

(unofficial translation from Swedish)

The Board of Directors and the CEO of the

Arctic Blue Beverages AB

Org 559361-7078

Hereby establishes:

**Annual report
and consolidated financial statements**

for the financial year January 1st – December 31st, 2023

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Directors' Report**Information about the company**

The Company's business name and commercial designation is Arctic Blue Beverages AB (the "Company") and the Company's corporate registration number is 559361-7078. The Company is a public limited liability company incorporated and registered under Swedish law with its registered office in Stockholm, Sweden. Arctic Blue Beverages AB has been listed on Nasdaq First Growth Market since May 2022.

Arctic Blue Beverages AB owns 100 percent of the shares in the operating subsidiary Arctic Blue Beverages Oy. Arctic Blue Beverages AB is dependent on Arctic Blue Beverages Oy as all production and sales are conducted through the subsidiary.

Arctic Blue Beverages Oy 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 gin-based oat liqueur, Arctic Blue Gin Oat. The company was founded in 2017 and sells artisanal beverages such as gin, liqueurs and tonic, made from natural Finnish ingredients. The company's main product is gin, and from a global perspective, the gin market is considered to be one of the fastest growing segments in the global spirits market. The company invests in international exports, and its products are sold in Finland, Sweden, Canada, Japan and Australia, among other countries. The products are mainly sold through distributors, both in traditional trade and via electricity trading.

Arctic Blue Beverages Oy is the parent company of two subsidiaries; Arctic Gateway Asia Pte. Ltd, which is 100 per cent owned, and Arctic Gateway India Private Limited (dormant), which is 70 per cent owned

Arctic Blue Beverages Oy sold its subsidiary Valamo Beverages Oy (92.6% owned) to a group of Finnish investors, on June 2, 2023. The dormant subsidiary Arctic Brand House Oy (which is 40 per cent owned) was deregistered on 7 June 2023.

Development of the company's operations, results and position

| <i>The Group (SEK thousand)</i> | 2023 | 2022 | 2021 | 2020 |
|--|-------------|-------------|-------------|-------------|
| Net sales | 6 415 | 9 441 | 8 749 | 6 130 |
| Operating margin, % | -372 | -400 | -176 | -119 |
| Balance sheet total | 12 861 | 24 639 | 20 777 | 23 576 |
| Return on capital employed % | -156 | -200 | -95 | -51 |
| Return on equity % | -156 | -202 | -95 | -51 |
| Equity ratio % | 18 | 80 | 86 | 62 |

Definitions: see Note 1

| <i>Parent company (SEK thousand)</i> | 2023 | 2022 |
|---|-------------|-------------|
| Net sales | 0 | 0 |
| Balance sheet total | 49 437 | 46 100 |
| Equity ratio % | 85 | 97 |

Definitions: see Note 1

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Significant events during the financial year**International expansion - new distribution agreements**

On March 3, 2023, Arctic Blue Beverages Oy signed a distribution agreement for the Finnish market with Oy Sinebryhoff AB. The distribution agreement covers the distribution of selected Arctic Blue Beverages products at the Finnish HoReCa field. The home market of Finland is currently the largest market for Arctic Blue Beverages and therefore this agreement is important for the Company. The distribution agreement entered into force on April 1, 2023.

On 14 March 2023, Arctic Blue Beverages Oy signed a distribution agreement for the Benelux and German markets with MarketEntry.eu, a member of STEX Group B.V. The first shipment of Arctic Blue Beverage's products was sent to the Netherlands in connection with the signing of the contract.

On March 16, 2023, Arctic Blue Beverages Oy signed a distribution agreement for the Japanese domestic and travel markets with ID SHOJI Co. Ltd. The distribution agreement covers the distribution of Arctic Blue Gin varieties in the Japanese domestic and travel markets. The agreement marks a significant milestone for the Company in its ongoing expansion into the Japanese craft gin market. Expansion is now in full swing after the challenges brought about by Covid-19. Japan is one of the company's most important markets, where unique craft gin varieties attract attention. Nordic brands with a distinct brand history have great potential in the Japanese market.

New products

In April 2023, Arctic Blue Beverages Oy launched a premium liquorice liqueur, Arctic Blue Laku, together with Finnish luxury liquorice producer Kouvolan Lakritsi. A collaboration that had been agreed upon a few years ago now became something concrete. Arctic Blue Beverages and Kouvolan Lakritsi have together created Arctic Blue Laku - a smooth liquorice liqueur that combines the all-natural sweet taste of artisanal liquorice with organic ingredients carefully selected from Finland's unique, pure nature.

Success in international competitions

In June 2023, Arctic Blue Laku made an impressive debut, winning double gold at the Singapore World Gold Medal Spirits Competition 2023. The recently launched Arctic Blue Laku achieved an impressive feat by winning a prestigious double gold medal in its first competition – the esteemed Singapore World Spirits Competition (SWSC) in 2023. SWSC belongs to the Tasting Alliance, widely recognized for hosting for the most influential liquor competitions in the world.

In November 2023, Arctic Blue Beverages was awarded the distinguished title of Craft Gin Brand of the Year, in the Food and Drink Awards 2023, organized by the prestigious British lifestyle magazine LUXlife. Our products also received more international awards in the prestigious Gin Masters 2023 competition organized 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 Champion Medal is the highest medal awarded in the said competition. In addition, our Arctic Blue Gin Navy Strength was awarded a gold medal in the Navy Strength category, Arctic Blue Gin Rose was honored with a gold medal in the flavored gin category, and our latest product, Arctic Blue Laku, launched in the spring of 2023, secured a silver medal in the gin liqueur category.

For Arctic Blue Beverages, the international competitions are significant and awards from the competitions are seen as widely recognized indications of exceptional quality and craftsmanship. In addition, winning the competitions are valuable marketing tools for the company.

Progress in the markets

The year 2023 was a challenging year for the Company in terms of sales development, but at the same time, the Company achieved good profits by building the HoReCa chain strategy and partnerships in Finland.

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In November 2023, the Company's subsidiary Arctic Blue Beverages Oy and one of the leading restaurant groups in Finland, NoHo Partners Oy, signed a cooperation agreement regarding a showroom distillery and deepened cooperation in the Finnish market. Arctic Blue Showroom Distillery will be located on the new Helsinki Kulttuurikasarmi, which opened its doors on November 17, 2023. Showroom Distillery will open gradually during the first half of 2024.

Instead of trying to win quick profits, the company focuses on the company's long-term success by improving current partnerships and signing new ones.

Financial arrangements

On April 6, 2023, the Company announced the outcome of the exercise of warrants of series TO2 that were included in the units issued in connection with the listing of the Company's shares on Nasdaq First North Growth Market in May 2022. A total of 1,807,859 shares were subscribed for with the support of the Warrants, corresponding to an exercise rate of approximately 48 percent. Arctic Blue Beverages AB received approximately SEK 0.83 million before issue costs.

On 28 August 2023, the Company entered into two loan agreements for a total of EUR 150,000 with the 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 annual interest rate of 10 percent and maturing until 30 April 2024. The lenders have the right to, if the Company carries out a new share issue before 30 April 2024, and provided that all necessary resolutions have been made, convert the borrowed amount into shares in the Company. In such case, the subscription price for the conversion into shares shall correspond to the applicable subscription price in such new share issue.

On 18 October 2023, the Company entered into two loan agreements for a total of EUR 200,000 with the 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 annual interest rate of 10 percent and maturing until 30 April 2024. The lenders have the right, if the Company carries out a new share issue before 30 April 2024, and provided that all necessary resolutions have been made, to convert the borrowed amount into shares in the Company. In such case, the subscription price for the conversion into shares shall correspond to the applicable subscription price in such new share issue.

