



# ARCTIC BLUE BEVERAGES

## HALF YEAR REPORT

ARCTIC BLUE BEVERAGES AB  
Organisation number 559361-7078

JANUARY-JUNE 2022





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# HALF YEAR REPORT – JAN-JUN 2022

## SUMMARY

### THE HALF-YEAR PERIOD JANUARY – JUNE 2022

- Revenues (Jan – Jun): SEK 5,861 thousand (SEK 2,935 thousand on corresponding period 2021)
- Significantly increased revenues due to highly increased delivery volumes
- EBITDA: SEK -20,659 thousand (SEK -7,193 thousand)
- Profit declined mainly due to one-off expenses related to group re-organization (Swedish TopCo) and share issue costs
- EBIT: SEK -21,450 thousand (SEK -7,710 thousand)
- Net result: SEK -21,786 thousand (SEK -7,704 thousand)
- Earnings per share (EPS) -1.27 SEK / share
- Cash and cash equivalents: SEK 6,244 thousand (30 June 2022)

### APRIL – JUNE 2022

- Revenues (Apr – Jun): SEK 2,554 thousand (SEK 1,363 thousand on corresponding period 2021)
- Significantly increased revenues due to highly increased delivery volumes
- EBITDA: SEK -14,728 thousand (SEK -4,732 thousand)
- Profit declined mainly due to one-off expenses related to group re-organization (Swedish TopCo) and share issue costs
- EBIT: SEK -15,252 thousand (SEK -4,991 thousand)
- Net result: SEK -15,587 thousand (SEK -4,972)
- Earnings per share (EPS) -0.91 SEK / share

### SIGNIFICANT EVENTS DURING APRIL – JUNE 2022

- Arctic Blue Beverages AB listed at the Nasdaq First North Growth Market Stockholm
- The San Francisco World Spirit Competition (SFWSC) 2022:
  - Arctic Blue Legacy Gin Double Gold Award
  - Arctic Blue Gin Rose, Double Gold Award
  - Arctic Blue Oat, Silver Award
- Singapore World Spirits Competition (SWSC) 2022:
  - Arctic Blue Gin Rose, Double Gold Award & Best of Class
  - Arctic Blue Legacy Gin, Silver Award
  - Arctic Blue Gin, Silver Award
  - Arctic Blue Oat, Silver Award
  - Arctic Blue Gin Navy Strength, Bronze Award
- Distribution agreement with leading Southeast Asian distribution platform Buy2sell for joint effort co-operation to distribute Arctic Blue Beverage's products.
- Distribution agreement with Solera Sweden who will distribute Arctic Blue products across Sweden.
- Launched Arctic Blue Gin Rose and Hang Oat RTD.

### SIGNIFICANT EVENTS AFTER PERIOD

- IWSC (International Wine and Spirit Competition) 2022
  - Hang Oat Vanilla, Silver Award

### A NEW CHAPTER FOR THE COMPANY

"On the 12th of May, trading with the share Arctic Blue Beverages AB at Nasdaq First North Growth Market Stockholm begun. During May 2022 Arctic Blue Beverages carried out an oversubscribed offering of shares, which provided the company with gross proceeds of approximately SEK 28 million, before deductions for issue costs and set-off of interest-free shareholder loans.

It was an amazing moment, and it was hard for me to find right words to describe how proud I was of what we had achieved together as a team. Five years ago, there was a mad vision – a vision to capture arctic nature in the bottle. As a result, our flagship product Arctic Blue Gin was born. Now five years and many award-winning products later we are at Nasdaq First North Growth Market Stockholm, as a listed company.

The vision is still the same, to capture arctic nature in a bottle and our mission is to craft the world's best beverages from carefully selected natural Nordic ingredients. As a listed company we now have the tools to expand our current markets, open new markets and bring new innovative products to the market." says Valtteri Eroma, CEO of Arctic Blue Beverages.





# ABOUT ARCTIC BLUE BEVERAGES

Arctic Blue Beverages AB is a Nordic beverage company whose best-known products are the multi-award winning Arctic Blue Gin, Arctic Blue Gin Navy Strength and the world's first dairy-free gin-based oat liqueur, Arctic Blue Oat. The company invests heavily into international export and its products are sold in Finland, Sweden, Japan, Australia and more than a dozen other countries. For more information, visit Arctic Blue Beverages webpage <https://arcticbluebeverages.com>.

