



JSC LATVIJAS BALZAMS

(Registration number 40003031873)

UNAUDITED CONDENSED FINANCIAL STATEMENTS

for the year of 2019

**prepared in accordance with
International Financial Reporting Standards as adopted by the EU**

JSC Latvijas balzams
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INFORMATION ON THE COMPANY

Name of the Company	Latvijas balzams
Legal status of the Company	Joint Stock Company
Number, place and date of registration	Companies register No. 40003031873 Riga, 2 October 1991 Re-registered on 20 October 1998 Commercial Register Riga, 19 June 2014
Address	A. Caka Street 160 Riga, LV- 1012 Latvia
Main business activities	Production of alcoholic beverages NACE2 11.01
Major shareholder	Amber Beverage Group Holding S.à r.l. (89.99%)
Names and positions of the Council Members	Rolands Gulbis – Chairman of the Council Petr Aven – Member of the Council Valizhan Abidov – Member of the Council (until 27.06.2019) Valizhan Abidov – Vice Chairman of the Council (from 27.06.2019) Oļegs Alainis – Vice Chairman of the Council (until 27.06.2019) Sergejs Ļimarenko – Member of the Council (until 27.06.2019) Aleksandrs Maslo - Member of the Council (from 27.06.2019) Velga Celmiņa - Member of the Council (from 27.06.2019)
Names and positions of the Board Members	Intars Geidāns – Chairman of the Board Ronalds Žarinovs – Member of the Board Jekaterina Stūģe – Member of the Board

REPORT OF THE MANAGEMENT

Type of operations

JSC Latvijas balzams (hereinafter also - the Company) is a leading producer of alcohol beverages in the Baltic States. The Company was established in 1900 as Riga's first state alcohol warehouse and has been operating under the current name since 1970. Since 7 May 2018 Amber Beverage Group Holding S.à. r.l. is the major shareholder, which owns 89.99% of the Company's share capital.

Nowadays JSC Latvijas balzams is operating two alcohol production facilities in Riga: a plant for the production of strong alcoholic beverages and a plant for the production of sparkling wines and light alcoholic beverages. These plants produce most of alcoholic beverages, such as sparkling wines, fortified wines, ciders, vodka, liqueurs, brandy, gin, strong alcoholic beverages, etc. The recipes for some of JSC Latvijas balzams key products date back hundreds of years; for example, the formula of Riga Black Balsam was officially written down in 1752. The mission of JSC Latvijas balzams is "Excellence in everything we do".

At present, JSC Latvijas balzams has a range of more than 100 different brands. Its products are exported to more than 175 export markets as mediated by SPI Group and to more than 42 markets via the Company's direct export route.

The key suppliers of raw materials and consumables for JSC Latvijas balzams represent Latvia, Russia, Lithuania, Estonia, Poland, Germany and Slovakia. The key resources are water and alcoholic materials. Water is derived from an artesian well located in the territory of the Company. Alcohol for the production of most products is supplied by a related company Tambovskoe spirtovoe predpriyatie Talvis AO, which is one of the largest producers of high-quality alcohol in the Russian Federation.

Logistics services represent a small, but still significant share of the Company's business; this competence has been increasingly developing over the last two years. For the most part, services are rendered to related companies, but the volume of services, such as transit assurance services, bonded warehouse services, logistics services, value added services, picking, etc., provided to other enterprises of the alcohol industry is growing. Actions taken have ensured more effective utilization of available resources.

The Company as a socially responsible and sustainable enterprise has drafted and complies with basic principles of corporate social responsibility. These have been harmonized with the United Nations Sustainable Development Goals for 2030, the Organization for Economic Cooperation and Development guidelines and Financial Instrument Market Law of the Republic of Latvia, which are mentioned in the chapter Corporate Social Responsibility on the Company's website.

