



ARCTIC BLUE BEVERAGES

Invitation to subscribe for shares in Arctic Blue Beverages AB

Rights Issue

Subscription period
November 24 – December 8, 2022

PLEASE NOTE THAT THE SUBSCRIPTION RIGHTS MAY HAVE AN ECONOMIC VALUE
In order not to lose the value of the subscription rights, the holder must either:

- Exercise the received subscription rights to subscribe for new shares no later than December 8, 2022, or
- By December 5, 2022, at the latest, sell the received subscription rights not intended to be exercised for subscription of new shares.

Note that shareholders with nominee-registered holdings must subscribe for new shares through the nominee.

Distribution of this information memorandum and subscription of new shares are subject to restrictions in certain jurisdictions, see section "Important information".

Eminova Partners
corporate finance



IMPORTANT INFORMATION

INFORMATION TO INVESTORS

This information Memorandum (the "**Memorandum**") has been prepared in connection with the Issue of shares with preferential right for shareholders (the "**Rights Issue**" or the "**Offer**") in Arctic Blue Beverages AB, reg.no. 559361-7078 (the "**Company**" or "**Arctic Blue Beverages**"). In this Memorandum the "**Company**" or "**Arctic Blue Beverages**" may also refer to Arctic Blue Beverages and its subsidiaries, as the context requires. "**Certified Adviser**" refers to EminoVA Fondkommission AB ("**EminoVA**") which has been appointed as the Company's Certified Adviser on Nasdaq First North Growth Market. The Offer will be made by means of this Memorandum which has been prepared by Arctic Blue Beverages. This Memorandum is available in electronic form on the Company's website www.arcticbluebeverages.com and EminoVA Fondkommission's website www.eminova.se.

This Memorandum is not a prospectus and has not been approved by the Swedish Financial Supervisory Authority (Swedish: Finansinspektionen). The shares offered in the Offer have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or the with any securities regulatory authority of any state or other jurisdiction of the United States of America (the "**U.S.**") or the "**United States**") or under any securities law or local law in Canada and may not, in absence of registration applicable exemption from registration be offered for sale or subscription, or be transferred in the U.S. or Canada, or to citizens or persons resident in such jurisdictions, or to or under commission by or for the benefit of U.S. Persons as defined in Regulation S in the Securities Act. The Offer, is further, not directed to any person whose participation required further Memorandums, prospectuses, registration or other actions that require under Swedish Law. The Memorandum, application for subscription forms and any other documents related to the Offer may not be distributed in or into the U.S., Canada, Australia, New Zealand, South Africa, Hong Kong, South Korea, Singapore or Japan or any jurisdiction where the distribution or the Offer would require an action according to the previous sentence or would constitute a breach against laws or regulations in such jurisdiction. An application for subscription for shares indirectly or directly in breach of the above may be deemed invalid.

Investments in the Company's shares or any other financial securities are associated with certain risks as further detailed in section "Risk factors" below. In making a decision to invest in the Company's shares or other financial instruments, an investor

must rely on his or her own assessment of the Company, and the terms of the Offer, including the merits and risks involved, not relying solely on the information contained in this Memorandum. Neither the publication nor the distribution of the Memorandum does mean that the information contained in the Memorandum is up to date as of any time after the date of this Memorandum, or that the Company's operations, profits or financial position has remained unchanged after his date. No person is or has been authorized by the Company to give any information or to make any representation or warranty may not be relied upon as having been authorized by the Company and the Company accepts no liability with respect to any such information, representing or warranty. Further, no representation or warranty, expressed or implied, is made by any member of the board of directors of the Company or, except for what follows from applicable law and regulations, anybody else as to the correctness and/or completeness of any of the information contained in this Memorandum. Any dispute arising from this Memorandum, the Offer or other legal matters related thereto shall be settled exclusively by a Swedish court of law and resolved in accordance with Swedish law without reference to any of its choice of law principles. The district court of Stockholm (Swedish: Stockholm tingsrätt) shall be the court of first instance. The Memorandum has been prepared in English. It should be noted that an investor bringing court action in connection with the information disclosed in this Memorandum may be obliged to pay for a translation of the Memorandum.

FORWARD-LOOKING STATEMENTS AND MARKET INFORMATION

This Memorandum contains certain forward-looking statements reflecting the Company's current view of future events and financial and operational performance. Such forward-looking statements are associated with both known and unknown risks and circumstances beyond the Company's control. All statements in this Memorandum other than statements of historical or current facts or circumstances are forward-looking statements. Forward-looking statements are made in several sections of the Memorandum and can be identified by the use of terms or expressions such as "may", "could", "should", "anticipated", "estimated", "likely", "forecasted", "plans to", "aims to", or conjugations of such terms or similar terms. The "Risk Factors" section below contains a description of some but not all factors that may cause the Company's future earnings and development to deviate significantly from those expressed or implied in any forward-looking statement. The forward-looking only statements only

apply as of the date of this Memorandum. The Company have no intent or obligation to publish updated forward-looking statements or any other information contained in this Memorandum based on new information, future events etc. other than required by applicable law, regulation or regulatory framework. This Memorandum contains certain information regarding the market and the industry in which the Company operates and its position in relation to its competitors which may be based on third party information as well as the Company's estimates based on third party information. The Company has accurately reproduced such third-party information and, as far as the Company's board of directors is aware, no details have been omitted in a manner that would make the reproduced information inaccurate or misleading. However, the Company has not independently verified the correctness or completeness of any third-party information and therefore the Company cannot guarantee its correctness or completeness.

PRESENTATION OF FINANCIAL INFORMATION

Some amounts and percentages stated in the Memorandum have been rounded off and may therefor not always correctly add up. Other than when expressly stated in the Memorandum, no information in the Memorandum has been examined or audited by the Company's author.

BOARD STATEMENT

The Board of Arctic Blue Beverages is responsible for the content of this Memorandum. The Board of Arctic Blue Beverages has taken all reasonable care to ensure that the information in the Memorandum, to the best of its knowledge, in accordance with the facts, contains no omission likely to affects its content.

NASDAQ FIRST NORTH GROWTH MARKET

Nasdaq First North Growth Market ("**Nasdaq First North**") is an alternative marketplace operated by several exchanges within the Nasdaq Group. Companies on Nasdaq First North are not subject to the same rules as companies on the regulated main market. Rather, they are subject to a less extensive set of rules and regulations adjusted to fit small growth companies. The risk of investing in a company on Nasdaq First North, may therefore, be higher than investing in a company on the main market. All companies with shares traded on Nasdaq First North have a Certified Adviser that monitors that the rules are complied with.



TABLE OF CONTENTS

THE RIGHTS ISSUE IN SUMMARY	4
RISK FACTORS	5
BACKGROUND AND RATIONALE	8
CEO'S MESSAGE	9
TERMS AND CONDITIONS	11
BUSINESS DESCRIPTION	15
MARKET OVERVIEW	26
FINANCIAL INFORMATION	30
BOARD OF DIRECTORS AND MANAGEMENT	31
LEGAL CONSIDERATION AND SUPPLEMENTARY INFORMATION	39



THE RIGHTS ISSUE IN SUMMARY

Issue volume

The Offer comprises a maximum of 5 628 514 shares, equivalent to approximately SEK 5.2 million before issue costs of approximately SEK 0.5 million.

Preferential rights

Each existing share in Arctic Blue Beverage AB entitles to three (3) Subscription Rights and ten (10) Subscription rights entitle to subscription of one (1) share.

Subscription price

SEK 0.92 per share

Subscription period

November 24 – December 08, 2022

Trading in Subscription Rights

November 24 – December 05, 2022

Trading in Paid Subscription Shares ("BTA")

November 24, 2022 – until the Rights Issue has been registered by the Swedish Companies Registration Office

Pre-subscription and guarantee commitments

Total amount of approximately SEK 5.2 million, which corresponds to approximately 100 percent of the initial issue volume, of which approximately SEK 2.2 million consists of pre-subscription commitments and approximately SEK 3.0 million consists of guaranteed commitments. No compensation is paid for the subscription commitments or the guarantee commitments.

Over-allotment Issue

In the event of an oversubscription in the Rights Issue, the Board of Directors of Arctic Blue Beverages may carry out an over-allotment issue of approximately SEK 0.78 million corresponding to a maximum of 844,277 additional shares equivalent to 15 percent of the Rights Issue. To the extent the over-allotment issue is directed to persons covered by Chapter 16 of the Swedish Companies Act, the Board of Directors will convene and Extraordinary General Meeting to approve the issue.

Other information

Trading venue:	Nasdaq First North Growth Market
Ticker:	ARCTIC
ISIN code:	SE0017769136
ISIN code Subscription Right:	SE0019172792
ISIN code BTA:	SE0019172800



RISK FACTORS

The risks considered material to Arctic Blue Beverage's business, financial position, and future development as of the date of this Memorandum are described below. The risk factors listed below are limited to those risks that are specific to the Company and/or the securities and material to making an informed investment decision. The risks are organised into four main categories and the risk factors deemed to be most relevant as at the date of the Memorandum are presented first in each category, after which the risk factors are presented in no particular order of importance. If a risk factor can be categorised in more than one category, such risk factor is shown only once and in the most relevant category for such risk factor. The assessment of each risk is based on the likelihood of its occurrence and the expected magnitude of the adverse effects of the risk, if it occurs. The assessment is made using a qualitative scale with designations of low, medium or high.

INDUSTRY AND BUSINESS-RELATED RISKS

Arctic Blue Beverages is dependent on the availability of quality raw materials

The production of Arctic Blue Beverages' products requires access to quality raw materials such as Finnish blueberries that grow wild in the forests around Koli National Park in Finland. The availability of blueberries and other raw materials may be affected by, for example, climate change and weather conditions. In the event that the availability of raw materials on which the Company depends for the production of its products decreases or deteriorates, the Company may have difficulty producing and delivering its products in accordance with its commitments to customers. Further, a decline in the availability of raw materials could result in price increases and, ultimately, a decline in demand.

Arctic Blue Beverages considers the likelihood of this risk occurring to be medium. The Company estimates that the risk, if realized, would have a medium impact on the Company.

The company depends on a good reputation to retain and attract customers

Arctic Blue Beverages believes that it is dependent on maintaining the reputation of the Company and its products. Ratings, reviews and comparisons between products from different players in the markets in which the Company operates may affect the demand for and overall experience of the Company's products. A launch in a new market or a launch of a new product that does not meet quality and/or deliverability standards or receives negative reviews may damage Arctic Blue Beverages' reputation, market position and harm the Company's ability to achieve profitability. New health claims, reviews or trends that imply that alcohol consumption is perceived negatively may put the Company at risk of not retaining or attracting new customers. This, in turn, may lead to reduced demand or limit the Company's ability to generate sales and revenues, which could adversely affect the Company's business, results of operations and financial condition.

Arctic Blue Beverages considers the likelihood of this risk occurring to be low. The Company estimates that the risk, if realized, would have a medium impact on the Company.

Dependence on key personnel and qualified employees

As of the date of the Memorandum, the Company has 8 employees, all based in Finland. Arctic Blue Beverages is a relatively small organisation and its future growth is highly dependent on the knowledge, experience and commitment of its management, board of directors and other key personnel. Since the Company's business concept is primarily based on the production and sale of alcoholic beverages, the Company is dependent on hiring qualified personnel with distilling skills and who are well versed in the beverage industry. There is a risk that the Company may fail to retain key personnel and/or recruit qualified individuals in the future. If the Company were to lose one or more key personnel, this would have a negative impact on the Company's competitiveness, which in turn would negatively affect the Company's ability to achieve profitability and earnings.

Arctic Blue Beverages considers the likelihood of this risk occurring to be low. The Company estimates that the risk, if realized, would have a medium impact on the Company.

Arctic Blue Beverages depends on maintaining good relationships with partners and distributors

Arctic Blue Beverages' products are sold through traditional, indirect distribution channels in all regions except the Company's home market, Finland. In Finland, the Company's products are sold directly where the Company's customers are hotels, restaurants and catering establishments, duty-free shops, retailers and the state alcohol monopoly, Alko. In all markets outside Finland, the Company's products are handled through distributors. The strategy is based on selecting distributors with proven experience in brand building and who have a good network of contacts. The Company relies on distributors and partners to meet their contractual commitments regarding quality, service, and delivery time, and on suppliers and partners to comply with Arctic Blue Beverage's guidelines and applicable industry standards. There is a risk that the Company's partners and distributors do not deliver on time or in accordance with the cost or quality commitments they have made or that they do not meet industry standards. If this risk were to occur, it could have an adverse effect on the Company's business and results of operations.

Arctic Blue Beverages considers the likelihood of this risk occurring to be low. The Company believes that the risk, if realized, would have a low impact on the Company.

**The company operates in a growing and competitive industry**

The state retail monopolies in the Arctic Blue Beverages segment "Nordic" segment, and particularly in Finland, are important revenue channels for the Company. Despite the extensive legislation in force in retail monopolies and other international markets in which the Company operates, the gin industry is still competitive. The market in the Company's e-commerce segment is also competitive. Circumstances affecting Company's competitive position include the size of the brand portfolio, product categories, pricing, product quality, innovation and new product offerings, distribution capabilities and the ability to anticipate and respond to changing consumption patterns and preferences, as well as demand. Changes in the industry environment, regulatory environment, retail monopoly structure and scope, including the dismantling of monopolies or monopolies or in e-commerce, may be affected by changes in affect competition and pricing. The company's competitors include both national and international players. The company may be challenged by existing and new competitors who have significantly greater financial and operational resources than those of Arctic Blue Beverages. In the event the Company fails to meet the competition from new and existing competitors, it could have an adverse effect on the Company's business, financial condition and results.

Arctic Blue Beverages assesses the likelihood of the risk occur as low. The Company believes that the risk, if realized, would have a low impact on the Company.

LEGAL AND POLITICAL RISKS**Travel and other consumption restrictions**

Key revenue channels for the Company are the (i) Global Travel Retail segment, i.e., sales made in connection with travel, and (ii) sales to hotels and restaurants. In 2021, the Company's revenues in these channels amounted to EUR 261,400. The Company believes that there is some risk that the competent authorities may, for various reasons, including the COVID-19 pandemic, restrict travel opportunities or affect the licensing of hotels and restaurants. In the event that any of the above circumstances occur, this could have a negative impact on the Company's business, financial position and results.

Arctic Blue Beverages considers the probability of this risk occurring to be low. The Company believes that the risk, if realized, would have a low impact on the Company.