Arctic Blue Beverages shares are listed on Nasdaq First North Growth Market Stockholm. 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 2022	APR-JUN 2021	JAN-JUN 2022	JAN-JUN 2021	JAN-DEC 2021
Revenue (SEK thousand)	2 554	1 363	5 861	2 935	11 892
EBITDA (SEK thousand)	-14 728	-4 732	-20 659	-7 193	-14 369
Operating profit/loss (SEK thousand)	-15 252	-4 991	-21 450	-7 710	-15 404
Net profit/loss (SEK thousand)	-15 587	-4 972	-21 786	-7 704	-15 390
"Cash flow generated from operations (SEK thousand)"	-20 759	-3 395	-20 195	-8 120	-19 859
Equity ratio (%)	83 %	83 %	83 %	83 %	86 %
Number of shares, average	17 118 798	-	17 118 798	-	-
Number of shares at the end of the period	17 118 798	-	17 118 798	-	-
Number of Share options	387 000	-	387 000	-	-
Number of warrants of series TO1	3 733 332	-	3 733 332	-	-
Number of warrants of series TO2	3 733 332	-	3 733 332	-	-
Number of shares after dilution	24 972 462	-	24 972 462	-	-
Equity per share (SEK)	1,67	-	1,67	-	-
Earnings per share (SEK) undiluted	-0,91	-	-1,27	-	-
Earnings per share (SEK) diluted	-0,62	-	-0,87	-	-
Number of employees (average for the period)	8	5	8	5	5





# COMMENTS FROM THE CEO, VALTTERI EROMA

## A NEW CHAPTER FOR THE COMPANY

On the 12th of May, trading with the share Arctic Blue Beverages AB at Nasdaq First North Growth Market Stockholm begun. During May 2022 Arctic Blue Beverages carried out an oversubscribed offering of shares, which provided the company with gross proceeds of approximately 28 MSEK, before deductions for issue costs and set-off of interest-free shareholder loans.

It was an amazing moment, and it was hard for me to find right words to describe how proud I was of what we had achieved together as a team. Five years ago, there was a mad vision – a vision to capture arctic nature in the bottle. As a result, our flagship product Arctic Blue Gin was born. Now five years and many award-winning products later we are at Nasdaq First North Growth Market Stockholm, as a listed company.

The vision is still the same, to capture arctic nature in a bottle and our mission is to craft the world's best beverages from carefully selected natural Nordic ingredients. As a listed company we now have the tools to expand our current markets, open new markets and bring new innovative products to the market.

## SALES

Markets have opened after the pandemic and sales increase in the second quarter 2022 was 174% compared to the same period a year ago. Total sales revenue in the second quarter 2022 has increased by 30% compared to the first quarter in 2022. The good development is coming mainly from travel retail and domestic market (Finland, Sweden) where our investments into marketing, sales staff and restaurant campaigns are starting to pay off.

The sales to Asia-Pacific i.e. Japan still in some extent suffered from pandemic, but we are seeing some positive signals that we believe will turn into results during the 2nd year half 2022. In Australia we are making good progress with our distributor who has succeeded to get total 132 accounts with the addition of First Choice chain with 70 premium outlets nationally.

## MAJOR EVENTS

We succeeded in the major spirits competitions where our products collected many prestigious awards. In The San Francisco World Spirit Competition (SFWSC), our newest gins, Arctic Blue Legacy Gin and Arctic Blue Gin Rose, won double gold. Silver was awarded to the innovative oat liqueur, Arctic Blue Oat. In The Singapore World Spirits Competition (SWSC), the parent organization of the San Francisco World Spirits Competition (SFWSC), Arctic Blue Gin Rose won its second double gold award in a row, and best of class in the 2022. Same competition awarded Arctic Blue Legacy Gin, Arctic Blue Gin and Arctic Blue Oat Liqueur with Silver Medal and Arctic Blue Gin Navy Strength with Bronze Medal.

Awards from the international competitions are very important marketing tools, for a relatively small player in the global alcohol industry like we are. Based on our experience after previous awards, will these successes give a great boost to the sales of our new products as well as our current products.

We signed a distribution agreement with Solera Sweden who will distribute Arctic Blue products across Sweden. Sales in Systembolaget started with Arctic Blue Gin and Arctic Blue Gin Navy Strength. Later during the second quarter 2022 we listed also Arctic Blue Gin Rose and Arctic Blue Oat. Sales start has been very positive,



and we are making good progress in Systembolaget although our presence in HoReCa (hotels, restaurants & cafes) channel is still modest.

Although Asia has been suffering due to the pandemic, we signed a distribution agreement with leading Southeast Asian distribution platform Buy2sell for joint effort co-operation to distribute Arctic Blue Beverage's products starting with Singapore. With this distribution partnership Arctic Blue Beverages will reach more than 100.000 B2B customers across Southeast Asia.

