

Current report number 16/2023

Date: 15th September 2023

Subject: Conclusion of a term loan agreement by a subsidiary regarding significant financing for the Issuer's Group

General legal basis:

Art. 17 sec. 1 of MAR – inside information

Content:

In reference to the current report no. 29/2021 dated October 22nd 2021 and current report no. 2/2022 dated February 10th 2022 and current report no. 3/2023 dated February 17th 2023, the Management Board of Arctic Paper S.A. ("Issuer") informs that on September 15th 2023 a joint-venture company of the Issuer and Rottneros AB ("Rottneros") under the business name Kostrzyn Packaging Sp. z o. o. ("Joint-Venture") concluded an investment term loan agreement ("Facility Agreement"), up to a total amount of EUR 16,000,000 ("Facility"), which is to be granted to Joint-Venture as a borrower by Bank Polska Kasa Opieki S.A. as a lender ("Lender") to finance the costs of a project to construct, maintain and operate a new production facility of packaging from molded cellulose fiber ("Project Costs").

To secure the claims of the Lender under the Facility Agreement and other related finance documents, Joint-Venture and the Issuer and the Rottneros as guarantors ("Guarantors") will establish, amongst others, the following security interests: registered pledge and financial pledge over shares in Joint-Venture, statements on submission to enforcement by the Issuer, Rottneros and Joint-Venture, registered pledges and financial pledges over bank accounts of Joint-Venture, registered pledges over assets of Joint-Venture, security over rights under property insurance policies of Joint-Venture, guarantees securing the payment of the principal amount of the Facility by the Guarantors, a guarantee to cover excess Project Costs up to the agreed amount and a subordination agreement between the Lender, Joint-Venture and the Guarantors.

The Management Board of Arctic Paper S.A. in current report no. 3/2023 dated February 17th, 2023, informed investors about the decision to start work in connection with the scope of the Joint-Venture's activities, including sources of financing through shareholders' own contributions and bank loans.

Below the Issuer provides detailed information regarding terms and conditions of the Facility Agreement:

1. total amount of financing: the equivalent of EUR 16 million;

2. currency: EUR;
3. facilities: investment term loan;
4. financing period: seven years from the date of the conclusion of the Facility Agreement;
5. repayment conditions: 53,4% of the Facility will be repaid in instalments paid every three months starting from September 2025. The remaining part will be repaid on the final maturity date of the Facility;
6. interest rate: interest at a floating rate based on the EURIBOR base reference rate and variable margin; and
7. security: The Facility will be secured by a security package established in connection with the Facility Agreement for its duration and indicated above.

The disbursement of funds under the Facility, is conditional on the fulfilment of conditions precedent provided in the Facility Agreement by the Joint-Venture and the Guarantors, including standard conditions precedent.

The terms and conditions of the Facility Agreement do not differ from the provisions commonly used for this type of agreements.

Specific legal basis:

Art. 17 sec. 1 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.