Risks related to changes in legislation and regulatory frameworks regarding alcoholic beverages

The Company's business, strategy and future revenues are affected by the regulation or re-regulation of alcohol sales in jurisdictions through legislation. Legislation may change in jurisdictions where Arctic Blue Beverages operates for a variety of reasons, such as political, public health or other reasons. Arctic Blue Beverages' net sales in 2021 amounted to EUR 356,726 in Finland. In Finland, retail sales of alcoholic beverages are conducted through Alko, a company owned and controlled by the state, whereby only low-proof alcoholic beverages may be sold in other retail outlets. In the future, the state monopoly on alcohol may change in terms of a reduction or increase in the number of outlets, a variation in the categories of alcohol sold, or a change such that the state monopoly is abolished and dismantled altogether. Such a change may affect competition, consumption patterns and require the Company to adjust and

adapt its operations to the new circumstances and would have an impact on the Company's business development, financial position and results.

Arctic Blue Beverages' business is also subject to marketing laws that restrict the Company's ability to market alcohol and the Company may be required in certain jurisdictions to ensure that there is no active promotion of the Company's products and services. However, authorities and courts in the relevant jurisdictions may make determinations that the absence of marketing activity and the preventative/aggravating measures taken by Arctic Blue Beverages are not sufficient. In addition, marketing legislation may change, for example if relaxations in the rules are introduced, which would affect competition and result in the need for the Company to undertake a significant restructuring of its business, with a material impact on the Company's results and financial position.

Arctic Blue Beverages considers the likelihood of any of the above risks occurring to be low. The Company believes that the risks, if realized, would have a low impact on the Company.

Arctic Blue Beverages' operations are subject to regulations in several countries that require continuous compliance

Arctic Blue Beverages operates in multiple jurisdictions and derives revenues from international markets and is therefore required to comply with several different laws and regulatory frameworks. The relevant authorities continuously monitor the Company's compliance with these requirements and regulations. Although the Company has procedures and processes in place to monitor developments affecting the Company's compliance, there is a risk that the Company's interpretations of how to comply with regulations may not be consistent with how the relevant authorities interpret the regulations or that the Company may fail to catch regulatory changes that affect its business. If any of the above occurs, there is a risk that the Company will be subject to fines or other sanctions, including the revocation of any of the Company's licenses. This, in turn, could have an impact on the Company's business, financial condition and results of operations.

Arctic Blue Beverages considers the likelihood of this risk occurring to be low. The Company believes that the risk, if realized, would have a low impact on the Company.

FINANCIAL RISKS**Future funding**

The resources required to implement Arctic Blue Beverage's business plan, including product development, expansion into new markets and other investments, will depend on several factors. The Company is not currently generating positive earnings and may need to raise additional capital in the future to fund its growth plans. Product development or launch into new markets may be more costly and take longer than anticipated. Such financing may be sought through external investors or existing shareholders and may be through public or private financing initiatives. There is a risk that new capital may not be obtained when needed or on acceptable terms, or that the capital obtained may not be sufficient to fund operations in accordance with established business planning and objectives.

Arctic Blue Beverages considers the probability of this risk occurring to be medium. The Company estimates that the risk, if realized, would have a medium impact on the Company.

**Tax-related risks**

On 8 April 2022, the Annual General Meeting of the Company decided to carry out a directed share issue to the shareholders of Arctic Blue Beverages Oy. Payment for the newly issued shares in the Company was made by contribution of contribution shares in Arctic Blue Beverages Oy (the "Share Transfer"). Prior to the Share Transfer, an advance ruling was obtained from the Finnish Tax Administration on the calculation of the transfer tax that will be incurred in connection with the Share Transfer at the initiative of a shareholder of Arctic Blue Beverages Oy. According to the advance ruling, the transfer tax will be calculated in relation to the value of the Company in accordance with the offer in the initial public offering on Nasdaq First North Growth Market in May 2022, i.e., approximately EUR 5,450,000. However, the Company is of the opinion that the calculation should be made in relation to the asset valuation applied in connection with the Share Transfer, i.e., approximately EUR 1,700,000, and has for this reason initiated an appeal with the Finnish Tax Administrator. The Company estimates that the processing time for the appeal is at least 10 months. There is a risk that the appeal will not be successful, which would result in the Company being liable to pay outstanding tax of approximately EUR 52,000 including accrued interest and a tax surcharge of approximately EUR 5,000.

Arctic Blue Beverages considers the probability of this risk occurring to be high. The Company estimates that the risk, if realised, would have a low impact on the Company.

Environmental, social, and governance (ESG) restrictions

There is growing investor interest in ESG issues and the existence of the option to not invest in companies operating in certain sectors. Providers of ESG information to investors have developed rating processes to evaluate how companies are addressing ESG issues. The ratings are then used by some investors in investment and voting decisions. Decreased social acceptance of alcohol, unfavorable ratings, or expansions of ESG restrictions may result in future investors choosing not to invest in the Company due to the industry in which Arctic Blue Beverages operates, which may ultimately risk impairing the Company's reputation and ability to obtain future financing for continued growth. An increased focus and decreased social acceptance of alcohol may have a negative impact on the Company's earnings and financial position.

Arctic Blue Beverages considers the likelihood of this risk occurring to be low. The Company believes that the risk, if realized, would have a low impact on the Company.

Currency risks

The Company operates in different countries and reports its financial statements and results in SEK in its consolidated financial statements. Most of the Company's costs and revenues are or will be in other currencies such as EUR. There is a risk that the Company may not always be able to manage its foreign currency transactions and translation risks as effectively as desired, thus currency risks exist in the form of translation exposure. Such exposure and risk may have a negative impact on the Company's results and financial position.

Arctic Blue Beverages considers the probability of this risk occurring to be low. The Company believes that the risk, if realized, would have a low impact on the Company.

RISKS RELATED TO THE SHARES AND THE RIGHTS ISSUE**Risks related to dilution through future issues**

Arctic Blue Beverages is in an expansion phase and the Company may therefore need to raise additional capital from existing shareholders and/or new investors to finance its growth plans and/or to accelerate or facilitate product development. If issues of shares, warrants or convertibles are directed to new investors other than existing shareholders, the proportional ownership and voting rights of the shareholders in the Company and the earnings per share will be reduced. If issues of new shares, warrants or convertibles are made at a low subscription price, for example due to unfavourable market conditions, or amount to large sums, the dilution for existing shareholders may be significant. Issues of new shares, warrants or convertibles may also be carried out at a discounted price, which may have a negative effect on the performance of the share price.

Arctic Blue Beverages considers the probability of this risk occurring to be medium.

Risks related to illiquid markets and price volatility

The share prices of listed companies, including those listed on the Nasdaq First North Growth Market, can be highly volatile. The Company's shares have only been traded on a stock exchange for a short period of time. It is therefore difficult to predict the extent of trading or the interest that may be shown in the shares. The price at which the Company's shares will trade and the price that investors may realize for their shares will be affected by several factors, some of which are specific to the Company and its business, while others are general to listed companies and are beyond the Company's control. Prospective investors should be aware that the value of an investment in the Company and any income from it may fall as well as rise. If active and liquid trading does not develop or does not prove sustainable, this may make it difficult for shareholders to sell their shares and the market price may differ significantly from the price of the shares in the Rights Issue. Realization of these risks could have a negative impact on the market price of the Company's shares.

Arctic Blue Beverages considers the likelihood of this risk occurring to be medium.



BACKGROUND AND RATIONALE

BACKGROUND AND RATIONALE FOR THE OFFER

Arctic Blue Beverages has during the last years developed and commercialized a diverse, internationally awarded product portfolio, targeting different markets and market segments.

By producing innovative craft beverages, the goal setting for Arctic Blue Beverages is to have their products available globally, both through e-commerce and traditional distribution.

During the last year, three new products to three different market segments have been developed and launched on the market. The Company values innovation, and one example is in accordance with the Company's latest product launch, Arctic Blue Beverages positioned itself as one of the first Nordic companies entering the NFT space. The ultra-premium, limited-edition Legacy's purchase rights are distributed as an unique NFT.

Since the Company was listed at Nasdaq First North Growth market in Stockholm in May 2022, the distributor network has grown to cover new countries such as Canada and Malaysia. On the existing market Australia, the Company has made great progress together with its distributor where the distribution footprint has grown to cover over 150 stores and several online stores. In Sweden the Company has started its collaboration with their distribution partner and during next year, the Company intends to increase the sales on the HoReCa field (hotels, restaurants, and catering). In Norway, the Company has enhanced the collaboration with its distributor partner and the focus in Norway will as well be on increasing sales on the HoReCa field. On the new entered market Canada, the Company's products are already being listed in several retail stores.

Despite great success with expansion and product development, the continuing challenging world- and economic situation has in some extent impacted on the Company's business by lengthening lead-times of orders and some materials in combination with effecting consumers buying behaviours. The rationale for the offering is to secure investments for the Company's continuing expansion plan and to secure strategy driven improvement actions.

Use of Proceeds

The Board of Directors considers Arctic Blue Beverage's existing working capital to be insufficient to finance the Company's continued development needs and the below commitments for the coming twelve-month period from the date of the Memorandum. Regarding the Company's planning activities, a working capital deficit is expected to arise in March 2023. The deficit for the coming twelve-month period is estimated to be approximately SEK 2.5 million.

To ensure continued successful development in accordance with the Company's business plan and strategy, Arctic Blue Beverages decided to carry out a Rights Issue. The Rights Issue is expected to provide Arctic Blue Beverages with proceeds of SEK 5.2 million before deduction of issue costs, which are approximately SEK 0.5 million. Thus, the net proceeds from the Rights Issue are estimated to be SEK 4.7 million. The Board of Directors' assessment is that the working capital requirements for the coming twelve-month period will be met by available cash and cash equivalents and the net proceeds from the Rights Issue.

The expected net proceeds from the Right Issue will, with and approximate proportion be used, mainly to:

- Implement selected focus market activities and to accelerate sales by reinforcing marketing activities in the Nordic countries for existing products (approximately 20% of the proceeds)
- Strengthen commercialization of the Company's main products in the existing and new markets by deepening co-operation with both selected hotels, restaurants and cafés sectors and selected distributor business partners (approximately 40% of the proceeds)
- Further development and product launches of the new products in RTD and liqueur categories (approximately 40% of the proceeds)

Potential proceeds from the Over-allotment Issue will be used for the same purpose as the proceeds from the Rights Issue. Percentage allocations might be a subject to change.

If the Rights Issue, albeit being fully covered by subscription undertakings and guarantee commitments, is not sufficiently subscribed for, the Company may have difficulties conducting its business and execute planned developments of the planned rate. Should this occur, the Company, intends to investigate alternative financing opportunities, such as additional raising of capital, grants, financing through loans, or until additional capital can be raised, operating the business of a slower pace than planned.

The Board of Directors of Arctic Blue Beverages is responsible for the content of the Memorandum. As far as the Board of Directors is aware, the information provided in the Memorandum corresponds to the facts and nothing has been admitted that would affect its content

November 23, 2022
Arctic Blue Beverage AB
The Board of Directors



CEO'S MESSAGE

Dear investors,

This has been a very special year for us with progress on several markets and launch of three new products to three fast-growing market segments. May highlighted the year when Arctic Blue Beverages AB was listed at Nasdaq First North Growth Market.

After the listing, we have continued our expansion into new markets despite of several, continuing world- and macro-economic challenges. Our product development projects, and new product launches are progressing, however the current situation has led to some re-scheduling. Nevertheless, we have been progressing in accordance with our strategy although not in fully desired extent. We have won prizes with our products in major international competitions, which helps the visibility of the Company's products and increases the awareness and sales globally. Commercial launch of Arctic Blue Legacy Gin was a major milestone for the Company and the pre-sales campaign utilizing NFT technology has a great potential.

The journey so far

Markets

Since the Company became listed on Nasdaq First North Growth Market in May 2022, we signed a distribution agreement with the leading Southeast Asian distribution platform Buy2Sell for joint effort co-operation to distribute Arctic Blue Beverage's products starting in Singapore. With help of the distribution partnership, we aim to reach more than 100,000 B2B customers across Southeast Asia.

In August we signed a distribution agreement for the Malaysian market and in September we expanded to Canada. On the Canadian market we have made great success with being listed in the major retail chain Calgary Co-op Wine & Spirits with 29 stores in Southern Alberta and in the prestige Wine & Spirits in Edmonton.

On the existing market Australia, we have made great progress with distribution where our distribution footprint has grown to cover over 150 stores and several online stores. Our products are available in all of Australia's six states, all the way from Perth in the West to Cairns in the East. Among others, Arctic Blue Beverages retail partners consist of Ginaficionados, the finest independent liquor stores across the country and chains like First Choice and Dan Murphy's. First Choice has over 70 outlets and Dan Murphy is the largest retailer in Australia with over 260 stores across the Country.

We received our first order from the distributor ID Shoji, who will start introducing Arctic Blue Beverages products in Osaka, Japan. For us, this collaboration strengthens our product position on the fast-growing Japanese craft gin market.

In Sweden, we have started our collaboration with our distribution partner, Solera Sweden, and next year we will increase the sales on the HoReCa field (hotels, restaurant, and catering). Our products Arctic Blue Gin, Arctic Blue Gin Navy Strength, Arctic Blue Oat and Arctic Blue Gin Rose are listed at Systembolaget. In also Norway, we have started our collaboration with our distributor partner and next year focus will be on increasing sales especially on the HoReCa field.



Products

From four existing products in Arctic Blue Beverages product portfolio by the end of 2021, we have successfully added and launched additional three new products with different target groups. The first new product launched 03/2022 was our second oat-based product, the oat-based Hang Oat Vanilla. The market for RTD's (Ready-to-drink) is growing worldwide and the global RTD alcohol market is estimated to exhibit a CARG of 11.2% during the forecast period 2022-2023 (for more information please see p.26). The Hang Oat Vanilla combines the taste of the wild northern nature and pure Finnish water.

In June 2022, Arctic Blue Gin Rose was launched, our entry product to the fast-growing flavoured gin category. Arctic Blue Gin Rose reached general selection status at Alko, the national beverage retailing monopoly in Finland only just over two months after the product was launched on the Finnish market. Flavoured gin (including gin liquors) continues to be the growth driver for the gin category across Europe. IWSR data reveals that flavoured gin accounted for 18 % of total gin volumes in 2020, the subcategory having posted a phenomenal CARG around 140% between 2010 and 2020 (for more information, "Market overview" p. 26). The launch of Arctic Blue Gin Rose has been a big success, and the new product has rapidly gained market share both in travel retail and on the Finnish and Swedish market. In the total sales results from travel retail, Arctic Blue Gin Rose is already representing 35% of Arctic Blue



Beverages revenue. In Finland, the new product already represents 20% of the total sales result of all Arctic Blue Beverages products.

Our latest product launch took place the 15th of September 2022. It was a very special launch since the new ultra-premium Arctic Blue Legacy's purchase rights were distributed as NFTs. I can proudly say that we belong to one of the first Nordic companies entering the NFT space. NFT (non-fungible-token) function as a digital certificate of ownership granting access to purchase rights and holder benefits. For us, the NFT is an innovative tool through which we can build brand value and deliver community value. The product is limited-edition, matured for 24 months in oak barrels. Arctic Blue Legacy Gin combines Timo Sarpaneva's unique, world-known glass design with the internationally awarded professionalism of master distiller Asko Rynnänen. The product belongs to the ultra-premium segment.

