



ARCTIC BLUE BEVERAGES

INTERIM REPORT

ARCTIC BLUE BEVERAGES AB
Organisation number 559361-7078

JANUARY - SEPTEMBER 2024



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INTERIM REPORT – JAN-SEP 2024

SUMMARY

THE INTERIM PERIOD JANUARY – SEPTEMBER 2024

- Revenues (Jan – Sep): SEK 3 780 thousand (SEK 5 441 thousand on corresponding period 2023)
- EBITDA: SEK –9 319 thousand (SEK –11 879 thousand)
- EBIT: SEK –10 474 thousand (SEK –13 591 thousand)
- Net result: SEK –10 770 thousand (SEK –14 691 thousand)
- Earnings per share (EPS) –0,41 SEK / share
- Cash and cash equivalents: SEK 693 thousand (30 September 2024)

THE PERIOD JULY – SEPTEMBER 2024

- Revenues (Jul – Sep): SEK 1 110 thousand (SEK 1 121 thousand on corresponding period 2023)
- EBITDA: SEK –2 959 thousand (SEK –3 029 thousand)
- EBIT: SEK –3 254 thousand (SEK –3 615 thousand)
- Net result: SEK –3 277 thousand (SEK –3 859 thousand)
- Earnings per share (EPS) –0,13 SEK / share

SIGNIFICANT EVENTS DURING JULY – SEPTEMBER 2024

- Arctic Blue Beverages was awarded the Best Premium Gin Brand in Finland for the second year in a row
- Company entered into loan agreements amounting to a total of EUR 400 000

SIGNIFICANT EVENTS AFTER PERIOD

- Nordic craftsmanship and design took centre stage in Tokyo: Arctic Blue Beverages and Lundia presented a unique design and taste experience
- The Company launched Arctic Blue Webshop, Offering Direct Delivery to Seven European Countries
- Company entered into loan agreements amounting to a total of EUR 100 000



ABOUT ARCTIC BLUE BEVERAGES

Arctic Blue Beverages AB is a Nordic beverage Company, known for its award-winning products Arctic Blue Gin, Arctic Blue Gin Navy Strength, Arctic Blue Gin Rose, and the world's first dairy-free gin-based oat liqueur, Arctic Blue Oat. The Company was founded in 2017 and produces and sells artisanal beverages such as gin and liqueurs made from natural Finnish ingredients. The Company invests in international exports and its products are sold in Finland, Sweden, Japan, Australia, Canada and more than a dozen other countries. For more information, visit Arctic Blue Beverages webpage <https://arcticbluebeverages.com>.

Arctic Blue Beverages AB is listed on Nasdaq First North Growth Market Stockholm since May 2022.

Arctic Blue Beverages share has the ISIN-code SE0017769136 and is traded under the name ARCTIC.

The Company's Certified Adviser is Eminova Fondkommission AB
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KEY FINANCIALS

KEY FINANCIALS	JUL-SEP 2024	JUL-SEP 2023	JAN- SEP 2024	JAN- SEP 2023	JAN-DEC 2023
Revenue (SEK thousand)	1 110	1 150	3 780	5 441	6 680
EBITDA (SEK thousand)	-2 959	-3 029	-9 319	-11 879	-14 972
Operating profit/loss (SEK thousand)	-3 254	-3 615	-10 474	-13 591	-17 255
Net profit/loss (SEK thousand)	-3 277	-3 859	-10 770	-14 691	-18 360
Cash flow generated from operations (SEK thousand)	-4 256	-2 050	-11 981	-6 836	-9 941
Equity ratio (%)	-58 %	44 %	-58 %	44 %	18 %
Number of shares, average	26 198 089	26 198 089	26 198 089	25 243 941	25 726 258
Number of shares at the end of the period	26 198 089	26 198 089	26 198 089	26 198 089	26 198 089
Number of Share options	1 047 924	-	1 047 924	-	-
Number of shares after dilution	27 246 013	26 198 089	27 246 013	26 198 089	26 198 089
Equity per share (SEK)	-0,33	0,24	-0,33	0,24	0,09
Earnings per share (SEK) undiluted	-0,13	-0,15	-0,41	-0,58	-0,71
Earnings per share (SEK) diluted	-0,12	-0,15	-0,41	-0,54	-0,69
Number of employees (average for the period)	6	8	5	8	7



