



ARCTIC BLUE BEVERAGES

INTERIM REPORT

ARCTIC BLUE BEVERAGES AB
Organisation number 559361-7078

JANUARY - MARCH 2023



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INTERIM REPORT – JAN–MAR 2023

SUMMARY

THE PERIOD JANUARY – MARCH 2023

- Revenues (Jan – Mar): SEK 2,269 thousand (SEK 3,307 thousand on corresponding period 2022 which was positively affected by one-time other operating income of SEK 1,345 thousand)
- EBITDA: SEK –4,534 thousand (SEK –5,931 thousand)
- EBIT: SEK –5,091 thousand (SEK –6,198 thousand)
- Net result: SEK –5,103 thousand (SEK –6,199)
- Earnings per share (EPS) –0.21 SEK / share
- Cash and cash equivalents: SEK 505 thousand (31 March 2023)

SIGNIFICANT EVENTS DURING JANUARY – MARCH 2023

- Starting to introduce Arctic Blue Beverages' products to British Columbia's large craft gin market, after a good start on the Albertan market with Arctic Blue Beverages' products available in over 30 retail locations across Alberta, Canada
- Distribution agreement signed for the Finnish market with Oy Sinebrychoff Ab
- Distribution agreement signed for Benelux and German markets with Market Entry.EU, member of STEX Group b.v.
- Distribution agreement signed for the Japanese domestic and travel retail market with ID SHOJI Co.,Ltd.

SIGNIFICANT EVENTS AFTER PERIOD

- Arctic Blue Beverages launched premium liquorice liqueur, Arctic Blue Laku together with the Finnish luxury liquorice producer Kouvolan Lakritsi. Strong sales start on the Finnish market, with the product being available in over 250 Alko stores in only a few days from launching. Alko is the national alcoholic beverage retailing monopoly in Finland
- Proceeds of approximately SEK 0,83 million before issue costs of exercising TO2 warrants
- New distribution and logistics setup completed and operational in Finland and Nordic travel retail. In Finland, the Company now has two very experienced and focused distributors 1) Norex Selected Brands Oy, which distributes Arctic Blue Beverages' products to the Finnish alcohol monopoly Alko, to wholesale and in the HoReCa field 2) Oy Sinebrychoff Ab, which distributes selected Arctic Blue Beverages' products in the HoReCa field. In the Nordic travel retail, Norex Selected Brands Oy acts as Arctic Blue Beverages' products sales agent. Arctic Blue Beverages also has a new logistics provider, Skanlog Oy, an independent 3rd party logistics specialist. Through this partnership, Arctic Blue Beverages aims to improve the efficiency of the Company's travel retail and export logistics operations



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	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Revenue (SEK thousand)	2 269	3 307	10 894
EBITDA (SEK thousand)	-4 534	-5 931	-35 904
Operating profit/loss (SEK thousand)	-5 091	-6 198	-37 767
Net profit/loss (SEK thousand)	-5 103	-6 199	-37 949
"Cash flow generated from operations (SEK thousand)"	-2 385	564	-31 862
Equity ratio (%)	71 %	62 %	80 %
Number of shares, average	24 390 230	-	18 106 612
Number of shares at the end of the period	24 390 230	-	24 390 230
Number of Share options	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	28 510 562	-	28 510 562
Equity per share (SEK)	0,60	-	0,81
Earnings per share (SEK) undiluted	-0,21	-	-2,10
Earnings per share (SEK) diluted	-0,18	-	-1,53
Number of employees (average for the period)	9	7	8



COMMENTS FROM THE CEO, VALTTERI EROMA

NEW DISTRIBUTION MODEL COMPLETED FOR THE FINNISH- AND NORDIC TRAVEL RETAIL MARKET

The big change in the way we distribute our products in Finland and Nordic Travel Retail was under planning during the second half of 2022, with the aim to streamline and enhance our sales and distribution operations on these markets. During the fourth quarter of 2022 we were able to release the first phase of the change, through signing a distribution agreement for the Finnish- and Nordic travel retail market with Norex Selected Brands Oy.

During the first quarter of 2023, the second phase of the renewed distribution model for the Finnish- and Nordic travel retail market was set, when we signed a distribution agreement for the Finnish market with Oy Sinebrychoff Ab.