On 22 December 2023, the Company entered into two loan agreements for a total of EUR 50,000 with the 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 annual interest rate of 10 percent and maturing until 30 April 2024. The lenders have the right to, if the Company carries out a new share issue before 30 April 2024, and provided that all necessary resolutions have been made, convert the borrowed amount into shares in the Company. In such case, the subscription price for the conversion into shares shall correspond to the applicable subscription price in such new share issue.

Structural changes

On June 2, the Company announced the sale of Arctic Blue Beverages Oy's subsidiary Valamo Beverages Oy, as part of its strategic decision to streamline its operations. Arctic Blue Beverages Oy signed a share purchase and loan agreement for the sale and purchase of all of its own issued and outstanding shares as well as intra-group loans in Valamo Beverages Oy. Valamo Beverages Oy was sold to a group of Finnish investors.

Valamo Beverages Oy's enterprise value was approximately EUR 300 thousand. The purchase price was paid in cash to Arctic Blue Beverages Oy. The divestment had a one-off effect on the write-down of assets of approximately EUR 80k on the Company's income statement and balance sheet in the second quarter of 2023.

Arctic Blue Beverages Oy's dormant subsidiary Arctic Brand House Oy (40 per cent owned) was deregistered on 7 June 2023.

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Expected future developments

In 2024, the Company will launch new products and open a new Arctic Blue Distillery in Helsinki together with NoHo Partners Plc. All these new opportunities combined with the current sharpened focus across the business, and a multi-award-winning product portfolio, will put the Company in a very good position to gain market share and grow even in a declining market environment.

The launch of new products and increased delivery volumes of the Company's products will increase revenues and improve profitability. Changes in the global economic environment, geopolitical risks and competition may have a weakening effect on demand and thus have a negative impact on the Company's earnings trend

Significant risks and uncertainties**Future financing**

The resources required to execute Arctic Blue Beverage's business plan, including product development, expansion into new markets and other investments, depend on several factors. Product development or launching into 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 have 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 availability of raw materials that the Company is dependent on to produce its products decreases or deteriorates, it may cause difficulties in producing and delivering its products in accordance with its commitments to customers.

Dependence on key personnel

Arctic Blue Beverages is a relatively small organization, and its future growth is highly dependent on the expertise of management, the Board of Directors and other key personnel.

Competition

The state monopolies in the Nordic countries, and especially in Finland, are important revenue streams for the Company. Despite the extensive legislation in force in the state-owned retail monopolies and other international markets in which the company operates, the gin industry is competitive.

Currency risks

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

Proposal for profit allocation

The Board of Directors proposes that non-restricted equity, SEK 40,985,211, shall be treated as follows:

| | | |
|---------------------------|-----|---------------|
| Balanced in a new account | | 40 986 |
| | Net | <u>40 986</u> |

Regarding the results and position of the Group and the Parent Company in general, reference is made to the subsequent income statements and balance sheets and related notes.

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Income statement - Group

| <i>Amounts in SEK thousand</i> | <i>Note</i> | <i>2023</i> | <i>2022</i> |
|--|-------------|----------------|----------------|
| Net sales | 2 | 6 415 | 9 441 |
| Other operating income | 3 | <u>265</u> | <u>1 452</u> |
| | | 6 680 | 10 893 |
| Operating expenses | | | |
| Material and services | | -5 006 | -8 923 |
| Other external costs | 4 | -8 751 | -28 046 |
| Personnel costs | 5 | -7 894 | -9 829 |
| Depreciation and amortisation of tangible and intangible assets | | <u>-2 284</u> | <u>-1 863</u> |
| Operating profit/loss | 6 | -17 255 | -37 768 |
| <i>Profit/loss from financial items</i> | | | |
| Profit or loss from securities and receivables that are non-current assets | | -987 | -26 |
| Other interest income and similar profit/loss items | 7 | 178 | 179 |
| Interest expenses and similar profit/loss items | 8 | <u>-293</u> | <u>-37</u> |
| Profit/loss after financial items | | -18 357 | -37 652 |
| Profit/loss before tax | | <u>-18 357</u> | <u>-37 652</u> |
| Tax on profit/loss for the financial year | 9 | <u>-2</u> | <u>-297</u> |
| Profit/loss for the year | | -18 359 | -37 949 |
| Attributable to | | | |
| Shareholders of the Parent Company | | -18 361 | -37 953 |
| Minority interests | | 1 | 4 |

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Balance sheet - Group

| <i>Amounts in SEK thousand</i> | <i>Note</i> | <i>2023-12-31</i> | <i>2022-12-31</i> |
|---|-------------|-------------------|-------------------|
| ASSETS | | | |
| Fixed assets | | | |
| <i>Intangible assets</i> | | | |
| Concessions, patents, licences, trademarks and similar rights | 10 | 399 | 1 335 |
| Goodwill | 11 | <u>3 498</u> | <u>4 787</u> |
| | | 3 897 | 6 122 |
| <i>Financial fixed assets</i> | | | |
| Participations in associates and jointly controlled companies | | 473 | 474 |
| Other long-term holdings of securities | 13 | 437 | 463 |
| Other long-term receivables | 14 | <u>148</u> | <u>3 425</u> |
| | | 1 058 | 4 362 |
| Total fixed assets | | 4 955 | 10 484 |
| Current assets | | | |
| <i>Varulakar M.M</i> | | | |
| Finished and merchandise | | <u>2</u> | <u>4</u> |
| | | 406 | 700 |
| | | 2 406 | 4 700 |
| <i>Current receivables</i> | | | |
| Accounts receivable | | 3 003 | 6 179 |
| Other receivables | | 1 455 | 206 |
| Prepaid expenses and accrued income | 15 | <u>675</u> | <u>1</u> |
| | | 5 133 | 437 |
| | | | 7 822 |
| <i>Cash and bank balances</i> | | | |
| Cash and bank balances | | <u>367</u> | <u>1</u> |
| | | 367 | 633 |
| | | 7 906 | 1 633 |
| Total current assets | | 7 906 | 14 155 |
| TOTAL ASSETS | | 12 861 | 24 639 |

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Balance sheet - Group

| <i>Amounts in SEK thousand</i> | <i>Note</i> | <i>2023-12-31</i> | <i>2022-12-31</i> |
|---|-------------|-------------------|-------------------|
| 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 including profit for the year | | <u>-50 118</u> | <u>-31 757</u> |
| Equity attributable to shareholders of the parent company | | 2 274 | 19 660 |
| Minority interests | | - | <u>7</u> |
| Total equity | | 2 274 | 19 667 |
| Current liabilities | | | |
| Liabilities to credit institutions | | 446 | - |
| Accounts payables | | 974 | 2 206 |
| Liabilities to parent company | | 5 074 | - |
| Other liabilities | | 993 | 458 |
| Accruals and deferred income | 16 | <u>3 100</u> | <u>2 308</u> |
| | | <u>10 587</u> | <u>4 972</u> |
| TOTAL EQUITY AND LIABILITIES | | 12 861 | 24 639 |