Arctic Blue Gin Rose has been a big success and has rapidly gained share both in travel retail and domestic market. Due to its performance in Finland, the product sold the amount needed for standard selection listing in Alko in just a few months.

## SUMMARY

Despite the challenging world- and the economic situation, we as a company have been able to move forward in accordance with our strategy. We have increased sales in Finland opened new markets such as Sweden, and brought new products to the market, such as Arctic Blue Gin Rose and Hang Oat RTD. We have won prizes with our products in major international competitions, which help our products' visibility, increase awareness and sales globally. Going into the second half of the year I hope that the situation in Asia will normalize. I'm especially excited to see how our Arctic Blue Gin Rose and our sales in Sweden will develop.

Valtteri Eroma, CEO





# BUSINESS OVERVIEW

## SIGNIFICANT EVENTS DURING APRIL – JUNE 2022

### A NEW CHAPTER FOR THE COMPANY

On the 12th of May, trading with the share Arctic Blue Beverages AB at Nasdaq First North Growth Market Stockholm begun. As a listed company we now have the tools to expand our current markets, open new markets and bring new innovative products to the market.

### SALES

Markets have opened after the pandemic and sales increase in the second quarter 2022 was 174% compared to the same period a year ago. The good development is coming mainly from travel retail and domestic market.

Total sales revenue in the second quarter 2022 has increased by 30% compared to the first quarter in 2022. The good development is coming mainly from travel retail and domestic market (Finland, Sweden) where company's investments into marketing, sales staff and restaurant campaigns are starting to pay off.

In Travel Retail there are new important customers with new sales. In May launched multi-awarded Arctic Blue Gin Rose has been a success in Travel Retail. Arctic Blue Gin Rose has already 35% share of the travel retail sales in the whole Arctic Blue portfolio.

Sales in Finland in the second quarter has more than doubled compared to the first quarter 2022. The HoReCa (hotels, restaurants & cafes) channel is working very well, and the launched multi-awarded Arctic Blue Gin Rose has been a success also in Finland. It represents already 20% of the total Arctic Blue sales. One element driving HoReCa sales is 10 Arctic Blue branded Topbox mobile sales units that are part of Arctic Blue Bar offering both outdoor and indoor throughout the year. This exciting concept is a Finnish innovation that comes with full-service agreement. Distribution in Finland is managed directly by Arctic Blue Beverages without distributor.

Sales in Sweden started in the first quarter 2022, mainly through Systembolaget. The start has been very positive, and the second quarter 2022 sales were four times higher compared to the first quarter 2022. There are more listings in Systembolaget, and marketing activities are supporting the good development.

The sales to Asia-Pacific i.e. Japan still in some extent suffered from pandemic. However, in Australia our distributor has been making good progress and with the addition of First Choice chain, with 70 premium outlets nationally, succeeded to get a total of 132 accounts.

### PRODUCTS

New products, Arctic Blue Gin Rose and Hang Oat RTD was launched. Arctic Blue Gin Rose is company's entry into the fast-growing category of flavoured gins and Hang Oat RTD is

company's first mild alcoholic drink and entry in the growing RTD (ready to drink) category.

The production and sales start of the Arctic Blue Legacy product has been delayed due to the challenging world situation (war in Ukraine). Production times are significantly longer and, for example, material availability issues have caused some delays.

### FINANCIAL OVERVIEW

In the second quarter 2022, company's net sales of SEK 2,544 thousand increased by 174% compared to the same period a year earlier (SEK 933 thousand) due to increased delivery volumes. The increase compared to previous quarter was 30% as well due to increased delivery volumes.

Materials and services expenses SEK 2632 thousand (SEK 736 thousand) increased due to increased delivery volumes. Personnel expenses SEK 2,992 thousand (SEK 980 thousand) followed increased personnel number.

Other external expenses SEK 11,657 thousand (SEK 4,378 thousand) increased due to one-off expenses related to group re-organization (Swedish TopCo) and share issue costs.

EBITDA and EBIT were SEK -14,728 (-4,732) thousand and SEK -15,252 (-4,991) thousand for the quarter.







## MAJOR EVENTS

Arctic Blue Beverages succeeded nobly at the prestigious The San Francisco World Spirit Competition (SFWSC). Company's newest gins, Arctic Blue Legacy Gin and Arctic Blue Gin Rose, won double gold. Silver was awarded to the innovative oat liqueur, Arctic Blue Oat. This was an overwhelming result, for a relatively small player in the global alcohol industry.