This new distribution setup results in us having two very experienced and focused distributors for the Finnish- and Nordic travel retail markets; Norex Selected Brands Oy and Oy Sinebrychoff Ab. Oy Sinebrychoff Ab distributes selected Arctic Blue Beverages' products in the HoReCa field, starting from 1st of April. Norex Selected Brands Oy distributes our products to the national beverage retailing monopoly Alko, to wholesale and in the HoReCa field. Norex Selected Brands Oy also acts as Arctic Blue Beverages' products sales agent. This new arrangement enables us to concentrate many channels into two experienced sales organizations, and thus ensure a consistent brand image and competitive product portfolio in all our important channels. Together with Norex Selected Brands and Sinebrychoff, we now have the best possible distribution partners in Finland and Nordic travel retail.

SALES

In the first quarter of 2023, our sales revenue increased by 15% compared to the same period last year. The main reason for the increase was a very good progress on the home market Finland, where sales in the first quarter of 2023 was three times higher than corresponding period last year. The increase in sales from the Finnish market is partly a sign of a positive collaboration start with our new distributor Norex Selected Brands Oy. The collaboration has started off well both on the HoReCa field and in Nordic travel retail.

Total sales revenue in the first quarter 2023 went down by 13%, compared to the previous quarter, mainly due to seasonal changes. However, there was good development in Nordic travel retail, on the Benelux and German market and in Western Canada.

MAJOR EVENTS

We have, together with our distributor Joyhall Inc. had a great start in the Canadian market. Since signing a distribution agreement with Joyhall Inc. in September 2022, our premium products are now available in over 30 retail locations across the province Alberta. During the first quarter of 2023, we have, together with our distributor taken the first steps to introduce our products to British Columbia's large craft gin market with the goal to expand our distribution network in Western Canada.



In the beginning of March 2023, we signed a distribution agreement for the Finnish market with Oy Sinebrychoff Ab. The distribution agreement covers distribution of selected Arctic Blue Beverages' products in the Finnish HoReCa field. The agreement enters into force the 1st of April 2023.

We signed a distribution agreement for the Benelux and German markets with MarketEntry.EU, a member of the STEX Group b.v. Together with our new distributor, we are looking forward to expanding our product availability in the growing European craft- and premium gin market. Consumers are increasingly interested in high-quality, artisanal products with unique and authentic flavours. Our unique taste profile and commitment to high-quality ingredients makes us well-positioned to meet the demand for premium and craft gins in these markets.

For the Japanese domestic and travel retail market we signed a long-term distribution agreement with ID SHOJI Co.,Ltd. The signed agreement with ID SHOJI Co.,Ltd marks a substantial milestone for us on our ongoing expansion in the Japanese craft gin market – an expansion that now takes full wind in the sails after the challenges brought by Covid-19. The agreement covers distribution on both the domestic and travel retail markets, giving us the means to introduce our premium craft gins to a wide audience. Nordic brands with a distinctive story have a great potential on the Japanese market.



SUMMARY

Year 2023 has had a promising start with finalizing our new distribution model for the Finnish- and Nordic travel retail market through signing a distribution agreement with Oy Sinebrychoff Ab. The agreement enters into force the 1st of April 2023.

During the first quarter of 2023, we have succeeded in making good progress in Finland together with Norex Selected Brands Oy. The sales in Finland in the first quarter of 2023 was three times higher than corresponding period last year, indicating a promising start with our new distributor.

Due to the challenging world - and economic situation, the progress on new markets have been slower than anticipated and we have continued to adjust our operations and activities to adapt to the current situation in the best possible way. Our efficiency program has started to show results in lower operational costs. However, we have already seen positive signs from the Benelux and German markets, and in Canada we have taken our first step to introduce our products to the province British Columbia, after a successful start in Alberta.

Going in to the second quarter of the year 2023 I am looking forward to getting our renewed distribution model in Finland and in Nordic travel retail strengthened with focus on increasing our availability in the HoReCa field. The new distribution setup for Finland and Nordic travel retail, with two experienced partners, Norex Selected Brands Oy and Oy Sinebrychoff Ab, is a setup in which I believe very positively.

Additionally, strengthen the collaboration with our new distributors, ID SHOJI Co.,Ltd for the Japanese market and MarketEntry.EU for the Benelux and German markets.

