company, in accordance with the provision of article 90d.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 18th of May 2026 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 2025" 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 2025" was assessed by Grant Thornton Polska Prosta Spółka Akcyjna. On 19th of May 2026 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).

In 2025, the Risk Committee held meeting on 15th of December 2025.

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. The Arctic Paper Group Management Board is responsible for the proper organization and execution of the impact, risk, and opportunity management process. Its responsibilities include managing these areas at the strategic level, including analyzing impacts, risks, and opportunities deemed strategic, as well as supervising their management at the operational and project levels, carried out by managers of the relevant organizational units and production plants within the Group.

The Arctic Paper Group Management Board supports the achievement of impact, opportunity, and risk management objectives through the risk management function, performed by the Group's financial controller with the assistance of individual risk owners. This function is responsible for establishing guidelines and internal procedures, ensuring a consistent approach to risk management across all organizational units, monitoring risk exposure levels reported by business managers, and reporting these levels and key (strategic) risks to the Arctic Paper Group Management Board.

The managers of organizational units or production plants within the Arctic Paper Group, who also serve as Risk Owners for their units, are responsible for managing impacts, opportunities, and risks at the operational level. Each Risk Owner in a given area of impact, opportunity, and risk has extensive experience, knowledge, and skills in their position, allowing for an objective and accurate assessment of the potential and actual impacts, opportunities, and risks.

The risk management process in the Arctic Paper Group is controlled by the Supervisory Board, which monitors its effectiveness.

At least once a year, the Group's Management Board provides the Supervisory Board with updated information on the impact and risk management process, key identified risks, and responses to them. As part of the annual update, the Group's Management Board and the Management Team also oversee the setting of goals in the areas of identified risks and monitor progress in their implementation. Plans for updating the Group's policies are also discussed at this time to align them with the current assessment of impacts, risks, and opportunities. Due to their roles and many years of experience, members of the Group's Management Board and Supervisory Board possess the appropriate skills to identify and assess significant impacts, risks, and opportunities in their respective areas of the Arctic Paper Group's operational activities.

4. Assessment of compliance by the Company with its disclosure duties in 2025.

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 2025, Arctic Paper S.A. did not apply the following rules:

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 2025 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 2025, the Company's financial statements for the financial year 2025 and

the Management's proposal regarding the distribution of profit generated by the Company in the financial year 2025.

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 2025 to 31st of December 2025 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 2025, with assets and liabilities amounting to PLN thousand 2,676,405 and standalone balance sheet as at 31 December 2025, with assets and liabilities amounting to PLN thousand 1,262,022;
- Consolidated profit and loss account for the period from 1st of January 2025 to 31st of December 2025, showing a loss of PLN thousand 175,365 and standalone profit and loss account for the same period showing a net profit of PLN thousand 16,052;
- Consolidated statement of changes in equity for the period from 1st of January 2025 to 31st of December 2025 showing decrease in equity of PLN thousand 71,282 and standalone statement of changes in equity for the period from 1st of January 2025 to 31st of December 2025 showing an increase in equity of PLN thousand 14,566;
- Consolidated cash flow statement for the period from 1st of January 2025 to 31st of December 2025, showing a decrease in net cash of PLN thousand of 135,938 and standalone cash flow statement for the period from 1st of January 2025 to 31st of December 2025, showing an decrease in net cash of PLN thousand 157,325;
- 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 2025.

Pursuant to article 72.1 of the Regulation of the Minister of Finance of 6th of June 2025, 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 2025, 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 2025, 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 2025, 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 2025, 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 2025.

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 2025, 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 2025 and recommends that the Annual General Meeting discharges the Members of the Management Board for the performance of their duties in the financial year 2025:

- Mr Michał Jarczyński for a period from 1st of January 2025 until 31st of December 2025,
- Mrs Katarzyna Wojtkowiak for a period from 1st of January 2025 until 31st of December 2025,
- Mr Tom Fabian Langenskiöld for a period from 1st of January 2025 until 31st of December 2025.

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 2025.

8. Proposal regarding the distribution of profit generated by the Company in the financial year 2025

On 19th February 2026 the Management Board of the Company decided to recommend to the Annual General Meeting to allocate the Company's net profit of 2025 in the amount of PLN 16 052 297.95 (sixteen million fifty two thousand two hundred ninety seven zlotys and ninety five groszy) in its entirety to cover losses from previous years.

This decision is driven in particular by the significantly weaker financial results achieved in the pulp production segment in 2025. This was influenced by the persistently high prices of wood used for pulp production in Scandinavia and the sustained appreciation of the Swedish krona against the US dollar.

Considering the above-mentioned factors, the Supervisory Board believes that the Company's immediate priority is maintaining a strong balance sheet and a safe cash position. Once the market situation improves, the Company will return to its current dividend policy.

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 year 2025 was marked by a challenging market environment. The expected economic recovery in Europe did not materialize, and demand for paper products remained under pressure. At the same time, the market operated under conditions of increased volatility in raw material and energy costs.

Under these circumstances, the Group's priority was to maintain operational stability, protect profitability, and consistently strengthen its business resilience. The Arctic Paper Group focused on efficiency measures, adapting production levels to demand, and maintaining strict cost control.

Despite the challenging market conditions, the Arctic Paper Group maintains solid business foundations. It has a flexible production base, a broad product portfolio, and an experienced team, allowing us to quickly respond to changes in demand and market conditions.

Further strengthening operational efficiency and cost discipline remains a priority, while maintaining a readiness to selectively return to development projects when the market environment improves. We believe that restoring market balance in Europe will create the conditions for improved results and realizing the Group's full potential.

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