Arctic Blue Legacy is a barrel-aged gin sold in a unique bottle designed by Timo Sarpaneva. The product is targeted to the ultra-premium category and packed in a prestige handmade wooden gift package. Arctic Blue Gin Rose is the company's entry into the fast-growing category of flavored gins. The taste profile is similar to the multi-award winning Arctic Blue Gin with hints of cinnamon rose petals in both scent and taste. The beautiful red color comes from Finnish bilberries. Arctic Blue Oat is the world's first gin-based oat liqueur, which was launched a year ago.

Arctic Blue Gin Rose won another double gold award in a row, and best of class in the 2022 Singapore World Spirits Competition (SWSC), the parent organization of the San Francisco World Spirits Competition (SFWSC). Arctic Blue Gin Rose is a great extension to Arctic Blue Beverages gin portfolio and based to the market feedback company can reach totally new consumer groups with this product. The win in Singapore supports company's Asia strategy as it will set Arctic Blue Beverages apart from competitors and increase the awareness of our premium products among Asian consumers.

Awards for Arctic Blue Beverages from 2022 Singapore World Spirits Competition (SWSC):

- DOUBLE GOLD MEDAL, BEST OF CLASS, Arctic Blue Gin Rose
- SILVER MEDAL, Arctic Blue Legacy Gin
- SILVER MEDAL, Arctic Blue Gin
- SILVER MEDAL, Arctic Blue Oat Liqueur
- BRONZE MEDAL, Arctic Blue Gin Navy Strength

Arctic Blue Beverages signed a distribution agreement with Solera Sweden who will distribute Arctic Blue products across Sweden. Solera Sweden is one of the key players on the Swedish beverage market with a full portfolio stretching from wine and spirits to alcohol free products covering all sales channels. Arctic Blue Beverages products listed in Systembolaget so far are Arctic Blue Gin, Arctic Blue Gin Navy Strength, Arctic Blue Gin Rose and Arctic Blue Oat.

Arctic Blue Beverages signed a distribution agreement with leading Southeast Asian distribution platform Buy2sell for joint effort co-operation to distribute Arctic Blue Beverage's products starting from Singapore. Since 2015, Buy2Sell is a major B2B actor of distribution operating in Vietnam, Hong Kong and Singapore. Thanks to a strong B2B network of resellers, distributors, and shop owners, Buy2Sell is currently distribution more than 200.000 items from +60 countries. With this distribution partnership Arctic Blue Beverages will reach more than 100.000 B2B customers across Southeast Asia.

## SIGNIFICANT EVENTS AFTER THE INTERIM PERIOD

Arctic Blue Beverages succeeded in the world's biggest spirits competition, the prestigious IWSC (International Wine and Spirit Competition). Company's new product, Hang Oat Vanilla, launched in spring, won silver in the RTD category. Hang Oat Vanilla is company's first mild alcoholic drink in the growing RTD (ready to drink) category. The market for RTD drinks has grown enormously worldwide, and at the same time, oat-based alternatives are taking shelf space from traditional dairy products. The growth in both categories is compelling. With Hang Oat Vanilla, Arctic Blue Beverages is among the first to take part in this growing segment. The product is manufactured in Finland and packed in a Tetra Pak carton. It is sold in Finland in S-Groups' Prisma stores. In the future, company plans to increase its RTD product selection by bringing new flavors to the market and sell the products abroad.

Arctic Blue Gin Rose was granted a standard selection status in Finnish monopoly chain, Alko. This is key milestone when building a larger store coverage and increase sales of Arctic Blue Gin Rose in Finland.



# FINANCIAL REPORTS

## INCOME STATEMENT - GROUP

SEK thousand	Note	APR-JUN 2022	APR-JUN 2021	JAN-JUN 2022	JAN-JUN 2021	JAN-DEC 2021
<b>Revenue</b>						
Net sales		2 554	933	4 515	1 883	8 749
Other operating income		<u>0</u>	<u>430</u>	<u>1 345</u>	<u>1 052</u>	<u>3 143</u>
		2 554	1 363	5 861	2 935	11 892
<b>Operating expenses</b>						
Materials and services		-2 632	-736	-3 803	-1 248	-4 715
Other external expenses		-11 657	-4 378	-17 209	-6 941	-17 269
Personnel expenses	2	-2 992	-980	-5 507	-1 938	-4 278
Depreciation and write-downs of tangible and intangible assets		<u>-524</u>	<u>-259</u>	<u>-791</u>	<u>-517</u>	<u>-1 035</u>
<b>Operating expenses total</b>		<u>-17 806</u>	<u>-6 354</u>	<u>-27 310</u>	<u>-10 645</u>	<u>-27 296</u>
<b>Operating profit (EBIT)</b>		<u>-15 252</u>	<u>-4 991</u>	<u>-21 450</u>	<u>-7 710</u>	<u>-15 404</u>
<b>Results from financial items</b>		-38	15	-39	-2	-2
<b>Profit after financial items</b>		<u>-15 290</u>	<u>-4 976</u>	<u>-21 488</u>	<u>-7 712</u>	<u>-15 406</u>
<b>Profit before tax</b>		<u>-15 290</u>	<u>-4 976</u>	<u>-21 488</u>	<u>-7 712</u>	<u>-15 406</u>
Tax expense for the period		<u>-297</u>	<u>4</u>	<u>-297</u>	<u>8</u>	<u>16</u>
<b>Net profit</b>		<u>-15 587</u>	<u>-4 972</u>	<u>-21 786</u>	<u>-7 704</u>	<u>-15 390</u>
Attributable to						
The parent company's shareholders		-15 621	-4 968	-21 827	-7 708	-15 373
Holdings without controlling influence		34	-4	41	4	-17





