



ARCTIC BLUE BEVERAGES

HALF-YEAR REPORT

ARCTIC BLUE BEVERAGES AB
Organisation number 559361-7078

JANUARY - JUNE 2024



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HALF-YEAR REPORT – JAN–JUN 2024

SUMMARY

THE PERIOD JANUARY – JUNE 2024

- Revenues (Jan – Jun): SEK 2,670 thousand (SEK 4,291 thousand on corresponding period 2023)
- EBITDA: SEK –6,359 thousand (SEK –8,849 thousand)
- EBIT: SEK –7,219 thousand (SEK –9,976 thousand)
- Net result: SEK –7,493 thousand (SEK –10,832 thousand)
- Earnings per share (EPS) –0.29 SEK / share
- Cash and cash equivalents: SEK 2,319 thousand (30 June 2024)

THE PERIOD APRIL – JUNE 2024

- Revenues (Apr – Jun): SEK 1,675 thousand (SEK 2,022 thousand on corresponding period 2023)
- EBITDA: SEK –3,228 thousand (SEK –4,315 thousand)
- EBIT: SEK –3,526 thousand (SEK –4,885 thousand)
- Net result: SEK –3,525 thousand (SEK –5,728 thousand)
- Earnings per share (EPS) –0.13 SEK / share

SIGNIFICANT EVENTS DURING APRIL – JUNE 2024

- Company's product portfolio was awarded multiple awards at the prestigious San Francisco World Spirits Competition 2024. Arctic Blue Gin Rose secured a Double Gold medal, while the Company's flagship product, Arctic Blue Gin, was awarded Gold. Additionally, Arctic Blue Laku, a liquorice liqueur crafted in collaboration with Kouvolan Lakritsi, received a Silver medal
- Company launched two versions of the popular drink invented for the 1952 Helsinki Olympics, namely Arctic Blue Long Drink Grapefruit and Arctic Blue Long Drink Grapefruit Zero Sugar
- Company launched Arctic Blue Gin Cask Vintage 2023, adding a new flavour to its award-winning portfolio. The product is an amber-hued gin that has matured for two years in American white oak barrels
- Company entered into loan agreements amounting to a total of EUR 450,000

SIGNIFICANT EVENTS AFTER PERIOD

- Company entered into loan agreements amounting to a total of EUR 150,000



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	APR-JUN 2024	APR-JUN 2023	JAN-JUN 2024	JAN-JUN 2023	JAN-DEC 2023
Revenue (SEK thousand)	1 675	2 022	2 670	4 291	6 680
EBITDA (SEK thousand)	-3 228	-4 315	-6 359	-8 849	-14 972
Operating profit/loss (SEK thousand)	-3 526	-4 885	-7 219	-9 976	-17 255
Net profit/loss (SEK thousand)	-3 525	-5 729	-7 493	-10 832	-18 360
"Cash flow generated from operations (SEK thousand)"	-2 981	-2 401	-7 725	-4 787	-9 941
Equity ratio (%)	-31 %	59 %	-31 %	59 %	18 %
Number of shares, average	26 198 089	26 097 652	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)	-0,20	0,37	-0,20	0,37	0,09
Earnings per share (SEK) undiluted	-0,13	-0,22	-0,29	-0,43	-0,71
Earnings per share (SEK) diluted	-0,13	-0,22	-0,29	-0,40	-0,69
Number of employees (average for the period)	5	7	5	8	7



COMMENTS FROM THE CEO, VALTTERI EROMA

ARCTIC BLUE LONG DRINK LAUNCHED

The second quarter was a significant milestone for the Company because we launched a new product, Arctic Blue Long Drink. This is our version of the popular drink developed for the 1952 Helsinki Olympics. Two variants of the product were immediately available, Arctic Blue Long Drink Grapefruit and Arctic Blue Long Drink Grapefruit Zero Sugar. With our new products, we bring the Arctic Blue brand into a completely new and highly competitive long drink category. As a newcomer in the category, this is quite exciting. However, I am confident because the initial product feedback has been very positive. In Finland, the products are already widely available in K-Group stores. 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 I believe that this is the right and potentially very significant product for the Company.

