



ARCTIC BLUE BEVERAGES

YEAR-END REPORT

ARCTIC BLUE BEVERAGES AB
Organisation number 559361-7078

JANUARY–DECEMBER 2023



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YEAR-END REPORT – JAN-DEC 2023

SUMMARY

THE PERIOD JANUARY – DECEMBER 2023

- Revenues (Jan – Dec): SEK 6,680 thousand (SEK 10,892 thousand on corresponding period 2022 which was positively affected by one-time other operating income of SEK 1,452 thousand)
- EBITDA: SEK –14,972 thousand (SEK –35,904 thousand)
- EBIT: SEK –17,255 thousand (SEK –37,767 thousand)
- Net result: SEK –18,360 thousand (SEK –37,767 thousand)
- Earnings per share (EPS) –0.68 SEK / share
- Cash and cash equivalents: SEK 367 thousand (31 December 2023)

OCTOBER – DECEMBER 2023

- Revenues (Oct – Dec): SEK 1,239 thousand (SEK 2,717 thousand on corresponding period 2022)
- EBITDA: SEK –3,093 thousand (SEK –6,929 thousand)
- EBIT: SEK –3,664 thousand (SEK –8,845 thousand)
- Net result: SEK –3,859 thousand (SEK –7,472 thousand)
- Earnings per share (EPS) –0.14 SEK / share

SIGNIFICANT EVENTS DURING OCTOBER – DECEMBER 2023

- Company entered into loan agreements amounting to a total of EUR 250,000
- Company's subsidiary Arctic Blue Beverages Oy informed signing of a collaboration agreement with Noho Partners Oyj regarding a showroom distillery and tightened collaboration on the Finnish market.

SIGNIFICANT EVENTS AFTER PERIOD

- Company entered into loan agreements amounting to a total of EUR 200,000



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	OCT-DEC 2023	OCT-DEC 2022	JAN- DEC 2023	JAN- DEC 2022
Revenue (SEK thousand)	1 239	2 717	6 680	10 894
EBITDA (SEK thousand)	-3 093	-6 929	-14 972	-35 904
Operating profit/loss (SEK thousand)	-3 664	-7 472	-17 255	-37 767
Net profit/loss (SEK thousand)	-3 668	-7 462	-18 360	-37 949
Cash flow generated from operations (SEK thousand)	-3 104	-6 150	-9 941	-31 862
Equity ratio (%)	18 %	80 %	18 %	80 %
Number of shares, average	26 198 089	19 648 036	25 726 258	18 106 612
Number of shares at the end of the period	26 198 089	24 390 230	26 198 089	24 390 230
Number of Share options	387 000	387 000	387 000	387 000
Number of warrants of series TO1	-	-	-	-
Number of warrants of series TO2	-	3 733 332	-	3 733 332
Number of shares after dilution	26 585 089	28 510 562	26 585 089	28 510 562
Equity per share (SEK)	0,09	0,81	0,09	0,81
Earnings per share (SEK) undiluted	-0,14	-0,38	-0,71	-2,10
Earnings per share (SEK) diluted	-0,14	-0,31	-0,68	-1,53
Number of employees (average for the period)	6	9	7	8



COMMENTS FROM THE CEO, VALTTERI EROMA

FIGHTING AGAINST THE DECLINING MARKET

I will give the fourth quarter the same headline as for the third, as it has been very much similar period, fighting against a declining market. We have progressed well with our HoReCa strategy in Finland, gaining new important chain listings and flagship bars, restaurants, and nightclubs around the entire country. One example of these truly unique arctic experiences is Lapland Hotels' SnowVillage ice hotel located in Kittilä, Finland, where you will find the Arctic Blue Ice Bar, a bar made entirely of ice.

We witnessed a positive sales development during the end of the year 2023 in Alko, where our sales reached an all year monthly high in December. Alko, the Finnish retailing beverage monopoly, constitutes a significant part of the company's sales. It has also been proven that in the long run the HoReCa success will grow the brand awareness and have a positive impact also in the Alko sales. Therefore, we are optimistic that we will be able to fight against the declining market and improve our sales in Alko during 2024.

Things are also moving forward in our most important export market, Japan, where market activations are ongoing by our distributor ID Shoji. In our other export markets, we have tightened our focus regarding market activations. In the new markets we have updated our pricing models to better meet the requirements of our customers.