## BALANCE SHEET - GROUP

SEK thousand	Note	30 JUN 2022	30 JUN 2021	31 DEC 2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Intangible assets</b>				
Trademarks	3	1 794	2 703	2 209
Goodwill	4	5 153	276	245
		<b>6 947</b>	<b>2 979</b>	<b>2 454</b>
<b>Financial assets</b>				
Receivables from associated companies		455	743	743
Other long-term investment		444	365	419
Other long-term receivables		3 154	2 978	2 975
Deferred tax assets		–	8	16
		4 053	4 095	4 153
<b>Total non-current assets</b>		<b>11 000</b>	<b>7 074</b>	<b>6 607</b>
<b>Current assets</b>				
<b>Inventory</b>				
Raw materials and consumables		1 033	300	299
Finished goods		5 562	8 517	6 554
		6 595	8 817	6 853
<b>Current receivables</b>				
Accounts receivables		5 892	1 599	5 873
Other receivables		1 395	238	247
Prepayments and accrued income		3 196	427	176
		10 483	2 263	6 296
<b>Cash and cash equivalents</b>				
		6 244	12 767	1 021
<b>Total current assets</b>		<b>23 322</b>	<b>23 847</b>	<b>14 171</b>
<b>TOTAL ASSETS</b>		<b>34 323</b>	<b>30 921</b>	<b>20 778</b>
SEK thousand	Note	30 JUN 2022	30 JUN 2021	31 DEC 2021
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		822	26	26
Reserve for invested non-restricted equity		42 684	71 380	71 380
Reserves		637	-82	-166
Retained earnings		-15 549	-45 784	-53 332
<b>Equity attributable to the parent company's shareholders</b>		<b>28 594</b>	<b>25 540</b>	<b>17 908</b>
Holdings without controlling influence		42	23	2
<b>Total equity</b>		<b>28 636</b>	<b>25 563</b>	<b>17 910</b>
<b>Provisions</b>				
Provisions for pensions and similar obligations			39	79
<b>Current liabilities</b>				
Accounts payable		3 420	4 911	2 118
Other liabilities		876	23	241
Accrued expenses and deferred income		1 391	384	429
<b>Total current liabilities</b>		<b>5 686</b>	<b>5 318</b>	<b>2 788</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>34 323</b>	<b>30 921</b>	<b>20 778</b>