We also continued building our gin portfolio by launching a new flagship product, Arctic Blue Gin Cask Vintage 2023. It is a unique and characterful product that has matured for two years in American white oak barrels. Soon after the launch, Arctic Blue Gin Cask Vintage 2023 was awarded with a prestigious gold medal in International Wine & Spirit Competition (IWSC 2024) held in the UK. In addition to IWSC, we had great success in the San Francisco World Spirits Competition which is the largest event of its kind and the most influential blind judging event globally, where our product portfolio was awarded multiple awards. Arctic Blue Gin Rose was awarded a Double Gold medal, Arctic Blue Gin, was awarded Gold, and Arctic Blue Laku, a liquorice liqueur crafted in collaboration with Kouvola Lakritsi, was awarded a Silver medal.

SALES

During the second quarter of 2024, our sales revenue decreased by 13% compared to the corresponding period last year. The principal factor contributing to this downturn was an unfavourable sales trend evident in Finland, the travel retail sector and export sales, where we experienced a decline in sales. Due to challenging economic times consumers continue buying cheaper products and this can be seen across all our sales channels.

Despite the challenging market situation, during the second quarter we have accelerated our sales activities, especially in the export market. I believe that these activities will materialize as new customers during the second half of the year. Of course, it must be remembered that opening a new market takes years, but that is exactly why it is important to keep active sales work going on continuously.

SUMMARY

Although the market situation remains challenging, we have made progress in many areas. The new Arctic Blue Long Drink is a significant addition to the Company's product range, which as a more affordable product generates revenue even when sales of the more expensive premium gin portfolio is challenging. At the same time, we continue to expand the premium gin portfolio, a good example of which is the new and award-winning Arctic Blue Gin Cask Vintage 2023. The new products ensure a better revenue stream and bring new customers to the Arctic Blue brand.



The opening of the Arctic Blue Distillery has been slightly delayed due to a shortage of components for the distillery equipment. However, the work is now progressing well and if there are no more surprises, we will open the distillery at Kulttuurikasarmi during the third quarter of 2024. This brings a whole new addition to the Company's product offering when we get to organize 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.

Valtteri Eroma, CEO



BUSINESS OVERVIEW

SIGNIFICANT EVENTS DURING APRIL – JUNE 2024

SALES

During this period, we observed a decline in sales revenue, registering a 13% decrease compared to the corresponding quarter in the previous year. The principal factor contributing to this downturn was an unfavorable sales trend in spirits category evident in Finland and Export Sales, where we experienced a decline in sales.

In the second quarter of 2024 Arctic Blue Beverages entered RTD market when the launch of Arctic Blue Long Drink took place in Finland and mainly in K-Group stores, with listing in 350 stores. The total sales in Finland increased by 5% compared to the second quarter in 2023. In the spirits category the primary contributing factor to this downturn was an unfavorable sales trend observed in Finland in general. Our sales closely mirrored the general market situation in Finland, which was notably impacted by challenging economic conditions which has a direct impact on sales of premium products. We can see consumers opting for more budget-friendly products both in the off- and on-trade.

Despite these challenges, we have secured good presence in the domestic HoReCa with e.g. summer campaigns in close cooperation with NoHo partners. In addition of activating our gin portfolio through Gin&Tonic campaigns, we have also added our RTD portfolio to our campaign strategy. Our low proof long drinks are a perfect match for terrace activations while people want to enjoy cold refreshing drinks in the sunny weather.

In addition, we have recently together with our domestic distributor Norex deepened our cooperation with the Lapland Hotels chain which will increase our listings in Finland significantly. This cooperation will also support our strategy to become the biggest craft gin brand in northern Finland. We anticipate that maintaining our current heightened sales and marketing initiatives will position us favorably for future gains when economic conditions improve, and consumers regain purchasing power.