Internationally, Arctic Blue Beverages was awarded the prominent title Craft Gin Brand of the Year, in the Food and Drink Awards 2023, hosted by the esteemed British lifestyle magazine LUXlife. Our products also collected more international awards in the prestigious Gin Masters 2023 competition organised by The Spirit Business. Arctic Blue Gin received a Master Medal in the contemporary category and a Gold Medal in the super premium category. The Master Medal is the highest medal awarded in the said competition. Additionally our Arctic Blue Gin Navy Strength was awarded a Gold Medal in the Navy Strength category, Arctic Blue Gin Rose was honoured with a Gold Medal in the flavoured gin category, and our newest product, Arctic Blue Laku, launched in spring 2023, secured a Silver Medal in the gin liqueur category.

SALES

During the fourth quarter of 2023, our sales revenue decreased by 57% compared to the corresponding period last year. This was caused by declining sales trend in the premium segment in all our markets. Also, quarterly variation in sales and to a lower level of fulfilment of stock-in orders to South-East Asia, which occurred in the fourth quarter of 2022, had an impact to this decline.

Due to challenging economic times consumers are switching to cheaper products and this can be seen in our main sales channel in Finland, Alko alcohol monopoly, where the gin category sales in was down by 5,8% and premium gin category by 26,5%.

The fourth quarter 2023 sales remained at the same level compared to the previous quarter, decreasing only by 0,5%.



SUMMARY

2023 was a challenging year for us regarding our sales performance, but at the same time we have gained good wins building our HoReCa chain strategy and partnerships in Finland. Instead of trying to gain quick wins we have focused to the long-term success of the company by enhancing current partnerships and signing new ones. We have also succeeded in cost-cutting and cost optimization measures during 2023 and continue to change to a more cost-efficient operational model during the year 2024.

During the year 2024 we will launch interesting new products and open our new Arctic Blue Distillery in Helsinki with NoHo Partners Plc. All these new opportunities combined with our current tightened focus in all the operations, and our multi award winning product portfolio, will give us a very good position to gain market share and grow even in a declining market environment.

Valtteri Eroma, CEO



BUSINESS OVERVIEW

SIGNIFICANT EVENTS DURING OCTOBER – DECEMBER 2023

SALES

During this period, we observed a noteworthy decline in sales revenue, registering a 57% decrease compared to the corresponding quarter in the previous year. The principal factor contributing to this downturn was an unfavorable sales trend evident in Finland and the Travel Retail sector, where we experienced a significant 33% decline in sales.

Despite our intensified efforts in the HoReCa sector, we were unable to reverse the negative sales trend. Our sales closely mirrored the general market situation in Finland, which was notably impacted by challenging economic conditions. The domestic Christmas sales in HoReCa were negatively affected by companies cancelling their company Christmas-parties. Within Alko alcohol monopoly, it is evident that consumers are opting for more budget-friendly products, with the premium category witnessing a more substantial decrease than the lower-priced categories.

Despite these challenges, we continued to implement our HoReCa-chain strategy successfully. We managed to list our product portfolio to Finland's third largest chain Restel. This will give us the opportunity to reach about 60 more venues all across Finland starting from January 2024 onwards.

It is essential to note that the decline in sales is partly attributed to the yearly shipments to South-East Asia, which occurred in the fourth quarter of 2022 and will not recur until 2024. This temporal shift in shipments has had a considerable impact on our sales for the specific quarters under consideration.

In contrast to the decline in year-over-year sales, it is worth mentioning that the total sales revenue for the fourth quarter of 2023 remained consistent with the figures reported in the preceding quarter.

We are actively addressing these challenges and implementing strategic measures to enhance our performance moving forward.

FINANCIAL OVERVIEW

In period January – December 2023 Company's net sales of SEK 6,415 thousand decreased compared to the same period a year earlier (SEK 9,441 thousand) due to a lower level of fulfilment of stock-in orders and lower demand during the second half of the year 2023.

Materials and services expenses SEK -5,006 thousand (SEK -8,923 thousand) decreased clearly due to improved operations and decreased purchasing volumes.

Other external expenses SEK -8,751 thousand (SEK -28,046 thousand) decreased significantly due to clearly improved operations and high one-time costs related to marketing and advisory services during the corresponding period last year.

Personnel expenses SEK -7,894 thousand (SEK -9,829 thousand) decreased compared to the same period a year ago due to lower remuneration and decreased number of personnel.

EBITDA and EBIT were SEK -14,972 thousand (-35,904 thousand) and SEK -17,255 thousand (-37,767 thousand) for the period Jan – Dec 2023.

