



#### TRANSLATORS' EXPLANATORY NOTE

The English content of this report is a free translation of the registered auditor's report of the below-mentioned Polish Company. In Poland statutory accounts as well as the auditor's report should be prepared and presented in Polish and in accordance with Polish legislation.

The accompanying translation has not been reclassified or adjusted in any way to conform to the accounting principles generally accepted in countries other than Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancies in interpreting the terminology, the Polish language version is binding.

## Independent Registered Auditor's Report

To the General Shareholders' Meeting and the Supervisory Board of Arctic Paper S.A.

### Report on the audit of consolidated financial statements

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#### Our opinion

In our opinion, the accompanying annual consolidated financial statements:

- give a true and fair view of the consolidated financial position of Arctic Paper S.A. (the "Parent Company") and its subsidiaries (together "the Group" as at 31 December 2023 and the Group's consolidated] financial performance and the consolidated cash flows for the year then ended in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the adopted accounting policies;
- comply in terms of form and content with the laws applicable to the Group and the Parent Company's Articles of Association.

Our opinion is consistent with our additional report to the Audit Committee issued on the date of this report.

#### What we have audited

We have audited the annual consolidated financial statements of the Group Arctic Paper S.A. which comprise:

- the consolidated statement of financial position as at 31 December 2023;

and the following prepared for the financial year from 1 January to 31 December 2023:

- the consolidated statement of income statement;
- the consolidated statement of comprehensive income;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows, and
- the additional information to consolidated financial statements comprising a description of the significant adopted accounting policies and additional notes and explanations.

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#### Basis for opinion

We conducted our audit in accordance with the National Standards on Auditing in the wording of the International Standards on Auditing as adopted by the resolution of the National Council of Statutory Auditors ("NSA") and pursuant to the Law of 11 May 2017 on Registered Auditors, Registered Audit Companies and Public Oversight (the "Law on Registered Auditors") and the Regulation (EU) No. 537/2014 of 16 April 2014 on specific requirements regarding the statutory audit of public-interest entities (the "EU Regulation"). Our responsibilities under NSA are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by resolution of the National Council of Statutory Auditors and other ethical requirements that are relevant to our audit of the consolidated financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, the key registered auditor and the registered audit firm remained independent of the Group in accordance with the independence requirements set out in the Law on Registered Auditors and in the EU Regulation.

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## Our audit approach

### Overview



- The overall materiality threshold adopted for the purposes of our audit was set at PLN 17.100 thousand, which represents 5% of the profit before tax.

- We have audited the Parent Company and three subsidiaries and one consolidated group in two countries.
- The audit team visited the following subsidiaries Rottneros AB Vallviks Bruk (Sweden).
- The scope of our audit covered 98% of the Group's revenue and 96% of the absolute value of its profit or loss (after consolidation eliminations).

- Recognition of revenues from contracts with customers.

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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Parent Company's Management Board made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.



We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

### **Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole, as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

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<b>Overall Group materiality</b>	PLN 17.100 thousand
<b>How we determined it</b>	5% of the profit before tax
<b>Rationale for the materiality benchmark applied</b>	<p>For the Arctic Paper Group, we used profit before tax as the basis for determining materiality because, in our opinion, this measure is commonly used to assess the Group's operations by users of financial statements and is a generally accepted benchmark.</p> <p>We have set a materiality level of 5% because, based on our professional judgment, it is within the range of acceptable quantitative materiality thresholds.</p>