The export sales in the second quarter have been still low. We are continuing to put effort into international sales and are looking forward to improved results in the following quarters.

FINANCIAL OVERVIEW

In period January – June 2024 Company's net sales of SEK 2,670 thousand decreased substantially compared to the same period a year earlier (SEK 4,177 thousand) due to clearly lower overall demand.

Materials and services expenses SEK -1,700 thousand (SEK -3,465 thousand) decreased clearly due to decreased sales volumes.

Personnel expenses SEK -2,958 thousand (SEK -4,187 thousand) decreased compared to the same period a year ago due to lower remuneration and decreased number of personnel.

Other external expenses SEK -4,372 thousand (SEK -5,488 thousand) decreased mainly due to streamlined operations.

EBITDA and EBIT were SEK -6,359 thousand (-8,849 thousand) and SEK -7,219 thousand (-9,976 thousand) for the period Jan – Jun 2024.

In the second quarter 2024, Company's net sales of SEK 1,675 thousand decreased in some extent compared to the same period a year ago (SEK 1,928 thousand) due to continuing uncertainty caused by the geopolitical situation and its impact on consumers consumption behavior.

Materials and services expenses SEK -954 thousand (SEK -1,456 thousand) decreased clearly due to decreased sales volumes.

Other external expenses SEK -2,521 thousand (SEK -2,529 thousand) were at the same level than correspondence period a year ago.

Personnel expenses SEK -1,427 thousand (SEK -2,351 thousand) decreased due to lower number of personnel.

EBITDA and EBIT were SEK -3,228 thousand (-4,315 thousand) and SEK -3,526 thousand (-4,885 thousand) for the second quarter 2024.

The Company's cash and cash equivalents were SEK 2,319 thousand at the end of the reporting period.

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

MAJOR EVENTS

Company's product portfolio was awarded multiple awards at the prestigious San Francisco World Spirits Competition 2024. Arctic Blue Gin Rose secured a Double Gold medal, while the company's flagship product, Arctic Blue Gin, was awarded Gold. Additionally, Arctic Blue Laku, a liquorice liqueur crafted in collaboration with Kouvola Lakritsi, received a Silver medal.

Company launched two versions of the popular drink invented for the 1952 Helsinki Olympics, namely Arctic Blue Long Drink Grapefruit and Arctic Blue Long Drink Grapefruit Zero Sugar.

Company launched Arctic Blue Gin Cask Vintage 2023, adding a new flavour to its award-winning portfolio. The product is an amber-hued gin that has matured for two years in American white oak barrels.

Company entered into loan agreements amounting to a total of EUR 450,000 (ref. Note 6).



SIGNIFICANT EVENTS AFTER THE INTERIM PERIOD

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.