COMMENTS FROM THE CEO, VALTTERI EROMA

THE POWER OF A STRONG BRAND AND A WIDER PORTFOLIO IN A DECLINING MARKET

The summer of 2024 was challenging in Finland both in terms of restaurant sales and Alko's sales. Due to our strong brand, we have been able to maintain our market position and achieve many new Hotels, Restaurants and Catering ("HoReCa") listings. An example of our brand's appeal and reputation, Arctic Blue Beverages was awarded the Best Premium Gin Brand in Finland for the second year in a row by the Luxury Lifestyle Awards 2024. Our products continuously collect international awards, which we are very proud of. Now we are happy that also the Arctic Blue Company brand, which supports our products and the story behind them, seems to be on a similar winning strike.

The expansion of the Arctic Blue product portfolio to lower price points with Arctic Blue Long Drink has also shown its strength. Arctic Blue Long Drink is an important product for us because it brings the Arctic Blue brand and product to a completely new distribution channel and to new customer groups who shop in grocery stores. Building brand recognition in a new channel will take time, but summer 2024 sales start has shown us that this is the right and potentially very significant product for the Company both in domestic and export markets.

SALES

During the third quarter of 2024, our sales revenue stayed the same compared to the corresponding period last year. We were successful in compensating for the declining demand on our domestic market. This was achieved through growth in export, new product sales such as Arctic Blue Long Drink and new listings in domestic HoReCa.

Customer satisfaction has remained at a very high level, and as a sign of that, we have been able to renew all the listing contracts that were expiring by the end of 2024.

Despite the challenging market situation, we have continued putting more efforts into our sales and marketing activities which we believe will give us a better position when economic conditions improve.

SUMMARY

Although the market situation remains tough, we have made progress in many areas. The new Arctic Blue Long Drink has proven to be an important addition to the Company's product range, which as a more affordable product has been generating revenue when sales of the more expensive premium gin portfolio is challenging.

The opening of the Arctic Blue Distillery has been delayed due to a shortage of components and issues with interpreting the safety regulations of the production facility. However, it now looks like we will be able to open the distillery during the fourth quarter 2024.



Arctic Blue Distillery brings a whole new addition to the Company's product offering when we get to develop new unique products, organize local product tastings and other events at the Arctic Blue Distillery in the heart of Helsinki. In the long run, this will increase Arctic Blue's product awareness and increase sales of the Company's products. We are already looking forward to the start of the distillery and especially when the first new batch of Arctic Blue gin is born. It will be a special moment.

Valtteri Eroma, CEO



BUSINESS OVERVIEW

SIGNIFICANT EVENTS DURING JULY – SEPTEMBER 2024

SALES

During this period, the Company's sales remained at the same level as the previous year. Despite a declining domestic market, the Company was able to compensate for this drop through increased export sales and the launch of our RTD product in the domestic. When comparing the third quarter sales to the previous quarter, which was the summer season, there was seen a clear decline in sales, primarily due to seasonal fluctuations.

Despite the challenging market environment, the Company has been successful in securing new listings in the domestic HoReCa. As a result the Company has managed to maintain its volumes on a declining market.

The third quarter of 2024 was also a period with strong focus on renewing existing contracts for the new listing period of 2025. So far the Company has managed to renew all contracts that are going to expire before end of 2024.

The Company anticipates that maintaining our current heightened sales and marketing initiatives will position the Company favorably for future gains when economic conditions improve, and consumers regain purchasing power.

FINANCIAL OVERVIEW

In period January – September 2024 Company's net sales of SEK 3 780 thousand decreased substantially compared to the same period a year earlier (SEK 5 299 thousand) due to continuing uncertainty caused by the geopolitical situation and its impact on consumers consumption behavior.

