



AS AMBER LATVIJAS BALZAMS

(Registration number 40003031873)

UNAUDITED CONDENSED FINANCIAL STATEMENTS
for the first six months of 2022

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

AS Amber Latvijas balzams
Unaudited condensed financial statements
for the first six months of year 2022

INFORMATION ON THE COMPANY

Name of the Company	Amber Latvijas balzams (until 30.04.2022 – 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	Aleksandra 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 Valizhan Abidov – Vice Chairman of the Council Velga Celmiņa – Member of the Council Boriss Nešatajevs - Member of the Council Guntars Reidzāns - Member of the Council
Names and positions of the Board Members	Intars Geidāns – Chairman of the Board Guntars Betlers – Member of the Board

REPORT OF THE MANAGEMENT

Type of operations

AS Amber Latvijas balzams (hereinafter also - the Company) is a leading producer of alcoholic beverages in the Baltic states. The Company was established in 1900 as Riga's 1st state alcohol warehouse; for many years since 1970 it has been operating under the name AS Latvijas balzams. In order to strengthen the Company's global recognition as part of the parent company, Amber Beverage Group, the decision of the Company's Shareholders' meeting to change the name to AS "Amber Latvijas balzams" came into force on May 1, 2022. Amber Beverage Group Holding S.à r.l., which owns 89.99% of the Company's share capital, has been the major shareholder of the Company.

Nowadays the Company is operating two production units of alcoholic beverages in Riga: a factory for the production of strong alcoholic beverages and a factory for the production of sparkling wines and light alcoholic beverages. These factories produce most types of alcoholic beverages, such as sparkling wines, fortified wines, ciders, RTDs (ready-to-drink beverages), vodka, liqueurs, brandy, strong alcoholic beverages, gin, etc. The recipes for some of AS Amber Latvijas balzams products date back hundreds of years; for example, the recipe of Riga Black Balsam® was officially written down in 1752. The mission of AS Amber Latvijas balzams is "Excellence in everything we do".

Overall the Company produces more than 100 different brands. Products produced by AS Amber Latvijas balzams are sold almost in all regions of the world mediated by Amber Beverage Group and SPI Group and via direct export route.

The Company cooperates with the largest suppliers of raw materials and consumables in the European Union. One of key resources is water and it is derived from artesian wells located in territories of the Company. Alcohol for the production of most products is supplied to the Company by alcohol producers working in the European Union.

Logistics services represent a small, but still a significant part of the Company's business; this competence has been increasingly developing over the last years. For the most part, logistic services are rendered to related companies, but the volume of services, such as transit assurance services, bonded warehouse services, value-added services, picking and other logistic services provided to other enterprises of the alcohol industry are growing.

The Company as a socially responsible and sustainable enterprise has developed and complies with basic principles of corporate social responsibility. They have been harmonized with the United Nations Sustainable Development Goals for 2030 guidelines and Nasdaq Riga Cooperate governance principles and are available in the section 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, the Risk Management Policy, the Remote Work Policy and other internal documents. These documents, policies and procedures contained therein are reviewed regularly in accordance with the Quality Management System. The results of reviews and planned corrective measures are considered at the Company's management meetings

Performance of the Company during the reporting period

Financial performance

Unaudited net revenue of the Company for the first six months of the year 2022 reached EUR 40.6 million euros, an increase of 28.5% against the respective period in 2021. The increase in turnover is related to the improvement of the economic situation and as the result of facilitating the restrictions imposed by national governments on the Covid-19 pandemic situation. Also, the Company continues to develop cooperation with clients in Sweden and Germany by significant increase of sales volumes in respective markets.

The net profit for the reporting period is EUR 3.3 million, which is higher by 7.7% than in the respective period in the year 2021. The increase in net profit was positively affected by the increase in turnover but negatively by the rapid increase in the prices of raw materials and energy resources which was partly compensated by revising sales prices.

AS Amber Latvijas balzams
Unaudited condensed financial statements
for the first six months of year 2022

REPORT OF THE MANAGEMENT (continued)

The operating profit for the first six months of 2022 amounts to EUR 2.7 million, which is higher than in the respective period of the year 2021 (2.4 million euros). The operating margin for the reporting period in the year 2022 is 6.8% (2021: 7.7 %), which was impacted negatively by the rapid increase in production costs.