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We agreed with the Audit Committee of the Company [Parent] that we would report to them misstatements of the consolidated financial statements identified during our audit above PLN 1,710 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. They include the most significant identified risks of material misstatements, including the identified risks of material misstatement resulting from fraud. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="204 483 730 544"><b>Recognition of revenues from contracts with customers</b></p> <p data-bbox="204 575 762 882">The Group presented the principles of recognizing revenues from contracts with customers in note 9.21 and disclosures related to sales revenues in note 10 to the consolidated financial statements. In the financial year ended December 31, 2023, the Group generated revenues from contracts with customers in the total amount of PLN 3,549.2 million (in 2022: PLN 4,894.3 million) from the following titles:</p> <ul data-bbox="252 913 609 976" style="list-style-type: none"> <li>• from the sale of paper;</li> <li>• from the sale of cellulose.</li> </ul> <p data-bbox="204 1008 766 1375">This matter was the subject of our special attention due to the fact that the application of appropriate financial reporting standards regarding the recognition, measurement and presentation of revenues is complex and requires the Management Board to make decisions, among others: related to the allocation of the transaction price resulting from signed contracts with customers to performance obligations. Moreover, the correct determination of revenues is also based on the use of complex IT data processing systems.</p> <p data-bbox="204 1406 753 1559">Due to the materiality and importance of the revenue item to the consolidated financial statements, the need to make estimates and judgments, and the potential risk of fraud, we considered this issue to be a key audit matter.</p>	<p data-bbox="790 483 1311 515">Our audit procedures included, in particular:</p> <ul data-bbox="790 546 1433 1751" style="list-style-type: none"> <li>• understanding and assessing the internal control environment, including the IT environment, relating to the recognition, measurement and presentation of particular types of sales revenue;</li> <li>• assessing the compliance of accounting policies regarding revenue recognition with the relevant financial reporting standards, in particular those related to significant accounting estimates and judgments;</li> <li>• analysis of significant sales agreements and accompanying contracts concluded by the Group;</li> <li>• tests of internal controls, on a selected sample, in terms of the correctness and accuracy of the sales prices used and the compliance of the invoice with the order/price list and the compliance of the invoice with the transport document;</li> <li>• detailed tests for the selected sample, including: on confirmation of specific aspects of transactions with customers or reconciliation of issued sales invoices, release and delivery documents for products and goods sold, related contracts with customers, sales prices applied and payments received;</li> <li>• detailed tests regarding the correctness of the moment of revenue recognition based on a selected sample;</li> <li>• tests, on a selected sample, of the correctness and completeness of the recognition of sales discounts and marketing campaigns;</li> <li>• analysis of non-standard posting patterns in the transaction journal in the audited year;</li> <li>• taking into account the element of unpredictability when selecting the type, timing and scope of audit procedures.</li> <li>• assessing the correctness and completeness of disclosures regarding revenues from contracts with customers in the consolidated financial statements.</li> </ul>

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## Responsibility of the Management and Supervisory Board for the consolidated financial statements

The Management Board of the Parent Company is responsible for the preparation, based on the properly maintained books of account of the annual consolidated financial statements that give a true and fair view of the Group's financial position and results of operations, in accordance with International Financial Reporting Standards as adopted by the European Union, the adopted accounting policies, the applicable laws and the Parent Company's Articles of Association, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent Company's Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Parent Company's Management Board and members of the Supervisory Board are obliged to ensure that the consolidated financial statements comply with the requirements specified in the Accounting Act of 29 September 1994 ("the Accounting Law"). Members of the Supervisory Board are responsible for overseeing the financial reporting process.

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## Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated financial statements.

The scope of the audit does not include an assurance on the Group's future profitability nor the efficiency and effectiveness of the Parent Company's Management Board conducting its affairs, now or in future.

As part of an audit in accordance with NSA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent Company's Management Board;

- conclude on the appropriateness of the Parent Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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## Other information, including the report on the operations

### Other information

Other information comprises:

- a Report on the Group Arctic Paper S.A. operations for the financial year ended 31 December 2023 ("the Report on the operations") and the corporate governance statement which is a separate part of this Report,
- a separate report on non-financial information referred to in Article 55(2c) of the Accounting Act,
- other documents comprising the Annual Report for the financial year ended 31 December 2023 ("the Annual Report"),

(together "Other Information"). Other information does not include the financial statements and our auditor's report thereon.

### **Responsibility of the Management and Supervisory Board**

The Management Board of the Parent Company is responsible for the preparation of the Other Information in accordance with the law.