Materials and services expenses SEK -2 615 thousand (SEK -4 264 thousand) decreased clearly due to decreased sales volumes.

Personnel expenses SEK -4 607 thousand (SEK -5 799 thousand) decreased compared to the same period a year ago due to lower remuneration and decreased number of personnel.

Other external expenses SEK -5 877 thousand (SEK -7 258 thousand) decreased mainly due to further streamlined operations.

EBITDA and EBIT were SEK -9 319 thousand (-11 879 thousand) and SEK -10 474 thousand (-13 591 thousand) for the period January – September 2024.

In period January –September the Company's cash flow was affected by one-off capital expenditure in the Showroom distillery and payments incurred in fulfilling purchase commitments of its products.

The Company's cash and cash equivalents were SEK 693 thousand at the end of the reporting period.

In the third quarter 2024, Company's net sales of SEK 1 110 thousand was at the same level than the same period a year ago (SEK 1 121 thousand).

Materials and services expenses SEK -915 thousand (SEK -799 thousand) increased due to higher operational costs of increased product inventories compared to the same period a year ago.

Other external expenses SEK -1 505 thousand (SEK -1 769 thousand) decreased in some extent compared to the same period a year ago due to further improved operations.

Personnel expenses SEK -1 649 thousand (SEK -1 612 thousand) were at the same level than the same period a year ago.

EBITDA and EBIT were SEK -2 959 thousand (-3 029 thousand) and SEK -3 254 thousand (-3 615 thousand) for the third quarter 2024.

The Company will continue focusing on strengthening its equity and improving its profitability.

MAJOR EVENTS

Arctic Blue Beverages was awarded the title of the Best Premium Gin Brand in Finland for the second consecutive year by the Luxury Lifestyle Awards 2024. The Luxury Lifestyle Awards is a prestigious global program that recognizes the finest luxury goods and services worldwide.

Company entered into loan agreements amounting to a total of EUR 400 000 (ref. Note 6).

SIGNIFICANT EVENTS AFTER THE INTERIM PERIOD

In the beginning of October, the Embassy of Finland in Tokyo hosted a unique celebration of Nordic design and craftsmanship, featuring two iconic Finnish brands: Arctic Blue Gin and Lundia. This exclusive event introduced the Japanese market to the innovative spirit of Arctic Blue Beverages and the timeless quality of Lundia's solid wood furniture, creating an experience that highlights the synergy between contemporary innovation and Finnish heritage.

In the October the Company launched a new Arctic Blue webshop, enabling customers across Europe to easily purchase the brand's products directly. The Arctic Blue webshop will initially serve consumers in Sweden, Denmark, Germany, France, the Netherlands, Austria, and Switzerland. B2B (bars, restaurants, etc.) ordering is available in Sweden, Denmark, Germany, the Netherlands, Switzerland, and Norway.

On November 6, 2024, Company entered into two loan agreements amounting to a total of EUR 100 000 with shareholders Grizzly Hill Capital Ab, controlled by board member Gustaf Björnberg, and Heino Group Oy, controlled by board member Petri Heino (the "Lenders") to strengthen the Company's working capital. Each loan agreement amounts to EUR 50 000 with an interest rate per annum of 10 percent and runs up until January 31, 2025. The Lenders have the right to, should the Company carry out a share issue before January 31, 2025, and provided that all necessary resolutions have been passed, convert the borrowed amount to shares in the Company. In such case, the subscription price for conversion to shares shall be equal to the applicable subscription price in such share issue.