During 2022, Arctic Blue Beverages latest products have been awarded in major spirits competitions worldwide. In San Francisco World Spirit Competition (SFWSC) Arctic Blue Legacy and Arctic Blue Gin Rose were awarded with double gold. In Singapore World Spirits Competition (SFWSC) Arctic Blue Gin Rose won its second double gold award in a row and it was also awarded for being the best of class. Hang Oat Vanilla has been awarded with silver in the

prestigious IWSC (International Wine and Spirits Competition), in the RTD category. In the New York Wine & Spirits Competition (NYWSC), Arctic Blue Gin Rose received a bronze medal.

We have a unique, diverse, and internationally awarded product portfolio consisting of premium products that are loved by our customers. This is a solid base for expansion, but now we need to focus on building awareness, sales, and distribution network around our products. In 2023, the focus will be on the Nordics, Japan, Australia, and Canada where we have great distribution partners that we believe in.

Finally, following Arctic Blue Beverages on-going great progress on these markets mentioned above, I personally want to thank all our current investors who have supported us and welcome new investors to join us on our exciting and progressing expansion journey.

Valtteri Eroma – CEO Arctic Blue Beverages



TERMS AND CONDITIONS

Pre-emptive Rights and Subscription rights

Those who, on the record date November 21, 2022 were registered as shareholders in Arctic Blue Beverages AB in the shares register, held by Euroclear Sweden, have the right to subscribe for shares in the Offer, in relation to previous held shares. One (1) share held on the record date entitles to three (3) subscription rights. Ten (10) subscription right is required to subscribe for one (1) new share.

Issue volume

The Offer comprises a maximum of 5,628,514 shares, equivalent to approximately SEK 5.2 million before issue costs of approximately SEK 0.5 million. The issue costs mainly consists of compensations to advisors. No compensation is paid for the subscription commitments or the guarantee commitments.

Record Date

The record date at Euroclear Sweden AB ("Euroclear") for determining who was to receive subscription rights in the issue was on November 21, 2022. The last date of trading in the Company's share, including the right to participate in the Offer, was on November 17, 2022. The first day for trading in the Company's share excluding the right to receive subscription rights was on November 18, 2022.

Subscription Period

Subscription of new shares, based on subscription rights, shall take place during the period from November 24 until December 8, 2022. The Board of Directors of Arctic Blue Beverages is

entitled to extend the subscription period. It has no right to discontinue the Offer after the subscription period has begun.

Subscription Price

The subscription price is SEK 0.92 per share. No brokerage fees will be charged.

Subscription Rights

Shareholders in the Company receive three (3) subscription rights for each existing share held on record date. Ten (10) subscription rights is required for subscription of one (1) new share. Unutilized subscription rights will be invalid after the end of the subscription period and thereby lose their value.

Unutilized Subscription Rights

Subscription rights that have not been sold at the latest on December 5, 2022 or exercised to subscribe for new shares in the Offer at the latest on December 8, 2022, will be deregistered from the respective shareholders securities account. No notification will be sent regarding the deregistration of subscription rights.

Trading in Subscription Rights

Subscription rights will be traded at Nasdaq First North during the period of November 24, 2022, until December 5, 2022. Shareholders should apply directly to their bank or other trustee, with necessary permission, to purchase and sell subscription rights. Subscription rights acquired during the above-mentioned trading period will have the same



right to subscribe for new shares as the subscription rights shareholders receive based on their holdings in the Company on the record date.

Paid Subscription Shares ("BTA")

Subscription by payment is registered with Euroclear as soon as possible, which normally means a few banking days after payment. The subscriber then receives a securities notification with confirmation that BTA have been recorded in the securities account. Subscription shares are referred to as BTA until the new issue has been registered at the Swedish Companies Registration Office.

Trading in BTA and conversion to shares

Trading in BTA takes place on Nasdaq First North from November 24, 2022 until the issue has been registered at the Swedish Companies Registration Office and the conversion from BTA to shares has taken place. The last day for trading will be communicated through a market notice. No special notification is sent out from Euroclear in connection with the conversion.

Trading in the share

The shares of the Company are traded on Nasdaq First North. The share is traded under the ticker symbol ARCTIC and the ISIN is SE0017769136. The newly issued shares will also be traded after the issue has been registered at the Swedish Companies Registration Office.

Directly registered shareholders, possession of a securities account

The shareholders or representatives of shareholders who, on the record date, were entered in the share register kept by Euroclear on behalf of the Company, received a preprinted issue statement with an attached payment notice, a special application form and an application form for subscription without subscription rights. Shareholders who are included in the special list of pledged holders and trustees kept in connection with the share register does not receive and issue statement but will be notified separately. No securities notification regarding registration of subscription rights in a securities account is sent.

Nominee registered shareholders, possession of a custody account

Shareholders whose holdings of shares in the Company are nominee-registered at a bank or other nominee receive no issue statement. Subscription and payment will instead take place according to instructions from the nominee.

Subscription with subscription rights, directly registered shareholders

Subscription for new shares in the Offer by virtue of subscription rights will be made by simultaneous cash payment during the period November 24 to December 8, 2022. Please note that it may take up to three banking days until the payment is received by Eminova Fondkommission. Subscription and payment shall be made by using one of the following two options:

1. Pre-printed payment notice. Issue statement

Used if all subscription rights received are to be used. Subscription takes place by payment of the pre-printed payment notice. Please note no further action is required for subscription and that the subscription is binding.

2. Special application form

Used if a different number of subscription rights than is stated on the pre-printed issue statement is to be used, e.g. if subscription rights have been purchased or sold. Subscription takes place when both the special application form and the payment have been received by Eminova Fondkommission. The reference for payment is the application form number. Incomplete or incorrectly completed application forms may be disregarded. The application form can be sent by ordinary mail (NOT RECORDED DELIVERY), by mail or by fax. Please note that the subscription is binding.

A special application form can be obtained from Eminova Fondkommission AB, tel. 08-684 211 00, fax 08-684 211 29, e-mail info@eminova.se.

Shareholder not Resident in Sweden

Directly registered Shareholders entitled to subscribe who are residents outside of Sweden

Directly-registered shareholders entitled to subscribe who are not residents in Sweden and who cannot use the pre-printed payment notice (the issue statement) can pay in SEK via SWIFT, as described below. Subscription takes place when both the special application form and the payment have been received by Eminova Fondkommission.

Eminova Fondkommission AB
Biblioteksgatan 3, 3 tr
111 46 Stockholm, Sweden
BIC/SWIFT: NDEASESS
IBAN: SE983000000032731703369

Shareholders resident in certain unauthorized jurisdictions

Shareholders domiciled in another country where participation in the new issue is wholly or partly subject to legal restrictions (for example, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa, Switzerland, the United States, Russia, Belarus) are not entitled to participate in the new issue. These shareholders will not receive subscription rights, an issue statement or any other information regarding the new issue.

Subscription without subscription rights and allocation

In the event that not all shares are subscribed for with subscription rights, the Board of Directors, within the framework of the maximum amount of the issue, will decide on the allocation of outstanding shares.

An application for subscription for shares without subscription rights must be submitted on the application form entitled "Teckning utan stöd av teckningsrätter" (Subscription without subscription rights) which may be downloaded from www.eminova.se. If more than one application form is submitted,



only the first one received will be taken into account. Payment must not be made at the time of the application. Please note that the application is binding (Important information on ISK (investment savings accounts), IPS (individual pension savings) and endowment insurance is set out in the section entitled "Miscellaneous").

If the application relates to subscription at an amount of EUR 15,000 (approximately SEK 150,000) or more, the application form must be accompanied by a copy of a valid ID document. If the application relates to a juridical person, in addition to a copy of a valid ID document the application form must be accompanied by a valid registration certificate showing the authorised signatory.

Notice of allocation of shares is given through remittance of a transaction note. Payment must be made by bank giro in accordance with the instructions on the transaction note and must never be drawn on the specified securities account or custody account. If payment is not made within the prescribed period, the shares may be transferred to another party. If the selling price for such a transfer is below the price in accordance with the offer, the person who was originally allocated these shares will be liable for all or part of the difference. No notice is sent out to those who were not awarded shares.

In the event that not all shares are subscribed for with preferential rights (i.e. with subscription rights), the Board of Directors, within the framework of the maximum amount of the issue, will decide on the allocation of shares subscribed for without subscription rights, whereupon the shares will in the first instance be allocated to the persons who have also subscribed for shares with subscription rights (and who have specified this on the application form) and, in the event that these cannot be fully allocated, shares will be allocated in proportion to their subscription with subscription rights and, if this is not possible, by drawing lots, and the shares will in the second instance be allocated to another party that subscribed for shares in the issue without subscription rights and, in the event that these cannot be fully allocated, the shares will be allocated in proportion to the number of shares that each person subscribed for and, if this is not possible, by drawing lots, and, in the final instance, the shares will be allocated to guarantors, being distributed in proportion to established guarantee commitments and, if this is not possible, by drawing lots.

If the issue is oversubscribed and the Board of Directors chooses to make use of the overallocation option, the following principles for allocation of these shares applies:

in the first instance, shares will be allocated to persons who signed a subscription commitment in the preferential rights issue but were not allocated shares and, in the second instance, shares will be allocated to those who also subscribed for shares with subscription rights in the preferential rights issue and, if these cannot be fully allocated, shares will be allocated in proportion to the number of shares that each of them subscribed for with a preferential right in the preferential rights issue and, if this is not possible, by drawing lots, and, in the third instance, shares will be allocated to another party that subscribed for shares in the preferential rights issue without subscription rights and, if these cannot be fully allocated, shares will be allocated in proportion to the number of shares that each subscribed for and, if this is not possible, by drawing lots.

Miscellaneous

Subscription for shares with or without subscription rights is irrevocable and the subscriber cannot cancel its subscription.

Regarding subscription for ISK, IPS or Endowment Insurance if the custody account or securities account is linked to endowment insurance or an IPS or ISK account, special rules apply for new subscription of shares. The subscriber must contact its bank/nominee and follow their instructions on the procedure for subscription/payment. If the subscription does not take place in the correct manner, the allocated shares will not be delivered to these types of custody accounts. The subscription is binding and application forms, once submitted, cannot be revoked. The subscriber is responsible for ensuring that the subscription takes place in such a way that the shares can be delivered to the specified custody account.

Regarding delivery of subscription securities

Incorrect or incomplete information in the application form, the registration procedure at the Swedish Companies Registration Office, late payments from investors, procedures at a nominee bank or custodian institution or other factors beyond Eminova's control can delay the delivery of shares to the investor's securities account or custody account. Eminova assumes no liability for losses or other consequences that an investor may suffer as a result of the timing of delivery of the shares.

Publication of the outcome of the issue

The outcome of the issue will be published by means of a press release from the Company as soon as possible after the expiry of the subscription period.

Right to receive dividends

The new shares confer an entitlement to a dividend for the first time on the record date for dividends that occurs immediately after the new shares have been registered at the Swedish Companies Registration Office.

Share register

The Company's share register with details of shareholders is kept by Euroclear Sweden AB, Box 191, 101 23 Stockholm, Sweden.

Applicable law

The shares are issued under the Swedish Companies Act (2005:551) and are governed by Swedish law.

Shareholders' rights with regards to dividends, voting rights, preferential rights for subscription of new shares, etc. are governed by the Company's Articles of Association, which are available on the Company's website, and by the Swedish Companies Act (2005:551).

Important information

Eminova Fondkommission AB ("Eminova") (556889-7887) is a securities company that is supervised by the Swedish Financial Supervisory Authority. Eminova holds a permit to carry on securities business in accordance with the Swedish Securities Markets Act (2007:528).



- Financial instruments to which the offer relates have not and will not be registered in any country other than Sweden. They will therefore not be offered for sale in any other country in which participation would require additional prospectuses, registration or measures other than those required by Swedish law or contrary to laws, regulations or other provisions in any such country.
- An assignment through a signed application form confers power of attorney on Eminova to sell, purchase or subscribe for financial instruments on behalf of the signatory under the conditions formulated for the offer.
- An assignment through a signed application form is not subject to the right of withdrawal deriving from the Swedish Distance and Doorstep Sales Act. The procedure and subscription period is stated in the information issued in connection with the offer.
- The signatory does not become a customer of Eminova by submitting an application in this offer. Eminova will therefore not classify those who subscribe for shares pursuant to the offer as customers. Nor does Eminova carry out a suitability assessment under the Swedish Securities Markets Act (2007:528) in relation to subscriptions for securities in the offer.
- The information issued in connection with the offer clearly states the risks associated with an investment in the financial instruments in question.
- A person that intends to subscribe for financial instruments in accordance with this offer is urged to carefully read the information published. The price of the financial instruments in question is stated in the information issued in connection with the offer.
- Costs in addition to what is stated above, such as taxes or brokerage fees, that may arise in connection with the financial instruments to which the offer relates are neither charged nor paid by Eminova.
- Personal information that the subscriber provides in connection with the application is processed by Eminova in accordance with the Swedish Data Protection Act (1998:204). Processing of personal data can also take place at other companies with which Eminova or the issuer collaborate.
- Eminova is not responsible for any technical fault or telecommunications or postal management fault in connection with subscription by means of payment or submission of the application form.
- A securities account or custody account must have been opened at the time of the application.
- Complaints arising from Eminova's management of orders by means of a signed application form can be submitted by mail to Eminova's Complaints Manager at the following address: Eminova Fondkommission AB, Att: Klagomålsansvarig, Biblioteksgatan 3, 3 tr, 111 46 Stockholm.
- Any complaint regarding Eminova's execution of orders must be submitted within a reasonable length of time. The right to claim compensation or impose other penalties may otherwise be lost.
- In the event of any dispute with Eminova, consumers may consult Allmänna reklamationsnämnden (the National Board for Consumer Complaints), Box 174, 101 23 Stockholm, telephone no. 08-508 860 00, www.arn.se.
- Eminova complies with Swedish law and substantive law is applied to assignments received by Eminova. The general courts are the competent courts.



BUSINESS DESCRIPTION

General information about the Company

The Company's company name and commercial designation is Arctic Blue Beverages AB and the Company's organization number is 559361-7078. The Company is a public limited company formed and registered according to Swedish law in Stockholm, Sverige. The Company's operations are regulated by, and its shares have been issued in accordance with, the Swedish Companies Act (2005:551). The Legal Entity Identifier (LEI) for Arctic Blue Beverages is 9845009EKE99A541ED23.

The Company was formed in Sweden and registered at the Swedish Companies Registration Office on January 21, 2022. The main object of Arctic Blue Beverage's business is to develop, manufacture and commercialize the Company's craft beverages.