## CASH FLOW STATEMENT – GROUP

SEK thousand

	APR-JUN 2022	APR-JUN 2021	JAN-JUN 2022	JAN-JUN 2021	JAN-DEC 2021
<b>Operating profit</b>	-15 252	-4 991	-21 450	-7 710	-15 404
Adjustments for:					
Depreciation and write-downs	524	259	791	517	1 035
Exchange rate differences	0	7	734	392	273
Changes in provisions	0	20	-79	39	79
Options	0	58	1 099	117	233
Financial income/expenses (+/-)	-12	15	13	-2	-2
Paid taxes	-297	0	-297	0	0
Operating activities before working capital changes	-15 037	-4 631	-19 188	-6 647	-13 786
Changes in working capital:					
Increase (-) or decrease (+) in inventory	723	190	258	232	2 196
Increase (-) or decrease (+) in trade receivables	-210	521	-19	245	-4 029
Increase (-) or decrease (+) in other receivables	-3 744	-186	-4 169	1 785	2 026
Increase (+) or decrease (-) in trade payables	-645	741	1 302	-3 585	-6 379
Increase (+) or decrease (-) in other payables	-1 845	-28	1 621	-151	113
<b>Cash flow from operating activities (A)</b>	<b>-20 759</b>	<b>-3 395</b>	<b>-20 195</b>	<b>-8 120</b>	<b>-19 859</b>
Liquid assets in acquired company	1 252	0	0	0	0
Purchase of other fixed assets	148	-743	-149	-809	-859
<b>Cash flow from investing activities (B)</b>	<b>1 400</b>	<b>-743</b>	<b>-149</b>	<b>-809</b>	<b>-859</b>
Reduction of share capital	0	0	25	0	0
Shareholder contribution	0	10 095	0	18 237	18 237
Proceeds from issuance of shares	25 496	0	25 496	0	0
<b>Cash flow from financing activities (C)</b>	<b>25 496</b>	<b>10 095</b>	<b>25 521</b>	<b>18 237</b>	<b>18 237</b>
<b>Net increase/decrease in cash and cash equivalents (A+B+C)</b>	<b>6 137</b>	<b>5 957</b>	<b>5 177</b>	<b>9 308</b>	<b>-2 481</b>
Cash and cash equivalents at beginning of period	25	6 752	1 021	3 523	3 523
Exchange rate differences	81	58	45	-63	-21
<b>Cash and cash equivalents at end of period</b>	<b>6 244</b>	<b>12 767</b>	<b>6 244</b>	<b>12 767</b>	<b>1 021</b>





## 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
(combined financials)								
<b>Equity 1 Jan 2021</b>	<b>26</b>	<b>53 143</b>	<b>-38 192</b>	<b>-474</b>	<b>0</b>	<b>14 503</b>	<b>19</b>	<b>14 521</b>
Share holders contribution		18 237				18 237		18 237
Stock option program			233			233		233
Translation difference				308		308		308
Profit (loss) for the period					-15 373	-15 373	-17	-15 390
<b>Equity 31 Dec 2021</b>	<b>26</b>	<b>71 380</b>	<b>-37 959</b>	<b>-166</b>	<b>-15 373</b>	<b>17 908</b>	<b>2</b>	<b>17 910</b>
(combined financials)								
<b>Equity 1 Jan 2022</b>	<b>26</b>	<b>71 380</b>	<b>-37 959</b>	<b>-166</b>	<b>-15 373</b>	<b>17 908</b>	<b>2</b>	<b>17 910</b>
Share holders contribution		18				18		18
Stock option program			1 099			1 099		1 099
Translation difference	-1	1		266		266	-1	266
Profit (loss) for the period					-6 222	-6 222	7	-6 215
<b>Equity 31 Mar 2022</b>	<b>25</b>	<b>71 399</b>	<b>-36 860</b>	<b>100</b>	<b>-21 595</b>	<b>13 069</b>	<b>9</b>	<b>13 078</b>
(consolidated financials)								
<b>Equity 1 Apr 2022</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25</b>	<b>0</b>	<b>25</b>
Reduction of share capital	-25					-25		-25
New share issue	822	42 684				43 506		43 506
Translation difference				637		637	1	638
Profit (loss) for the period					-15 549	-15 549	41	-15 507
<b>Equity 30 Jun 2022</b>	<b>822</b>	<b>42 684</b>	<b>0</b>	<b>637</b>	<b>-15 549</b>	<b>28 594</b>	<b>42</b>	<b>28 636</b>



# NOTES TO THE HALF YEAR REPORT

## NOTE 1 – ACCOUNTING PRINCIPLES

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

### BASIS FOR DRAWING UP THE INTERIM REPORT

Arctic Blue Beverages AB's financial reports for the financial year 2021 and first quarter 2022 have been prepared as combined financial statements to illustrate historical financial information for a group of entities which was not legally a group, but which was owned by the same parties and with the same ownership shares that owned Arctic Blue Beverages Oy before the reorganization of the group.

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

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

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

- Arctic Blue Beverages AB
- Arctic Blue Beverages Oy
- Arctic Brand House Oy
- Arctic Gateway Asia Pte. Ltd
- Arctic Gateway Australia Pty Ltd
- Arctic Gateway India Private Limited Pty Ltd
- Valamo Beverages Oy

The companies listed above formed a group with Arctic Blue Beverages AB as parent company. Historically, consolidated accounts have not been drawn up, neither for Arctic Blue Beverages AB nor for Arctic Blue Beverages Oy. As part of the preparations for the listing on the Nasdaq First North Growth Market, the group was reorganized and a new company, Arctic Blue Beverages AB became the new Swedish parent company on April 8, 2022.