FINANCIAL REPORTS

INCOME STATEMENT - GROUP

SEK thousand	Note	JUL-SEP 2024	JUL-SEP 2023	JAN-SEP 2024	JAN-SEP 2023	JAN-DEC 2023
Revenue						
Net sales		1 110	1 121	3 780	5 299	6 415
Other operating income		<u>0</u>	<u>29</u>	<u>0</u>	<u>142</u>	<u>265</u>
		1 110	1 150	3 780	5 441	6 680
Operating expenses						
Materials and services		-915	-799	-2 615	-4 264	-5 006
Other external expenses		-1 505	-1 769	-5 877	-7 258	-8 751
Personnel expenses	2	-1 649	-1 612	-4 607	-5 799	-7 894
Depreciation and write-downs of tangible and intangible assets		<u>-295</u>	<u>-586</u>	<u>-1 155</u>	<u>-1 713</u>	<u>-2 284</u>
Operating expenses total		<u>-4 364</u>	<u>-4 766</u>	<u>-14 254</u>	<u>-19 032</u>	<u>-23 935</u>
Operating profit (EBIT)		<u>-3 254</u>	<u>-3 615</u>	<u>-10 474</u>	<u>-13 591</u>	<u>-17 255</u>
Results from financial items		-23	-244	-297	-1 100	-1 102
Profit after financial items		<u>-3 278</u>	<u>-3 859</u>	<u>-10 770</u>	<u>-14 691</u>	<u>-18 358</u>
Profit before tax		<u>-3 278</u>	<u>-3 859</u>	<u>-10 770</u>	<u>-14 691</u>	<u>-18 358</u>
Tax expense for the period		<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>-2</u>
Net profit		<u>-3 277</u>	<u>-3 859</u>	<u>-10 770</u>	<u>-14 691</u>	<u>-18 360</u>
Attributable to						
The parent company's shareholders		-3 277	-3 859	-10 770	-14 692	-18 361
Minority interest		0	0	0	1	1


BALANCE SHEET - GROUP

SEK thousand	Note	30 SEP 2024	30 SEP 2023	31 DEC 2023
ASSETS				
Non-current assets				
Intangible assets				
Trademarks	3	85	707	399
Goodwill	4	2 740	3 901	3 498
		2 825	4 608	3 897
Tangible assets				
Advance payments and construction in progress		1 340	-	-
		1 340	-	-
Financial assets				
Receivables from associated companies		482	490	473
Other long-term investment		444	452	437
Other long-term receivables		75	268	148
Deferred tax assets		1	0	0
		1 001	1 210	1 058
Total non-current assets		5 166	5 818	4 955
Current assets				
Inventory				
Raw materials and consumables		-	-	-
Finished goods		5 765	2 688	2 406
		5 765	2 688	2 406
Current receivables				
Accounts receivables		2 709	3 034	3 003
Other receivables		340	1 761	1 455
Prepayments and accrued income		133	275	676
		3 183	5 069	5 133
Cash and cash equivalents				
		693	363	367
Total current assets		9 641	8 121	7 906
TOTAL ASSETS		14 807	13 939	12 861
EQUITY AND LIABILITIES				
Equity				
Share capital		1 258	1 258	1 258
Reserve for invested non-restricted equity		49 832	49 832	49 832
Reserves		1 139	1 526	1 303
Retained earnings		-50 072	-46 450	-31 758
Profit/loss for the financial year		-10 770	-	-18 360
Equity attributable to the parent company's shareholders		-8 613	6 165	2 274
Minority interest		-	0	0
Total equity		-8 613	6 165	2 274
Provisions				
Provisions for pensions and similar obligations		4	0	0
Current liabilities				
Short term loans	5,6	18 067	2 608	5 520
Accounts payable		1 036	1 201	974
Other liabilities		843	1 061	993
Accrued expenses and deferred income		3 470	2 903	3 100
Total current liabilities		23 416	7 774	10 587
TOTAL EQUITY AND LIABILITIES		14 807	13 939	12 861