The Parent Company's Management Board and the members of the Supervisory Board are obliged to ensure that the Report on the operations of the Group including its separate parts comply with the requirements of the Accounting Law.

### **Registered auditor's responsibility**

Our opinion on the consolidated financial statements does not cover the Other Information.

In connection with our audit of the consolidated financial statements, our responsibility under NSA is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the information in the consolidated financial statements, our knowledge obtained in our audit, or otherwise appears to be materially misstated. If, based on the work performed, we identified a material misstatement in the Other Information, we are obliged to inform about it in our audit report. In accordance with the requirements of the Law on the Registered Auditors, we are also obliged to issue an opinion on whether the Report on the operations has been prepared in accordance with the law and is consistent with information included in annual consolidated financial statements.

Moreover, we are obliged to issue an opinion on whether the Parent Company and Group provided the required information in its corporate governance statement and to inform whether the Parent Company and Group prepared a statement on non-financial information/a separate report on non-financial information.

### **Statement on the Other information**

We declare, based on the knowledge of the Group and its environment obtained during our audit, that we have not identified any material misstatements in the Report on the operations of the Group and the remaining Other information.

### **Opinion on the Report on the operations**

Based on the work we carried out during our audit, in our opinion, the Report on the operations of the Group:

- has been prepared in accordance with the requirements of Article 49 of the Accounting Act and para. 70 and para. 71 of the Regulation of the Minister of Finance dated 29 March 2018 on current and periodical information submitted by issuers of securities and conditions for considering as equivalent the information required under the legislation of a non-Member State ("Regulation on current information");
- is consistent with the information in the consolidated financial statements.

### **Opinion on the corporate governance statement**

In our opinion, in its corporate governance statement, the Parent Company and Group included information set out in para. 70.6 (5) of the Regulation on current information. In addition, in our opinion, information specified in paragraph 70.6 (5)(c)–(f), (h) and (i) of the said Regulation included in the corporate governance statement are consistent with the applicable provisions of the law and with information included in the consolidated financial statements.

### **Information on non-financial information**

In accordance with the requirements of the Act on the Registered Auditors, we confirm that the Group has included in its Report on the operations, information on the preparation of a separate report on



non-financial information referred to in Article 55(2c) of the Accounting Act and that the Group has prepared such a separate report.

We have not performed any assurance work relating to the separate report on non-financial information and we do not provide any assurance with regard to it.

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## **Report on other legal and regulatory requirements**

### **Report on the compliance of the marking up of consolidated financial statements with the requirements of the European Single Electronic Format (“ESEF”)**

In connection with the audit of consolidated financial statements we have been engaged by the Parent Company’s Management Board as part of our audit engagement letter to conduct a reasonable assurance engagement to express an opinion whether the consolidated financial statements of the Group as at and for the year ended 31 December 2022 prepared in the single electronic format contained in the file named ESEF Arctic Paper SA-2023-12-31-pl (the “consolidated financial statements in the ESEF format”) was marked up in accordance with the requirements in the article 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the “ESEF Regulation”).

#### **Description of a subject matter and applicable criteria**

The consolidated financial statements in the ESEF format were prepared by the Parent Company’s Management Board to comply with the technical requirements regarding the specification of a single electronic reporting format and marking up, which are set out in the ESEF Regulation.

The subject matter of our assurance engagement is the compliance of the consolidated financial statements in the ESEF format with the requirements of the ESEF Regulation and the requirements of this regulation, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

#### **Responsibility of the Management Board of the Parent Company and the Supervisory Board**

The Parent Company’s Management Board is responsible for the preparation of the consolidated financial statements in the ESEF format in accordance with the technical requirements regarding the specification of a single electronic reporting format which are set out in the ESEF Regulation. This responsibility includes the selection and application of appropriate markups in iXBRL using taxonomy specified in the ESEF Regulation. The responsibility of the Management Board also includes designing, implementing and maintaining internal controls relevant for the preparation of the consolidated financial statements in the ESEF format which are free from material non-compliance with the requirements of the ESEF Regulation and their marking-up in compliance with these requirements.