For compliance with these guidelines, the Company has drafted and adheres to the following procedures: the Corporate Social Responsibility Policy, the Company Procurement Procedure, the Collective Bargaining Agreement, the Quality Management Handbook, the Ethical Marketing Communications Code, the Anti-Corruption Policy, the Data Protection Policy, Risk Management Policy and other internal documents. These documents, policies and the procedures contained therein are reviewed regularly in accordance with the Quality Management System and by external auditors. The results of audits and planned corrective measures are considered at the Company's management meetings.

Performance of the Company during the reporting period

Financial performance

The unaudited net turnover of the Company in the year 2019 reached EUR 78.6 million, 4.6% up against 2018, due to higher orders and sales volumes from key customers and markets, especially Amberbev International Ltd (previously DDE Holding Ltd), which provides unified service for international customers of Amber Beverage Group, as well from sales to Bennet Distributors UAB.

The unaudited profit has reached EUR 10.05 million, which is 7% more than in 2018 as the result of increased sales volumes and high level of other Income from additional services.

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REPORT OF THE MANAGEMENT (continued)

The operating profit for the year 2019 amounts to EUR 8.0 million, which is in line with the previous year's result in terms of the profit/turnover ratio: 10.1 % in 2018 and 10.2 % in 2019.

The Company's alternative performance indicators for past reporting periods are as follows:

The Company's return on equity (ROE) and return on assets (ROA) for the last three years:

	31.12.2019	31.12.2018	31.12.2017
ROA*	6.5%	6.4%	6.4%
ROE**	8.4%	8.6%	8.6%

* ROA = Net profit / average asset value x 100%

** ROE = Net profit / average total equity x 100%

The Company's EBIT* and EBITDA** indicators for the last three years are as follows:

	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018	01.01.2017- 31.12.2017
	EUR 000	EUR 000	EUR 000
EBITDA*	10 939	9 443	9 167
EBIT**	7 950	7 595	7 499

* EBIT = earnings before interest and taxes

** EBITDA = earnings before interest and taxes, depreciation and amortization

The Company's management uses the previously reported alternative performance indicators in assessing the Company's performance for a particular financial period and in making decisions.

JSC Latvijas balzams is one of the largest local taxpayers. During the reporting period, the Company paid taxes of EUR 72.3 million to the state budget, including excise duty amounting to EUR 57.1 million.

Non-financial performance and activities for the reporting year

Since 2016 JSC Latvijas balzams has been successfully operating as a European logistics hub for the distribution of group's brands in Europe, including Scandinavia and Russia (KAH, Bayou, Arinzano, Achaval Ferrer). Since the fourth quarter of 2018, JSC Latvijas balzams has been executing all customer service center's functions for all Amber Beverage Group's brands all over the world.

In 2019, the Company continued investing in production, specifically focusing on the improvement of efficiency and adaptability and the preservation of the low cost base. The major investments are expected in second half of 2019, by implementing the automatic palletization line and other investments.

Apart from the financial indicators referred to in these financial statements, the Company is using the following comparative indicators for the purposes of operational analysis: RFT (*right first time*) and OTIF (*on time in full*) & quality. RFT shows the share of products manufactured right on the first time. During 2019, RFT reached 97.8%, which is improvement compared to 2018. The OTIF result for the year 2019 is 89%, which is slightly below the target level of 93%. As the methodology for calculation of this indicator has been changed, the results are not directly comparable.

REPORT OF THE MANAGEMENT (continued)

Risk assessment and management

As regards the Company's products and risk management process, the following factors to which greater consideration is given should be mentioned on the basis of an assessment of external and internal factors that are likely to affect the Company's operations:

- the timely identification and compliance with statutory requirements by taking into account timely information and education of staff;
- the ensuring of production continuity by timely planning production capacity and load;
- the creation of adequate jobs by investing in the development of production, services and human resources by means of training.

In the course of business, the Company strictly complies with the legislation of the Republic of Latvia. Considering the industry, the Company is devoting a great deal of attention to the assessment of transactions and their conformity with laws.

Stock and fund market

In 2019, the Company's share price fluctuated from EUR 8.45 to EUR 11.50 per share.