CASH FLOW STATEMENT – GROUP

SEK thousand	JUL-SEP 2024	JUL-SEP 2023	JAN- SEP 2024	JAN- SEP 2023	JAN-DEC 2023
Operating profit	-3 254	-3 615	-10 474	-13 591	-17 255
Adjustments for:					
Depreciation and write-downs	295	586	1 155	1 713	2 284
Exchange rate differences	-40	-219	-300	-50	-192
Changes in provisions	4	0	4	0	0
Options	46	0	46	0	0
Financial income/expenses (+/-)	-82	-133	-177	-172	-307
Paid taxes	0	0	0	0	-2
Operating activities before working capital changes	-3 030	-3 381	-9 746	-12 100	-15 472
Changes in working capital:					
Increase (-) or decrease (+) in inventory	757	244	-3 346	1 981	2 177
Increase (-) or decrease (+) in trade receivables	164	971	352	2 654	2 578
Increase (-) or decrease (+) in other receivables	151	-207	564	116	277
Increase (+) or decrease (-) in trade payables	-2 271	287	46	-1 110	-1 220
Increase (+) or decrease (-) in other payables	-26	36	149	1 624	1 720
Cash flow from operating activities (A)	-4 256	-2 050	-11 981	-6 836	-9 941
Disposal of subsidiary	0	0	0	13	13
Disposal of financial assets	2	0	1 218	2 358	2 489
Purchase of financial assets	0	-140	0	-140	-140
Purchase of fixed assets	-667	0	-1 353	0	0
Cash flow from investing activities (B)	-665	-140	-135	2 231	2 361
Proceeds from loans	3 807	1 629	13 137	2 957	5 885
Repayment of loans	-512	0	-691	0	0
Proceeds from issuance of shares	0	0	0	409	409
Cash flow from financig activities (C)	3 295	1 629	12 446	3 366	6 294
Net increase/decrease in cash and cash equivalents (A+B+C)	-1 626	-562	330	-1 239	-1 285
Cash and cash equivalents at beginning of period	2 319	939	367	1 633	1 633
Exchange rate differences	-0	-14	-4	-30	20
Cash and cash equivalents at end of period	693	363	693	363	367



CHANGE IN EQUITY

SEK thousand	Share capital	Invested unrestricted equity reserve	Retained earnings (loss)	Revaluation reserve	Profit (loss) for the period	Total equity belonging to parent company share holders	Minority interest	Total equity
Equity 1 Jul 2024	1 258	49 832	-50 118	1 139	-7 493	-5 383	0	-5 383
Options			46			46		46
Translation difference				0		0		0
Profit (loss) for the period					-3 277	-3 277		-3 277
Equity 30 Sep 2024	1 258	49 832	-50 072	1 139	-10 770	-8 613	0	-8 613
Equity 1 Jul 2023	1 258	49 413	-42 591	1 642	0	9 722	0	9 722
New share issue (set off adjustment)		419				419		419
Translation difference				-117		-117		-117
Profit (loss) for the period					-3 859	-3 859		-3 859
Equity 30 Sep 2023	1 258	49 832	-42 591	1 526	-3 859	6 165	0	6 165
Equity 1 Jan 2024	1 258	49 832	-50 118	1 303	0	2 274	0	2 274
Options			46			46		46
Translation difference				-164		-164		-164
Profit (loss) for the period					-10 770	-10 770		-10 770
Equity 30 Sep 2024	1 258	49 832	-50 072	1 139	-10 770	-8 613	0	-8 613
Equity 1 Jan 2023	1 171	49 090	-31 757	1 156	0	19 660	7	19 667
New share issue	87	741				828		828
Translation difference				369		369	-8	362
Profit (loss) for the period					-14 692	-14 692	1	-14 691
Equity 30 Sep 2023	1 258	49 832	-31 757	1 526	-14 692	6 165	0	6 165
Equity 1 Jan 2023	1 171	49 090	-31 757	1 156	0	19 660	7	19 667
New share issue	87	741				828		828
Translation difference				147		147		147
Profit (loss) for the period					-18 361	-18 361	-7	-18 367
Equity 31 Dec 2023	1 258	49 832	-31 757	1 303	-18 361	2 274	0	2 274



NOTES TO JANUARY – SEPTEMBER INTERIM REPORT

NOTE 1 – ACCOUNTING PRINCIPLES

The half-year report has been prepared in accordance with the Annual Accounts Act (1995:1554), chapter 9 Interim report.

BASIS FOR DRAWING UP THE INTERIM REPORT

The group's consolidated financial statements include the following companies:

- Arctic Blue Beverages AB
- Arctic Blue Beverages Oy
- Valamo Beverages Oy until May 31st 2023.