In the fourth quarter 2023, Company's net sales of SEK 1,116 thousand decreased compared to the same period a year earlier (SEK 2,610 thousand) due to overall lower demand and a lower level of fulfilment of stock-in orders compared to same period a year ago.

Materials and services expenses SEK -743 thousand (SEK -3,000 thousand) decreased clearly due to improved operations and decreased purchasing volumes.

Other external expenses SEK -1,493 thousand (SEK -4,601 thousand) decreased clearly due to continued successful cost-cutting and cost optimization measures.

Personnel expenses SEK -2,096 thousand (SEK -2,045 thousand) were at the same level compared to the same period a year ago.

EBITDA and EBIT were SEK -3,093 thousand (-6,929 thousand) and SEK -3,664 thousand (-7,472 thousand) for the fourth quarter 2023 and at the same level than in the previous quarter.

The Company's cash and cash equivalents were SEK 367 thousand at the end of the reporting period.

The Company will continue to perform cost-cutting and cost optimization measures in the first quarter of 2024. The Company will further reduce use of the external service providers, continue to change to a more cost-efficient operation model, and further decrease the administrative costs.

MAJOR EVENTS

Company entered into loan agreements amounting to a total of EUR 250,000 (ref. Note 6).

On November 1, 2023 Company's subsidiary Arctic Blue Beverages Oy and one of the leading restaurant groups in Finland, NoHo Partners Oyj, signed a collaboration agreement regarding a showroom distillery and tightened collaboration on the Finnish market. The Arctic Blue Showroom Distillery will be located at the new Helsinki Kulttuurikasarmi, which opens its doors 17.11.2023. The Showroom Distillery will open gradually during first half of 2024.

SIGNIFICANT EVENTS AFTER THE INTERIM PERIOD

On January 30, 2024, Company entered into two loan agreements amounting to a total of EUR 200,000 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 100,000 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	OCT-DEC 2023	OCT-DEC 2022	JAN-DEC 2023	JAN-DEC 2022
Revenue					
Net sales		1 116	2 610	6 415	9 441
Other operating income		<u>122</u>	<u>107</u>	<u>265</u>	<u>1 452</u>
		1 239	2 717	6 680	10 894
Operating expenses					
Materials and services		-743	-3 000	-5 006	-8 923
Other external expenses		-1 493	-4 601	-8 751	-28 046
Personnel expenses	2	-2 096	-2 045	-7 894	-9 829
Depreciation and write-downs of tangible and intangible assets		<u>-571</u>	<u>-543</u>	<u>-2 284</u>	<u>-1 863</u>
Operating expenses total		<u>-4 903</u>	<u>-10 189</u>	<u>-23 935</u>	<u>-48 661</u>
Operating profit (EBIT)		-3 664	-7 472	-17 255	-37 767
Results from financial items		-3	11	-1 102	116
Profit after financial items		<u>-3 667</u>	<u>-7 462</u>	<u>-18 358</u>	<u>-37 652</u>
Profit before tax		<u>-3 667</u>	<u>-7 462</u>	<u>-18 358</u>	<u>-37 652</u>
Tax expense for the period		<u>-2</u>	<u>0</u>	<u>-2</u>	<u>-297</u>
Net profit		<u>-3 668</u>	<u>-7 462</u>	<u>-18 360</u>	<u>-37 949</u>
Attributable to					
The parent company's shareholders		-3 668	-7 430	-18 361	-37 953
Minority interest		0	-31	1	4



BALANCE SHEET - GROUP

SEK thousand	Note	31 DEC 2023	31 DEC 2022
ASSETS			
Non-current assets			
Intangible assets			
Trademarks	3	399	1 335
Goodwill	4	3 498	4 787
		3 897	6 123
Financial assets			
Receivables from associated companies		473	474
Other long-term investment		437	462
Other long-term receivables		148	3 425
Deferred tax assets		0	0
		1 058	4 361
Total non-current assets		4 955	10 484
Current assets			
Inventory			
Raw materials and consumables		-	279
Finished goods		2 406	4 421
		2 406	4 700
Current receivables			
Accounts receivables		3 003	6 179
Other receivables		1 455	206
Prepayments and accrued incom		676	1 437
		5 133	7 823
Cash and cash equivalents		367	1 633
Total current assets		7 906	14 155
TOTAL ASSETS		12 861	24 639
<hr/>			
SEK thousand	Note	31 DEC 2023	31 DEC 2022
EQUITY AND LIABILITIES			
Equity			
Share capital		1 258	1 171
Reserve for invested non-restricted equity		49 832	49 090
Reserves		1 303	1 156
Retained earnings		-50 118	-31 757
Equity attributable to the parent company's shareholders		2 274	19 660
Minority interest		0	7
Total equity		2 274	19 667
Provisions			
Provisions for pensions and similar obligations		0	0
Current liabilities			
Short term loans	5,6	5 520	-
Accounts payable		974	2 206
Other liabilities		993	458
Accrued expenses and deferred income		3 100	2 308
Total current liabilities		10 587	4 973
TOTAL EQUITY AND LIABILITIES		12 861	24 639