Financial risk management

In the ordinary course of business, JSC Latvijas balzams is exposed to a variety of financial risks, including credit risk, liquidity risk and interest rate risk. The Company's management handles financial risks on an ongoing basis in order to minimize their potential adverse effects on the financial performance of the Company.

The Company's borrowings have variable interest rates. The Company's management is considering the use of hedging instruments in order to minimize the effect of variable interest rates.

Financial assets which potentially expose the Company to a certain degree of credit risk concentration are primarily trade receivables, receivables from related companies and loans. The Company has introduced and pursues a credit policy whereby goods are sold on credit only to customers having sound credit histories. In international transactions, the Company also complies with the sanctions regime based on the information published on the website of the Ministry of Foreign Affairs of the Republic of Latvia. The Company's counterparties in cash transactions are highly reputable local financial institutions.

REPORT OF THE MANAGEMENT (continued)

The Company pursues a prudent liquidity risk management policy, according to which adequate credit resources are ensured to settle liabilities when they fall due. The Company's management handles liquidity and cash flow risks by maintaining adequate cash reserves and securing sufficient financing by means of loans, credit lines, finance leases, etc., by monitoring forecasted and actual cash flows and by matching the maturities of financial assets and liabilities on an ongoing basis. As at 31 December 2019, the Company's current assets exceeded its current liabilities by EUR 63.6 million (31 December 2018: EUR 54.6 million). The Company has a strong ability to meet its current liabilities as they fall due. The Company's liquidity ratios for last three years are as follows:

	2019	2018	2017
Current ratio*	3.15	2.54	2.34
Quick ratio**	2.47	1.92	1.66

* Current ratio = current assets / current liabilities

** Quick ratio = (cash and cash equivalents, short-term investments, and current receivables) / current liabilities.

Events after the reporting date

Since the last day of the financial year until the date of signing of these condensed financial statements, there have been no subsequent events which would have a significant effect on the financial position of the Company as at 31 December 2019.

Future prospects

In 2020, JSC Latvijas balzams will keep focusing on the following:

- 1) investment opportunities in both the existing and new export markets with strong growth potential and accelerating sales;
- 2) the efficiency improvement program.

Strong focus will be maintained on the core export brands, i.e., Riga Black Balsam and Cosmopolitan Diva, as well as the premium gin brand Cross Keys Gin, by investing into their international recognition and the promotion of brand equity and market share.

During fourth quarter of 2019, Company has finished the installation of automated quality control equipment. Installation of semi-automated palletizing equipment to substitute manual operations is moved to first quarter of 2020.

Intars Geidāns
Chairman of the Board
Riga, 28 February 2020

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STATEMENT OF THE MANagements' RESPONSIBILITY

The management of the Company declares that in accordance with the information at its disposal, the condensed financial statements presented were prepared under laws and regulations in force and represent truthful and clear information on the company's assets, equity, liabilities, financial situation and profits or losses.

The Management Report contains truthful information.



Intars Geidāns
Chairman of the Board
Riga, 28 February 2020

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INCOME STATEMENT

	Notes	01.01.2019- 31.12.2019 EUR	01.01.2018- 31.12.2018 EUR
Revenue	3	78 561 391	75 137 639
Cost of sales	4	(59 841 158)	(57 247 462)
Gross profit		18 720 233	17 890 177
Distribution expenses	5	(6 460 978)	(6 343 888)
Administrative expenses	6	(5 021 228)	(4 335 908)
Other operating income		1 775 111	1 054 617
Other operating expenses		(1 017 661)	(669 718)
Finance income		2 334 128	2 090 496
Finance expenses		(238 366)	(298 476)
Profit before tax		10 091 239	9 387 300
Corporate income tax		(45 175)	-
Net profit		10 046 064	9 387 300

STATEMENT OF COMPREHENSIVE INCOME

	01.01.2019- 31.12.2019 EUR	01.01.2018- 31.12.2018 EUR
Net profit	10 046 064	9 387 300
Other comprehensive income		
Items that may be reclassified subsequently to income statement		
Changes in fair value of financial instruments	2 353	16 217
Other comprehensive income	2 353	16 217
Total comprehensive income for the period	10 048 417	9 403 517