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Report on changes in equity - Group

| 2022-12-31 | | | | | | |
|---------------------------------------|----------------------|---|----------------|--|------------------------------|---------------------|
| | <i>Share capital</i> | <i>Invested unrestricted equity</i> | <i>Reserve</i> | <i>Retained earnings incl. profit for the year</i> | <i>Minority interest</i> | <i>Total equity</i> |
| Opening balance | 25 | – | – | 6 196 | 2 | 6 223 |
| Net income | | | | -37 953 | 4 | -37 949 |
| <i>Changes directly to equity</i> | | | | | | |
| Translation difference | | | 1 156 | | 39 | 1 195 |
| <i>Total</i> | – | – | 1 156 | – | 39 | 1 195 |
| <i>Transactions with owners</i> | | | | | | |
| New share issue | 1 171 | 30 853 | | | | 32 024 |
| Shareholders contribution received | | 18 237 | | | | 18 237 |
| Reduction of share capital | -25 | | | | | -25 |
| <i>Total</i> | 1 146 | 49 090 | – | – | – | 50 236 |
| At the end of the year | 1 171 | 49 090 | 1 156 | -31 757 | 7 | 19 667 |
| 2023-12-31 | | | | | | |
| | <i>Share capital</i> | <i>Invested unrestricted equity</i> | <i>Reserve</i> | <i>Retained earnings incl. profit for the year</i> | <i>Minority interest</i> | <i>Total equity</i> |
| Opening balance | 1 171 | 49 090 | 1 156 | -31 757 | 7 | 19 667 |
| Adjusted opening balance | 1 171 | 49 090 | 1 156 | -31 757 | 7 | 19 667 |
| Results for the year | | | | -18 361 | 1 | -18 359 |
| <i>Changes directly to equity</i> | | | | | | |
| Translation difference | | | 160 | | – | 160 |
| <i>Total</i> | – | – | 160 | – | – | 160 |
| <i>Transactions with owners</i> | | | | | | |
| New share issue | 87 | 742 | | | | 829 |
| Change in shares of subsidiaries | | | -13 | | -8 | -21 |
| <i>Total</i> | 87 | 742 | -13 | | -8 | 808 |
| At the end of the year | 1 258 | 49 832 | 1 303 | -50 118 | – | 2 274 |

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Cash Flow statement - Group

| <i>Amounts in SEK thousand</i> | <i>Note</i> | <i>2023</i> | <i>2022</i> |
|--|-------------|---------------|----------------|
| Ongoing operations | | | |
| Profit after financial items | | -18 357 | -37 652 |
| Adjustment for non-cash items | 21 | <u>2 887</u> | <u>1 917</u> |
| | | -15 470 | -35 735 |
| Tax paid | | <u>-2</u> | <u>-297</u> |
| Cash flow from operating activities before changes in working capital | | -15 472 | -36 032 |
| <i>Cash flow from changes in working capital</i> | | | |
| Increase(-)/Decrease(+) in inventories | | 2 177 | 2 650 |
| Increase(-)/Decrease(+) in operating receivables | | 2 854 | -934 |
| Increase(+)/Decrease(-) in operating liabilities | | <u>500</u> | <u>2 454</u> |
| Cash flow from operating activities | | <u>-9 941</u> | <u>-31 862</u> |
| Investment activities | | | |
| Divestment of subsidiaries/operations, net cash impact | 21 | 13 | - |
| Acquisition of financial assets | | -140 | - |
| Disposal of financial assets | | <u>2 489</u> | <u>-</u> |
| Cash flow from investing activities | | <u>2 362</u> | <u>-</u> |
| Financing activities | | | |
| Registration of share capital | | - | 25 |
| New share issue | | 409 | 32 252 |
| Borrowings | | <u>5 885</u> | <u>-</u> |
| Cash flow from financing activities | | <u>6 294</u> | <u>32 277</u> |
| Cash flow for the year | | -1 285 | 415 |
| Cash and cash equivalents at beginning of year | | 1 633 | 1 021 |
| Exchange rate differences in cash and cash equivalents | | <u>20</u> | <u>197</u> |
| Cash and cash equivalents at year-end | | 367 | 1 633 |

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Income statement - Parent Company

| <i>Amounts in SEK thousand</i> | <i>Not</i> | <i>2023</i> | <i>2022</i> |
|---|------------|---------------|---------------|
| Net sales | 2 | – | – |
| Other operating income | 3 | – | <u>2 675</u> |
| | | – | 2 675 |
| Operating expenses | | | |
| Other external costs | 4 | -2 626 | -6 960 |
| Personnel costs | 5 | <u>-895</u> | <u>-1 005</u> |
| Operating income | 6 | -3 521 | -5 290 |
| Profit/loss from financial items | | | |
| Interest income and similar profit/loss items | 7 | 263 | 169 |
| Interest expenses and similar profit/loss items | 8 | <u>-151</u> | <u>-18</u> |
| Profit after financial items | | -3 409 | -5 139 |
| Profit before tax | | <u>-3 409</u> | <u>-5 139</u> |
| Tax on profit for the year | 9 | <u>–</u> | <u>-297</u> |
| Results for the year | | -3 409 | -5 436 |

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Balance sheet - Parent Company

| <i>Amounts in SEK thousand</i> | <i>Note</i> | <i>2023-12-31</i> | <i>2022-12-31</i> |
|-------------------------------------|-------------|-------------------|-------------------|
| ASSETS | | | |
| Fixed assets | | | |
| Financial assets | | | |
| Participations in Group companies | 12 | <u>43 885</u> | <u>39 385</u> |
| | | <u>43 885</u> | <u>39 385</u> |
| Total fixed assets | | 43 885 | 39 385 |
| Current assets | | | |
| Current receivables | | | |
| Accounts receivable | | 1 486 | 2 675 |
| Receivables from Group companies | | 3 466 | 3 268 |
| Other receivables | | 278 | – |
| Prepaid expenses and accrued income | 15 | <u>1</u> | <u>–</u> |
| | | <u>5 231</u> | <u>5 943</u> |
| Cash and bank balances | | | |
| Cash and bank balances | | <u>321</u> | <u>773</u> |
| | | <u>321</u> | <u>773</u> |
| Total current assets | | 5 552 | 6 716 |
| TOTAL ASSETS | | 49 437 | 46 101 |

Balance sheet - Parent Company

| <i>Amounts in SEK thousand</i> | <i>Note</i> | <i>2023-12-31</i> | <i>2022-12-31</i> |
|-------------------------------------|-------------|-------------------|-------------------|
| EQUITY AND LIABILITIES | | | |
| Own capital | | | |
| <i>Restricted equity</i> | | | |
| Share capital | | <u>1 257</u> | <u>1 171</u> |
| | | 1 257 | 1 171 |
| <i>Unrestricted equity</i> | | | |
| Unrestricted share premium reserve | | 49 831 | 49 090 |
| Retained earnings | | -5 436 | – |
| Results for the year | | <u>-3 409</u> | <u>-5 436</u> |
| | | <u>40 986</u> | <u>43 654</u> |
| | | 42 243 | 44 825 |
| Current liabilities | | | |
| Accounts payable | | 50 | 144 |
| Other liabilities | | 5 099 | 94 |
| Accruals and deferred income | 16 | <u>2 045</u> | <u>1 038</u> |
| | | <u>7 194</u> | <u>1 276</u> |
| TOTAL EQUITY AND LIABILITIES | | 49 437 | 46 101 |

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Report of changes in equity - Parent Company

| 2022-12-31 | Restricted equity | | | Unrestricted equity | | | Total equity |
|-----------------------------------|------------------------------------|---------------------|--|-----------------------|---------------------|---------------------------------------|--------------|
| | Share capital ongoing rights issue | Revaluation reserve | Reserve for invested unrestricted equity | Share premium reserve | Fund for fair value | Retained earnings incl. year's result | |
| Opening balance | - | - | - | - | - | - | - |
| Results for the year | | | | | | -5 436 | -5 436 |
| <i>Changes directly to equity</i> | | | | | | | |
| Registration of share capital | | | | | | | 25 |
| 25 | | | | | | | 25 |
| Total | | - | - | - | - | - | 25 |
| 25 | | | | | | | 25 |
| <i>Transactions with owners</i> | | | | | | | |
| New share issue | 1 196 | | | 49 090 | | | 50 286 |
| Reduction of share capital | -25 | | | | | | -25 |
| Total | 1 171 | | | 49 090 | - | - | 50 286 |
| At year-end | 1,171 | | | 49 090 | - | -5 436 | 44 825 |
| | | | | | | | |
| 2023-12-31 | Restricted equity | | | Unrestricted equity | | | Total equity |
| | Share capital ongoing Rights issue | Revaluation reserve | Reserve for invested unrestricted equity | Share premium reserve | Fund for fair value | Retained earnings incl. year's result | |
| Opening balance | 1 171 | - | - | 49 090 | - | -5 436 | 44 825 |
| Results for the year | | | | | | -3 409 | -3 409 |
| <i>Transactions with owners</i> | | | | | | | |
| New share issue | 86 | - | | 741 | | | 827 |
| Total | 86 | - | - | 741 | - | - | 827 |
| At year-end | 1 257 | - | - | 49 831 | - | -8 845 | 42 243 |