Valtteri Eroma, CEO



BUSINESS OVERVIEW

SIGNIFICANT EVENTS DURING JANUARY – MARCH 2023

SALES

In the first quarter of 2023, our sales revenue increased by 15% compared to the same period last year. The main reason for the increase was a very good progress on the home market Finland, where sales in the first quarter of 2023 was three times higher than corresponding period last year. The increase in sales from the Finnish market is partly a sign of a positive collaboration start with our new distributor Norex Selected Brands Oy. The collaboration has started off well both on the HoReCa field and in Nordic travel retail.

Total sales revenue in the first quarter 2023 went down by 13%, compared to the previous quarter, mainly due to seasonal changes. Additionally, partners further away usually place orders of larger quantity at once, and stocking of products to both Japan and Taiwan took place during the last quarter of 2022. However, our new distributor in Japan, ID Shoji, has already actively started its operations. We are also seeing promising developments in markets such as Benelux and Germany.

Seasonal activity during the first quarter in the Nordic travel retail market contributed to increased sales. We are also making progress in expanding our product availability in Western Canada, with our taste profiles attracting attention. Especially Arctic Blue Oat has gained great attention among retailers as they are looking for dairy-free, gluten-free, and vegan options.

FINANCIAL OVERVIEW

In the first quarter 2023, Company's net sales of SEK 2,250 thousand increased compared to the same period a year earlier (SEK 1,961 thousand) mainly due to higher sales volumes in domestic market Finland.

Materials and services expenses SEK 2,009 thousand (SEK 1,170 thousand) increased due to increased purchasing volumes.

Personnel expenses SEK 1,835 thousand (SEK 2,515 thousand) were clearly lower compared to the same period a year ago partly due to one-time option vesting during the corresponding period last year. Personnel expenses decreased by 10% compared to the previous quarter.

Other external expenses SEK 2,959 thousand (SEK –5,552 thousand) decreased clearly mainly due to high one-time costs during the corresponding period last year. Due to performed cost-cutting and cost optimization measures other operating expenses were 36% or SEK 1,642 thousand less than in the previous quarter.

EBITDA and EBIT were SEK –4,534 (–5,931) thousand and SEK –5,091 (–6,198) thousand for the quarter.

The Company's cash and cash equivalents were SEK 505 thousand at the end of the reporting period.

The Company will further continue to improve sales acceleration and products' commercialization actions started

in the fourth quarter 2022. The Company will continue to perform cost-cutting and cost optimization measures, that has resulted in decreased personnel expenses and other external expenses by SEK 1.9 million compared to the previous quarter (and SEK 3.8 million compared to the third quarter of 2022). Among other things 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

2023-03-03 Arctic Blue Beverages Oy signed a distribution agreement for the Finnish market with Oy Sinebrychoff Ab. The distribution agreement covers distribution of selected Arctic Blue Beverages' products in the Finnish HoReCa field. The home market, Finland, is currently the biggest market for Arctic Blue Beverages and therefore this agreement is important for the Company. The distribution agreement entered into force on 1st of April 2023.

2023-03-14 Arctic Blue Beverages signed a distribution agreement for Benelux and German markets with MarketEntry. EU, member of STEX Group b.v. The first shipment of Arctic Blue Beverages' products was shipped to the Netherlands upon signing the contract.

2023-03-16 Arctic Blue Beverages signed distribution agreement for the Japanese domestic and travel retail market with ID SHOJI Co.,Ltd. The distribution agreement covers distribution of Arctic Blue Gins on the Japanese domestic and travel retail markets. The agreement marks a substantial milestone for the Company in its ongoing expansion in the Japanese craft gin market – an expansion that now takes full wind in the sails after the challenges brought by Covid-19. As previously noted, Japan is one of the Company's most important markets, where unique craft gins are attracting attention. Nordic brands with a distinctive brand story have a great potential on the Japanese market.

2023-03-24 The subscription price for the exercise of the warrants of series TO2 in Arctic Blue Beverages AB has been set at a price of SEK 0.458 per share and the exercise period commenced March 24, 2023.

2023-03-30 Arctic Blue Beverages Oy, in partnership with its distributor Joyhall Inc., has had a great start in the Canadian market. Since signing the distribution agreement with Joyhall Inc. in September 2022, Arctic Blue Beverages' premium products are now available in over 30 retail locations across Alberta. The Company's distribution footprint in Western Canada continues to expand, with plans to introduce the products to British Columbia's large craft gin market. The move to British Columbia represents a significant step in Arctic Blue Beverages' regional growth and underlines its dedication to delivering high-quality products to consumers nationwide. With a large craft gin market, Arctic Blue Beverages sees strong potential for continued success and expansion in Western Canada.