FINANCIAL REPORTS

INCOME STATEMENT - GROUP

SEK thousand	Note	APR-JUN 2024	APR-JUN 2023	JAN-JUN 2024	JAN-JUN 2023	JAN-DEC 2023
Revenue						
Net sales		1 675	1 928	2 670	4 177	6 415
Other operating income		<u>0</u>	<u>94</u>	<u>0</u>	<u>113</u>	<u>265</u>
		1 675	2 022	2 670	4 291	6 680
Operating expenses						
Materials and services		-954	-1 456	-1 700	-3 465	-5 006
Other external expenses		-2 521	-2 529	-4 372	-5 488	-8 751
Personnel expenses	2	-1 427	-2 351	-2 958	-4 187	-7 894
Depreciation and write-downs of tangible and intangible assets		<u>-299</u>	<u>-570</u>	<u>-860</u>	<u>-1 127</u>	<u>-2 284</u>
Operating expenses total		<u>-5 201</u>	<u>-6 906</u>	<u>-9 889</u>	<u>-14 267</u>	<u>-23 935</u>
Operating profit (EBIT)		<u>-3 526</u>	<u>-4 885</u>	<u>-7 219</u>	<u>-9 976</u>	<u>-17 255</u>
Results from financial items		1	-844	-273	-856	-1 102
Profit after financial items		<u>-3 525</u>	<u>-5 729</u>	<u>-7 493</u>	<u>-10 832</u>	<u>-18 358</u>
Profit before tax		<u>-3 525</u>	<u>-5 729</u>	<u>-7 493</u>	<u>-10 832</u>	<u>-18 358</u>
Tax expense for the period		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-2</u>
Net profit		<u>-3 525</u>	<u>-5 729</u>	<u>-7 493</u>	<u>-10 832</u>	<u>-18 360</u>
Attributable to						
The parent company's shareholders		-3 525	-5 728	-7 493	-10 833	-18 361
Minority interest		0	-1	0	1	1



BALANCE SHEET - GROUP

SEK thousand	Note	30 JUN 2024	30 JUN 2023	31 DEC 2023
ASSETS				
Non-current assets				
Intangible assets				
Trademarks	3	102	1 026	399
Goodwill	4	3 030	4 289	3 498
		3 132	5 314	3 897
Tangible assets				
Advance payments and construction in progress		684	-	-
		684	-	-
Financial assets				
Receivables from associated companies		484	503	473
Other long-term investment		447	464	437
Other long-term receivables		75	131	148
Deferred tax assets		0	0	0
		1 006	1 098	1 058
Total non-current assets		4 822	6 412	4 955
Current assets				
Inventory				
Raw materials and consumables		-	-	-
Finished goods		6 557	3 011	2 406
		6 557	3 011	2 406
Current receivables				
Accounts receivables		2 886	4 094	3 003
Other receivables		212	1 363	1 455
Prepayments and accrued income		413	564	676
		3 512	6 022	5 133
Cash and cash equivalents		2 319	939	367
Total current assets		12 387	9 972	7 906
TOTAL ASSETS		17 209	16 384	12 861
EQUITY AND LIABILITIES				
Equity				
Share capital		1 258	1 258	1 258
Reserve for invested non-restricted equity		49 832	49 413	49 832
Reserves		1 226	1 642	1 303
Retained earnings		-50 118	-42 591	-31 758
Profit/loss for the financial year		-7 493	-	-18 360
Equity attributable to the parent company's shareholders		-5 296	9 722	2 274
Minority interest		-	-	0
Total equity		-5 296	9 722	2 274
Provisions				
Provisions for pensions and similar obligations		0	0	0
Current liabilities				
Short term loans	5,6	14 837	1 417	5 520
Accounts payable		3 307	925	974
Other liabilities		840	1 060	993
Accrued expenses and deferred income		3 522	3 259	3 100
Total current liabilities		22 505	6 662	10 587
TOTAL EQUITY AND LIABILITIES		17 209	16 384	12 861