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Cash Flow Statement - Parent Company

| <i>Amounts in SEK thousand</i> | <i>2023</i> | <i>2022</i> |
|--|----------------|----------------|
| Ongoing operations | | |
| Profit after financial items | -3 409 | -5 139 |
| Adjustment for non-cash items | 21 <u>-176</u> | <u>-118</u> |
| | -3 585 | -5 257 |
| Income tax paid | <u>—</u> | <u>-297</u> |
| Cash flow from operating activities before changes in working capital | | |
| Changes in working capital | -3 585 | -5 554 |
| <i>Cash flow from changes in working capital</i> | | |
| Increase(-)/Decrease(+) in operating receivables | 887 | -5 825 |
| Increase(+)/Decrease(-) in operating liabilities | <u>913</u> | <u>1 276</u> |
| Cash flow from operating activities | <u>-1 784</u> | <u>-10 103</u> |
| Investment | | |
| Shareholder contribution | — | -21 400 |
| Acquisition of financial assets | <u>-4 500</u> | <u>—</u> |
| Cash flow from investing activities | <u>-4 500</u> | <u>-21 400</u> |
| Financing activities | | |
| Paid-up share capital | — | 25 |
| New share issue | 409 | 32 251 |
| Borrowings | <u>5 424</u> | <u>—</u> |
| Cash flow from financing activities | <u>5 833</u> | <u>32 276</u> |
| Cash flow for the year | -452 | 773 |
| Cash and cash equivalents at beginning of year | <u>773</u> | <u>—</u> |
| Cash and cash equivalents at year-end | <u>321</u> | <u>773</u> |

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Notes*Amounts in SEK thousand unless otherwise stated***Note 1 Accounting principles**

The annual report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3).

The Parent applies the same accounting policies as the Group, except in the cases set out below under the section "Accounting policies of the Parent Company".

The accounting principles are unchanged compared with previous years.

Assets, provisions and liabilities have been measured at cost unless otherwise stated below.

Intangible assets*Research and development expenditure*

Expenditure on research, i.e. planned and systematic search for new scientific or technical knowledge and insight, is recognised as an expense when it is incurred.

Other intangible assets

Other intangible assets acquired are reported at cost less accumulated depreciation and impairment.

Expenses for internally generated goodwill and trademarks are recognized in the income statement as an expense when they are incurred.

Depreciation

Depreciation is carried out on a straight-line basis over the asset's estimated useful life.

Depreciation is recognized as an expense in the income statement.

Acquired intangible assets

| | |
|-------------|---------|
| Trade marks | 5 years |
| Goodwill | 5 years |

Leasing*Lessee*

All leases are classified as finance or operating leases. A finance lease is a lease under which the risks and rewards associated with owning an asset are transferred substantially from the lessor to the lessee. An operating lease is a lease that is not a finance lease.

Operating leases

The lease payments under operating leases, including increased first-time rent but excluding expenses for services such as insurance and maintenance, are recognized as an expense on a straight-line basis over the lease term.

Foreign currency*Foreign currency items*

Monetary items denominated in foreign currency are translated at the exchange rate on the balance sheet date. Non-monetary items are not restated but are reported at the rate at the time of acquisition.

Exchange rate differences arising from the settlement or translation of monetary items are recognised in the income statement in the financial year in which they arise.

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Translation of foreign operations

Assets and liabilities, including goodwill and other consolidated surplus and deficit values, are translated into the accounting currency at the closing rate. Income and expenses are converted at the spot rate at each day of the business transactions unless a rate that is an approximation of the actual rate is used (e.g. average rate). Exchange rate differences arising from the translation are recognized directly in equity.

Inventories

Inventories are listed at the lower of cost and net realisable value. In doing so, obsolescence risk has been taken into account. The cost is calculated according to the first-in, first-out principle [Alt. (or) weighted average prices]. In addition to expenditure on purchases, the acquisition value also includes expenditure on bringing the goods to their current location and condition.

Financial assets and liabilities

Financial assets and liabilities are reported in accordance with Chapter 11 (Financial instruments measured at cost) in BFNAR 2012:1.

Recognition in and derecognition from the balance sheet

A financial asset or financial liability is recognised on the balance sheet when the company becomes a party to the contractual terms of the instrument. A financial asset is derecognised from the balance sheet when the contractual right to the cash flow from the asset has expired or settled. The same applies when the risks and rewards associated with the holding have essentially been transferred to another party and the company no longer has control over the financial asset. A financial liability is removed from the balance sheet when the agreed obligation has been fulfilled or terminated.

Valuation of financial assets

Financial assets are initially measured at cost, including any transaction costs that are directly attributable to the acquisition of the asset.

Financial current assets are initially valued at the lower of cost and net realisable value on the balance sheet date.

Trade receivables and other receivables that constitute current assets are valued individually at the estimated amount received.

Financial fixed assets are initially measured at cost less any write-downs and plus any revaluations.

Interest-bearing financial assets are measured at amortised cost using the effective interest method.

Valuation of financial liabilities

Financial liabilities are measured at amortised cost. Expenses that are directly attributable to borrowing adjust the cost of the loan and are accrued according to the effective interest method.

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Employee benefits*Post-employment benefits*

In cases where the pension obligations are solely dependent on the value of an owned asset, the pension obligation is recognised as a provision corresponding to the asset's carrying amount.

Classification

Post-employment benefit plans are classified as either defined contribution or defined benefit.

In the case of defined benefit plans, the company has an obligation to provide the agreed benefits to current and former employees. Essentially, the company bears the risk that remuneration will be higher than expected (actuarial risk) and the risk that the return on assets will deviate from expectations (investment risk). Investment risk exists even if the assets are transferred to another company.

Defined contribution plans

The fees for defined contribution plans are reported as an expense. Unpaid fees are reported as liabilities.

Defined benefit plans

Companies have chosen to apply the simplification rules in BFNAR 2012:1.

Plans for which pension premiums are paid are reported as defined contributions, which means that the contributions are expensed in the income statement.

Termination benefits

Termination benefits, to the extent that the compensation does not provide the company with any future economic benefits, are recognized only as a liability and an expense when the company has a legal or constructive obligation to either:

- a) terminate the employment of an employee or group of employees before the normal date of termination of employment; or
- b) provide redundancy benefits by offer to encourage voluntary redundancy. Termination benefits are only recognised when the company has a detailed plan for the termination and has no realistic possibility of cancelling the plan.

Share-based payments

Share-based remuneration refers to remuneration to employees in accordance with an employee stock option program that was started in 2021.

Personnel costs are recognised for the value of services received, accrued over the vesting periods of the programmes, calculated as the fair value of the equity instruments allotted. The real thing The value is determined at the time of allotment, i.e. when the company and the employees have entered into an agreement on the terms and conditions of the programs. Since the programs are settled with equity instruments, they are classified as "equity-adjusted" and an amount equal to the reported personnel cost is recognized directly in equity (retained earnings).