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STATEMENT OF FINANCIAL POSITION

	31.12.2019	31.12.2018
	EUR	EUR
<u>ASSETS</u>		
Non-current assets		
Intangible assets	196 907	401 388
Property, plant and equipment	12 373 308	12 987 295
Right-of use assets	3 091 025	-
Investment property	1 808 421	1 912 137
Loans to group companies	36 660 642	38 231 771
Receivables from group companies	8 550 000	9 870 000
Other non current assets	374 930	258 339
Total non-current assets:	63 055 233	63 660 930
Current assets		
Inventories	19 622 090	21 385 788
Trade receivables	1 687 932	1 578 736
Receivables from group companies	38 905 117	63 567 201
Loans to group companies	31 603 077	2 867 842
Other current assets	442 682	681 693
Corporate income tax	12 590	5 000
Cash and cash equivalents	833 329	12 822
Total current assets:	93 106 817	90 099 082
<u>Total assets</u>	<u>156 162 050</u>	<u>153 760 012</u>
<u>EQUITY AND LIABILITIES</u>		
Equity		
Share capital	10 495 660	10 495 660
Share premium	87 887	87 887
Revaluation reserves of derivative financial instruments	-	(2 353)
Reserves	2 318 823	2 318 823
Retained earnings	111 267 930	101 221 866
Total equity:	124 170 300	114 121 883
Liabilities		
Non-current liabilities		
Borrowings	2 443 536	4 184 617
Derivative financial instruments	-	2 353
Total non-current liabilities:	2 443 536	4 186 970
Current liabilities		
Borrowings	1 177 402	1 778 863
Trade payables	5 976 204	6 402 576
Payables to group companies	1 307 038	2 040 007
Taxes payable	18 882 314	22 508 103
Other liabilities	2 205 256	2 721 610
Total current liabilities:	29 548 214	35 451 159
Total liabilities:	31 991 750	39 638 129
<u>Total equity and liabilities</u>	<u>156 162 050</u>	<u>153 760 012</u>

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Chairman of the Board
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STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Reserves	Revaluation reserves of derivative financial instruments	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR	EUR
31.12.2017.	10 495 660	87 887	2 318 823	(18 570)	91 834 566	104 718 366
Net profit	-	-	-	-	9 387 300	9 387 300
Other comprehensive income	-	-	-	16 217	-	16 217
Total comprehensive income	-	-	-	16 217	9 387 300	9 403 517
31.12.2018.	10 495 660	87 887	2 318 823	(2 353)	101 221 866	114 121 883
Net profit	-	-	-	-	10 046 064	10 046 064
Other comprehensive income	-	-	-	2 353	-	2 353
Total comprehensive income	-	-	-	2 353	10 046 064	10 048 417
31.12.2019.	10 495 660	87 887	2 318 823	-	111 267 930	124 170 300

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CASH FLOW STATEMENT

	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
	EUR	EUR
Cash flow from operating activities		
Profit for the period before taxation	10 091 239	9 387 300
<u>Adjustments for:</u>		
Depreciation and amortisation	2 988 551	1 847 603
Net (profit) / loss on sales and disposal of property, plant and equipment and intangibles	(32 315)	(7 220)
Accruals	96 116	(259 935)
Interest income	(2 334 128)	(2 090 496)
Interest expense	238 366	298 476
<u>Changes in working capital:</u>		
Decrease in inventories	1 667 582	1 876 355
Increase in trade and other receivables	(1 958 464)	(8 824 657)
(Decrease) / increase in trade and other payables	(4 780 349)	7 412 538
Cash generated from operations	5 976 598	9 639 964
Interest paid	(202 834)	(223 786)
Corporate income tax paid	(55 000)	(1 354 543)
Net cash generated from operating activities	5 718 764	8 061 635
Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets	(3 666 470)	(2 682 242)
Proceeds from sales of property, plant and equipment	53 590	17 588
Loan issued	-	(5 866 516)
Received repayment of loans	1 666 700	3 246 000
Interest received	1 457 093	232 139
Net cash flow (used in) / generated from investing activities	(489 087)	(5 053 031)
Cash flow from financing activities		
Borrowings repaid	(3 480 835)	(2 673 451)
Lease payments	(928 335)	(455 301)
Net cash flow used in financing activities	(4 409 170)	(3 128 752)
Net increase / (decrease) in cash and cash equivalents	820 507	(120 148)
Cash and cash equivalents at the beginning of the period	12 822	132 970
Cash and cash equivalents at the end of the period	833 329	12 822