SIGNIFICANT EVENTS AFTER THE INTERIM PERIOD

2023-04-05 Arctic Blue Beverages launches a premium liquorice liqueur, Arctic Blue Laku, together with the Finnish luxury liquorice producer Kouvolaan Lakritsi. A collaboration that has been agreed upon a few years ago have now turned into something concrete. Arctic Blue Beverages and Kouvolaan Lakritsi teamed up to create Arctic Blue Laku – a smooth liquorice liqueur that combines the all-natural sweet flavour of artisanal liquorice with organic ingredients carefully selected from Finland's unique, pure, nature. Arctic Blue Laku has secured its standard selection status in the Finnish alcohol monopoly Alko, and is already widely available. Availability in the rest of the world will be built gradually throughout the year 2023.

2023-04-06 Arctic Blue Beverages AB announced the outcome of the exercise of warrants of series TO2 (the "Warrants") that were included in the units issued in connection with the listing of the Company's shares on Nasdaq First North Growth Market Stockholm in May 2022. A total of 1,807,859 shares were subscribed for with the support of the warrants, implying an exercise rate of approximately 48 percent. Arctic Blue Beverages receives proceeds of approximately SEK 0.83 million before issue costs. The number of outstanding warrants amounted to 3,733,332. One (1) warrant entitles the subscription for 1,004 new shares in Arctic Blue Beverages at a subscription price per share of SEK 0.458, corresponding to 70 percent of the volume-weighted average price of the Company's share on Nasdaq First North Growth Market over a period of ten (10) trading days prior to the first day of subscription. The exercise period for the warrants lasted from March 24, 2023, to April 6, 2023. The exercise rate for outstanding warrants was approximately 48 percent, corresponding to 1,807,859 new shares. Exercised warrants are replaced with interim shares until the registration of the issue has been completed with the Swedish Companies Registration Office, whereupon the interim shares automatically will be converted into ordinary shares in Arctic Blue Beverages.

2023-04-13 Arctic Blue Beverages communicates that it has completed its new distribution and logistics set-up in Finland and Nordic travel retail. Finland and the Nordic travel retail are very important markets for Arctic Blue Beverages, and

therefore the Company has carefully been building up the new setup that will streamline and enhance sales and distribution operations in these areas. In Finland, the Company now has two very experienced and focused distributors; 1) Norex Selected Brands Oy, which distributes Arctic Blue Beverages' products to the Finnish alcohol monopoly Alko, to wholesale and in the HoReCa field. 2) Oy Sinebrychoff Ab, which distributes selected Arctic Blue Beverages' products in the HoReCa field. In the Nordic travel retail, Norex Selected Brands Oy acts as Arctic Blue Beverages' products sales agent. Arctic Blue Beverages also has a new logistics provider, Skanlog Oy, an independent 3rd party logistics specialist. Skanlog specializes in beverages and is the largest beverages business logistics operator in the Scandinavian countries. Through this partnership, Arctic Blue Beverages aims to improve the efficiency of the Company's travel retail and export logistics operations.



FINANCIAL REPORTS

INCOME STATEMENT - GROUP

SEK thousand	Note	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Revenue				
Net sales		2 250	1 961	9 441
Other operating income		<u>19</u>	<u>1 345</u>	<u>1 452</u>
		2 269	3 307	10 894
Operating expenses				
Materials and services		-2 009	-1 170	-8 923
Other external expenses		-2 959	-5 552	-28 046
Personnel expenses	2	-1 835	-2 515	-9 829
Depreciation and write-downs of tangible and intangible assets		<u>-557</u>	<u>-267</u>	<u>-1 863</u>
Operating expenses total		<u>-7 360</u>	<u>-9 505</u>	<u>-48 661</u>
Operating profit (EBIT)		-5 091	-6 198	-37 767
Results from financial items		-12	-1	116
Profit after financial items		<u>-5 103</u>	<u>-6 199</u>	<u>-37 652</u>
Profit before tax		-5 103	-6 199	-37 652
Tax expense for the period		<u>0</u>	<u>0</u>	<u>-297</u>
Net profit		<u>-5 103</u>	<u>-6 199</u>	<u>-37 949</u>
Attributable to				
The parent company's shareholders		-5 105	-6 206	-37 953
Minority interest		2	7	4