CASH FLOW STATEMENT – GROUP

SEK thousand	APR-JUN 2024	APR-JUN 2023	JAN- JUN 2024	JAN- JUN 2023	JAN-DEC 2023
Operating profit	-3 526	-4 885	-7 219	-9 976	-17 255
Adjustments for:					
Depreciation and write-downs	299	570	860	1 127	2 284
Exchange rate differences	-167	188	-261	169	-192
Financial income/expenses (+/-)	-21	-8	-95	-39	-307
Paid taxes	0	0	0	0	-2
Operating activities before working capital changes	-3 415	-4 134	-6 715	-8 719	-15 472
Changes in working capital:					
Increase (-) or decrease (+) in inventory	1 128	611	-4 104	1 737	2 177
Increase (-) or decrease (+) in trade receivables	-186	1 098	188	1 682	2 578
Increase (-) or decrease (+) in other receivables	280	-371	413	323	277
Increase (+) or decrease (-) in trade payables	-1 055	-1 349	2 317	-1 397	-1 220
Increase (+) or decrease (-) in other payables	267	1 743	175	1 588	1 720
Cash flow from operating activities (A)	-2 981	-2 401	-7 725	-4 787	-9 941
Disposal of subsidiary	0	13	0	13	13
Disposal of financial assets	12	2 334	1 216	2 358	2 489
Purchase of financial assets	0	0	0	0	-140
Purchase of fixed assets	-377	0	-686	0	0
Cash flow from investing activities (B)	-365	2 347	530	2 371	2 361
Proceeds from loans	5 398	103	9 331	1 329	5 885
Repayment of loans	-2	0	-180	0	0
Proceeds from issuance of shares	0	409	0	409	409
Cash flow from financig activities (C)	5 396	512	9 151	1 738	6 294
Net increase/decrease in cash and cash equivalents (A+B+C)	2 049	458	1 956	-678	-1 285
Cash and cash equivalents at beginning of period	278	505	367	1 633	1 633
Exchange rate differences	-8	-24	-4	-16	20
Cash and cash equivalents at end of period	2 319	939	2 319	939	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 Apr 2024	1 258	49 832	-50 118	1 386	-3 967	-1 611	0	-1 611
Translation difference				-160		-160		-160
Profit (loss) for the period					-3 525	-3 525		-3 525
Equity 30 Jun 2024	1 258	49 832	-50 118	1 226	-7 493	-5 296	0	-5 296
Equity 1 Apr 2023	1 171	49 090	-36 862	1 294	0	14 693	9	14 702
New share issue	87	322				409		409
Translation difference			0	348		348		340
Profit (loss) for the period					-5 728	-5 728	-1	-5 729
Equity 30 Jun 2023	1 258	49 413	-36 862	1 642	-5 728	9 722	8	9 722
Equity 1 Jan 2024	1 258	49 832	-50 118	1 303	0	2 274	0	2 274
Translation difference				-77		-77	0	-77
Profit (loss) for the period					-7 493	-7 493	0	-7 493
Equity 30 Jun 2024	1 258	49 832	-50 118	1 226	-7 493	-5 296	0	-5 296
Equity 1 Jan 2023	1 171	49 090	-31 757	1 156	0	19 660	7	19 667
New share issue	87	322				409		409
Translation difference				486		486	-8	479
Profit (loss) for the period					-10 833	-10 833	1	-10 832
Equity 30 Jun 2023	1 258	49 413	-31 757	1 642	-10 833	9 722	0	9 722
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



NOTES TO JANUARY – JUNE HALF-YEAR 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	APR-JUN 2024	APR-JUN 2023	JAN-JUN 2024	JAN-JUN 2023	JAN-DEC 2023
Average number of employees					
Arctic Blue Beverages Oy Finland	5	7	5	8	7
Total	5	7	5	8	7

NOTE 3 – TRADEMARKS

SEK thousand	30 JUN 2024	30 JUN 2023	31 DEC 2023
Accumulated acquisition values			
At the beginning of the period	4 527	4 540	4 540
Translation differences	107	271	-13
At the end of the period	4 634	4 810	4 527
Accumulated depreciation			
At the beginning of the period	-4 127	-3 204	-3 204
Depreciation for the period	-307	-577	-1 171
Translation differences	-97	-3	248
At the end of the period	-4 532	-3 785	-4 127
Recorded value at the end of the period	102	1 026	399

NOTE 4 – GOODWILL

SEK thousand	30 JUN 2024	30 JUN 2023	31 DEC 2023
Accumulated acquisition values			
At the beginning of the period	5 753	5 770	5 770
New acquisitions		0	0
Translation differences	137	344	-17
At the end of the period	5 889	6 114	5 753
Accumulated depreciation			
At the beginning of the period	-2 255	-983	-983
Depreciation for the period	-552	-549	-1 113
Translation differences	-52	-293	-160
At the end of the period	-2 860	-1 825	-2 255
Recorded value at the end of the period	3 030	4 289	3 498

NOTE 5 – PLEDGED COLLATERAL AND CONTINGENT LIABILITIES

	30 JUN 2024	30 JUN 2023	31 DEC 2023
Pledged collateral	555	489	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 April 19, 2024, Company entered into two loan agreements amounting to a total of EUR 150,000 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 75,000 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.

