



#### 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 separate financial statements

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#### Our opinion

In our opinion, the accompanying annual separate financial statements:

- give a true and fair view of the separate financial position of Arctic Paper S.A. (the "Company") as at 31 December 2023 and the Company's separate financial performance and the separate 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 Company and the Company's Articles of Association;
- have been prepared on the basis of properly maintained books of account in accordance with the provisions of Chapter 2 of the Accounting Law of 29 September 1994 (the "Accounting Act").

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 separate financial statements of Arctic Paper S.A. which comprise:

- the separate 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 separate statement of income statement;
- the separate statement of comprehensive income;
- the separate statement of changes in equity;
- the separate statement of cash flows, and
- the additional information 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 separate 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.

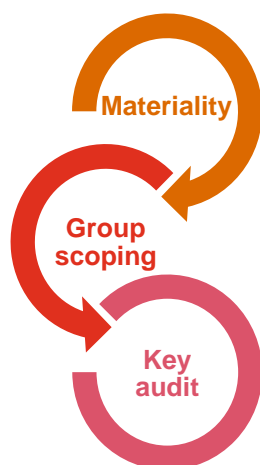
### Independence

We are independent of the Company 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 separate 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 Company 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 11,880 thousand, which represents 1% of total assets of the Company.
- All material items included in the Company's separate financial statements were covered by our audit procedures.
- Impairment of assets – investments in selected subsidiaries (Arctic Paper Investment AB).

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate financial statements. In particular, we considered where the 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.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the separate 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 separate financial statements.



Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the separate 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 separate financial statements as a whole.

<b>Overall materiality</b>	PLN 11,880 thousand
<b>How we determined it</b>	1% assets
<b>Rationale for the materiality benchmark applied</b>	<p>For Arctic Paper SA, we adopted the level of assets as the basis for determining materiality because, in our opinion, this measure is appropriate for assessing the Company's operations by users of financial statements and is a generally accepted benchmark for parent companies providing services within the capital group.</p> <p>We have set a materiality level of 1% because, based on our professional judgment, it is within the range of acceptable quantitative materiality thresholds.</p>

We agreed with the Audit Committee of the Company that we would report to them misstatements of the separate financial statements identified during our audit above PLN 1,180 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate 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 separate 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
<b>Impairment of assets – investments in selected subsidiaries (Arctic Paper Investment AB).</b>  In notes 6.1, 10.2 and 10.3 of the separate financial statements, the Company described the accounting policies regarding investments in subsidiaries and impairment, while detailed disclosures are presented in notes 16.1 As at	<p>Our audit procedures included in particular:</p> <ul style="list-style-type: none"><li>• understanding and assessing the process of identifying indicators of asset impairment;</li><li>• making a critical assessment and analysing the premises indicating the need to conduct an impairment test,</li></ul>

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December 31, 2023, the balance of investments in subsidiaries was PLN 961.0 million (December 31, 2022: PLN 854.9 million).

The Company values its shares at purchase price, less impairment losses. In accordance with IFRS, every year, the Management Board first analyses the indications of impairment and then, in the event of the above-mentioned premises, conducts impairment tests.

Due to the continuing favourable market conditions, including higher demand for the products of Arctic Paper Grycksbo AB (which is the operating company for the activities that are part of the investment in Arctic Paper Investment AB), the company continued to achieve high financial results in 2023. Due to the above, as at December 31, 2023, the Company conducted an impairment test of the investment in Arctic Paper Investment AB and estimated its recoverable value, which was determined at the level of value in use (estimated on the basis of the discounted projected cash flow model).

Identification of impairment indicators, carrying out an impairment test, as well as correctly determining the amount of the share revaluation write-off requires the adoption of a number of assumptions and judgments by the Company's Management Board. In particular, the Management Board's estimates and judgments concern, among others, the adopted strategy of the Company, financial plans and cash flow forecasts for the coming years, as well as macroeconomic and market assumptions.

Taking into account the significance of the items in the separate financial statements, as well as the sensitivity of the results mentioned above, analyses to the variability of assumptions and estimates, we decided that this was a key issue for our audit.

including, for all entities, comparing the value of net assets of subsidiaries to the valuation of shares in these entities disclosed in the separate financial statements of the Company;

- assessment of the correctness and completeness of disclosures regarding impairment tests in the separate financial statements;
- checking the mathematical correctness and methodological consistency (using PwC's internal valuation specialists) of the valuation model prepared by the Management Board based on discounted cash flows;
- a critical assessment of the assumptions adopted by the Management Board and the estimates made to determine the recoverable value of fixed assets, including:
  - a five-year projection period of future cash flows and the assumed level of revenues, operating margin and projected changes in net working capital;
  - applied discount rates (based on the weighted average cost of capital) using internal PwC specialists;
  - marginal growth rates after the forecast period;
- assessment of the sensitivity analysis of the valuation result to changes in the assumptions made by the Management Board.

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

The Management Board of the Company is responsible for the preparation, based on the properly maintained books of account of the annual separate financial statements that give a true and fair view of the Company'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 Company's Articles of Association, and for such internal control as the Management Board determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Company's Management Board is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Company's Management Board and members of the Supervisory Board are obliged to ensure that the separate financial statements comply with the requirements specified in the Accounting Act/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 separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

The scope of the audit does not include an assurance on the Company's future profitability nor the efficiency and effectiveness of the 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 separate 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management Board;

- conclude on the appropriateness of the 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 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 separate 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 Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

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 separate 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 Company's 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 the Report on the operations,
- a separate report on non-financial information,
- 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 Company is responsible for the preparation of the Other Information in accordance with the law.

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

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

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

In connection with our audit of the separate 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 separate 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 separate financial statements.

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

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

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

#### **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 Company:

- 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 separate financial statements.

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

In our opinion, in its corporate governance statement, the Company 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 separate financial statements.

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

In accordance with the requirements of the Act on the Registered Auditors, we confirm that the Company has prepared a statement on non-financial information referred to in Article 49b(1) and Article 55(2b) of the Accounting Act as a separate section of the Report on the operations.

We have not performed any assurance work relating to the statement 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**

### **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 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 Company and its subsidiaries during the audited period are disclosed in the Report on the Company's operations (page 47).

### **Appointment**

We have been appointed to audit the annual separate financial statements of the Company by the Resolution of the Supervisory Board of 22 February 2023. The separate financial statements of the Company 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