NOTES

(1) GENERAL INFORMATION

JSC Latvijas balzams (the Company) is a joint-stock company, which is incorporated and has its registered office in Latvia. The Company was founded in 1900 but acquired its current name in 1970. The registered address of the Company is at 160 A. Caka Street, Riga, LV-1012, Republic of Latvia. Shares of JSC Latvijas balzams are listed on the Baltic Secondary List of the Nasdaq Riga AS.

The Company is the largest producer of alcohol beverages in the Baltic States. JSC Latvijas balzams produces more than 100 different alcohol beverages. The major shareholder of the Company, which owns 89.99% of the Company's share capital as of 31 December 2019, is Amber Beverage Group Holding S.à r.l.

(2) ACCOUNTING POLICIES

Basis for preparation

The interim condensed financial statements for the year of 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements of year 2018.

The interim financial statements are presented in euro (EUR), the monetary unit of the Republic of Latvia.

Changes in accounting policy and disclosures

The accounting policies are consistent with those followed in the preparation of the Company's annual financial statement for the previous periods. The Company has evaluated new and amended IFRSs and IFRICs effective for annual periods beginning on or after 1 January 2019. No material impact on the interim financial statements of the Company was identified, except as for IFRS 16 Leases as discussed further.

Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-incentives and SIC-27 Evaluating the Substance of Transaction Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRS 4 at the date of initial application.

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(2) ACCOUNTING POLICIES (continued)

The effect of adoption IFRS 16 as at 1 January 2019 on right-of-use assets is as following:

	01.01.2019.
	EUR
Assets	
Right-of-use assets	3 595 161
Property, plant and equipment	(2 070 370)
Total assets	<u>1 524 790</u>
Liabilities	
Borrowings	1 524 790
Total liabilities	<u>1 524 790</u>

The effect on borrowings arising from adoption of IFRS 16 as at 1 January 2019 is as following:

Lease liabilities arising from existing finance lease agreements as at 31 December 2018	1 136 193
Non-cancellable lease liabilities as at 31 December 2018	583 808
Change in assumptions on future lease payments from existing agreements	1 021 663
Discounting effect	(80 681)
Total lease liabilities as at 1 January 2019	<u>2 660 983</u>
<i>including:</i>	
Current portion of lease liabilities	1 343 067
Non-current portion of lease liabilities	1 317 916

Summary of new accounting policies applied from 1 January 2019

Right-of-use assets

The Company recognizes the right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Liabilities arising from current lease agreements include the fixed rental payments. In calculating the present value of the lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. For calculation purposes, the discount rate of 2.75% is applied. After the commencement date, the carrying amount of lease liabilities is remeasured if there is a modification of lease subject, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. Actual lease payments made are divided between the reduction of lease liabilities and interest expense for the period. Interest from lease liabilities are recognized in the profit or loss statement.