The Company has, per releasing day of the information Memorandum eight employees. Representatives of the Company can be reached by phone +358 44 531 3950 and per email info@arcticbluebeverages.com, and visited on the address Aleksanterinkatu 19, 00100 Helsinki, Finland. The Company's webpage is www.arcticbluebeverages.com. Please note that the information on Arctic Blue Beverage's webpage or on third parties' webpages do not make a part of this Information Memorandum per reference, see section "Acts Incorporated by Reference".

Organisation structure

Arctic Blue Beverages AB owns 100 percent of the shares in the operative subsidiary Arctic Blue Beverages Oy that in turn is the parent company to four subsidiaries; Arctic Gateway Asia Pte. Ltd, owned by 100 percent, Valamo Beverages Oy owned by 92.6 percent, Arctic Gateway India Private Limited owned by 70 percent and Arctic Brand House Oy owned by 40 percent.

Arctic Blue Beverages AB is dependent of Arctic Blue Beverages Oy in that matter that all production and sales happens through the subsidiary.

Arctic Blue Beverages Oy is per release date of the Memorandum in a process to divest its shares in Valamo Beverages Oy and to wind down Arctic Gateway India Private Limited and Arctic Brand House Oy. Arctic Gateway Asia Pte. Ltd. will in the future also be a wholly owned subsidiary.

Valamo Beverages Oy is to be divested since it is not seen to fit into the Company's strategic plans according to international expansion. Arctic Gateway India Private Limited is to be liquidated as India is not one of the Company's geographical focus areas in the near term. Arctic Brand House Oy is to be liquidated as it is an inactive and dormant company.

According to the Company's assessment, the aforementioned divestment and liquidations do not have a significant financial effect. Furthermore, the Company sees a simplification of the organizational structure as beneficial.

Company introduction

Arctic Blue Beverages was founded in Finland in 2017. The Company's beverages are inspired by the Nordic nature and its purity. Every year thousands of people travel to Finland to experience the country's pure and clean nature.¹

Arctic Blue Beverage's contacted distillery, Nordic Premium Beverages is based in Ilomantsi (Swedish: Ilomants), a municipality located in the landscape North Karelia in the Eastern Finland. North Karelia is a sparsely populated landscape with a lot of untouched forests.² This suits the Company's nature-oriented brand.

The goal setting for Arctic Blue Beverages is to craft the world's best craft beverages of pure, Finnish ingredients. Besides the main product gin, the Company also produces other beverages such as liqueurs, RTD's and tonics. The Company's gin and other beverages has won several international awards. More about this is to be found under the section "Products".

The Company's key words

Overall goal setting:

To become the leading Nordic craft beverage producer

Mission:

To craft the world's best gin products from pure, Nordic ingredients

Values:

Innovation, integrity, purity, responsibility and craftsmanship

Business model

Arctic Blue Beverages' business model is based on producing and selling craft beverages – craft gin, oat liqueur and other gin-based products – both through traditional distribution channels and e-commerce. The Company wants to differentiate its products from others on the market, through high quality, delicious taste, and attractive design. In the future, the e-commerce will be an important distribution channel for the Company.



¹ Innolink. 2021. Finland – a land of thousands of lakes and we-being tourism opportunities.

² Uppslagsverket Finland. Norra Karelen.



Product lines

Arctic Blue Gin

- The product competes within the premium gin segment
- Medium high manufacturing volumes and medium-high price margins
- Base product for new innovations



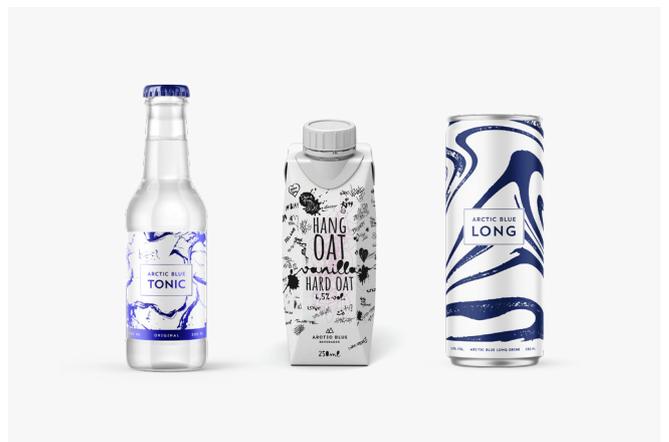
Arctic Blue Oat

- Gin-based dairy-free liqueurs made from oat, to compete within the premium segment
- Higher production volumes and medium-high price margins
- Products that will be used to increase the brand awareness when entering new markets



Arctic Blue – low alcohol level and alcohol-free products

- Beverages that have a low alcohol level or are alcohol-free. Products that will compete within the premium segment.
- Higher production volumes and medium high price margins.
- Products that will be used as marketing tools in markets where the marketing of products with alcohol is strictly regulated, as in Finland and Sweden.³



³Nordens välfärdscenter Finland. 2017. Nordisk alkoholfakta.



Product overview

The chart below shows Arctic Blue Beverages' product selection. The chart shows both the products that per releasing date of the Information Memorandum are launched on the market and the products that the Company is planning to launch.

Product	Launch
Arctic Blue Gin	Product is launched
Arctic Blue Gin Navy Strength	Product is launched
Arctic Blue Oat Liqueur	Product is launched
Arctic Blue Tonic	Product is launched
Arctic Blue Gin Rose	Product is launched
Hang Oat –" Ready To Drink"	Product is launched
Arctic Blue Legacy	Product is launched
Arctic Blue Long Drink – "Ready To Drink"	Planned to be launched during 2023



Products launched on the market

Arctic Blue Beverages highly values the nature. All packages that the Company uses can be recycled. The following text is about products that are launched on the market when this information memorandum is released.

Arctic Blue Gin

Arctic Blue Gin is the Company's base product. The Gin's alcohol content is 46.2 percent and is available in the volumes 50 ml, 200 ml and 500 ml. The predominant flavour in gin must be juniper⁴, but in addition to that, one of the main ingredients in Arctic Blue Gin is blueberries that has been hand-picked from the wild. The alcohol is colourless and has notes of wild blueberries, juniper, light cardamom, and hint of pine. Arctic Blue Beverages gin is not chill filtered, meaning that the gin preserves its natural aromas and scents in the final product, by taking advantage of the natural essential oils from the wild blueberries and herbs as well as the protein chains and the natural pectin's from the beginning to the end. When the spirit is non chill filtered, it turns into a slightly blue tone when it is topped with something cold, such as ice or tonic water.

Prices and Awards:

- World Spirit Awards 2018 – Double Gold
- World Spirit Awards 2018 – Spirit of the Year⁵
- International Wine & Spirit Competition 2018⁶
 - Gold Outstanding (design and artwork)
- International Wine & Spirit Competition Hong Kong 2018 – Gold⁷
- San Francisco World Spirits competition 2019 – Silver (Gin)⁸
- London Spirits Competition 2022 – Silver⁹
- Singapore World Spirit Competition (SWSC) 2022 – Silver¹⁰



Arctic Blue Navy Strength Gin

This gin is a stronger version of the Arctic Blue Gin with a higher alcohol content and stronger taste. The Gin's alcohol content is 58.5 percent and is available in the volume 500 ml.

Prices and Awards:

- International Wine & Spirits Competition Hong Kong 2018 – Gold (Gin)¹¹
- San Francisco World Spirits competition 2019 – Double gold
- San Francisco World Spirits competition 2019 – Best in Show (unaged white spirits category)¹²
- London Spirits Competition 2022 – Silver¹³
- Singapore World Spirit Competition (SWSC) 2022 – Bronze¹⁴



⁴ Craft Gin Club 2022

⁵ Good News from Finland. Arctic Blue Gin wins big in Germany.

⁶ Tyomaa. Arctic Blue Gin.

⁷ The HK IWSC. Arctic Blue Gin.

⁸ San Francisco World Spirits Competition. 2020. 2019 SAN FRANCISCO WORLD SPIRITS COMPETITION RESULTS BY CLASS.

⁹ London Spirits Competition. 2022. Arctic Blue Gin.

¹⁰ The tasting alliance

¹¹ The HK IWSC. Arctic Blue Gin Navy Strength Gin.

¹² Good News from Finland. Arctic Blue Gin wins it all in San Francisco.

¹³ London Spirits Competition. 2022. Arctic Blue Gin Navy Strength.

¹⁴ The tasting alliance



Arctic Blue Oat Liqueur

Arctic Blue Oat liqueur is a dairy-free, gluten-free, and vegan product made of ecological, Finnish oats. The Product is nominated as the world's first gin-based oat liqueur and has because of the nomination a great news value that the Company takes advantage of when entering new markets. The alcohol content is 17 percent, and the liqueur is available in the volume 500 ml.

Prices and Awards:

- International Wine & Spirit Competition 2021 – Bronze (cream / cream alternative based)¹⁵
- San Francisco World Spirits Competition 2022 – Silver (other liqueurs)¹⁶
- Singapore World Spirit Competition (SWSC) 2022 – Silver¹⁷
- New York World Spirit Competition (NYWSC) 2022 – Silver¹⁸



Arctic Blue Tonic

Arctic Blue Tonic is a low sugar beverage and is available in the size 200 ml.



¹⁵ Businesswire. 2022. Arctic Blue Beverages Wins Big Again in San Francisco – “A Superior Result”.

¹⁶ Businesswire. 2022. Arctic Blue Beverages Wins Big Again in San Francisco – “A Superior Result”.

¹⁷ The Tasting Alliance

¹⁸ The Tasting Alliance



Hang Oat

Hang Oat – alcoholic oat-based drink - “Ready To Drink”

These ready-mixed drinks based on oat liqueur have been sold since start of 2022. So far, the product has been launched in the vanilla flavour.



Arctic Blue Gin Rose

Arctic Blue Gin Rose is a flavoured gin with a lower alcohol content, which means that it can be priced lower than the Company's original gin on markets with high alcohol taxes. The product, that has been launched during spring 2022, has an alcohol content of 37.5 percent.

Prices and Awards:

- San Francisco World Spirits Competition 2022
– Double gold (flavoured gin)¹⁹
- Singapore World Spirit Competiton (SWSC) 2022
– Double gold²⁰
- Singapore World Spirit Competiton (SWSC) 2022
– Best in Class²¹
- New York World Sprit Competition (NYWSC) 2022
– Bronze²²



¹⁹ The Tasting Alliance
²⁰ The Tasting Alliance

²¹ The Tasting Alliance
²² The Tasting Alliance



Arctic Blue Legacy

Arctic Blue Legacy is an ultra-premium product produced in a limited-edition of 3,500 bottles per year. The bottle is design work by the Finnish design legend Timo Sarpaneva. The product was launched during autumn 2022 and the product will be delivered during 2023. The product has an alcohol content of 56 percent and is available in the size 1,000 ml. The product has been matured for 24 months in oak barrels. The product with its high quality will compete in the over ultra-premium segment.

Prices and Awards:

- International Wine & Spirit Competition 2021 – Gold (cask finish) ²³
- San Francisco World Spirits Competition 2022 – Double gold (barrel aged gin) ²⁴



²³ IWSC

²⁴ The Tasting Alliance



Products planned to be launched

The following products are a selection of the products that, per date when the Information Memorandum are released are judged by the Company to be close to commercialization.

Arctic Blue Long Drink

- "Ready To Drink"

In 2023, the Company plans to launch pre-mixed alcoholic beverages with different flavours. The alcohol content is expected to be between 3-5.5 percent, depending on the geographic market. The drinks will be offered in different packages and volumes. A long drink (fi:lonkero) is a Finnish gin-based drink with citrus character. The traditional flavour is grapefruit. In addition to being popular in Finland, the long drink category is currently growing rapidly in the United States.²⁵



²⁵ Forbes. 2021. How Finland's National Drink Gained A Cult Following Across America.



Target consumer profile

The target group that Arctic Blue Beverages focuses on reaching is described by the Company as "creative innovators". The Company's description of this consumer group follows below:

Consumers are interested in culinary trends and like to try new products. Often these consumers appreciate niche products, professionalism in service as well as microbreweries and smaller distilleries. Consumers are aware of the environment and think it is important to take responsibility. They like when the drinks they taste has an interesting story and they are willing to pay a little extra. Some of them are vegans, have gluten allergies or are lactose intolerant.

According to the Company it is important that you as a consumer have a healthy relationship with alcohol. The company aims to appeal to alcohol consumers who value quality. Such a consumer can go to tastings and indulge in high-quality drinks sporadically.

Geographical markets

The markets in which the Company's products are available today are Finland, Norway, Denmark, Sweden, Germany, Estonia, Switzerland, Spain, France, Great Britain, Japan, Australia, Singapore, Hong Kong, Thailand, Malaysia, Taiwan, the Philippines, and Canada. The Company intends to continue expanding within recently entered markets such as Canada.

Arctic Blue Beverages plans to focus mostly on the Nordics and the Baltics in year 2022 and 2023, followed by a strong focus on Australia and Canada and the global travel trade. In 2023 the Company also intends to continue its expansion into new markets. 2024 is the year when the Company aims to enter the US market.

Geographical expansion is very important for the Company's growth strategy. See the chart below for an assessment of how the Company's resources are intended to be divided within the areas in 2023.

Planned market focus 2023	
Nordics and the Baltics	45%
Global travel retail	15%
Australia	10%
Japan	10%
Canada	10%
Others	10%

Production

Behind Arctic Blue Beverage's products characteristic taste is wild blueberries. The blueberries used in the Company's beverage production are hand-picked in the forests of eastern Finland, near the National Park Koli. In Finland, blueberry plants thrive especially in the southern half of the country – where the Koli National Park is located. The fact that the plants thrive contributes to the flavour

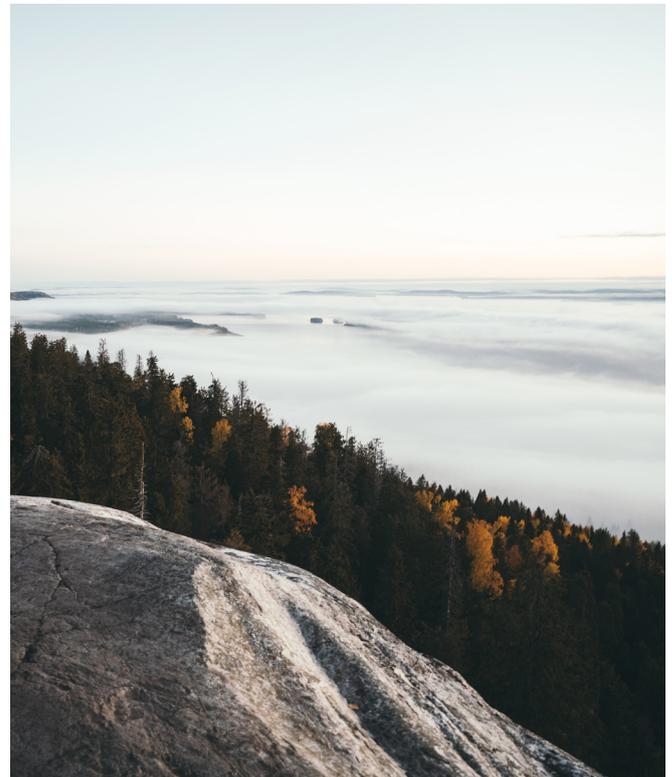
and antioxidants of the berries.²⁶ All Arctic Blue Beverage's drinks are made from Finnish spring water. The perceived cleanliness is considered important for the Company's brand. The water in Finland is typically very clean and there are large volumes of fresh water available per inhabitant. In a report from the beginning of the 2000s, the UN assessed the water quality of 122 countries based on numbers of indicators and Finland placed itself on the first place.²⁷

The Company's spirits is produced through a distillation method where chill filtration is not used meaning that the gin preserves its natural aromas and scents in the final product, by taking advantage of the natural essential oils from the wild blueberries and herbs as well as the protein chains and the natural pectin's from the beginning to the end. When the spirit is non chill filtered, it turns into a slightly blue tone when it is topped with something cold, such as ice or tonic water.