Additionally in the group belongs following minor associate/subsidiary companies which are under group transformation.

- Arctic Gateway Asia Pte. Ltd
- Arctic Gateway India Private Limited Pty Ltd (dormant)
- Arctic Brand House Oy (dormant until deregistration on 7.6.2023)

The companies listed above formed a group with Arctic Blue Beverages AB as parent company. As part of the preparations for the listing on the Nasdaq First North Growth Market, the group was reorganized and a new company, Arctic Blue Beverages AB became the new Swedish parent company on April 8, 2022.

The principles are unchanged compared to those applied in the annual financial statements for 2023.

Below are the most essential principles:

Income

Revenue is valued at the fair value of what has been received or will be received, less discounts. When selling goods, the revenue is reported upon delivery.

Inventory

The inventory is recorded at the lower of the acquisition value and the net sales value. The acquisition value calculated according to the first-in-first-out principle.

Financial assets and liabilities

Financial assets and liabilities are reported based on the acquisition value in accordance with chapter 11 Financial instruments valued based on the acquisition value in BFN AR 2012:1.

Receivables

Receivables have been recorded at the amounts with which they are estimated to have an impact.

Intangible assets

Intangible fixed assets that have been acquired are reported at the acquisition value less accumulated depreciation.

Depreciation principles for fixed assets

Depreciation according to plan is based on original acquisition values and estimated useful life.

The following depreciation periods apply: Period of use

Intangible assets	
Trademarks	5 years
Goodwill	5 years

**NOTE 2 – PERSONNEL**

Personnel	JUL-SEP 2024	JUL-SEP 2023	JAN-SEP 2024	JAN-SEP 2023	JAN-DEC 2023
Average number of employees					
Arctic Blue Beverages Oy Finland	6	8	5	8	7
Total	6	8	5	8	7

NOTE 3 – TRADEMARKS

SEK thousand	30 SEP 2024	30 SEP 2023	31 DEC 2023
Accumulated acquisition values			
At the beginning of the period	4 527	4 540	4 540
Translation differences	83	148	-13
At the end of the period	4 610	4 688	4 527
Accumulated depreciation			
At the beginning of the period	-4 127	-3 204	-3 204
Depreciation for the period	-325	-878	-1 171
Translation differences	-73	101	248
At the end of the period	-4 525	-3 982	-4 127
Recorded value at the end of the period	85	707	399

NOTE 4 – GOODWILL

SEK thousand	30 SEP 2024	30 SEP 2023	31 DEC 2023
Accumulated acquisition values			
At the beginning of the period	5 753	9 671	5 770
New acquisitions		0	0
Translation differences	106	189	-17
At the end of the period	5 859	5 958	5 753
Accumulated depreciation			
At the beginning of the period	-2 255	-983	-983
Depreciation for the period	-830	-835	-1 113
Translation differences	-34	-240	-160
At the end of the period	-3 119	-2 057	-2 255
Recorded value at the end of the period	2 740	3 901	3 498

NOTE 5 – PLEDGED COLLATERAL AND CONTINGENT LIABILITIES

	30 SEP 2024	30 SEP 2023	31 DEC 2023
Pledged collateral	46	312	446
Contingent liabilities	None	None	None

Company has signed contract with Finnish financial institute of sales of receivables (factoring agreement). Liability of the factoring loan has been pledged. Contract includes credit insurance with 95% coverage of receivables included in the agreement.



NOTE 6 – TRANSACTIONS WITH RELATED PARTIES

On August 2, 2024, Company entered into a loan agreement amounting to a total of EUR 150 000 with shareholder Heino Group Oy, controlled by board member Petri Heino (the "Lender") to strengthen the Company's working capital. The loan agreement amounts to EUR 150 000 with an interest rate per annum of 10 percent and runs up until January 31, 2025. The Lender has the right to, should the Company carry out a share issue before January 31, 2025, and provided that all necessary resolutions have been passed, convert the borrowed amount to shares in the Company. In such case, the subscription price for conversion to shares shall be equal to the applicable subscription price in such share issue.