Members of the Parent Company’s Supervisory Board are responsible for overseeing the financial reporting process, which also includes the preparation of the consolidated financial statements in accordance with the format that is compliant with legal requirements.



## **Our responsibility**

Our objective was to express a conclusion, based on the conducted reasonable assurance engagement, whether the consolidated financial statements prepared in the ESEF format were marked up, in all material respects, with the requirements of the ESEF Regulation.

We conducted our engagement in accordance with the National Standard on Assurance Engagements other than Audit and Review 3001pl - audit of financial statements prepared in the single electronic reporting format ("KSUA 3001pl") and where relevant with the National Standard on Assurance Engagements 3000 (R) in the wording of the International Standard on Assurance Services 3000 (Revised) - 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' as issued by the National Council of Statutory Auditors ("KSUA 3000(R)"). These standards require that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the consolidated financial statements in the ESEF format were marked up, in all material respects, in compliance with the specified criteria.

Reasonable assurance is a high level of assurance, but it does not guarantee that the engagement performed in accordance with KSUA 3001pl and KSUA 3000 (R) will always detect the material misstatement (significant non-compliance with the requirements).

The selection of the procedures depends on the auditor's judgement, including the auditor's assessment of the risk of material misstatements, whether due to fraud or error. In performing the assessments of this risk, the auditor shall consider the internal control related to the preparation of the consolidated financial statements in the ESEF format and its marking-up in order to plan appropriate procedures to provide the auditor with sufficient evidence appropriate to the circumstances. The assessment of the functioning of the internal control system was not carried out in order to express an opinion on the effectiveness of its operation.

## **Quality control and ethical requirements**

We apply the provisions of the regulation of the National Council of Statutory Auditors with regard to internal quality control in the wording of International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants as adopted by resolution of the National Council of Statutory Auditors, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

## **Summary of the work performed**

Our planned and performed procedures were aimed at obtaining reasonable assurance whether the consolidated financial statements in the ESEF format were marked-up, in all material respects, in compliance with the applicable requirements. Our procedures included in particular:

- obtaining an understanding of the process of preparation of the consolidated financial statements in the ESEF format, including the process of selection and application by the Group of the XBRL tags and ensuring the compliance with the ESEF Regulation, including understanding the mechanism of the internal control system related to this process;
- reconciliation, on a selected sample, of the marked-up information contained in the consolidated financial statements in the ESEF format to the audited consolidated financial statements;

- evaluating of compliance with the technical standards regarding the specification of a single electronic reporting format, including the use of XHTML;
- evaluating the completeness of marking up the consolidated financial statements in the ESEF format using the iXBRL tags;
- evaluating the appropriateness of the use of XBRL tags selected from the taxonomy defined in the ESEF Regulation and whether the extension markups were used appropriately where no suitable element in taxonomy defined in the ESEF Regulation has been identified;
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy from the ESEF regulation;

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Conclusion**

In our opinion, based on the procedures performed, the consolidated financial statements in the ESEF format were marked-up, in all material respects, in compliance with the requirements of the ESEF Regulation.

### **Statement on the provision of non-audit services**

To the best of our knowledge and belief, we declare that the non-audit services we have provided to the Parent Company, its parent company and its subsidiaries are in accordance with the applicable laws and regulations in Poland and that we have not provided any non-audit services prohibited under Article 5(1) of the EU regulation and Article 136 of the Law on Registered Auditors.

The non-audit services which we have provided to the Parent Company and its subsidiaries during the audited period are disclosed in the Report on the Group's operations (page 47).

### **Appointment**

We have been appointed to audit the annual consolidated financial statements of the Group by the Resolution of the Supervisory Board of 22 February 2023. The consolidated financial statements of the Group were audited by us for the first time.

The Key Registered Auditor responsible for the audit on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., a company entered on the list of Registered Audit Companies with the number 144., is Krzysztof Zech.

Krzysztof Zech  
Key Registered Auditor  
No. 13917

Poznań, 4 April 2024