The combined financial statements represent the group of entities that became a group on 8 April 2022 when the inactive parent company in the group, Arctic Blue Beverages AB, through a non-cash issue acquired 100% of the shares in Arctic Blue Beverages Oy. At the same time Arctic Blue Beverages AB reduced its share capital by SEK 25,000 by withdrawing all 25,000 outstanding shares before the general meeting. Arctic Blue Beverages AB thereby became the new parent company for the Arctic Blue Beverages Oy group. Arctic Blue Beverages AB is included in the consolidated financial reports only from its formation on 20 January 2022 with a share capital of SEK 25,000.

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

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

The principles are unchanged compared to those applied in the combined financial statements for financial year 2021 and first quarter 2022 respectively.

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 2022	APR-JUN 2021	JAN-JUN 2022	JAN-JUN 2021	JAN-DEC 2021
<b>Average number of employees</b>					
Arctic Blue Beverages Oy Finland	8	5	8	5	5
Total	8	5	8	5	5

## NOTE 3 – TRADEMARKS

SEK thousand	30 JUN 2022	30 JUN 2021	31 DEC 2021
Accumulated acquisition values			
At the beginning of the period	4 172	4 095	4 095
Disposals	-47	0	0
Exchange rate effect	185	82	77
At the end of the period	4 310	4 177	4 172
Accumulated depreciation			
At the beginning of the period	-1 963	-964	-964
Depreciation for the period	-473	-517	-974
Exchange rate effect	-80	6	-26
At the end of the period	-2 516	-1 474	-1 963
<b>Recorded value at the end of the period</b>	<b>1 794</b>	<b>2 703</b>	<b>2 209</b>

## NOTE 4 – GOODWILL

SEK thousand	30 JUN 2022	30 JUN 2021	31 DEC 2021
Accumulated acquisition values			
At the beginning of the period	245	301	301
New acquisitions	5 188		
Translation difference	11	6	6
At the end of the period	5 445	307	307
Accumulated depreciation			
At the beginning of the period	-61	-	-
Depreciation for the period	-256	-30	-61
Translation difference	25	0	0
At the end of the period	-291	-31	-61
<b>Recorded value at the end of the period</b>	<b>5 153</b>	<b>276</b>	<b>245</b>

## NOTE 5 – PLEDGED COLLATERAL AND CONTINGENT LIABILITIES

	30 JUN 2022	30 JUN 2021	31 DEC 2021
Pledged collateral	None	None	None
Contingent liabilities	None	None	None



## NOTE 6 – TRANSACTIONS WITH RELATED PARTIES

On February 10, 2022, Arctic Blue Beverages Oy entered into a loan agreement of up to EUR 150,000 with Heino Group Oy who is one of the Company's shareholders who is also controlled by the board member Petri Heino and a loan agreement on up to EUR 150,000 with Grizzly Hill Capital Ab, which is one of the company's shareholders and is controlled by the board member Gustaf Björnberg. The loans totalling EUR 300,000 referred to financing for the company's ongoing operations and ensuring liquidity. The loans ran without interest and repayment took place by offsetting the loan amount against shares in the listing of the shares on May 12, 2022.

The following transactions with related parties have been implemented in the second quarter of 2022.

### APR-JUN 2022

SEK thousand

Advisory services, Hoikka Consulting Oy (Antti Villanen, chairman of the board)	241
Advisory Services, Wilhelm & Son (Kimmio Wager, COO)	88
Rent agreement, Boss Capital Oy (Tuomas Kukkonen, board member)	63

## NOTE 7 – RISKS AND UNCERTAINTIES

### Future funding

The resources required to execute Arctic Blue Beverage's business plan, including product development, expansion to new markets and other investments, depends on a number of factors. The corporate group is currently generating a negative result and may need to raise additional capital in the future in order to finance its growth plans. Product development or launching in new markets can be more expensive and take longer than expected.

### Access to quality raw materials

The company is dependent on the availability of quality raw materials, for example Finnish blueberries, and in cases where the availability of raw materials that the company depends on to produce its products may decrease or deteriorate entail difficulties in producing and delivering their 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 competence of the company's management, the board and other key personnel.

### Competitive situation

The state monopolies in the Nordic countries and above all in Finland are important revenue channels for the company. Despite that extensive legislation that applies within the state retail monopolies as well as other international markets where the company operates, the gin industry is exposed to competition.

### Currency risks

Currency risk occurs in the form of transaction exposure as purchases and sales are not always the same currency and translation exposure when translating the subsidiary's income statement and balance sheet from primarily EUR to the accounting currency, which is Swedish kronor.