CASH FLOW STATEMENT – GROUP

SEK thousand

	OCT-DEC 2023	OCT-DEC 2022	JAN-DEC 2023	JAN-DEC 2022
Operating profit	-3 664	-7 472	-17 255	-37 767
Adjustments for:				
Depreciation and write-downs	571	543	2 284	1 863
Exchange rate differences	-142	507	-192	0
Changes in provisions	0	79	0	0
Options	0	-1 098	0	1
Financial income/expenses (+/-)	-135	11	-307	168
Paid taxes	-2	0	-2	-297
Operating activities before working capital changes	-3 372	-7 430	-15 472	-36 032
Changes in working capital:				
Increase (-) or decrease (+) in inventory	196	1 683	2 177	2 650
Increase (-) or decrease (+) in trade receivables	-76	-792	2 578	204
Increase (-) or decrease (+) in other receivables	161	1 590	277	-1 138
Increase (+) or decrease (-) in trade payables	-110	-2 035	-1 220	266
Increase (+) or decrease (-) in other payables	97	834	1 720	2 188
Cash flow from operating activities (A)	-3 104	-6 150	-9 941	-31 862
Disposal of subsidiary	0	0	13	0
Disposal of financial assets	131	0	2 489	0
Purchase of financial assets	0	0	-140	0
Purchase of other fixed assets	0	276	0	0
Cash flow from investing activities (B)	131	276	2 361	0
Reduction of share capital	0	0	0	25
Proceeds from loans	2 927	0	5 885	0
Proceeds from issuance of shares	0	6 755	409	32 251
Cash flow from financing activities (C)	2 927	6 755	6 294	32 276
Net increase/decrease in cash and cash equivalents (A+B+C)	-46	882	-1 285	414
Cash and cash equivalents at beginning of period	363	694	1 633	1 021
Exchange rate differences	50	94	20	197
Cash and cash equivalents at end of period	367	1 633	367	1 633



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
(consolidated financials)								
Equity 1 Oct 2023	1 258	49 832	-46 450	1 526	0	6 165	0	6 165
Translation difference				-222		-222		-222
Profit (loss) for the period					-3 668	-3 668		-3 668
Equity 31 Dec 2023	1 258	49 832	-46 450	1 303	-3 668	2 274	0	2 274
Equity 1 Oct 2022	822	42 684	-24 408	939	0	20 037	44	20 081
New share issue	349	6 406				6 755		6 755
Translation difference				217		217		217
Profit (loss) for the period					-7 350	-7 350	-37	-7 387
Equity 31 Dec 2022	1 171	49 090	-24 408	1 156	-7 350	19 660	7	19 667
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	0	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
Equity 1 Apr 2022	25	0	0	0	0	25	0	25
Reduction of share capital	-25					-25		-25
New share issue	1 171	49 090				50 261		50 261
Translation difference				1 156		1 156	0	1 156
Profit (loss) for the period					-31 757	-31 757	7	-31 751
Equity 31 Dec 2022	1 171	49 090	0	1 156	-31 757	19 660	7	19 667



NOTES TO JANUARY – DECEMBER YEAR-END REPORT

NOTE 1 – ACCOUNTING PRINCIPLES

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

BASIS FOR DRAWING UP THE INTERIM REPORT

Arctic Blue Beverages AB's financial report for the first quarter 2022 have been prepared as combined financial statements to illustrate historical financial information for a group of entities which was not legally a group, but which was owned by the same parties and with the same ownership shares that owned Arctic Blue Beverages Oy before the reorganization of the group.

The combined financial statements have been prepared for the purpose of being incorporated, by reference, into a prospectus because Arctic Blue Beverages AB issued shares and warrants that were listed on the Nasdaq First North Growth Market in Stockholm 12.5.2022.

The combined financial reports have been prepared in accordance with the Annual Accounts Act (1995:1554) and The Accounting Board's general advice BFNAR 2012:1 Annual report and consolidated accounts (K3).