BALANCE SHEET - GROUP

SEK thousand	Note	31 MAR 2023	31 MAR 2022	31 DEC 2022
ASSETS				
Non-current assets				
Intangible assets				
Trademarks	3	1 268	1 985	1 335
Goodwill	4	4 374	233	4 787
		5 643	2 217	6 123
Financial assets				
Receivables from associated companies		481	596	474
Other long-term investment		444	578	462
Other long-term receivables		3 470	3 053	3 425
Deferred tax assets		0	–	0
		4 395	4 227	4 361
Total non-current assets		10 038	6 444	10 484
Current assets				
Inventory				
Raw materials and consumables		192	303	279
Finished goods		3 437	6 794	4 421
		3 629	7 097	4 700
Current receivables				
Accounts receivables		5 672	5 496	6 179
Other receivables		27	303	206
Prepayments and accrued income		941	499	1 437
		6 640	6 298	7 823
Cash and cash equivalents		505	1 252	1 633
Total current assets		10 774	14 646	14 155
TOTAL ASSETS		20 812	21 091	24 639
EQUITY AND LIABILITIES				
Equity				
Share capital		1 171	25	1 171
Reserve for invested non-restricted equity		49 090	71 399	49 090
Reserves		2 746	100	1 156
Retained earnings		–38 314	–58 455	–31 757
Equity attributable to the parent company's shareholders		14 693	13 069	19 660
Minority interest		9	9	7
Total equity		14 702	13 078	19 667
Provisions				
Provisions for pensions and similar obligations		0	–	0
Current liabilities				
Short term loans	5,6	1 298	–	–
Accounts payable		2 220	3 975	2 206
Other liabilities		74	3 254	458
Accrued expenses and deferred income		2 517	785	2 308
Total current liabilities		6 110	8 013	4 973
TOTAL EQUITY AND LIABILITIES		20 812	21 091	24 639



CASH FLOW STATEMENT – GROUP

SEK thousand

	JAN-MAR 2023	JAN-MAR 2022	JAN-DEC 2022
Operating profit	-5 091	-6 198	-37 767
Adjustments for:			
Depreciation and write-downs	557	267	1 863
Exchange rate differences	-19	734	0
Changes in provisions	0	-79	0
Options	0	1 099	1
Financial income/expenses (+/-)	-31	25	168
Paid taxes	0	0	-297
Operating activities before working capital changes	-4 585	-4 151	-36 032
Changes in working capital:			
Increase (-) or decrease (+) in inventory	1 125	-465	2 650
Increase (-) or decrease (+) in trade receivables	584	191	204
Increase (-) or decrease (+) in other receivables	694	-424	-1 138
Increase (+) or decrease (-) in trade payables	-48	1 947	266
Increase (+) or decrease (-) in other payables	-156	3 465	2 188
Cash flow from operating activities (A)	-2 385	564	-31 862
Disposal of other fixed assets	24	0	0
Purchase of other fixed assets	0	-297	0
Cash flow from investing activities (B)	24	-297	0
Reduction of share capital	0	25	25
Proceeds from loans	1 226	0	0
Shareholder contribution	0	0	0
Proceeds from issuance of shares	0	0	32 251
Cash flow from financing activities (C)	1 226	25	32 276
Net increase/decrease in cash and cash equivalents (A+B+C)	-1 135	291	414
Cash and cash equivalents at beginning of period	1 633	1 021	1 021
Exchange rate differences	8	-61	197
Cash and cash equivalents at end of period	505	1 252	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 Jan 2023	1 171	49 090	-31 757	1 156		19 660	7	19 667
New share issue								
Translation difference			-1 451	1 589		138		138
Profit (loss) for the period					-5 105	-5 105	2	-5 103
Equity 31 Mar 2023	1 171	49 090	-33 209	2 746	-5 105	14 693	9	14 702
(combined financials)								
Equity 1 Jan 2022	26	71 380	-37 959	-166	-15 373	17 908	2	17 910
Share holders contribution		18				18		18
Stock option program			1 099			1 099		1 099
Translation difference	-1	1		266		266	-1	266
Profit (loss) for the period					-6 222	-6 222	7	-6 215
Equity 31 Mar 2022	25	71 399	-36 860	100	-21 595	13 069	9	13 078
(consolidated financials)								
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 – MARCH INTERIM 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 financial statements include the following companies:

- Arctic Blue Beverages AB
- Arctic Blue Beverages Oy
- Valamo Beverages Oy

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

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

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

NOTE 3 – TRADEMARKS

SEK thousand	31 MAR 2023	31 MAR 2022	31 DEC 2022
Accumulated acquisition values			
At the beginning of the period	4 540	4 172	4 172
Disposals	0	-47	0
Translation differences	60	46	368
At the end of the period	4 600	4 171	4 540
Accumulated depreciation			
At the beginning of the period	-3 204	-1 963	-1 963
Depreciation for the period	-286	-204	-1 085
Translation differences	158	-19	-156
At the end of the period	-3 332	-2 186	-3 204
Recorded value at the end of the period	1 268	1 985	1 335

NOTE 4 – GOODWILL

SEK thousand	31 MAR 2023	31 MAR 2022	31 DEC 2022
Accumulated acquisition values			
At the beginning of the period	5 770	307	307
New acquisitions			4 995
Translation differences	-77	3	467
At the end of the period	5 846	310	5 770
Accumulated depreciation			
At the beginning of the period	-983	-62	-62
Depreciation for the period	-271	-16	-778
Translation differences	-218	0	-143
At the end of the period	-1 472	-77	-983
Recorded value at the end of the period	4 374	233	4 787

NOTE 5 – PLEDGED COLLATERAL AND CONTINGENT LIABILITIES

	31 MAR 2023	31 MAR 2022	31 DEC 2022
Pledged collateral	379	None	None
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 March 1, 2023, Company entered into a short-term loan agreement of EUR 40,000 with Heino Group Oy who is one of the Company's shareholders controlled by the board member Petri Heino and a short term loan agreement of EUR 40,000 with Grizzly Hill Capital Ab who is one of the company's shareholders controlled by the board member Gustaf Björnberg. The loans totalling EUR 80,000 refer to financing for the company's ongoing operations and ensuring liquidity. The loans have customary market-based terms and conditions and partly repayment will take place by offsetting the loan amount against Warrant TO2 subscriptions.

Additionally, the following transactions with related parties have been implemented in the first quarter of 2023.

JAN - MAR 2023

SEK thousand

Advisory services, Hoikka Consulting Oy (Antti Villanen, chairman of the board)	121
Advisory services, On-Trade Helsinki Oy (Sebastian Pinomaa, external consultant)	288

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

2023-03-03 Arctic Blue Beverages Oy signed a distribution agreement for the Finnish market with Oy Sinebrychoff Ab. The distribution agreement covers distribution of selected Arctic Blue Beverages' products in the Finnish HoReCa field. The home market Finland is currently the biggest market for Arctic Blue Beverages and therefore this agreement is important for the



Company. The distribution agreement entered into force on 1st of April 2023.

2023-03-14 Arctic Blue Beverages signed a distribution agreement for Benelux and German markets with MarketEntry. EU, member of STEX Group b.v. The first shipment of Arctic Blue Beverages' products was shipped to the Netherlands upon signing the contract.

2023-03-16 Arctic Blue Beverages signed distribution agreement for the Japanese domestic and travel retail market with ID SHOJI Co.,Ltd. The distribution agreement covers distribution of Arctic Blue Gins on the Japanese domestic and travel markets. The agreement marks a substantial milestone for the Company in its ongoing expansion in the Japanese craft gin market – an expansion that now takes full wind in the sails after the challenges brought by Covid-19. As previously noted, Japan is one of the Company's most important markets, where unique craft gins are attracting attention. Nordic brands with a distinctive brand story have a great potential on the Japanese market.

2023-03-24 The subscription price for the exercise of the warrants of series TO2 in Arctic Blue Beverages AB has been set at a price of SEK 0.458 per share and the exercise period commenced March 24, 2023.

2023-03-30 Arctic Blue Beverages Oy, in partnership with its distributor Joyhall Inc., has had a great start in the Canadian market. Since signing the distribution agreement with Joyhall Inc. in September 2022, Arctic Blue Beverages' premium products are now available in over 30 retail locations across Alberta. The Company's distribution footprint in Western Canada continues to expand, with plans to introduce the products to British Columbia's large craft gin market. The move to British Columbia represents a significant step in Arctic Blue Beverages' regional growth and underlines its dedication to delivering high-quality products to consumers nationwide. With a large craft gin market, Arctic Blue Beverages sees strong potential for continued success and expansion in Western Canada.