When the exercise of options and matching of shares takes place, social security contributions must be paid in certain countries for the value of the employee's benefit. An expense and provision are recognized on an accrual basis over the vesting period for these social security contributions. The provision for social security contributions is based on the number of options/share rights that are expected to be vested and on the fair value of the options/share rights at the respective reporting date and finally at exercise/matching.

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Tax

Tax on profit for the year in the income statement consists of current tax and deferred tax. Current tax is income tax for the current financial year that refers to the taxable profit for the year and the portion of previous financial year's income tax that has not yet been reported. Deferred tax is income tax on taxable profit relating to future financial years as a result of past transactions or events.

Deferred tax liabilities are recognised for all taxable temporary differences, but not for temporary differences arising from the initial recognition of goodwill. Deferred tax assets are recognized for deductible temporary differences and for the possibility of using tax loss carry-forwards in the future. The valuation is based on how the carrying amount of the corresponding asset or liability is expected to be recovered or settled. The amounts are based on the tax rates and tax rules that have been decided on the balance sheet date and have not been calculated at present value.

Deferred tax assets have been measured at no more than the amount that is likely to be recovered based on current and future taxable profit/loss. The valuation is reassessed every balance sheet date.

In the consolidated balance sheet, untaxed reserves are divided into deferred tax and equity.

Provisions

A provision is recognised in the balance sheet when the company has a legal or constructive obligation as a result of an event that has occurred and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

On initial recognition, provisions are measured at the best estimate of the amount that will be required to settle the obligation at the balance sheet date. The provisions are reviewed at each balance sheet date.

The provision is recognised at the present value of future payments required to settle the obligation.

Income

The inflow of economic benefits that the enterprise has received or will receive on its own account is recognised as income. Revenue is measured at the fair value of what has been or will be received, less discounts.

In cases where the terms of purchase provide the buyer with financing, the fair value of the proceeds is the present value of all future payments.

Sale of goods

On the sale of goods, the revenue is recognized on delivery.

Public Grants

A public grant that is not associated with a requirement for future performance is recognized as income when the conditions for receiving the grant are met. A public grant that is associated with a requirement for future performance is recognized as income when the performance is performed. If the grant has been received before the conditions for recognising it as income have been met, the grant is recognised as a liability.

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Consolidated financial statements*Subsidiary*

Subsidiaries are undertakings in which the parent company directly or indirectly holds more than 50 % of the voting rights or otherwise has a dominant influence. Control means the right to shape an undertaking's financial and operational strategies with a view to obtaining economic benefits. The reporting of business combinations is based on the unit view. This means that the acquisition analysis is prepared as of the date on which the acquirer acquires a controlling interest. From that point on, the acquirer and the acquired entity are considered to be one accounting entity. The application of the unit view also means that all assets (including goodwill) and liabilities, as well as income and expenses, are included in their entirety, including partially owned subsidiaries.

The cost of subsidiaries is calculated as the sum of the fair value at the date of acquisition of assets paid, plus liabilities arising and assumed as well as equity instruments issued, expenses directly attributable to the business combination and any earn-outs. The purchase price allocation determines, with some exceptions, the fair value at the date of acquisition of acquired identifiable assets and assumed liabilities, as well as minority interests. Minority interests are measured at fair value at the date of acquisition. As of the acquisition date, the consolidated financial statements include the acquired company's income and expenses, identifiable assets and liabilities, as well as any goodwill or negative goodwill incurred.

Goodwill

Consolidated goodwill arises when the acquisition value of shares in subsidiaries exceeds the value of the acquirer's identifiable net assets determined in the purchase price analysis. Goodwill is recognised at cost less accumulated depreciation and any impairment losses.

Earn-out

If, at the time of acquisition, it is probable that the purchase price will be adjusted at a later date and the amount can be reliably estimated, the amount shall be included in the estimated final cost of the acquired entity.

Adjustment of the value of the earn-out within twelve months from the date of acquisition affects goodwill. Adjustments later than twelve months after the acquisition date are reported in the consolidated income statement.

Adjustment of acquisition analysis

In the event that the prerequisites for the acquisition analysis are incomplete, this is adjusted to better reflect the actual circumstances at the time of acquisition. The adjustments are made retroactively within twelve months of the acquisition date. Adjustments later than twelve months after the acquisition date are reported as a revised estimate and assessment.

Changes in ownership

In the case of acquisitions of additional shares in companies that are already subsidiaries, no new acquisition analysis is prepared because the parent company already has a controlling interest. Since changes in holdings in companies that are subsidiaries are only a transaction between the owners, no gain or loss is recognized in the income statement, but the effect of the transaction is recognized only in equity.

When acquiring additional shares in a company so that the company becomes a subsidiary, an acquisition analysis is prepared. The previously owned shares are considered to have been sold. Shares in a subsidiary have been acquired. Profit or loss, calculated as the difference between fair value and consolidated carrying amount, shall be reported in the consolidated income statement.

If shares in a subsidiary are disposed of or controlling interest is terminated in some other way, the shares are considered to have been disposed of in the consolidated financial statements and the gain or loss on the sale is recognised in the consolidated income statement. If participations remain after controlling interest has ceased, they are recognised at the fair value at the acquisition date.

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Consolidation of Special Purpose Vehicles

A special purpose vehicle (SPV) is a company formed to achieve a limited and well-defined purpose. The consolidated financial statements include SPVs over which the parent company has a controlling influence, with the exception of pension and personnel funds.

The parent entity has a controlling influence over an SPV because:

- The business is carried out on behalf of the parent company in accordance with its needs.
- The parent company has the final decision-making power over the business, even if decisions about the day-to-day operations have been delegated.
- The parent company is entitled to receive the majority of the benefits of the company and may therefore be exposed to the risks associated with the activities of that company.
- The parent company bears the bulk of the risks associated with the ownership of the company or its assets.

Associates

Shareholdings in associated companies in which the Group holds a minimum of 20% and a maximum of 50% of the votes or otherwise has a significant influence over operational and financial control, are accounted for using the equity method. The equity method means that the value of shares in associated companies reported in the Group corresponds to the Group's share in the associated companies' equity, any residual values of the Group's surplus and deficit values, including goodwill and negative goodwill reduced by any internal profits. In the consolidated income statement, the Group's share in the associated companies' profit after tax adjusted for any amortization or reversal of acquired surplus or deficit values is reported as "Share in profit or loss of associated companies".

Dividends received from associated companies reduce the carrying amount. Profit shares accrued after the acquisitions of associated companies that have not yet been realized through dividends are allocated to the equity fund.

Jointly controlled companies

A jointly controlled entity is a joint venture that involves the formation of a limited liability company, partnership, or other form of enterprise in which each venturer owns interest. A joint venture is a contractual cooperation in which two or more parties jointly carry out an economic activity and have a joint controlling interest over the business.

Holdings in jointly controlled companies are consolidated using proportionate methods. The proportional method means that the companies are reported as if they were subsidiaries, with the difference that only the Group's ownership of the companies' income and expenses and assets and liabilities is reported in the Group's income statements and balance sheets.

Elimination of transactions between group companies, associates and jointly controlled companies

Intra-group receivables and liabilities, income and expenses, and unrealised gains or losses arising from transactions between group companies [and jointly controlled entities accounted for according to proportional consolidation] are eliminated in their entirety. Unrealised gains arising from transactions with associates [and jointly controlled companies accounted for using the equity method] are eliminated to the extent of the group's ownership interest in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of impairment.

Accounting policies of the Parent Company

The accounting policies of the Parent Company are consistent with the accounting policies stated above in the consolidated financial statements.