The group's combined and 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. Historically, consolidated accounts have not been drawn up, neither for Arctic Blue Beverages AB nor for Arctic Blue Beverages Oy. 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 combined financial statements represent the group of entities that became a group on 8 April 2022 when the inactive parent company in the group, Arctic Blue Beverages AB, through a non-cash issue acquired 100% of the shares in Arctic Blue Beverages Oy. At the same time Arctic Blue Beverages AB reduced its share capital by SEK 25,000 by withdrawing all 25,000 outstanding shares before the general meeting. Arctic Blue Beverages AB thereby became the new parent company for the Arctic Blue Beverages Oy group. Arctic Blue Beverages AB is included in the consolidated financial reports only from its formation on 20 January 2022 with a share capital of SEK 25,000.

There are no rules in K3 for consolidated financial reports. Because K3 does not provide any specific guidance a commonly occurring accounting principle for the preparation of consolidated financial reports has been chosen meaning that Arctic Blue Beverages AB and the Arctic Blue Beverages Oy group are aggregated based on historical reported values in the Arctic Blue Beverages Oy group after adjustment to Arctic Blue Beverages AB's accounting principles.

All intra-group transactions between legal entities and the corporate group have been eliminated. Hence, the combined financial reports represent the economic activities for The Arctic Blue Beverages AB group which was formed on April 8, 2022. From April 8, 2022 onwards (in practise April 1, 2022) the group presents the consolidated financial reports (meaning that January – December 2022 is combination of combined and consolidated financial reports).

The principles are unchanged compared to those applied in the combined financial statements for first quarter 2022.

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	OCT-DEC 2023	OCT-DEC 2022	JAN-DEC 2023	JAN-DEC 2022
Average number of employees				
Arctic Blue Beverages Oy Finland	6	9	7	8
Total	6	9	7	8

NOTE 3 – TRADEMARKS

SEK thousand	31 DEC 2023	31 DEC 2022
Accumulated acquisition values		
At the beginning of the period	4 540	4 172
Translation differences	-13	368
At the end of the period	4 527	4 540
Accumulated depreciation		
At the beginning of the period	-3 204	-1 963
Depreciation for the period	-1 171	-1 085
Translation differences	248	-156
At the end of the period	-4 127	-3 204
Recorded value at the end of the period	399	1 335

NOTE 4 – GOODWILL

SEK thousand	31 DEC 2023	31 DEC 2022
Accumulated acquisition values		
At the beginning of the period	5 770	307
New acquisitions		4 995
Translation differences	-17	467
At the end of the period	5 753	5 770
Accumulated depreciation		
At the beginning of the period	-983	-62
Depreciation for the period	-1 113	-778
Translation differences	-160	-143
At the end of the period	-2 255	-983
Recorded value at the end of the period	3 498	4 787

NOTE 5 – PLEDGED COLLATERAL AND CONTINGENT LIABILITIES

	31 DEC 2023	31 DEC 2022
Pledged collateral	446	-
Contingent liabilities	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 October 18, 2023, Company entered into two loan agreements amounting to a total of EUR 200,000 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 100,000 with an interest rate per annum of 10 percent and runs up until April 30, 2024. The Lenders have the right to, should the Company carry out a share issue before April 30, 2024, 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 December 22, 2023, Company entered into two loan agreements amounting to a total of EUR 50,000 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 25,000 with an interest rate per annum of 10 percent and runs up until April 30, 2024. The Lenders have the right to, should the Company carry out a share issue before April 30, 2024, 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 fourth quarter of 2023.

OCT – DEC 2023

SEK thousand	
Advisory services, Hoikka Consulting Oy	
Antti Villanen, chairman of the board)	124

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

Company entered into loan agreements amounting to a total of EUR 250,000 (ref. Note 6).

On November 1, 2023 Company's subsidiary Arctic Blue Beverages Oy and one of the leading restaurant groups in Finland, NoHo Partners Oyj, signed a collaboration agreement regarding a showroom distillery and tightened collaboration on the Finnish market. The Arctic Blue Showroom Distillery will be located at the new Helsinki Kulttuurikasarmi, which opened its doors 17.11.2023. The Showroom Distillery will open gradually during first half of 2024.

Significant events after the end of the reporting period

On January 30, 2024, Company entered into two loan agreements amounting to a total of EUR 200,000 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 100,000 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 December 31, 2023, the total number of shares was 26,198,089 and the closing price was SEK 0.351 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 12, 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 February 19, 2024.

FOR MORE INFORMATION, PLEASE CONTACT:

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THE BOARD'S DECLARATION

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

Helsinki, February 19, 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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