## NOTE 8 – SIGNIFICANT EVENTS

### Significant events during the reporting period

At the ordinary general meeting on April 8, 2022, among

other things, customary decisions were made to determine Arctic Blue Beverages AB's income statement and balance sheet, grant the board discharge from liability for the past financial year, decide on board fees for the coming financial year and appoint seven board members and KPMG as auditor. Furthermore, it was decided to change the articles of association so that the company's limits for the share capital and the number of shares increases, that the company is a public company, that its financial year must cover the period 1 January – 31 December.

In addition, it was decided on a directed new issue where Arctic Blue Beverages AB acquires through a non-cash issue all shares in Arctic Blue Beverages Oy, a reduction of the share capital by SEK 25,000 through withdrawal of 25,000 shares, a bonus issue where the share capital is increased to SEK 552,902.40, a division of existing shares whereby an existing share is divided into 150 new shares so that the total number of shares amounts to 11,518,800 and that authorize the board to, on one or more occasions, during the time until the end of the next annual general meeting, decide to increase the company's share capital through a new issue of shares, warrants and/or convertibles to the extent permitted from time to time according to the articles of association.

The decided directed new issue was fully subscribed and the property in kind in the form of all shares in Arctic Blue Beverages Oy has been added to the company and the general meeting's decision on the reduction of the share capital has executed.

On the 12th of May, trading with the share Arctic Blue Beverages AB at Nasdaq First North Growth Market Stockholm begun. During May 2022 Arctic Blue Beverages carried out an oversubscribed offering of shares, which provided the company with gross proceeds of approximately SEK 28 million, before deductions for issue costs and set-off of interest-free shareholder loans.

Company launched the new products, Arctic Blue Gin Rose and Hang Oat RTD. Arctic Blue Gin Rose is company's entry into the fast-growing category of flavored gins and Hang Oat RTD is company's first mild alcoholic drink and entry in the growing RTD (ready to drink) category.

Company succeeded in the major spirits competitions where its products collected many prestigious awards. For example, in the San Francisco World Spirit Competition (SFWSC) company's newest gins, Arctic Blue Legacy Gin and Arctic Blue Gin Rose, won double gold. Silver was awarded to the innovative oat liqueur, Arctic Blue Oat.

Company signed a distribution agreement with leading Southeast Asian distribution platform Buy2sell for joint effort co-operation to distribute Arctic Blue Beverage's products starting from Singapore. With this distribution partnership Arctic Blue Beverages will reach more than 100.000 B2B customers across Southeast Asia.

Company also signed a distribution agreement with Solera Sweden who will distribute Arctic Blue products across Sweden. Sales of Arctic Blue Gin and Arctic Blue Gin Navy Strength had already started in Systembolaget, and sales of Arctic Blue Gin Rose and Arctic Blue Oat started later during the quarter.

### Significant events after the end of the reporting period

Company's first mild alcoholic drink Hang Oat Vanilla was awarded with Silver in IWSC (International Wine and Spirit Competition) 2022. Arctic Blue Gin Rose was granted a standard selection status in Finnish monopoly chain, Alko.





# THE SHARE AND THE WARRANTS

Arctic Blue Beverages stock is listed on Nasdaq First North Growth Market with the ticker symbol "Arctic". As of June 30, 2022, the total number of shares was 17,118,798 and the closing price was SEK 2,66 per share.

As of June 30, 2022, the total number of warrants of series TO1 was 3,733,332 and of series TO2 was 3,733,332.

## WARRANTS OF SERIES TO1

One (1) warrant of series TO1 gives the right to subscribe to one (1) new share during the period starting 3 October 2022 and ending 14 October 2022, at a market price equivalent to 70 per cent of the volume-weighted average market price for the Company's share on the Nasdaq First North Growth Market Sweden during a period of ten (10) trading days prior to the first day of subscription. However, the issue price cannot be set lower than the quota value or higher than SEK 5.25.

## WARRANTS OF SERIES TO2

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

# AUDITOR

KPMG AB is the company's auditor and is presented by Mattias Lotborn.





# 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](mailto:adviser@eminova.se)  
Phone: +46 8-684 211 10

## AUDITING

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

## NEXT REPORT

The next financial report will be published:

Interim report Jan – Sep 2022: November 21, 2022  
Year-end report Jan – Dec 2022: February 20, 2023

## 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 CEST on August 15, 2022.

FOR MORE INFORMATION, PLEASE CONTACT:  
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# THE BOARD'S DECLARATION

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

Helsinki, August 15, 2022

Valtteri Eroma	Chief Executive Officer
Antti Villanen	Chairman of the board
Johan Biehl	Member of the board
Gustaf Björnberg	Member of the board
Petri Heino	Member of the board
Tuomas Kukkonen	Member of the board
Ilari Schouwvlioger	Member of the board
Katri Teller	Member of the board





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