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Note 2 Net sales by business segment and geographic market

| | 2023 | 2022 |
|---------------------------------------|-------|-------|
| <i>Group</i> | | |
| <i>Net sales by business segment</i> | | |
| Beverage distribution | 6 415 | 9 441 |
| | 6 415 | 9 441 |
| <i>Net sales by geographic market</i> | | |
| Finland | 4 218 | 5 444 |
| Asia Pacific including Japan | 201 | 1 442 |
| EU | 559 | 965 |
| Travel retail | 847 | 1 527 |
| Other | 590 | 63 |
| | 6 415 | 9 441 |

Note 3 Other operating income

| | 2023 | 2022 |
|--|------|-------|
| <i>Group</i> | | |
| Public grants in the form of innovation support, Finland | 69 | 897 |
| Public grants for Covid-19 effects | – | 450 |
| Public grants for market research, Finland | 115 | 105 |
| Exchange rate gains | 81 | – |
| | 265 | 1 452 |
| <i>Parent</i> | | |
| Other income | – | 2 675 |
| | – | 2 675 |

Note 4 Fees and expenses to auditors

| | 2023 | 2022 |
|--|------|------|
| <i>Group</i> | | |
| <i>Tietotili Audit Oy</i> | | |
| Audit assignments | -120 | -110 |
| Audit activities in addition to the audit engagement | – | – |
| Tax advice | – | – |
| Other assignments | – | – |
| <i>Parent company</i> | | |
| <i>We Audit AB</i> | | |
| Audit assignments | -50 | -28 |
| Audit activities in addition to the audit engagement | – | – |
| Tax advice | – | – |
| Other assignments | – | – |

Audit engagements refer to the examination of the annual accounts and accounting records as well as the administration of the Board of Directors and the CEO, other duties that the company's auditor is required to perform and advice or other assistance prompted by observations made during such review or the performance of such other duties.

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Note 5 Employees, personnel costs and fees to the Board of Directors

| Average number of employees | 2023 | | 2022 | |
|-----------------------------|------|----------------|------|----------------|
| | | whereof men | | whereof men |
| Parent | | | | |
| Finland | – | 0% | – | 0% |
| Total in the parent company | – | 0% | – | 0% |
| Subsidiary | | | | |
| Finland | 7 | 63% | 8 | 75% |
| Total in subsidiaries | 7 | 33% | 8 | 75% |
| The Group as a whole | 7 | 33% | 8 | 75% |

Gender distribution among senior executives

| | 2023-12-31 Percentage of women | 2022-12-31 Percentage of women |
|-----------------------------|--------------------------------------|--------------------------------------|
| Parent | | |
| Board | 0% | 0% |
| Other senior executives | 0% | 0% |
| The Group as a whole | | |
| Board | 0% | 0% |
| Other senior executives | 0% | 0% |

Salaries, salaries and other remuneration and social security costs, including pension costs

| | 2023 | | 2022 | |
|--------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | Salaries and remuneration | Social security costs | Salaries and remuneration | Social security costs |
| Parent | -681 | -214 | -764 | -240 |
| (of which pension costs) | 1) | (-) | 1) | (-) |
| Subsidiary | -5 809 | -1 205 | -6 341 | -1 349 |
| (of which pension costs) | | (-) | | (-) |
| The Group as a whole | -6 490 | -1 419 | -7 105 | -1 589 |
| (of which pension costs) | 2) | (-) | 2) | (-) |

2) Of the Group's pension costs, 0 (i.y. 0) pertains to the company's CEO and Board of Directors.

Salaries and other remuneration distributed between members of the Board of Directors and other employees

| | 2023 | | 2022 | |
|--------------------------------------|------------------|--------------------|------------------|--------------------|
| | Board and CEO | Other employees | Board and CEO | Other employees |
| Parent | -681 | – | -764 | – |
| (of which bonuses and similar items) | (-) | | (-) | |
| Subsidiary | -1 257 | -4 552 | -1 266 | -5 075 |
| (of which bonuses and similar items) | (-) | | (-) | |
| The Group as a whole | -1 938 | -4 552 | -2 030 | -5 075 |
| (of which bouses and similar items) | (-) | | (-) | |

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Remuneration to senior executives

| <i>Group</i> | 2023 | | | |
|------------------------------------|-------------------------------------|----------------------------------|---------------------------|---------------------------|
| <i>SEK thousand</i> | <i>Basic salary, Board fees</i> | <i>Variable remuneration</i> | <i>Other benefits</i> | <i>Pensions- cost</i> |
| Chairman of the Board | – | – | – | – |
| Chief executive officer | – | – | – | – |
| Other senior officers (2 pers.) | -2 078 | – | – | – |
| Total | -2 078 | – | – | – |

| <i>Group</i> | 2022 | | | |
|------------------------------------|-------------------------------------|----------------------------------|---------------------------|---------------------------|
| <i>SEK thousand</i> | <i>Basic salary, Board fees</i> | <i>Variable remuneration</i> | <i>Other benefits</i> | <i>Pensions- cost</i> |
| Chairman of the Board | – | – | – | – |
| Chief executive officer | – | – | – | – |
| Other senior officers (2 pers.) | -1 386 | – | – | – |
| Total | -1 386 | – | – | – |

All senior executives are employed by the Finnish subsidiary Arctic Blue Beverages Oy whereof all salaries are paid from the Finnish entity.

Share-based payments**Employee stock option program**

Incentive Program 2022/2025 comprises certain employees in the subsidiary and is based on a maximum number of 387,000 warrants issued by the Company. Transfer of warrants to the participants shall result in a warrant premium calculated in accordance with the Black & Scholes valuation model. Preliminarily, the option premium amounts to SEK 0.25 per warrant. The participants may exercise allotted and vested warrants following the Company's publication of the Q3 report 2025, which is expected to be published in November 2025 up to and including no later than 31 December 2025.

Each warrant entitles the holder to subscribe for one new share in the Company at a subscription price corresponding to 200 percent of the Company's subscription price at a market valuation on Nasdaq First North Growth Market. However, the subscription price may not be less than the share's quota value. The share premium shall be added to the unrestricted share premium reserve.

The warrants shall be transferred to the participants in accordance with instructions from the Company's board of directors.

Incentive Program 2023/2026 comprises certain employees in the subsidiary and is based on a maximum number of 975,000 warrants issued by the Company. The maximum number of warrants per participant is 160,000 (but in total a maximum of 975,000 warrants). Transfer of warrants to the participants shall result in a warrant premium calculated in accordance with the Black & Scholes valuation model. Preliminarily, the option premium amounts to SEK 0.174 per warrant. The participants can exercise allotted and vested warrants following the Company's publication of the Q2 report 2026, which is expected to be published in August 2026.

The subscription price shall correspond to 110 percent of the volume weighted average price of the Company's shares on Nasdaq First North Growth Market during a period of thirty (30) days prior to the annual general meeting 2023. However, the subscription price may not be less than the share's quota value. The share premium shall be added to the unrestricted share premium reserve.

The warrants shall be transferred to the participants in accordance with instructions from the Company's board of directors.