Arctic Blue Beverage's Master Distiller is responsible for the Company's distillation processes. Arctic Blue Beverages' products are developed, designed, and approved by the product development team and the Master Distiller.

Distilled products and liqueurs going under the Arctic Blue product line are handcrafted by Nordic Premium Beverages Ltd in Ilomantsi (Sv: Ilomants), Finland. The Company's tonic water is manufactured by Kaskein Marja Oy in Lappeenranta (sv: Villmanstrand) Finland. The ready-to-drink products are manufactured by Finnish Food Factory Oy in Kouvola, Finland.

The current production capacity of the Arctic Blue product lines is approximately 1-1.5 million litres of gin and 200-400 thousand litres of oat liqueur annually. The tonic products have good scalability and can according to the Company's assessment, be easily adapted according to the demand. The ready-to-drink products' production capacity is 2.5 million litres annually.



²⁶ LUKE. Water quality and use.

²⁷ EEA. 2020. Freshwater – State and impacts (Finland).



Distribution and sales strategy

Traditional distribution channels

Arctic Blue Beverages products are sold via traditional, indirect distribution channels in all regions and countries except Finland. In Finland, the Company's products are sold by the Company itself. Customers in Finland consists of hotels, restaurants, catering services, taxfree-shops, retail and the Finnish beverage retailing monopoly, Alko. The logistics are handled by the Company's partner, Mercantem Oy.

In all markets outside of Finland, Arctic Blue Beverages sells its products to importers, who also act as distributors. In certain markets where the market size and volumes are significant, the Company maintains a local presence through local representation and locally registered legal entities. Examples of such representation can be found in Asia where the Company has a country manager for Japan, a country manager for Singapore and the Singapore-based subsidiary Arctic Gateway Asia Pte.Ltd.

The strategy regarding distributors is to select distributors with proven experience in building brands. The Company's distributors must also have sufficient reach to be able to take the products to the right kind of serving places, which then promotes a launch of the products at retail chains. Examples of such current distributors' partners are Vintage House Wine & Spirits in Australia.

E-commerce

In addition to the traditional distribution channels (restaurants and stores), Arctic Blue Beverages has developed an e-commerce strategy that allows the Company to make products available for sale to consumers online. The Company works actively to implement its e-commerce strategy. The e-commerce strategy is in line with the global trend of selling alcohol online via retailers such as Amazon.²⁸ For each market where Arctic Blue Beverages products are sold, the Company has a clear plan for e-commerce that is shared with the Company's distribution partners. The e-commerce plans are followed and supported by the Company's own team dedicated to e-commerce and social media.

The online sales will be an important and growing part of the company's sales income. The Company's current e-commerce partners include among others Amazon, Master of Malt and The Bottle Club in UK, OurCellar in Australia, Century Wines and Buy2Sell in Singapore, European Craft Club in Germany, La Maison Du Whiskey in France, and Gins.dk in Denmark. Arctic Blue Beverages' products are currently available in approximately 20 online stores in total.

Comparison of the distribution channels

Different types of distribution channels have both advantages and disadvantages. The disadvantages of having indirect sales abroad via a traditional distributor is reduced margins because of higher sales costs. Direct sales such as those in Finland provide a higher degree of control and higher margins

but expose the Company to an increased risk of indebtedness and the risk of late payments. For the Company, online sales outside of Finland are also a form of indirect sales, but the level of transparency and control that can be obtained is like that of direct sales.

Pricing and sales development

Since all Arctic Blue Beverage's product lines compete in the premium segment, the products are sold at corresponding price levels. Sales of the Company's products is supported by elaborate marketing that includes social media and materials for use at points of sales.

In the beginning the Company's sales cons consisted of the gin product Arctic Blue Gin, which is sold today through all of the Company's distribution channels and within all regions. After the gin was recognized with great international prizes by the IWSC and WSA^{29,30} competition, the Company launched the gin product Arctic Blue Gin Navy Strength which was then followed by the world's first vegan gin-based oat liqueur Arctic Blue Oat, a new innovation on the market.³¹ Sales have grown after each product launch, in all categories and markets, but volumes in some distribution channels such as the global travel trade have declined due to the Covid-19 pandemic.³²

The pandemic has posed a challenge to the growth rate of sales. However, the Company has taken advantage of the opportunity to focus more on online sales in order to achieve desirable sales growth during the pandemic and possible future pandemics. Arctic Blue Beverages expects significant sales growth in 2023 and 2024, which will come from both geographic expansion and expansion within e-commerce.

Marketing

A number of different marketing and PR strategies are used in order to maintain and increase the Company's market shares on both the domestic and global markets. Even though the Company is a small operator on the gin market, it has succeeded in attracting plenty of exposure thanks to its marketing. One example of this is when a media campaign in 2019 resulted in being mentioned in most of the newspapers around the world and according to the Company, had an impact of 233 million views. The underlying idea of the campaign was for Arctic Blue Beverages to run a pop-up bar at the North Pole for one day, matching the focus of the Company's brand on nature and North. The media hits attracted by the campaign plays a key role in the Company's marketing strategy, both globally and locally. Other successful marketing event was when the Company entered the Web3 and launched their first NFT. The number media hits globally reached 640.

The Company has an own team with expertise within social media and PR. The Company works constantly together with different social media influencers to increase the brand awareness and to build a stronger fan base.

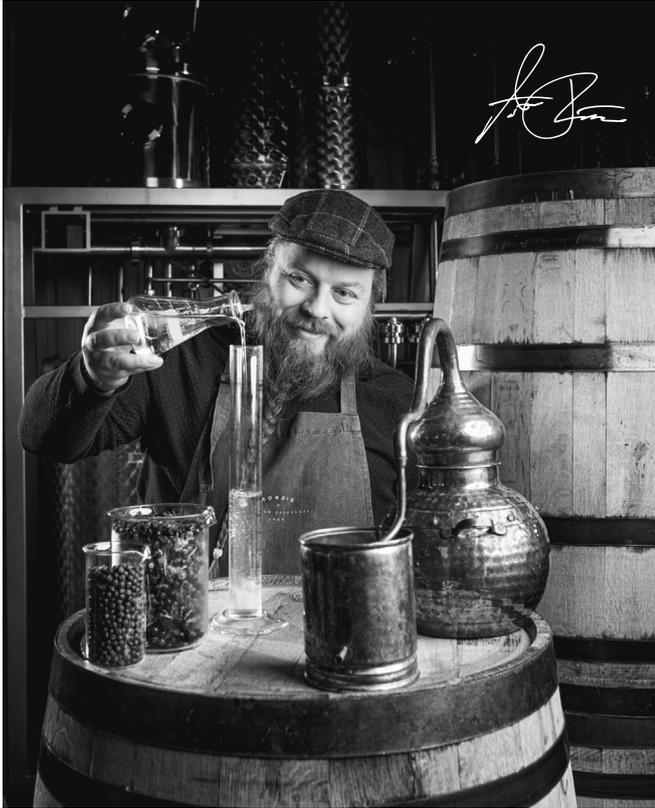
²⁸ The Grocer. 2020. Why is Amazon suddenly seeing big growth in booze?

²⁹ IWSC.

³⁰ WSA.

³¹ VegNews. 2021. This new creamy vegan liqueur is made from oats.

³² Duty Free News International. October 2021.



Product development

For Arctic Blue Beverages to be able to achieve its mission and aspiration of producing the world's best gin products from pure, Nordic ingredients, it is important for the Company to continuously work on the product development. The Company focuses on prioritizing innovation, studying trends, and diligently investing in experimentation. In this way, it becomes possible to produce new products that, thanks to their attributes can be awarded international prizes and awards.

Arctic Blue Beverages aims to expand its product portfolio by launching beverage products to new price classes and within new categories. In this way, the Company can reach more consumers and consumer categories, increase brand exposure, and thus increase sales.

Another important aspect of the Company's product development is to be the first or among the first to commercialize new, preferably sustainable products. An example of this is Arctic Blue Oat Liqueur – the world's first gin-based oat liqueur³³ – which works as an alternative to milk-based liqueurs.

The idea behind Arctic Blue Oat liqueur arose internally within the Company, based on the team's experience with oat drinks and a broad knowledge of the market. Both the market for dairy-free products and the market for liqueurs are growing rapidly. However, the Company identified the lack of an oat-based liqueur on the market. The most popular liqueur product in the dairy-free category has been whiskey liqueur from the Baileys brand. The development of Arctic Blue Oat liqueur took a total of about 9 months. According to the Company's assessment, the response from both consumers and professionals has been very good and the product has been particularly praised for its versatility. Since the launch of Arctic Blue Oat liqueur, the Company has continued to study the market and run result-based product development.³⁴ Arctic Blue Beverages sees the oat-based products as a platform for growth.

Goal Setting

In the coming years, Arctic Blue Beverages intends to increase its presence in the Nordics and other selected markets. An example that proves this is that the Company's gin products relatively recently began to be sold via Systembolaget in Sweden.

During 2022, a number of products have and will be launched with a primary focus on the retail trade. For example, in Finland it is permitted to sell drinks in regular retail if the alcohol content does not exceed 5.5 percent. Ready-to-drink products with lower alcohol content have already been developed by the Company and include alcoholic oat-based drinks and ready-mixed long drinks in cans. Sales of Hang Oat, the Company's alcoholic oat-based drinks, have already been initiated, starting in the home market of Finland. The new product will enable an expansion in the Company's retail sales in addition to the sale of the current product Arctic Blue Tonic.

Oatly is a brand that revolutionized and drove the oat drink market.³⁵ Arctic Blue Beverages takes inspiration from this and believes that the Company's oat-based product line Hang Oat will play an important role as a platform for future growth. The Company considers dairy-free products and "ready-to-drink" products to be interesting beverage trends.

The strong global growth in the sale of gin is beneficial for Arctic Blue Beverages. A large part of the growth comes from Asia-Oceania and new ways of distributed alcohol. More information on this can be found under the "Market Overview" section. The Company intends to adapt its products, marketing and distribution and sales strategy according to the trends in the market. On the Asian markets, the Company will launch the product Arctic Blue Legacy, which will compete in the upper tier of the premium segment.

³³ VegNews. 2021. This new creamy vegan liqueur is made from oats.

³⁴ The Beet. 2021. New Oat Liquor Makes Creamy Dairy-Free Cocktails a Reality.

³⁵ Meetyogi. 2021. What Oatly and the Alt-Milk Revolution Can Teach Us About the Importance Of Consumer Sentiment.



MARKET OVERVIEW

The global gin market

The global gin market is valued at 13.39 billion USD in 2022 and is expected to reach 18.6 billion USD by 2025, corresponding to a CAGR of 11.6 percent.³⁶ The already fragmented market is expected to become more fragmented in the coming years.³⁷ A significant driving factor in the market is the increasing interest in the premium segment of gin. The premium gin market was valued at 630.6 million USD in 2020 and is projected to reach 1183.46 million USD in 2028, corresponding to a growth rate of 8.19 percent CAGR.³⁸ Premium gin and gin that are sold through e-commerce, especially in growing economies, are considered interesting investment opportunities. Further estimated, gin was in 2019 the second fastest growing segment on the global liquor market, where the non-alcoholic liquor alternative came in first place.³⁹ The company recently launched its premium gin "ultra-premium Arctic Blue Legacy"

Nordic producers of gin, like Arctic Blues Beverages, are increasing their global market share rapidly. The Nordic producers corresponded to 5 percent of the total gin market in 2019. Nordic gin appeals to approximately one-third of gin consumers who prioritize quality and like trying out new gin variants.⁴⁰

Arctic Blue Beverages gin products are being sold in various countries on different continents and through the global travel trade. A few examples of current geographical markets are Finland, Japan, Switzerland, Singapore, Taiwan, Canada, Malaysia, Australia, and Spain. Beyond plans of further expansions on existing markets, the Company also plans to make an entry into the US market during 2024. The Company estimates the addressable share of the global market to amount to 0.3 percent, which corresponds to 40.17 million USD in 2022.

The European gin market

The European gin market is valued at 6.81 billion USD in 2022 and is expected to reach a value of 10.13 billion USD in 2025, corresponding to 14.17 percent CAGR.⁴¹ The British producer are by a large margin the biggest exporters of gin.⁴²

Arctic Blue Beverages gin products are today available in various countries, including Finland, Norway, Denmark, Sweden, Germany, Estonia, Switzerland, Spain, France, and Great Britain. The Company estimates its addressable market share

of the European market to amount to 0.38 percent, which corresponds to 25.9 million USD in 2022.

The Finnish gin market

The Finnish gin market is valued at 33.3 million USD in 2022. The market is expected to grow 9.94 percent CAGR for the period 2022-2025. These number does not include the ready-to-drink-segment; thus, the market could be assumed to be larger.⁴³

Finland is Arctic Blue Beverage's domestic market. The company estimates its addressable market share of the Finnish market amount to 10 percent, which corresponds to 3.3 million USD in 2022.

According to the Finnish alcohol monopoly ALKO's sales statistics, 8.4 million liters of gin and other liquor, excluding vodka, was sold during 2021, which is in line with the volume sold in 2020. In comparison, the decrease in vodka sales amounted to 4.3 percent during the same period.⁴⁴

The total sales volume of liquor in Finland could have been larger since liquor is also sold in other locations such as restaurants. These numbers are not taken into consideration in the total sales volume of liquor in Finland.

ALKO has identified several trends, two of which are sustainable products and packaging and vegan products.⁴⁵

The Swedish gin market

The value of the Swedish gin market is estimated to reach 105.9 million USD during 2022 with an expected CAGR of 9.73 percent during the period 2022-2025. The numbers do not include ready-to-drink-segment.⁴⁶

Arctic Blue Beverages products are available in Sweden through their alcohol-monopoly, Systembolaget, and further expansion in the country is planned. The company estimates its addressable share of the market to amount to 5 percent, which corresponds to 5.3 million USD in 2022.