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(2) ACCOUNTING POLICIES (continued)

Set out below are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets		Total EUR	Lease
	Buildings	Machinery and Equipment		liabilities
	EUR	EUR		EUR
As at 1 January 2019	1 524 790	2 070 370	3 595 160	2 660 983
Additions	541 876	9 232	551 108	541 876
Reclassification	-	(225 228)	(225 228)	-
Depreciation expense	(554 469)	(275 546)	(830 015)	-
Interest expense	-	-	-	41 932
Payment	-	-	-	(970 267)
As at 31 December 2019	1 512 197	1 578 828	3 091 025	2 274 524

Accounting policies applied until 31 December 2018

Finance lease

Leases of assets under which the Company has substantially all the risks and rewards or ownership are classified as finance leases. Assets under the finance lease are recognized at the inception of lease at the lower of fair value of the leased assets and the present value of the minimum lease payments. Lease interest payments are included in the income statement by method to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating lease

Leases under which substantially all of the ownership risks and rewards are granted to the lessor are classified as operating leases. Payments made under operating leases (net of any financial incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Company has not applied and has not evaluated the impact of the application of the IFRS and IFRIC interpretations that have been issued as of the date of authorization of these financial statements for issue, but which are not yet effective. The Company plans to adopt these standards and interpretations on their effectiveness dates if they are endorsed by the EU.

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(3) REVENUE

a) Operation and reportable segment

The core activity of the Company is production of alcoholic beverages. JSC Latvijas balzams produces over 100 different brands of beverages. Since the Company's core activity is mainly the production of alcoholic beverages, the Company has only one operation and reportable segment.

b) Revenue by type

	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
	EUR	EUR
Production of alcoholic beverages	73 511 636	69 327 980
Sales of other goods and materials	665 376	721 267
Other services	4 384 379	5 088 392
	<u>78 561 391</u>	<u>75 137 639</u>

c) Geographical segmentation

	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
	EUR	EUR
Cyprus	41 590 941	39 882 331
Latvia	30 083 721	27 317 949
Lithuania	3 537 669	3 516 637
Russia	1 256 169	1 093 380
Estonia	828 527	980 560
Romania	427 913	264 316
Other	836 451	2 082 466
	<u>78 561 391</u>	<u>75 137 639</u>

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(4) COST OF SALES

	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
	EUR	EUR
Raw materials, consumables and changes of inventory value of finished goods	46 523 624	45 568 297
Salary expense	5 904 084	5 792 171
The state compulsory social insurance contributions	1 412 049	1 384 266
Depreciation of non-current assets	1 166 469	982 835
Energy resources	939 489	860 867
Repair and maintenance expenses	681 663	688 563
Goods purchased	637 604	715 902
Management of packaging	601 138	480 643
Insurance payments	39 666	46 214
Laboratory expenses	35 270	33 018
Accrued expenses on unused annual leave	21 991	16 871
Other costs	1 878 111	677 815
	<u>59 841 158</u>	<u>57 247 462</u>

(5) DISTRIBUTION EXPENSES

	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
	EUR	EUR
Salary expenses	1 856 451	1 852 366
Advertising and sales promotion expenses	1 715 134	1 469 857
Depreciation of non-current assets	910 015	399 894
Transportation expenses	625 060	626 788
The state compulsory social insurance contributions	445 970	445 505
Warehouse maintenance expenses	420 319	1 024 836
Other expenses	488 029	524 642
	<u>6 460 978</u>	<u>6 343 888</u>

Change of depreciation of non-current assets and warehouse maintenance expenses for reporting period in comparison to prior year are impacted by implementation of IFRS 16.

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(6) ADMINISTRATIVE EXPENSES

	01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
	EUR	EUR
Management services and expenses	2 119 820	2 063 897
Salary expenses	697 276	590 820
Depreciation of non-current assets	572 841	466 771
Financial support, sponsorship	258 006	9 353
Computer maintenance	222 372	195 134
The state compulsory social insurance contributions	165 963	140 525
Real estate tax	161 162	159 558
Professional service costs	133 713	93 414
Transport costs	38 006	48 255
Representation expenses	26 316	21 752
Communication and postal expenses	21 134	14 907
Office expenses	17 974	25 405
Business trip expenses	13 485	8 068
Bank commissions	12 164	8 591
Other expenses	560 996	489 458
	<u>5 021 228</u>	<u>4 335 908</u>

(7) SUBSEQUENT EVENTS

Since the last day of the financial year until the date of signing of these condensed financial statements, there have been no subsequent events which would have a significant effect on the financial position of the Company as at 31 December 2019.