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Arctic Falls intends to list the company's shares on Nasdaq First North Growth Market in Stockholm

Arctic Falls AB (publ) ("Arctic Falls" or the "Company"), a leading Nordic player specialising in winter testing for tyre and vehicle manufacturers, today announces the Company's intention to carry out an offering of shares to the general public in Sweden as well as to institutional investors in Sweden and internationally (the "Offering"), and to list the Company's shares on Nasdaq First North Growth Market in Stockholm (together with the Offering, the "Listing"). The Offering is expected to consist of existing shares in the Company. Nasdaq Stockholm AB has informed the Company that it meets the applicable listing requirements at Nasdaq First North Growth Market, subject to fulfilment of customary conditions.

The Board of Directors of Arctic Falls considers a listing of the Company's shares on Nasdaq First North Growth Market to be a strategically important step in the Company's continued development. The Listing is expected to support the Company's growth ambitions by broadening its shareholder base and increasing access to both the Swedish and international capital markets. Furthermore, a listing on Nasdaq First North Growth Market is expected to enhance the Company's visibility and that of its operations, as well as strengthen the brand among customers, partners, employees, investors, and other key stakeholders.

Nasdaq Stockholm AB has assessed that Arctic Falls meets the applicable listing requirements for Nasdaq First North Growth Market. Nasdaq Stockholm AB will approve an application by the Company for admission to trading of its shares on Nasdaq First North Growth Market, provided that certain customary conditions are fulfilled. Subject to market conditions, the Listing is expected to be completed in December 2025.

Jonas Jalar, CEO and founder of Arctic Falls, comments:

"Listing Arctic Falls is a natural next step as we continue to grow and develop the business. For more than 40 years, we have built a unique position within winter testing for the automotive and tyre industries, and our facilities and services play a crucial role in driving innovation and safety in the future of mobility. A stock market listing provides new opportunities for us to invest, grow together with our customers, and strengthen our role as an internationally leading partner. We look forward to welcoming more people to be part of our journey," says Jonas Jalar, CEO and co-owner of Arctic Falls.

Staffan Persson, Chairman of the Board and co-owner of Arctic Falls, comments:

“We want to continue our growth journey, and a market listing strengthens our legitimacy and position with both existing and new customers. Our current operations are capable of managing the investments required for continued growth, but the listing also provides valuable flexibility for future financing,” says Staffan Persson, Chairman of the Board and co-owner of Arctic Falls.

The Offering in brief and prospectus

If the Company decides to proceed with the Listing, the Offering will be directed to the public in Sweden and to Swedish and international institutional investors outside the United States in accordance with Regulation S under the U.S. Securities Act of 1933, as amended. The Offering will consist of existing shares in the Company to be offered by certain existing shareholders.

Protean Small Cap, Svante Elfving^[1] and Swedbank Robur Fonder (together, the “**Cornerstone Investors**”) have, subject to certain customary conditions, undertaken to acquire shares in the Offering for a total amount of approximately SEK 69 million at an offering price corresponding to a market value of the Company’s shares of approximately SEK 651 million.

The complete terms, instructions and procedures for the Offering will be described in a prospectus prepared by the Company in connection with the planned Offering. If published, the prospectus will be made available on Arctic Falls’ website www.arcticfalls.se.

About Arctic Falls

Arctic Falls is a leading Nordic provider of testing services for the tyre and automotive industries, particularly within winter testing. The Company is based in Älvsbyn and has more than 40 years of experience in developing and operating complete testing environments for the automotive industry. Under extreme climatic conditions, Arctic Falls offers advanced test environments and technical solutions that support the development of next-generation vehicle technologies and tyres. Through its facilities in northern Sweden, the Company enables the validation and optimisation of future vehicle technologies, including electric vehicles, autonomous systems, advanced safety solutions and high-performance winter tyres, in a stable winter climate.

The Company currently owns and operates eight permanent test facilities in northern Sweden, strategically located to ensure long-term stable winter conditions. With five land-based outdoor facilities, the Company offers a wide range of tracks and testing environments designed to simulate various road surfaces and driving situations. These are complemented by three modern indoor facilities, which enable reproducible testing under controlled climatic conditions year-round.

Arctic Falls is a steadily growing company with a proven track record of organic revenue growth combined with strong profitability. Between the financial years 2020/2021 and 2024/2025, the Company’s average annual revenue growth (CAGR) amounted to approximately 18 percent. Growth has primarily been driven by strategic investments in new facilities as well as gradually increasing utilisation rates in existing facilities. The Company’s development has also been accompanied by improved profitability, with the operating margin (EBIT) increasing from approximately 27 percent in the 2020/2021 financial year to approximately 39 percent in the 2024/2025 financial year.