According to the Swedish alcohol monopoly sales statistics, 2.50 million liters of gin were sold in 2020. This corresponds to a volume increase of 40 percent from 1.8 million liters in 2019. The increase in comparison with the total increase in liquor sales of about 21 percent during the same period.^{47, 48, 49}

³⁶ Statista. 2022 Gin – Worldwide

³⁷ Businesswire. 2020. COVID-19 Impact and Recovery Analysis – Gin Market 2020-2024.

³⁸ Verified market research. 2022. Global Premium Gin Market Size By Production Method, By Distribution Channel, By Geographic Scope And Forecast.

³⁹ The Spirits Business. 2020. The big players investing in super-premium-plus gin.

⁴⁰ Scandinavian Traveler. 2019. Scandinavia is a hot spot for trendy premium gin.

⁴¹ Statista. 2022. Gin – Europe

⁴² Statista. 2022. Leading exporters of gin and Geneva worldwide in 2020, by country.

⁴³ Statista. 2022 Gin, Finland.

⁴⁴ Alko. 2022. Annual Report and Corporate Social Responsibility Report 2021.

⁴⁵ Alko. 2022. Alko's review of the year's beverage trends - 2021.

⁴⁶ Statista. 2022 Gin, Sweden.

⁴⁷ Systembolaget. Artikellistan 2020

⁴⁸ Systembolaget. Artikellistan 2019.

⁴⁹ Systembolaget. 2021. Ansvarsredovisning 2020.



The total sales volume of gin in Sweden could have been larger since gin is also sold in restaurants. These numbers are not taken into consideration in the Swedish alcohol monopoly sales statistics.

During 2020 the total alcohol consumption in Sweden was divided in the following way:

- Systembolaget: 76 percent
- Restaurants: 7 percent
- Light alcoholic beer (Folköl): 5 percent
- Travel entry: 5 percent
- E-commerce: 2 percent
- Other: 5 Percent ⁵⁰

The most-sold gin brand in 2020 was Gibson's London Dry gin. British gin is continuing to be the most popular in the Swedish market. ⁵¹

The Japanese gin market

The Japanese gin market is valued at 235.7 million USD during 2022 and is expected to grow with a CAGR of about 10 percent for the period 2022-2025. The numbers do not include the ready-to-drink-segment. ⁵²

Arctic blue Beverage gin products are sold in Japan. Soon the new product Arctic Blue LEGACY will be launched in Japan and the company estimates the Japanese market to be vital for the product sales. The company estimates its addressable share of the Japanese market to amount to 2 percent, which corresponds to 4.7 million USD in 2022.

Earlier the Japanese population have mostly been drinking local liquor sorts such as Shochu, but the interest in whiskey and gin has increased. Thus, both the local production and consumption of gin have increased. ⁵³

The global liquor market

The value of the global liquor market, which includes crema, fruit, and other sorts of liquors, amounted to about 118 billion USD in 2021. ⁵⁴ This means that the liquor market during 2021 corresponded to roughly 8 percent of the total global market for alcoholic drinks, whose value amounted to 1441 billion USD in 2021. ⁵⁵

The global liquor market is expected to reach a value of 167 billion USD in 2031. Europe is estimated to be the fastest-growing market. Asian-Oceania is also expected to grow heavily because of the growing population of young adults and the increased interest in liquors of higher quality. ⁵⁶ Especially vegan liquors have become more sought after and are a market segment with big innovation opportunities. ⁵⁷

The Oat liquor Arctic Blue Oat Liqueur is being sold in the global liquor market. The product is available in Finland, Denmark, Germany, France, Estonia, Sweden, Japan, Australia, and through the global travel trade. The company intends to

launch Arctic Blue Oat Liqueur in Norway and Great Britain in 2022. The launch of Arctic Blue Oat Liqueur in these countries during 2022 presupposes that the Company can establish a partnership with distributors according to the Company's business plan. Arctic Blue Beverage's long-term goal is to sell the liquor product in every targeted market. The Company's estimated addressable share of the market amounts to about 0.3 percent, which corresponds to 35.4 million USD in 2021.

The European liquor market

Based on the value of the European total market for alcoholic beverages which amounts to 370.5 billion USD in 2022 ⁵⁸ and the Company's estimations about the liquors share of the total alcohol market of 8 percent ⁵⁹, the estimated value of the European liquor market amount to 30.5 billion USD.

Arctic Blue Oat Liqueur is today available in Finland, Denmark, Sweden, Germany, France, and Estonia. Expansion to, Norway and Great Britain are planned to take place in 2022. The Company's estimated addressable share of the market amounts to 0.06 percent, which corresponds to 22.2 million USD in 2022.



⁵⁰ Konkurrensverket. 2021. Övervakning av det svenska detaljhandelsmonopolet för alkoholhaltiga drycker.

⁵¹ Systembolaget. Artikellistan 2020.

⁵² Statista. 2022 Gin, Japan.

⁵³ The IWSR. Local flavours drive innovation in Japan's gin market.

⁵⁴ Allied Market Research. 2022. Liqueurs Market by Type, Packaging, and Distribution Channel: Global Opportunity Analysis and Industry Forecast, 2022-2031.

⁵⁵ Statista. 2022. Alcoholic Drinks.

⁵⁶ Allied Market Research. 2022. Liqueurs Market by Type, Packaging, and Distribution Channel: Global Opportunity Analysis and Industry Forecast, 2022-2031.

⁵⁷ The Vegan Review. 2021. The lowdown on the vegan alcohol market.

⁵⁸ Statista. 2022 Alcoholic drinks, Europe.

⁵⁹ See previous subsection "The global liquor market"



The Finnish liquor market

Based on the value of the Finnish total market for alcoholic beverages which amounts to 5.25 billion USD in 2022 ⁶⁰ and the Company's estimations about the liquors share of the total alcohol market of 8 percent ⁶¹, the estimated value of the Finnish liquor market amounted to 424 million USD 2022. According to the Finnish alcohol monopoly ALKO the demand for locally produced liquor based on Finnish ingredients has increased in recent times. ⁶²

Finland is Arctic Blue Beverage's domestic market and Arctic Blue Liqueur is being sold on the Finnish liquor market. The Company's estimated addressable share of the market amounts to 0.35 percent, which corresponds to 1.5 million USD in 2022.

The Swedish liquor market

Based on the value of the total Swedish market for alcoholic beverages of 10.5 billion USD in 2022 ⁶³ and the Company's estimations of the liquor share of the total alcohol market to be 8 percent ⁶⁴, the estimated value of the Swedish liquor market amounts to 1 billion USD in 2022.

Arctic Blue Beverages currently sell Arctic Blue Oat Liqueur in Sweden. The Company's estimated addressable share of the market amounts to 0.3 percent, which corresponds to 3 million USD in 2022.

The Japanese liquor market

Based on the value of the total market for alcoholic beverages of 110.8 billion USD in 2022 ⁶⁵ and the Company's estimate of the liquor market share of the total alcohol market to be 8 percent ⁶⁶, the estimated value of the Japanese liquor market to be 8.6 billion USD in 2022. Japanese consumer enjoys drinking the liquors in pure form without mixing it into cocktails. ⁶⁷ Today, most of the liquors in Japan are fruit liquors, and the most popular sort Umeshu is a kind of plum liquor. ⁶⁸ Many Japanese people are lactose intolerant and therefore plant-based beverages are in general the most popular and the fastest growing beverage. ⁶⁹ That is why a plant-based alternative to cream-based liquor such as Arctic Blue Liqueur could be interesting to Japanese consumers.

Trends

Investments in new gin brands

Compared to whiskey and cognac, gin does not require aging, which makes gin cheaper to produce. Hence allowing for potentially higher margins. The interest in start-ups in the gin industry has increased and during the last year a large

number of international liquor companies have completed strategic acquisitions of new growing gin companies for further development. ⁷⁰ The British beverage group Diageo, the third largest in the world, ⁷¹ acquired the brand Aviation American gin during 2020 ⁷². The same year the French beverage group Pernod Ricard, eight largest in the world, ⁷³ acquired German Monkey 47 gin ⁷⁴ and invested significantly in Japanese The Kyoto Distillery that manufactures Ki No Bi gin. ⁷⁵ These are just a few examples of the recently made investments in the gin industry. That new gin brands are considered interesting to established beverage groups points to the market potential for newer brands such as Arctic Blue Beverages, according to the Company's assessment.

Flavored gin and nonalcoholic gin

Two other market trends are flavored gin and nonalcoholic gin variants. The most-sold gin brand today is Gordon's, which is owned and produced by Diageo. During 2020 Gordon's invested in one new flavor variant and in one new nonalcoholic variant to keep its market position. ⁷⁶ The flavored gin market accounted for 18 percent of total gin volumes in 2020, the subcategory having posted a phenomenal CAGR of around 140 percent between 2010 and 2020. ⁷⁷ Flavored gin could be everything from fruity with elements of berries to saltier with elements of olives. ⁷⁸ Arctic Blue Beverages have launched the product Arctic Blue Gin Rose. In the total sales results from travel retail, Arctic Blue Gin Rose is already representing 35 percent of Arctic Blue Beverages revenue. In Finland, the new product already represents 20 percent of the total sales result of all Arctic Blue Beverages products.

Arctic Blue Beverages intends to continuously develop its product range, which could come to include both more flavored gins and nonalcoholic gins.

"Ready-to-drink"-products

Alcoholic beverages that are already mixed and ready to be consumed instantly are prognosed as a segment to grow faster than the total alcoholic market. From a share of the total alcohol market of 4 percent in 2020, the segment is expected to grow to 8 percent in 2025. It emerged from one study that most people who consume ready-to-drink alcoholic beverages consider a new taste as the most important factor in creating a premium brand. One specific fast-growing category within the segment is the long drink/ cocktail category, which is prognosed to grow by about 9 percent per year from 2020–2025. ⁷⁹ Arctic Blue plans during 2022–2023 to keep launching its first "ready-to-drink", alcoholic beverages. An example is Hang Oat oat-based beverages and Arctic Blue Long Drink. The ready-to-drink market is valued at 36.42 billion USD in 2022 and is estimated to grow by 11.2 percent CAGR between 2022 and 2030. ⁸⁰

⁶⁰ Statista. 2022. Alcoholic drinks, Finland.

⁶¹ See previous subsection "The global liquor market"

⁶² Alko. 2022. Alko's review of the year's beverage trends – 2022.

⁶³ Statista. 2022 Alcoholic drinks, Sweden.

⁶⁴ See previous subsection "The global liquor market"

⁶⁵ Statista. 2022 Alcoholic drinks, Japan.

⁶⁶ See previous subsection "The global liquor market"

⁶⁷ The Spirits News. 2022. Bästsäljande likörer – är din favorit med på topplistan?

⁶⁸ The Spirits News. 2022. Bästsäljande likörer – är din favorit med på topplistan?

⁶⁹ ConsumerIntel360. Japan plant based dairy alternative key trends, drivers, and key players.

⁷⁰ The Spirits Business. 2020. The big players investing in super-premium-plus gin.

⁷¹ Companiesmarketcap.com. 2022. Largest alcoholic beverages companies by market cap.

⁷² Beveragedaily.com. 2020. Diageo to acquire Ryan Reynolds' Aviation Gin.

⁷³ Companiesmarketcap.com. 2022. Largest alcoholic beverages companies by market cap.

⁷⁴ The Spirits Business. 2020. Pernod takes full ownership of Monkey 47.

⁷⁵ The Spirits Business. 2020. Pernod makes 'significant investment' in Kyoto Distillery.

⁷⁶ The Spirits Business. 2020. Pernod makes 'significant investment' in Kyoto Distillery.

⁷⁷ Global drinks intel. 2022. No/low and flavour NPD gin's growth.

⁷⁸ Cheers. 2020. Fin's Blossoming: 2020 Trends.

⁷⁹ The Spirits Business. 2021. RTDs to outperform alcohol market by 2025.

⁸⁰ Insight Ace Analytics. 2022.



Plant-based alternative

General trends in the beverage market are that consumers demand higher quality, environmentally friendly, and more healthy alternatives. Consumers are willing to pay a higher price to get what they demand. ⁸¹ Plant-based beverages are an example of a beverage category that has increased strongly in popularity. The demand for plant-based products is driven by health, environmental and ethical reasons. ^{82, 83} Physically, many feel better avoiding milk – roughly two-thirds of the world's population have difficulties breaking down lactose. ⁸⁴ During 2021, the global sales of plant-based alternatives exceeded 20 billion USD, where plant-based milk stood for 18 billion USD. ⁸⁵ The global dairy alternatives market was valued at USD 22.25 billion in 2021. The market is projected to grow from 25.19 billion USD in 2022 to USD 61.43 billion by 2029. ⁸⁶ The most popular beverages in the category plant-based is produced by oats, almonds, soy, coconut, pea, and rice. ⁸⁷ The Company's gin-based oat liquor Arctic Blue Oat Liqueur is an example on a product that constitutes a plant-based and non-dairy alternative.

Distribution channels

E-commerce and physical retail

New premium actors in the alcohol market have given rise to a change in the distribution landscape for alcohol. During the Covid-19 pandemic, many premium distilleries were forced to shut down their "tasting rooms" and have therefore to a larger extent taken their sales to e-commerce to reach new consumers. Physical distributors in the form of retailers are still playing an important role. New brands need large physical distributors to get reach and enable growth. In return, the big distributors need new, growing brands to keep their relevance. However, it is a fact that e-commerce and various apps are growing in popularity globally for alcoholic sales purposes. ⁸⁸ During 2020 the value of the global alcohol-e-commerce was estimated to be 24 billion USD. ⁸⁹ The growth from 2019 to 2020 amounted to almost 43 percent. The most important geographical market for the e-commerce segment is USA, whose alcohol-aligned e-commerce increasing by an average of 20 percent per year. ⁹⁰

Global travel trade

The sales of alcohol in the travel trade are estimated to have reached 13.7 billion USD in 2019 and are expected to reach 16.1 billion in 2027. ⁹¹ It has been very common to buy alcohol in conjunction with traveling until the Covid-19 pandemic which led to a decrease in travel. During 2020 travel trade decreased by 72 percent from the year before. This distribution channel has now started to recover since more people have begun to travel again, but a complete recovery to pre-pandemic levels is not expected until 2024. ⁹²

Alcohol monopoly

Some countries and regions are covered by regulations in form

of a state-driven alcohol monopoly on spirits. These are among others all the Nordic countries except Denmark, all provinces of Canada except Alberta, and several states in the USA. Typically, alcohol monopolies have limited opening hours and a limited number of stores, with the purpose to keep alcohol consumption down. A new actor in the spirit market must go through the geographical alcohol monopoly to be able to reach the consumers according to the law. ⁹³ It is however possible for example in Sweden as a private actor to import alcohol and deliver alcohol to restaurants. ⁹⁴

Competition

Craft gin and other premium gin

The market segment for craft gin and other premium gin is characterized by strong competition globally. However, Arctic Blue Beverages regard the Company's gin products with tones of wild blueberries have reached a respectable position. This is because of a differentiated product that has been awarded in international competitions. The Company deems it difficult to identify direct competition on a global scale. This is because the market is large and fragmented. A competitor on the global market, and more specifically the European market, that the Company can identify is the brand Monkey 47 gin. Monkey 47 is originally German and is today owned by the French beverage group Pernod Ricard. ⁹⁵

The direct competitors to the Company in Finland consist of Kyrö Distillery Company, a producer of craft gin and craft whiskey. In Sweden, the competition consists of the brand Hernö Gin and in Japan, the competition consists of the brand Roku gin. Arctic Blue Beverage further assesses that the Company's position within the global travel trade, where the Company plans to expand is relatively strong. The global travel trade is a market that is both time and cost-demanding to penetrate, but also a market that the Company has been processing for a few years.