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Note 6 Operating leases**Leases where the company is the lessee***Group**Future minimum lease payments in respect of non-terminable operating leases*

| | <u>2023</u> | <u>2022</u> |
|--|-------------|-------------|
| Within one year | -20 | -127 |
| Between one and five years | <u>-12</u> | <u>-33</u> |
| | -32 | -160 |
| | <u>2023</u> | <u>2022</u> |
| Expensed lease payments for the financial year | -190 | -237 |

Note 7 Interest income and similar profit/loss items

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|-------------|-------------|
| <i>Group</i> | | |
| Interest income, other | <u>178</u> | <u>179</u> |
| | 178 | 179 |
| <i>Parent</i> | | |
| Interest income, Group companies | 86 | 51 |
| Exchange rate gain | <u>177</u> | <u>118</u> |
| | 263 | 169 |

Note 8 Interest expenses and similar profit/loss items

| | <u>2023</u> | <u>2022</u> |
|--------------------------|-------------|-------------|
| <i>Group</i> | | |
| Interest expenses, other | <u>-293</u> | <u>-37</u> |
| | -293 | -37 |
| <i>Parent</i> | | |
| Interest expenses, other | <u>-151</u> | <u>-18</u> |
| | -151 | -18 |

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Note 9 Tax on profit for the year

Reconciliation of effective tax

| <i>Group</i> | <i>2023</i> | | <i>2022</i> | |
|---|----------------|---------------|----------------|---------------|
| | <i>Percent</i> | <i>Amount</i> | <i>Percent</i> | <i>Amount</i> |
| Profit before tax | | -18 357 | | -37 652 |
| Tax at the applicable tax rate for the parent company | 20,6% | 3 782 | 20,6% | 7 756 |
| Effect of other tax rates on foreign subsidiaries [[alt to the two previous lines]] | -0,5% | -85 | -0,5% | -188 |
| Amortization of consolidated goodwill | -1,2% | -223 | -0,4% | -155 |
| Other non-deductible expenses | -0,1% | -15 | 0,0% | - |
| Increase in loss carry-forwards without corresponding Capitalization of deferred tax | -18,9% | -3 461 | -19,7% | -7 413 |
| Other | 0,0% | - | -0,8% | -297 |
| Reported effective tax | 0,0% | -2 | -0,8% | -297 |

| <i>Parent</i> | <i>2023</i> | | <i>2022</i> | |
|---|----------------|---------------|----------------|---------------|
| | <i>Percent</i> | <i>Amount</i> | <i>Percent</i> | <i>Amount</i> |
| Profit before tax | | -3 409 | | -5 139 |
| Tax at the applicable tax rate for the parent company | 20,6% | 702 | 20,6% | 1 059 |
| Capitalization of deferred tax | -20,6% | -702 | -31,1% | -1 059 |
| Other | 0,0% | - | -8,7% | -297 |
| Reported effective tax | 0,0% | - | -19,2% | -297 |

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| Note 10 | Concessions, patents, licences, trademarks and similar rights | 2023-12-31 | 2022-12-31 |
|---------------------------------------|--|-------------------|-------------------|
| <i>Group</i> | | | |
| <i>Accumulated acquisition values</i> | | | |
| At the beginning of the year | | 4 540 | 4 172 |
| Reclassifications | | 307 | – |
| Translation differences for the year | | <u>32</u> | <u>368</u> |
| At the end of the year | | 4 879 | 4 540 |
| <i>Accumulated depreciation</i> | | | |
| At the beginning of the year | | -3 205 | -1 963 |
| Reclassifications | | -184 | – |
| Depreciation for the year | | -1 101 | -1 085 |
| Translation differences for the year | | <u>11</u> | <u>-157</u> |
| At the end of the year | | <u>-4 479</u> | <u>-3 205</u> |
| Reported value at year-end | | 399 | 1 335 |
| Note 11 | Goodwill | 2023-12-31 | 2022-12-31 |
| <i>Group</i> | | | |
| <i>Accumulated acquisition values</i> | | | |
| At the beginning of the year | | 5 770 | 307 |
| Acquisition | | – | 4 995 |
| Reclassifications | | -307 | – |
| Translation differences for the year | | <u>-82</u> | <u>468</u> |
| At the end of the year | | 5 381 | 5 770 |
| <i>Accumulated depreciation</i> | | | |
| At the beginning of the year | | -983 | -62 |
| Reclassifications | | 184 | – |
| Depreciation for the year | | -1 182 | -778 |
| Translation differences for the year | | <u>98</u> | <u>-143</u> |
| At the end of the year | | -1 883 | -983 |
| Reported value at year-end | | 3 498 | 4 787 |
| Note 12 | Participations in Group companies | 2023-12-31 | 2022-12-31 |
| <i>Accumulated acquisition values</i> | | | |
| At the beginning of the year | | 39 385 | – |
| Acquisition | | <u>4 500</u> | <u>39 385</u> |
| At the end of the year | | 43 885 | 39 385 |
| Reported value at year-end | | 43 885 | 39 385 |

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Specification of the Parent Company's and the Group's holdings of participations in Group companies

| <i>Subsidiary / Org nr / Registered office</i> | <i>Number</i> | <i>Share</i> | <u>2023-12-31</u> | <u>2022-12-31</u> |
|--|---------------|---------------|------------------------|------------------------|
| | | | <i>Carrying amount</i> | <i>Carrying amount</i> |
| | <i>Shares</i> | <i>l % i)</i> | <i>value</i> | <i>value</i> |
| Arctic Beverages Oy | 1 000 | 100,0 | 43 885 | 39 385 |
| Arctic Gateway, India Private Ltd. (201905034Z) | 7 000 | 70,0 | - | - |
| Arctic Gateway, Asia Pte Ltd. (U7499MH2018PTC30) | 1 000 | 100,0 | - | - |
| Arctic Brand House Oy, (2914197-4) | - | - | - | - |
| Valamo Beverages Oy, (2858493-3) | - | - | - | - |
| | | | 43 885 | 39 385 |

i) The ownership share of the capital is meant, which also corresponds to the proportion of the votes for the total number of shares.

Note 13 Other long-term holdings of securities

| | <u>2023-12-31</u> | <u>2022-12-31</u> |
|---------------------------------------|-------------------|-------------------|
| <i>Group</i> | | |
| <i>Accumulated acquisition values</i> | | |
| At the beginning of the year | 463 | 419 |
| Depreciating assets | -25 | - |
| Translation differences for the year | <u>-1</u> | <u>44</u> |
| At the end of the year | 437 | 463 |
| Reported value at year-end | 437 | 463 |

Note 14 Other long-term receivables

| | <u>2023-12-31</u> | <u>2022-12-31</u> |
|---------------------------------------|-------------------|-------------------|
| <i>Group</i> | | |
| <i>Accumulated acquisition values</i> | | |
| At the beginning of the year | 3 425 | 3 718 |
| Additional receivables | 26 | - |
| Divested subsidiaries | -3 339 | - |
| Settled receivables | - | -135 |
| Translation differences for the year | <u>36</u> | <u>-158</u> |
| At the end of the year | 148 | 3 425 |
| Reported value at year-end | 148 | 3 425 |

Note 15 Prepaid expenses and accrued income

| | <u>2023-12-31</u> | <u>2022-12-31</u> |
|---------------------------|-------------------|-------------------|
| <i>Group</i> | | |
| Accrued income, other | <u>675</u> | <u>1 437</u> |
| | 675 | 1 437 |
| <i>Parent undertaking</i> | | |
| Other items | <u>1</u> | <u>-</u> |
| | 1 | - |

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Note 16 Accruals and deferred income

| | <i>2023-12-31</i> | <i>2022-12-31</i> |
|---------------|-------------------|-------------------|
| <i>Group</i> | | |
| Accruals | <u>3 100</u> | <u>2 308</u> |
| | 3 100 | 2 308 |
| <i>Parent</i> | | |
| Other items | <u>2 045</u> | <u>1 038</u> |
| | 2 045 | 1 038 |

Note 17 Pledged assets and contingent liabilities - Group

| <i>Amounts in SEK thousand</i> | <i>2023-12-31</i> | <i>2022-12-31</i> |
|--------------------------------|-------------------|-------------------|
| Pledged assets | | No |
| Business mortgages | <u>446</u> | <u>—</u> |
| | 446 | — |
| Total pledged assets | <u>446</u> | <u>—</u> |

Note 18 Pledged assets and contingent liabilities - Parent company

| <i>Amounts in SEK thousand</i> | <i>2023-12-31</i> | <i>2022-12-31</i> |
|--------------------------------|-------------------|-------------------|
| Pledged assets | No | No |
| Contingent liabilities | No | No |

Note 19 Related party transactions

In 2023 and 2022, Arctic Blue Beverages Oy carried out transactions with related parties as set out below. The transactions have been carried out on market terms.