On May 27, 2024, Company entered into two loan agreements amounting to a total of EUR 150,000 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 75,000 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.

On June 26, 2024, Company entered into a loan agreement amounting to a total of EUR 150,000 with shareholder Grizzly Hill Capital Ab, controlled by board member Gustaf Björnberg, (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.

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

APR – JUN 2024

SEK thousand	
Advisory services, Hoikka Consulting Oy (Antti Villanen, chairman of the board)	101
Advisory services, On-Trade Helsinki Oy Sebastian Pinomaa, external consultant)	239

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's product portfolio was awarded multiple awards at the prestigious San Francisco World Spirits Competition 2024. Arctic Blue Gin Rose secured a Double Gold medal, while the Company's flagship product, Arctic Blue Gin, was awarded Gold. Additionally, Arctic Blue Laku, a liquorice liqueur crafted in collaboration with Kouvolan Lakritsi, received a Silver medal.

Company launched two versions of the popular drink invented for the 1952 Helsinki Olympics, namely Arctic Blue Long Drink Grapefruit and Arctic Blue Long Drink Grapefruit Zero Sugar.

Company launched Arctic Blue Gin Cask Vintage 2023, adding a new flavour to its award-winning portfolio. The product is an amber-hued gin that has matured for two years in American white oak barrels.

Company entered into loan agreements amounting to a total of EUR 450,000 (ref. Note 6).

Significant events after the end of the reporting period

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.

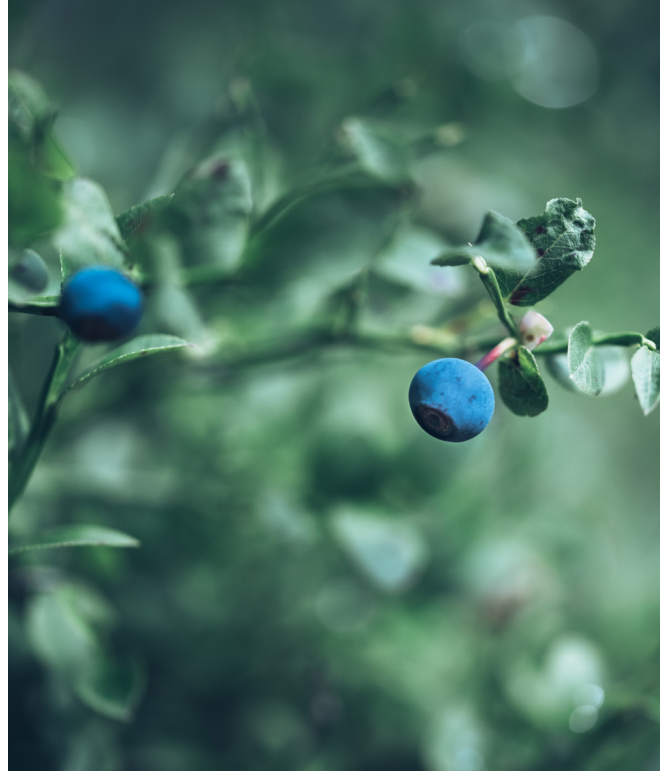


THE SHARE

Arctic Blue Beverages stock is listed on Nasdaq First North Growth Market with the ticker symbol "Arctic". As of June 30, 2024, the total number of shares was 26,198,089 and the closing price was SEK 0.268 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 August 21, 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, August 21, 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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