Plant-based liquor and "ready-to-drink" products

The market for plant-based, milk-free products is growing fast and the market for "ready-to-drink" products is as well. There are relatively few oat-bases alcoholic beverages and Arctic Blue Beverages was the first to introduce a gin liquor made of oats to the market. ⁹⁶ The Company assesses that the closest identifiable competitors on a global scale for Arctic Blue Oat Liqueur consist of the brands Baileys and Amarula. On the Finnish market, Kyrö Dairy Cream is considered a competing product, though it is not plant-based. ⁹⁷ According to the Company's assessment, the market is missing a clear product or brand that could be seen as the market leader for plant-based liquors. Arctic Blue Beverage's expertise regarding the oat beverages segment has helped the Company to a fast market launch and a good position. The Company considers that this positioning constitutes a very interesting opportunity for global expansion and increasing market share.

⁸¹ KPMG. 2019. Top 2020 beverage trends and insights.

⁸² The New York Times. 2021. Are Plant Milks Good for You?

⁸³ Global Market Insights. Plant Based Beverages Market 2021-2027.

⁸⁴ NIDDK. 2018. Definition & Facts for Lactose Intolerance.

⁸⁵ Euromonitor international. 2021. Trends to Watch in Plant-Based Milk.

⁸⁶ Fortune business insights. 2022. Dairy Alternatives Market Size, Share & COVID-19 Impact Analysis, By source, By Product Type, By distribution Channel, and Regional Forecasts, 2022-2029.

⁸⁷ The New York Times. 2021. Are Plant Milks Good for You?

⁸⁸ SevenFiftyDaily. 2021. The Transformation of Alcohol Distribution.

⁸⁹ IWSR. Beverage alcohol ecommerce value grows by 42% in 2020, to reach US\$24 billion.

⁹⁰ IWSR. Led by the US, beverage alcohol ecommerce value expected to grow +66% across key markets 2020-2025.

⁹¹ ReportLinker. 2021. Allied Market Research – Duty-Free Liquor Market by Type and Channel.

⁹² Duty Free News International. October 2021.

⁹³ SHAAP. 2021. Alcohol monopolies.

⁹⁴ Systembolaget. EU-inträdet: nya spelregler.

⁹⁵ Companiesmarketcap.com. 2021. Largest alcoholic beverages companies by market cap.

⁹⁶ VegNews. 2021. This new creamy vegan liqueur is made from oats.

⁹⁷ Alko. Kyrö Dairy Cream.



FINANCIAL INFORMATION

The historical financial information in this section has been taken from Arctic Blue Beverage's audited consolidated financial statements for the fiscal years 1 January 2020 – 31 December 2020 and 1 January 2021 – 31 December 2021, as well as the group's unaudited interim report for the period 1 January 2022 – 30 September 2022. Except for Arctic Blue Beverage's consolidated accounts no information in the Memorandum has been reviewed or revised by the Company's auditor. The financial statements and the independent auditor's report are incorporated by reference.

The consolidated financial reports for the fiscal years 2021 and 2020 and the interim report for the period 1 January 2022 – 30 September 2022 have been prepared in accordance with the Annual Accounts Act (1995:1554) and BFNAR 2012:1 Annual Report and Consolidated Accounts (K3). The group's parent company, Arctic Blue Beverages AB, was formed on January 20, 2022 and registered with the Swedish Companies Registration Office on January 21, 2022. Arctic Blue Beverages AB did not conduct any business until April 8, 2022, when the company's annual general meeting decided on the restructuring whereby Arctic Blue Beverages AB became the parent company for the Arctic Blue Beverages group. In terms of accounting, the restructuring has been handled as a reverse asset acquisition. Because of this, the information below mainly refers to the financial development of the operational Finnish subsidiary Arctic Blue Beverages Oy.

A prerequisite for the listing of Arctic Blue Beverages AB was that the group's historical financial reports must have been drawn up in accordance with Swedish accounting standards. Thereby, the group's historical financial reports, which mainly consist of the Finnish operating subsidiary Arctic Blue Beverages Oy's financial reports, have been converted to be prepared in accordance with the Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Accounts (K3). Before the restructuring of the group, the Finnish operating subsidiary Arctic Blue Beverages Oy prepared financial reports in accordance with the Finnish Annual Accounts Act. No consolidated accounts according to the Finnish Annual Accounts Act have previously been drawn up for the Finnish group. The future financial reports for Arctic Blue Beverages will continue to be prepared in accordance with the Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Accounts (K3).

The sections of the financial documents incorporated by reference are:

The group's consolidated financial reports for the fiscal years 2021 and 2020

Financial statement	page 2
Balance sheet	page 3–4
Notes	page 6–17

Auditors report for the fiscal years 2021 and 2020

The group's consolidated interim financial information for the period January 1, 2022 – September 30, 2022

Financial statement	page 11
Balance sheet	page 12
Cash flow statement	page 13
Notes	page 15

All documents are available at www.arcticbluebeverages.com/investors/financial-reports/



BOARD OF DIRECTORS AND MANAGEMENT

Board of Directors

As of the date of the Memorandum, Arctic Blue Beverages' Board of Directors consists of seven members, including the Chairman, who have been elected for the period until the 2023 Annual General Meeting. According to the Company's Articles of Association, the Board of Directors shall consist of a minimum of three and a maximum of ten members with a maximum of ten deputies.

Board of Directors		Independent in relation to:	
Name	Position	The Company and its executive management	Major shareholders
Antti Villanen	Chairman	No	Yes
Gustaf Björnberg	Director	Yes	No
Petri Heino	Director	Yes	No
Tuomas Kukkonen	Director	Yes	No
Ilari Schouwvlieger	Director	Yes	Yes
Johan Biehl	Director	Yes	Yes
Katri Teller	Director	Yes	Yes



Antti Villanen

Chairman since 2022

Experience:

Antti Villanen has held senior positions in international growth companies for 20 years and has been Chairman of the Board of Arctic Blue Beverages Oy since 2020.

Other current assignments:

Board member of Nitro Games Plc, 360Visualizer Oy, Pint Please Global Oy, Hoikka Consulting Oy, Venture Gym Oy and Sähköjänis Oy.

Holdings in the Company (including related parties):

Antti's holdings amount to 54,000 shares privately and 81,000 warrants under the Company's 2022/2025 Incentive Plan. Antti is also a partner in Venture Gym Oy, which owns 520,680 shares in the Company.



Gustaf Björnberg

Director since 2022

Experience:

Gustaf Björnberg holds a Master's degree in Finance from Hanken School of Economics (FIN) and has experience as a board member mainly in the paper and forest products industry. Previous assignments include business development with a focus on budgeting, business planning, international business, mergers and acquisitions. Gustaf has been a board member of Arctic Blue Beverages Oy since 2020.

Other current assignments:

Board member of Grizzly Hill Capital Ab, Finnpulp Oy, Oy Hifk-Hockey Ab, Colombier Group N.V, Projekti GH Oy, Nordic Biotech Group Oy.

Holdings in the Company (including related parties):

Gustaf's holdings amount to 2,934,200 shares through companies.



Petri Heino

Director since 2022

Experience:

Petri Heino has many years of experience as a board member and serves on the boards of over 30 companies. Petri has served as a board member of Arctic Blue Beverages Oy since 2019. Petri has also served as CEO of a family-owned company since the mid-1990s.

Other current assignments:

Board member of more than 30 companies, including OL Invest Oy, E-leipomo Oy, Storeverse Oy, Fiberdom Oy, Heino Group Oy, Ipa Group Oy, Kalavapriiki Oy and others.

Holdings in the Company (including related parties):

Petri's holdings in the Company amount to 2,934,200 shares through companies.



Tuomas Kukkonen

Director since 2022

Experience:

Tuomas Kukkonen holds a Bachelor of Economics degree from City University of London and has worked as an entrepreneur for 20 years, mainly in the food industry. Thomas has also been a board member of Arctic Blue Beverages Oy since 2020. Furthermore, between 2002 and 2019, Thomas was CEO of Kaslink Foods Oy.

Other current assignments:

Chairman and CEO of Finnish Food Factory Oy and Avenatur Oy and Chairman of Boss Capital Oy.

Holdings in the Company (including related parties):

Tuomas does not privately own any shares in the Company. Tuomas is a partner in Moonshine Brothers & Co Oy, which owns 1,829,049 shares in the Company.



Ilari Schouwvlieger

Director since 2022

Experience:

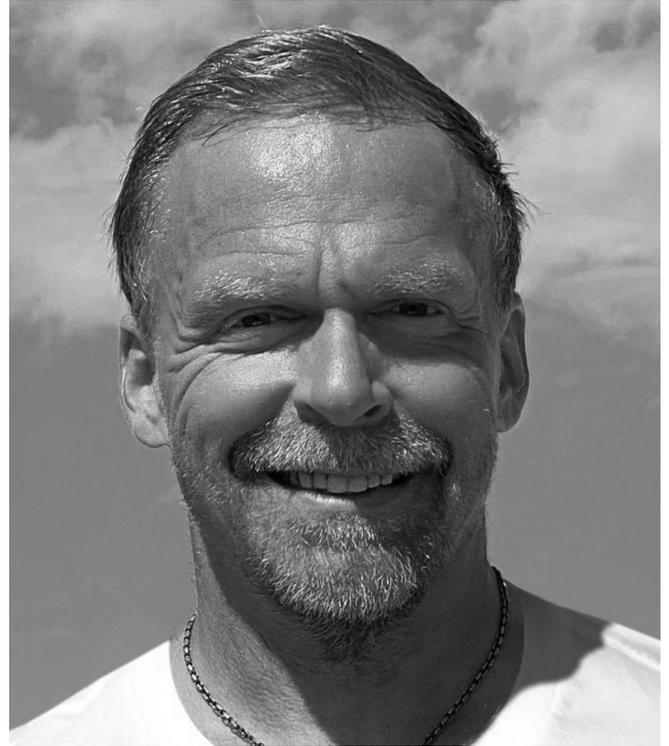
Ilari Schouwvlieger has been an entrepreneur since the early 1990s with a special focus on the construction industry. Ilari has also been a board member of Arctic Blue Beverages Oy since 2020 and also sits on several boards of companies that he co-founded.

Other current assignments:

Chairman of the Board of Directors of AALTO Construction Oy, AALTO Asuntorakennus Oy, AALTO Development Oy, Munkkiniemi Group Oy and Northern Hideaways Oy. Board member of AALTO Development Inc. and Redkik Oy.

Holdings in the Company (including related parties):

Ilari's holding in the Company amounts to 857,499 shares privately and 120,000 shares through companies.



Johan Biehl

Director since 2022

Experience:

Johan Biehl holds a bachelor's degree in Finance and Business Administration from Stockholm University and has previous experience as a stock analyst and sales manager. Johan is also active as a board member in both listed and unlisted environments.

Other current assignments:

Chairman of the board of Nitro Games Oy and Biehl Invest AB and board member of Feat Invest AB and Zwipe AS.

Holdings in the Company (including related parties):

Johan's holdings amount to 187,800 shares privately.



Katri Teller

Director since 2022

Experience:

Katri Teller holds a Bachelor's degree in Entrepreneurship and Management from the Estonian Business School. Katri has over 16 years of experience working in the beverage industry with responsibility for the Baltics and the Nordics, including as a consultant and employee for Campari since 2013.

Other current assignments:

Board member of Podcast OÜ, Nordic Beverages OÜ, Finestone OÜ and Interego OÜ.

Holdings in the Company (including related parties):

-.





Executive management

At the date of approval of the Memorandum, the management of the Company consists of three persons.

Valtteri Eroma

Chief Executive Officer since 2022

Experience:

Valtteri Eroma holds a Bachelor's degree in Industrial Design and has over 20 years of experience working on global consumer, brand and design issues in both listed and unlisted companies. Valtteri has been the Managing Director of Arctic Blue Beverages Oy since 2020.

Other current assignments:

Board member of Valamo Beverages Oy, Venture Gym Oy and Asunto Oy Puistokaari 3-5.

Holdings in the Company (including related parties):

Valtteri's holdings amounts to 54,000 shares privately and 81,000 warrants under the Company's 2022/2025 Incentive Plan. Valtteri is also a shareholder in Venture Gym Oy, which owns 520,680 shares in the Company.



Petri Hirvonen

CFO since 2022

Experience:

Petri Hirvonen holds a Master's degree in Industrial Engineering and Management from Lappeenranta University of Technology (FIN) and has nearly 30 years of experience in various roles in finance and business controlling. Petri has served as CFO for the past 12 years.

Other current assignments:

Board member of Kymen Seudun Osuuskauppa and Elk Invest Oy.

Holdings in the Company (including related parties):

Petri's holdings in the Company amount to 126,665 shares through companies.



Kimmo Wager

COO since 2022

Experience:

Kimmo Wager holds a bachelor's degree in marketing and is an experienced manager with a background in the consumer and pharmaceutical industries. Kimmo has previously been CMO of Arctic Blue Beverages Oy.

Other current assignments:

-.

Holdings:

Kimmo's holding in the Company amounts to 4,300 shares privately and 45,000 shares through companies.





Other information concerning directors and management

All members of the Board of Directors and executive management can be contacted at the Company's office at Alexandersgatan 19, 00100 Helsinki, Finland. Members of the Board of Directors and executive management of the Company own securities issued by the Company. In addition, there are no conflicts of interest within the administrative, management and supervisory bodies or with other members of the management of Arctic Blue Beverages.