Arctic Falls believes it possesses a number of strengths and competitive advantages that support the implementation of its strategy and the achievement of its financial targets, including:

(1) Arctic Falls is exposed to powerful megatrends within the automotive industry. Stricter requirements regarding safety, noise, rolling resistance and energy efficiency, as well as increasing system complexity driven by electrification and ADAS (Advanced Driver Assistance Systems), are creating a growing need for advanced testing in arctic environments. This need covers both the development and validation of new vehicles and tyres. The Company therefore plays a central role as an independent testing partner to leading global tyre and vehicle manufacturers.

(2) Year-round testing in indoor facilities creates long-term revenue stability. Through its three modern indoor facilities, Arctic Falls can offer advanced tyre and vehicle testing year-round, independent of weather conditions. This provides more stable revenue streams and stronger customer relationships compared with competitors that rely solely on outdoor testing.

(3) Loyal customer base with long-term contracts. The average contract duration for the Company's customers is seven years, with customer relationships extending beyond 20 years and a customer churn rate of 0% among contracted clients. Collaborations with leading global players such as Pirelli, Bridgestone and Yokohama confirm the Company's ability to attract and retain demanding customers.

(4) Strong financial performance with high organic growth and sustained profitability. Net sales have increased from SEK 34 million in 2014/2015 to SEK 153 million in 2024/2025, corresponding to a CAGR of 16%, combined with a rising operating margin that reached approximately 39% in 2024/2025.

(5) Ownership of land and test facilities. Owning its land and facilities provides cost control, development flexibility and higher barriers to entry for competitors, while also representing a valuable balance-sheet asset.

(6) Advanced testing facilities. The combination of indoor and outdoor tracks enables complete test programmes at a single location, shortening development cycles and improving customers' time-to-market.

(7) Deep expertise in snow and winter conditions. The Company possesses extensive knowledge of snow, ice and winter environments, built up over decades of testing in northern Sweden, known as "snowledge", which ensures high precision and reproducibility in test environments, a critical factor in global vehicle manufacturers' research and development processes.

Arctic Falls' strategy is to consistently meet customers' needs for reliable testing and analysis by offering efficient and high-quality test tracks combined with specialised service personnel. By integrating technologically advanced facilities with expert competence, the Company ensures that testing is carried out with high precision and delivers valuable insights to support customers' development work.

Selected financial information

The table below presents selected key financial figures for the financial years 2024/2025, 2023/2024 and 2022/2023, covering the period 1 July – 30 June, as well as for the interim period 1 July – 30 September 2025 with comparative financial figures for the corresponding period in 2024. The key financial figures have not been audited or subject to a review unless otherwise stated.

TSEK (unless otherwise stated)	Q1 (Jul-Sep) 2025/2026	Q1 (Jul-Sep) 2024/2025	2024/2025	2023/2024	2022/2023
Net sales ¹	31,922	25,981	153,114	120,454	111,954
Net sales growth, %	22.9	n.a.	27.1	7.6	n.a.
EBITDA	16,991	12,935	77,555	57,972	60,435
EBITDA margin, %	53.2	49.8	50.7	48.1	54.0
Operating profit (EBIT) ¹	12,230	8,967	59,566	46,543	49,649
Operating margin, %	38.3	34.5	38.9	38.6	44.3
Profit for the period ¹	8,870	4,383	39,975	31,652	33,952
Profit for the period, LTM	43,561	35 643	39,975	31,652	33,952
Return on equity, %, LTM	28.7	29.1	29.8	30.4	35.1
Return on capital employed, %, LTM	19.6	19.3	19.1	17.3	23.5
Interest-bearing net debt	129,807	163,703	148,730	145,546	81,987
Leverage ratio, multiple	1.1x	1.6x	1.2x	1.4x	1.2x

1 The key financial figures have been audited for the financial years 2022/2023, 2023/2024 and 2024/2025, and have been subject to a limited review for the interim period 1 July – 30 September 2025 with comparative figures for the corresponding period in 2024.

Financial targets and dividend policy

In preparation of the listing of the Company's shares on First North Growth Market, the Board of Directors of Arctic Falls has adopted the following financial targets:

- **Net sales growth:** Over a business cycle, net sales are to grow by 10–20 percent per year.
- **Profitability:** The operating margin (EBIT) is to amount to approximately 40 percent in the medium term.
- **Leverage ratio:** Net debt in relation to EBITDA shall not exceed three (3) times over time.
- **Dividend policy:** The Company intends to distribute between 30 and 50 percent of its annual profit after tax to shareholders in the form of dividends, provided that the Company's financial position and future capital requirements allow for such distribution.

Arctic Falls' financial targets and dividend policy described above constitute forward-looking statements, the realisation of which is subject to risks, uncertainties and other factors that may cause actual results to differ from those expressed in the financial targets and dividend policy. These forward-looking statements are based on a number of estimates and assumptions relating, among other things, to the development of Arctic Falls' industry, operations, operating results and financial position. Potential investors should therefore not place reliance on these forward-looking statements and are strongly encouraged to read the prospectus expected to be published by Arctic Falls in connection with the Offering.

Advisors

ABG Sundal Collier AB is acting as Sole Global Coordinator and Bookrunner (the “**Sole Global Coordinator and Bookrunner**”). Baker McKenzie is serving as legal adviser to Arctic Falls in connection with the Listing.