On August 28, 2024, Company entered into two loan agreements amounting to a total of EUR 125 000 with shareholders Grizzly Hill Capital Ab, controlled by board member Gustaf Björnberg, and Heino Group Oy, controlled by board member Petri Heino (the "Lenders") to strengthen the Company's working capital. Each loan agreement amounts to EUR 62 500 with an interest rate per annum of 10 percent and runs up until January 31, 2025. The Lenders have the right to, should the Company carry out a share issue before January 31, 2025, and provided that all necessary resolutions have been passed, convert the borrowed amount to shares in the Company. In such case, the subscription price for conversion to shares shall be equal to the applicable subscription price in such share issue.

On September 25, 2024, Company entered into two loan agreements amounting to a total of EUR 125 000 with shareholders Grizzly Hill Capital Ab, controlled by board member Gustaf Björnberg, and Heino Group Oy, controlled by board member Petri Heino (the "Lenders") to strengthen the Company's working capital. Each loan agreement amounts to EUR 62 500 with an interest rate per annum of 10 percent and runs up until January 31, 2025. The Lenders have the right to, should the Company carry out a share issue before January 31, 2025, and provided that all necessary resolutions have been passed, convert the borrowed amount to shares in the Company. In such case, the subscription price for conversion to shares shall be equal to the applicable subscription price in such share issue.

Additionally, the following transactions with related parties have been implemented in the second quarter of 2024.

JUL - SEP 2024

SEK thousand	
Advisory services, Hoikka Consulting Oy (Antti Villanen, chairman of the board)	80

NOTE 7 – RISKS AND UNCERTAINTIES

Future funding

The resources required to execute Arctic Blue Beverages' business plan, including product development, expansion into new markets and other investments, depends on several factors. Product development or launch in new markets can be more expensive and take longer than expected. The Company has generated a negative result and may need to raise additional capital in the future to finance its growth plans. The Company may be forced to seek alternative financing in the form of debt financing or additional capital raising.

Access to quality raw materials

The Company is dependent on the availability of quality raw materials, such as Finnish blueberries, and in cases where the supply of raw materials on which the Company is dependent on for the production of its products decreases or deteriorates, it may entail difficulties in producing and delivering its products in accordance with their commitments to customers.

Dependence on key people

Arctic Blue Beverages is a relatively small organization, and its future growth is highly dependent on the expertise of the Company's management, the board of directors and other key personnel's competences.

Competitive situation

The state monopolies in the Nordic countries and especially in Finland are important revenue channels for the Company. Despite that extensive legislation that applies in the state retail monopolies and other international markets where the company operates, the industry of gin is competitive.

**Currency risks**

Currency risk occurs in the form of recalculation exposure as purchases and sales are not always the same currency and recalculation exposure when recalculating the subsidiaries' income statements and balance sheets, primarily EUR to the accounting currency, which is SEK.

NOTE 8 – SIGNIFICANT EVENTS**Significant events during the reporting period**

Arctic Blue Beverages was awarded the title of the Best Premium Gin Brand in Finland for the second consecutive year by the Luxury Lifestyle Awards 2024. The Luxury Lifestyle Awards is a prestigious global program that recognizes the finest luxury goods and services worldwide.

Company entered into loan agreements amounting to a total of EUR 400 000 (ref. Note 6).

Significant events after the end of the reporting period

In the beginning of October, the Embassy of Finland in Tokyo hosted a unique celebration of Nordic design and craftsmanship, featuring two iconic Finnish brands: Arctic Blue Gin and Lundia. This exclusive event introduced the Japanese market to the innovative spirit of Arctic Blue Beverages and the timeless quality of Lundia's solid wood furniture, creating an experience that highlights the synergy between contemporary innovation and Finnish heritage.

In the October the Company launched a new Arctic Blue webshop, enabling customers across Europe to easily purchase the brand's products directly. The Arctic Blue webshop will initially serve consumers in Sweden, Denmark, Germany, France, the Netherlands, Austria, and Switzerland. B2B (bars, restaurants, etc.) ordering is available in Sweden, Denmark, Germany, the Netherlands, Switzerland, and Norway.