There are no family ties between directors, alternate directors and members of executive management. In the last five years, none of the Company's directors or members of senior management have (i) been convicted in fraud-related cases, (ii) been tied to a crime and/or been sanctioned for a crime by regulatory or supervisory authorities (including recognized professional associations), (iii) been prohibited by a court from being a member of the administrative, management or supervisory bodies of an issuer or from holding managerial or executive positions with an issuer; or (iv) represented a company in bankruptcy or liquidation (with the exception of Valtteri Eroma who was the design director of Nuviz Oy, a subsidiary of the US company, Nuviz Inc. Nuviz Inc. experienced liquidity problems in 2018, which resulted in Nuviz Oy being declared bankrupt in 2018/2019)



LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

Ownership structure and major shareholders

The Company's largest shareholders with at least five percent of the shares and votes as of 30 September 2022, including known changes thereafter, are shown in the table below. To the best of the Board's knowledge, the Company is not controlled, directly or indirectly, by any single legal entity.

The Board of Directors of the Company is not aware of any shareholder agreements or other arrangements or similar agreements between the Company's shareholders intended to exercise joint control over the Company. The Company is also not aware of any agreement or arrangement that could result in a change of control of the Company. Each share of the Company carries the right to one (1) vote.

Shareholder	Amount of shares and votes	Percentage of capital and votes
Heino Group Oy ¹⁾	2,934,200	15.64%
Grizzly Hill Capital Ab ²⁾	2,934,200	15.64%
Moonshone Brothers & CO Oy ³⁾	1,829,049	9.75%
Ilari Schouwvlieger ⁴⁾	977,499	5.21%
Baltiska Handels Sverige AB ⁵⁾	966,580	5.15%

¹⁾ Controlled by Petri Heino

²⁾ Controlled by Gustaf Björnberg

³⁾ Tuomas Kukkonen is a partner of the company

⁴⁾ Includes both privately owned shares and ownership through companies

⁵⁾ Controlled by Peter Seligson

Shares and share capital

As of the date of this Memorandum, the Company's registered share capital amounts to SEK 900,562,368 and the registered amount of shares amounts to 18,761,716. The nominal value of each share is SEK 0.048. The company has only one series of shares. According to the Company's Articles of Association, the Company's share capital shall not be less than SEK 552,000 and not more than SEK 2,208,000 and the Company's shares shall not be less than 11,500,000 and not more than 46,000,000. The shares in Arctic Blue Beverages are denominated in SEK and have been issued in accordance with the provisions of the Swedish Companies Act (2005:551). All shares are fully paid.

If the Rights Issue is fully subscribed, the share capital may be increased by a maximum of SEK 270,168,672 to SEK 1,170,731.04 and that the number of shares may be increased by a maximum of 5,628,514 to 24,390,230, corresponding to a dilution of approximately 23.08 percent (calculated based on the total number of shares in the Company at the date of the Memorandum). Should the Rights Issue be oversubscribed, and the Board of Directors decides to carry out the Over-allotment Issue, the share capital may be increased by additionally a maximum of SEK 40,525,296 to SEK 1,211,256.34 and that the number of shares may be increased by additionally a maximum of 844,277 to 25,234,507, corresponding to a dilution of approximately 3.35 percent (calculated based on the total number of shares in the Company at the date of the Memorandum and on the assumption that the Rights Issue is fully subscribed).

Subscription- and guarantee commitments

In connection with the Rights Issue, certain existing shareholders such as the Company's CFO, Board members, among others Gustaf Björnberg via Grizzly Hill Capital Ab (board member), Petri Heino via Heino Group Oy (board member), Ilari Schouwvlieger (board member), Petri Hirvonen via Elk Invest Oy (CFO) and Peter Seligson via Baltiska Handels Sverige AB have undertaken to subscribe for shares in the Rights Issue. Additionally, the same group of existing shareholders have provided guarantee commitments, which in aggregate with the subscription commitments, amount to approximately SEK 5.2 million, corresponding to 100 percent of the Rights Issue. The commitments have not been secured by bank guarantee, blocked funds, pledges or similar arrangements. No compensation is paid for the subscription commitments or the guarantee commitments.



Name	Subscription commitment (SEK)	Guarantee Commitment (SEK)	Total commitment (SEK)
Grizzly Hill Capital ab	809,839.200	1,303,725.560	2,113,564.760
Heino Group Oy	809,839.200	1,303,725.560	2,113,564.760
Baltiska Handels Sverige AB	266,776.080	261,614.880	528,390.960
Ilari Schouwlieger	236,669.080	80,365.680	317,034.760
Elk Invest Oy	34,959.080	70,718.560	105,677.640
Total	2,158,082.64	3,020,150.24	5,178,232.88

Legal proceedings, arbitration, etc.

Transfer tax due to new organisational structure

On 8 April 2022, the Annual General Meeting of the Company resolved to carry out a directed share issue to the shareholders of Arctic Blue Beverages Oy. Payment for the newly issued shares in the Company will be made by contribution of contribution shares in Arctic Blue Beverages Oy (the "Share Transfer"). Prior to the Share Transfer, an advance ruling was obtained from the Finnish Tax Administration on the calculation of the transfer tax that will be incurred in connection with the Share Transfer at the initiative of a shareholder of Arctic Blue Beverages Oy. According to the advance ruling, the transfer tax is to be calculated in relation to the value of the Company in accordance with the Offer, i.e. approximately EUR 5,450,000. However, the Company is of the opinion that the calculation should be made in relation to the asset valuation applied in connection with the Share Transfer, i.e. approximately EUR 1,700,000, and has for this reason initiated an appeal with the Finnish Tax Administrator. The Company estimates that the processing time for the appeal is at least 10 months. If the appeal is unsuccessful, the Company would be liable to pay outstanding tax of approximately EUR 52,000 including accrued interest and a tax surcharge of approximately EUR 5,000.

Defect in one of the Company's previous products

Alko, a company owned by the Finnish state and which has a monopoly on the sale of alcoholic beverages exceeding 5.5% per mille, found in 2021 that one of Arctic Blue Beverages' products (Arctic Blue Oat) contains propylene glycol at a level of 2.7 g/kg. The maximum level allowed by law is 1g/kg. Alko has stated that there is no reason to recall or inform customers of the information but that Alko will not continue to fulfil orders from the Company unless action is taken. In light of this, the Company's wholly owned subsidiary, Arctic Blue Beverages Oy, submitted a complaint to the supplier in 2021. At the time of the Memorandum, the parties have reached an agreement and the Company has taken the necessary steps to continue selling the product.

Marketing of products on website

In September 2020, Arctic Blue Beverages Oy received information from Valvira, a central agency that monitors the adequacy and operations of social and health care in Finland, that they had drawn attention to the Company's marketing of alcoholic beverages on social media. The background is

that Valvira noted that on the Company's website there were images and videos of how Arctic Blue Beverages products can be used and that the marketing was in violation of applicable alcohol legislation. The Company has responded to Valvira's allegation and informed that the Company complies with laws and regulations to ensure that marketing is carried out in accordance with the law. At the time of the Memorandum, the Company has not heard anything further from Valvira. The Company understands that Valvira is updating uniform guidelines on how alcohol may be marketed, which will apply to all companies marketing alcohol in Finland.

Settlement agreement regarding the right to use Arctic Blue Beverages in Sweden

In February 2022, the Company entered into a settlement agreement regarding the right to use the Arctic Blue Beverages trademark in connection with the sale of alcoholic beverages under the Nice Class 32 and 33, excluding mineral water. For further details, see "Significant Agreements" below.

Otherwise, the Company has not been a party to any legal, arbitration or regulatory proceedings (including pending matters or those that the Company is aware may arise) during the past twelve months that have recently had or could have a material effect on the Company's financial position or profitability.

Interests and conflicts of interest

Some members of the executive management and members of the Board of Directors own securities of Arctic Blue Beverages. To the Company's knowledge, no director or member of the management team has any interest that conflicts with the interests of the Company. There have been no special arrangements with customers, suppliers or other parties pursuant to which members of the Board of Directors have been appointed.

Warrants, convertibles etc.

As of the date of the Memorandum, the Company has no outstanding warrants, convertibles or similar instruments that may affect the number of shares in the Company in the future, with the exception of warrants issued under the Company's incentive program 2022/2025 and warrants of series TO2, described below.



Warrants of series TO2

On 19 April 2022, the Board of Directors of the Company resolved to issue 2,232,142 warrants of series TO2. Each warrant entitles the holder to subscribe for one (1) share in the Company at a subscription price equivalent to 70 per cent of the volume weighted average price of the Company's share on Nasdaq First North Growth Market calculated over a period of ten (10) trading days prior to the first day of subscription. However, the subscription price may not be less than the nominal value of Arctic Blue Beverages' share and not more than SEK 5.25. The warrants may be exercised to subscribe for shares in the Company from and including 24 March 2023 until and including 6 April 2023. Upon full exercise of the warrants, the Company's share capital will increase by SEK 179,199.94 and the dilution for existing shareholders will amount to approximately 16.60 percent (calculated based on the total number of shares in the Company at the date of the Memorandum).

Incentive program 2022/2025

At the Annual General Meeting on 8 April 2022, the Company decided to introduce an incentive program for executives, consultants and other employees of the Company. The incentive program comprises a total of 387,000 warrants with an option premium of SEK 0.26 per warrant, calculated in accordance with Black & Scholes. Each warrant entitles the holder to subscribe for one (1) share in the Company at a subscription price of SEK 10. The warrants may be exercised to subscribe for shares in the Company from the publication of the Company's quarterly report for the third quarter of 2025 up to and including 31 December 2025. Upon full exercise of the warrants, the Company's share capital will increase by SEK 18,576 and the dilution for existing shareholders will amount to approximately 2.02 percent (calculated based on the total number of shares in the Company as at the date of the Memorandum).

Articles of Association etc.

There are no provisions in the Company's articles of association, statutes or similar that could delay, postpone or prevent a change of control of the Company. The redemption of shares is not regulated in the Articles of Association but is governed by the rules of the Companies Act.

Significant agreements

Settlement agreement with Blue Arctic AB and Morshedi Media AB

In February 2022, the Company's wholly owned subsidiary, Arctic Blue Beverages Oy, entered into a settlement agreement with Blue Arctic AB and Morshedi Media AB. The agreement gives Blue Arctic AB and Morshedi AB the exclusive right to use "Arctic Blue" and "Blue Arctic" for natural spring water. The Company may not (i) market natural spring water under the brand name "Arctic Blue" in Sweden and may not (ii) market any goods under the brand name "Blue Arctic" in Sweden. The Company is entitled to use "Arctic Blue" in Sweden for all goods falling within the scope of the (i) Nice class 33, i.e. alcoholic beverages, except beer; alcoholic concentrates or preparations for making beverages and (ii) Nice class 32, i.e. beer and non-alcoholic beverages except mineral water. Arctic Blue Beverages has not, except as set forth above and for agreements in the ordinary course of business, entered into

any agreements of material significance for a period of one year immediately prior to the publication of this Memorandum.

Related party transactions

The Company's wholly-owned subsidiary, Arctic Blue Beverages Oy, has entered into related party transactions during the period covered by the financial information in the Memorandum as set out below. In the Company's opinion, the following agreements and transactions with related parties have been entered into on commercial terms. Other than as set out below, no related party transactions have taken place during the period covered by the historical financial information in the Memorandum and up to the date of this Memorandum.

Shareholder loans November 2022

In November 2022, the Company received shareholder loans of approximately SEK 2.2 million from Gustaf Björnberg (member of the Board of Directors of the Company) via Grizzly Hill Capital Ab; Petri Heino (member of the Board of Directors of the Company) via Heino Group Oy; Ilari Schouwvliieger (member of the Board of Directors of the Company); Petri Hirvonen (CFO of the Company) via Elk Invest Oy; and Peter Seligson via Baltiska Handels Sverige AB. The shareholder loans carry an annual interest rate of 10 percent. Repayment of the loan amounts will be set off against shares in the Rights Issue.

Shareholder loans February 2022

In February 2022, Arctic Blue Beverages Oy entered into loan agreements of a total amount of EUR 300,000 with Gustaf Björnberg (member of the Board of Directors of the Company) via Grizzly Hill Capital Ab; and Petri Heino (member of the Board of Directors of the Company) via Heino Group Oy. The loans were interest-free and repaid by offsetting the loan amount against shares in the Company's initial public offering.

Consultancy agreement with Oy AjoRanta Group Ab

Arctic Blue Beverages Oy has during the period 2020 and 2021 and until the publication of the Memorandum paid remuneration to Oy AjoRanta Group Ab, a company represented by the Company's former CFO, Matti Nikola. According to the consultancy agreement, the scope of the assignment was one day per month and EUR 750 per day. The amount of the transactions is EUR 117,771.

Consulting agreement with Hoikka Consulting Oy

Arctic Blue Beverages Oy has during the period 2020 and 2021 and 2022 until the publication of the Memorandum paid remuneration to Hoikka Consulting Oy, a company represented by the Company's Chairman of the Board, Antti Villanen. According to the consultancy agreement, the scope of the assignment is one day per month and EUR 750 per day. The amount of the transactions is EUR 140,548.

Consulting agreement with Wilhelm & Son Oy

Arctic Blue Beverages Oy has during the period 2020 and 2021 and 2022 until the publication of the Memorandum paid remuneration to the shareholder Wilhelm Son Oy, a company represented by the Company's COO, Kimmo Wager. According to the consultancy agreement, the remuneration amounts to EUR 6,500 per month. The amount of the transactions is EUR 100,120.



Supply agreement with Oatventures Oy (Avenatur Oy)

Arctic Blue Beverages Oy has purchased supplier services from Oatventures Oy (Avenatur Oy), a company represented by one of the members of the Board of Directors, Tuomas Kukkonen, during the period 2020 and 2021 and 2022 until the publication of the Memorandum. The transactions amount to EUR 9,993.

Lease agreement with Boss Capital Oy

On 1 January 2021, Arctic Blue Beverages Oy entered into a lease agreement with Boss Capital Oy, a company represented by Tuomas Kukkonen, a member of the Board of Directors. According to the lease agreement, the monthly fee is EUR 2,480 per month. The total amount of the transactions is EUR 66,102.

Legal services provided by MK-Law Ab

Since 2017, Arctic Blue Beverages Oy has engaged MK-Law Ab as its legal advisor. Marcus Kevin, a partner at Advokatbyrå MK-Law Ab, was a member of the Board of Directors of Arctic Blue Beverages Oy from 17 June 2020 to 8 December 2020. Purchases of services from Advokatbyrå MK-Law Ab amounted to EUR 62,834.07 in the period from 1 January 2020 to 8 December 2020.

Conflicts of interest

To the best of Arctic Blue Beverages' knowledge, there are no conflicts of interest or potential conflicts of interest between directors' and executives' commitments to Arctic Blue Beverages and their private interests and/or other commitments. However, some directors and executives have certain financial interests in Arctic Blue Beverages as a result of their direct or indirect ownership of shares in the Company. No director or executive officer has been elected as a result of any arrangement or understanding with shareholders, customers, suppliers or other parties.



**EXPERIENCE THE HARMONY
OF ARCTIC NATURE**

ARCTICBLUEBEVERAGES.COM