Significant events after the end of the reporting period

2023-04-05 Arctic Blue Beverages launches a premium liquorice liqueur, Arctic Blue Laku, together with the Finnish luxury liquorice producer Kouvolaan Lakritsi. A collaboration that has been agreed upon a few years ago have now turned into something concrete. Arctic Blue Beverages and Kouvolaan Lakritsi teamed up to create Arctic Blue Laku – a smooth liquorice liqueur that combines the all-natural sweet flavour of artisanal liquorice with organic ingredients carefully selected from Finland's unique, pure, nature. Arctic Blue Laku has secured its standard selection status in the Finnish alcohol monopoly Alko and is already widely available. Availability in the rest of the world will be built gradually throughout the year 2023.

2023-04-06 Arctic Blue Beverages AB announced the outcome of the exercise of warrants of series TO2 (the "Warrants") that were included in the units issued in connection with the listing of the Company's shares on Nasdaq First North Growth Market Stockholm in May 2022. A total of 1,807,859 shares were subscribed for with the support of the warrants, implying an exercise rate of approximately 48 percent. Arctic Blue Beverages receives proceeds of approximately SEK 0.83 million before

issue costs. The number of outstanding warrants amounted to 3,733,332. One (1) warrant entitles the subscription for 1,004 new shares in Arctic Blue Beverages at a subscription price per share of SEK 0.458, corresponding to 70 percent of the volume-weighted average price of the Company's share on Nasdaq First North Growth Market over a period of ten (10) trading days prior to the first day of subscription. The exercise period for the warrants lasted from March 24, 2023, to April 6, 2023. The exercise rate for outstanding warrants was approximately 48 percent, corresponding to 1,807,859 new shares. Exercised warrants are replaced with interim shares until the registration of the issue has been completed with the Swedish Companies Registration Office, whereupon the interim shares automatically will be converted into ordinary shares in Arctic Blue Beverages.

2023-04-13 Arctic Blue Beverages communicates that it has completed its new distribution and logistics setup in Finland and Nordic travel retail. Finland and the Nordic travel retail are very important markets for Arctic Blue Beverages, and therefore the Company has carefully been building up the new setup that will streamline and enhance sales and distribution operations in these areas. In Finland, the Company now has two very experienced and focused distributors; 1) Norex Selected Brands Oy, which distributes Arctic Blue Beverages' products to the Finnish alcohol monopoly Alko, to wholesale and in the HoReCa field. 2) Oy Sinebrychoff Ab, which distributes selected Arctic Blue Beverage' products in the HoReCa field. In the Nordic travel retail, Norex Selected Brands Oy acts as Arctic Blue Beverages' products sales agent. Arctic Blue Beverages also has a new logistics provider, Skanlog Oy, an independent 3rd party logistics specialist. Skanlog specializes in beverages and is the largest beverages business logistics operator in the Scandinavian countries. Through this partnership, Arctic Blue Beverages aims to improve the efficiency of the Company's travel retail and export logistics operations.



THE SHARE AND THE WARRANTS

Arctic Blue Beverages stock is listed on Nasdaq First North Growth Market with the ticker symbol "ARCTIC". As of March 31, 2022, the total number of shares was 24,390,230 and the closing price was SEK 0.664 per share.

As of March 31, 2022, the total number of warrants of series TO2 was 3,733,332.

WARRANTS OF SERIES TO2

One (1) warrant of series TO2 gives the right to subscribe to one (1) new share during the period starting 24 March 2023 and ending 06 April 2023, at a market price equivalent to 70 per cent of the volume-weighted average market price for the Company's share on the Nasdaq First North Growth Market in Sweden during a period of ten (10) trading days prior to the first day of subscription. However, the issue price cannot be set lower than the quota value or higher than SEK 5.25.

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 2022	February 20, 2023
Annual Report 2022	April 24, 2023
Interim report Jan – Mar 2023	May 15, 2023
Annual General Meeting 2023	June 13, 2023
Half-Year Report 2023	August 21, 2023
Interim Report Jan-Sep 2023	November 20, 2023
Year-End Report 2023	February 19, 2024

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 May 15, 2023.

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, May 12, 2023

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



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