On November 6, 2024, Company entered into two loan agreements amounting to a total of EUR 100 000 with shareholders Grizzly Hill Capital Ab, controlled by board member Gustaf Björnberg, and Heino Group Oy, controlled by board member Petri Heino (the "Lenders") to strengthen the Company's working capital. Each loan agreement amounts to EUR 50 000 with an interest rate per annum of 10 percent and runs up until January 31, 2025. The Lenders have the right to, should the Company carry out a share issue before January 31, 2025, and provided that all necessary resolutions have been passed, convert the borrowed amount to shares in the Company. In such case, the subscription price for conversion to shares shall be equal to the applicable subscription price in such share issue.

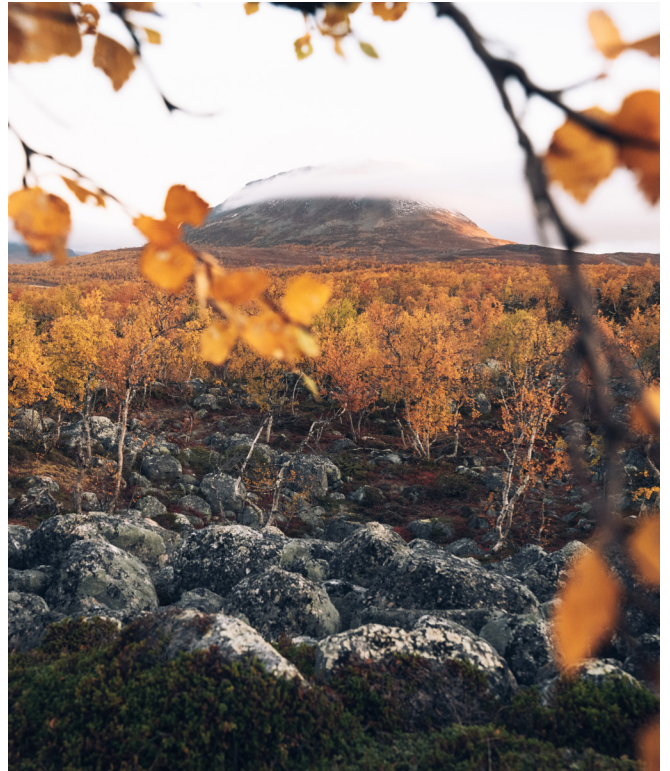


THE SHARE

Arctic Blue Beverages stock is listed on Nasdaq First North Growth Market with the ticker symbol "Arctic". As of September 30, 2024, the total number of shares was 26,198,089 and the closing price was SEK 0,200 per share.

AUDITOR

WeAudit Sweden AB is the company's auditor and is presented by Mikael Köver.





INFORMATION

CERTIFIED ADVISOR

As a company is listed on Nasdaq First North Growth Market Stockholm the company has an obligation to use a Certified advisor. Arctic Blue Beverages AB has appointed:

Eminova Fondkommission AB
Mail: adviser@eminova.se
Phone: +46 8-684 211 10

AUDITING

This report has not been audited by company's auditor.

FINANCIAL CALENDAR

Year-End Report 2023	February 19, 2024
Annual Report 2023	April 10, 2024
Interim report Jan – Mar 2024	May 15, 2024
Annual General Meeting 2024	June 19, 2024
Half-Year Report 2024	August 21, 2024
Interim Report Jan–Sep 2024	November 20, 2024
Year-End Report 2024	February 19, 2025

NOTE

This company announcement contains information that Arctic Blue Beverages AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact persons set out below at 8:00am CET on November 20, 2024.

FOR MORE INFORMATION, PLEASE CONTACT:

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THE BOARD'S DECLARATION

The board of Directors and CEO ensure that this half-year report gives a true and fair view of the company's operations and financial position.

Helsinki, November 20, 2024

Valtteri Eroma	Chief Executive Officer
Antti Villanen	Chairman of the board
Gustaf Björnberg	Member of the board
Petri Heino	Member of the board
Matti Nikkola	Member of the board



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