SKMG Sweden AB is the Company's Certified Adviser and can be contacted at: ca@skmg.se.

For further information, please contact:

Jonas Jalar, CEO and founder, e-mail: jonas.jalar@arcticfalls.se

The information was submitted for publication, through the agency of the contact person set out above, on 28 November 2025 at 08:00 CET.

Important Information

This press release is not an offer to sell or a solicitation of any offer to buy securities issued by Arctic Falls AB (publ) ("**Arctic Falls**" or the "**Company**") in any jurisdiction where such offer or sale would be unlawful.

Any offering of the securities referred to in this press release will be made by means of a prospectus. This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (together with any related implementing and delegated regulations, the "**Prospectus Regulation**"), and has not been approved by any regulatory authority in any jurisdiction. A prospectus will be prepared in connection with the Offering and if the Company's decides to proceed with the Offering, the prospectus will be published by the Company on the Company's website. Investors should not invest in any securities referred to in this press release except on the basis of information contained in the aforementioned prospectus.

In any EEA Member State other than Sweden, Finland, Denmark and Norway, this press release is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation.

The contents of this press release has been prepared by and is the sole responsibility of the Company. The information contained in this press release is for background purposes only and does not purport to be full or complete. No reliance may be placed by any person for any purpose on the information contained in this announcement or its accuracy, fairness or completeness.

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The release, publication or distribution of this press release in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which they are released, published or distributed, should inform themselves about, and observe, such restrictions.

Forward-looking statements

This press release may include statements, including the Company's financial and operational medium- to long-term objectives that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "assumes", "believes", "intends", "estimates", "anticipates", "should", "according to estimates", "predicts", "expects", "may", "will", "plans", "schedules", "potential", "forecasts", "could", "as far as is known" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's business, results of operations, financial position, liquidity, prospects, growth or strategies. Forward-looking statements speak only as of the date they are made. Each of the Company, its shareholders, the Sole Global Coordinator and Bookrunner and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statement contained in this press release whether as a result of new information, future developments or otherwise.

Information in this press release or any of the documents relating to the IPO cannot be relied upon as a guide to future performance.

The Sole Global Coordinator and Bookrunner is acting exclusively for the Company and no one else in connection with any offering of the Company's shares. Sole Global Coordinator and Bookrunner will not regard any other person as their respective clients in relation to any offering of the Company's shares and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for providing advice in relation to any offering of the Company's shares, the contents of this press release or any transaction, arrangement or other matter referred to herein. The Sole Global Coordinator and Bookrunner or any of its respective subsidiary undertakings, affiliates or any of their respective directors, officers, employees, advisers, agents, alliance partners or any other entity or person accepts any responsibility or liability whatsoever for, or makes any representation, warranty or undertaking, express or implied, as to the truth, accuracy, completeness or fairness of the information or opinions in this press release (or whether any information has been omitted from this press release) or any other information relating to the group, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith. Accordingly, the Sole Global Coordinator and Bookrunner disclaim, to the fullest extent permitted by applicable law, all and any liability, whether arising in tort or contract or that they might otherwise be found to have in respect of this press release and/or any such statement.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65 /EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Company’s shares subject of the Offering have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, “distributors” (for the purposes of the MiFID II Product Governance Requirements) should note that: the price of the Company’s shares may decline and investors could lose all or part of their investment; the Company’s shares offer no guaranteed income and no capital protection; and an investment in the Company’s shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Company’s shares.

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, shares in the Offering have been subject to a product approval process, which has determined that the Company’s shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each defined in paragraph 3 of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the “**UK Target Market Assessment**”). Notwithstanding the UK Target Market Assessment, “distributors” (for the purposes of the UK Product Governance Requirements) should note that: the price of the Company’s shares may decline and investors could lose all or part of their investment; the Company’s shares offer no guaranteed income and no capital protection; and an investment in the Company’s shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The UK Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the UK Target Market Assessment, the JGCs will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the UK Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or

purchase, or take any other action whatsoever with respect to the Company's shares. Each distributor is responsible for undertaking its own UK Target Market Assessment in respect of the Company's shares and determining appropriate distribution channels.

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The Company may decide not to go ahead with the IPO and there is therefore no guarantee that the listing will occur. You should not base your financial decision on this press release. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested.

[1] Through PSE Förvaltning AB

For more information, please contact:

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About Arctic Falls

Arctic Falls is a leading provider of testing services for the tire and automotive industries. With eight facilities—three indoor and five outdoor—we offer flexible and reliable environments for development and validation. In addition to test environments, our services include testing and testing support, and coordination.

Our global customer base of vehicle and tire manufacturers values our strong focus on confidentiality, safety, and high-quality service, and we aim to be a long-term and trusted partner in their development work. Arctic Falls was founded in 1985 and operates in northern Sweden, where unique climate conditions and our extensive experience provide optimal opportunities for year-round testing.