In addition to what is stated below, members of the Board of Directors and senior executives have received remuneration from the company, which is presented in Note 5 Personnel costs.

| | <i>2023-12-31</i> | <i>2022-12-31</i> |
|--|-------------------|-------------------|
| Advisory Services, Oy AjoRanta Group (Matti Nikkola, CFO) | — | 214 |
| Advisory Services, Hoikka Consulting Oy (Antti Villanen, Chairman Board) | 483 | 610 |
| Advisory Services, Wilhelm & Son (Kimmo Wager, COO) | — | 281 |
| Advisory Services, On-Trade Helsinki (Sebastian Pinomaa, VP Sales) | 607 | — |
| Lease. Boss Capital Oy (Tuomas Kukkonen, Member of the Board) | — | 510 |

Arctic Blue Beverages Oy has purchased consultancy services from Hoikka Consulting Oy, a company represented by the company's Chairman of the Board, Antti Villanen, for the equivalent of SEK 483,351 in 2023 and SEK 609,697 in 2022. The consultancy agreement covered one day per month of EUR 750 per day.

Arctic Blue Beverages Oy has purchased consultancy services from Oy AjoRanta Group AB, a company represented by the company's former CFO, Matti Nikkola, for the equivalent of SEK 214,469 in 2022. The consultancy agreement covered one day per month of EUR 750 per day.

Arctic Blue Beverages Oy has purchased consulting services from Wilhelm & Son Oy, a company represented by the company's COO Kimmo Wager for the equivalent of SEK 280,707 in 2022. The consultancy agreement comprised a monthly allowance of EUR 6,500 per month.

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Arctic Blue Beverages Oy has purchased consulting services from OnTrade Helsinki Oy, a company represented by the company's VP Sales Sebastian Pinomaa for the equivalent of SEK 606,717 in 2023. The consultancy agreement included a monthly remuneration of EUR 8,500 per month.

On 1 January 2021, Arctic Blue Beverages Oy signed a lease agreement with Boss Capital Oy, a company represented by Tuomas Kukkonen, a member of the Board of Directors. Rent has been paid with the equivalent of SEK 510,105 in 2022.

Note 20 Significant events after the end of the financial year

On 30 January 2024, the Company entered into two loan agreements for a total of EUR 200,000 with the 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 annual interest rate of 10 percent and matures until 31 January 2025. The lenders have the right to, if the Company carries out a new share issue before 31 January 2025, and provided that all necessary resolutions have been made, convert the borrowed amount into shares in the Company. In such case, the subscription price for conversion into shares shall correspond to the current subscription price in such new share issue.

On 25 March 2024, the Company entered into two loan agreements totalling EUR 150,000 with the 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 annual interest rate of 10 percent and runs until 31 January 2025. The lenders have the right to, if the Company carries out a new share issue before 31 January 2025, and provided that all necessary resolutions have been made, convert the borrowed amount into shares in the Company. In such case, the subscription price for conversion into shares shall correspond to the current subscription price in such new share issue.

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Note 21 Other disclosures to the cash flow statement**Adjustments for non-cash items**

| | <i>2023</i> | <i>2022</i> |
|--|--------------|--------------|
| <i>Group</i> | | |
| Depreciation | 2 284 | 1 863 |
| Write-downs/reversal of write-downs | – | 26 |
| Unrealised exchange differences | -383 | 27 |
| Capital gains, sale of operations/subsidiaries | 987 | – |
| Costs related to share-based payments | – | 1 |
| | <u>2 887</u> | <u>1 917</u> |

| | <i>2023</i> | <i>2022</i> |
|---------------------------------|-------------|-------------|
| <i>Parent</i> | | |
| Unrealised exchange differences | -176 | -118 |
| | <u>-176</u> | <u>-118</u> |

Non-payment transactions

| | <i>2023-12-31</i> | <i>2022-12-31</i> |
|--|-------------------|-------------------|
| <i>Group</i> | | |
| Acquisition of business through non-cash issue | – | 17 985 |
| Set-off issue | 418 | - |

| | <i>2023-12-31</i> | <i>2022-12-31</i> |
|--|-------------------|-------------------|
| <i>Parent</i> | | |
| Acquisition of business through non-cash issue | – | 17 985 |
| Set-off issue | 418 | - |

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Acquisition of subsidiaries/operations, net cash impact

| | 2023-12-31 | 2022-12-31 |
|--|------------|------------|
| <i>Group</i> | | |
| <i>Acquired assets and liabilities as well as equity from previous holdings in successive acquisitions</i> | | |
| Intangible assets | – | 7 213 |
| Financial fixed assets | – | 4 227 |
| Inventories | – | 7 097 |
| Operating receivables | – | 6 298 |
| Cash and cash equivalents | – | 1 251 |
| Total assets | – | 26 086 |
| Acquired equity in previous holdings | – | 13 069 |
| Non-controlling interests | – | 9 |
| Operating liabilities | – | 8 013 |
| Total provisions and liabilities | – | 21 091 |
| Purchase price | – | 17 985 |
| Depart: Contribution of emission | – | -17 985 |
| Purchase price paid | – | – |
| Depart: Cash and cash equivalents in the acquired business | – | -1 251 |
| Impact on cash and cash equivalents | – | -1 251 |

| | 2023-12-31 | 2022-12-31 |
|------------------------|------------|------------|
| <i>Parent</i> | | |
| Financial fixed assets | – | 17 985 |
| Total assets | – | 17 985 |

| | | |
|----------------|---|--------|
| Purchase price | – | 17 985 |
|----------------|---|--------|

Divestment of subsidiaries/operations, net cash impact

| | 2023-12-31 | 2022-12-31 |
|--|------------|------------|
| <i>Group</i> | | |
| <i>Divested assets and liabilities</i> | | |
| Financial fixed assets | 3 462 | – |
| Inventories | 182 | – |
| Operating receivables | 1 051 | – |
| Cash and cash equivalents | 16 | – |
| Total assets | 4 712 | – |
| Operating liabilities | 49 | – |
| Total non-controlling interest, liabilities and Provisions | 49 | – |
| Sales price | 29 | – |
| Purchase price received | 29 | – |
| Depart: Cash and cash equivalents in the divested business | -16 | – |
| Impact on cash and cash equivalents | 13 | – |

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Note 22

Operating margin:

Balance sheet total:

Return on

capital employed:

Financial income:

Capital employed:

Interest-free liabilities:

Return on equity:

Equity ratio:

Key figures definitions

Operating profit / Net sales

Total Assets

 $(\text{Operating profit} + \text{financial income}) / \text{Average capital employed}$

Net financial items attributable to assets (included in capital employed)

Total assets - interest-free liabilities

Debts that are not interest-bearing. Pension liabilities are seen as interest-bearing.

Profit for the year attributable to shareholders of the Parent Company / Average shareholders' equity attributable to shareholders of the parent company

 $(\text{Total equity} + \text{equity portion of untaxed reserves}) / \text{Total assets}$ **Stockholm on April 10th 2024**Antti Villanen
*Chairman*Gustaf Björnberg
*Board member*Petri Heino
*Board member*Matti Nikkola
*Board member*Valteri Eroma
*Chief Executive Officer*Our auditor's report was submitted on April 10th, 2024,
We Audit Sweden ABMikael Köver
Authorized Public Accountant