The Company's return on equity (ROE) and return on assets (ROA) at the reporting date and in the previous two comparative periods:

	30.06.2022	30.06.2021	30.06.2020
ROA*	1.8%	1.8%	1.6%
ROE**	2.4%	2.3%	2.0%

* 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 reporting period and in the previous two comparative periods:

	01.01.2022- 30.06.2022	01.01.2021- 30.06.2021	01.01.2020- 30.06.2020
	EUR 000	EUR 000	EUR 000
EBITDA*	3 663	3 674	2 782
EBIT **	2 748	2 446	1 493

* EBIT - Earnings before interest and corporate income tax

** EBITDA - Earnings before interest and corporate income tax, 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.

AS Amber Latvijas balzams is one of the largest local taxpayers. During the reporting period, the Company paid taxes of EUR 34.6 million to the state budget, including excise tax amounting to EUR 28.2 million.

Non-financial performance and activities for the reporting year

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 the first half of the year 2022, RFT reached 96.6%, which is a small decrease from the respective period in 2021 (97.8%). The OTIF result for the reporting period is 94.5% which is a decrease in comparison to the indicator for the year 2021 – 96.5%; the reasons for the decrease are related to challenges in logistics and warfare in Ukraine. The situation is gradually improving currently.

As the result of the invasion of Russian military forces in Ukraine in February 2022, the Company faced a number of significant changes, mostly such as an increase in prices for raw materials and energy, their availability, rescheduling of supply chains to meet production plans approved by customers, as well as with the need to review sales prices. Similarly, the international sanctions regime imposed on Russia and the close monitoring of fulfilment of sanction requirements has also affected the Companies' day-to-day operations. The Company has successfully adapted to the new situation in close cooperation with the management of Amber Beverage Group and continues to follow the development of the situation.

REPORT OF THE MANAGEMENT (continued)

Risk assessment and management

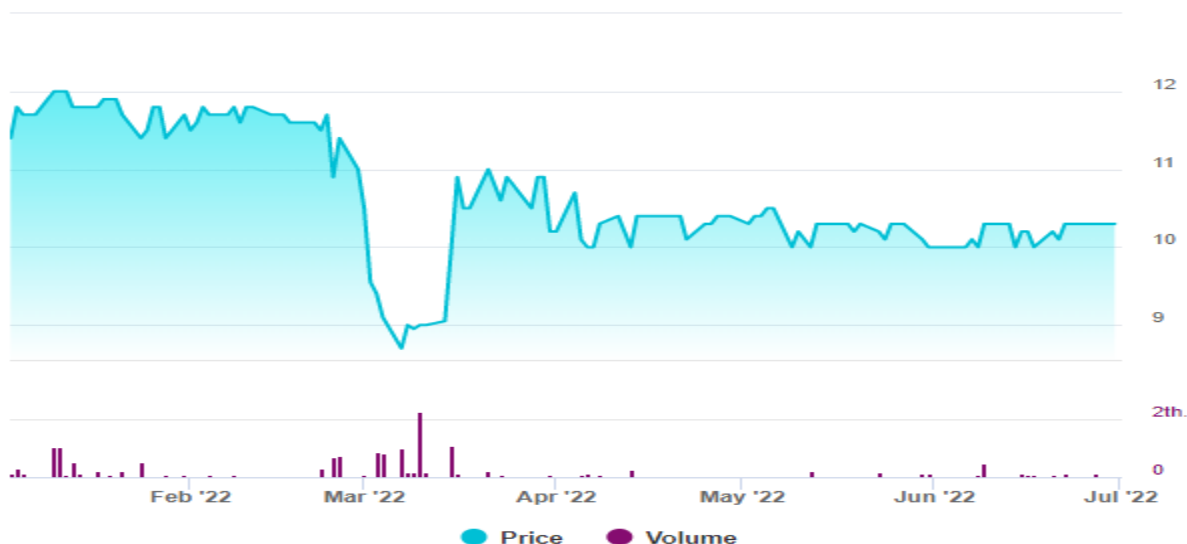
As regards the Company's products and risk management process, the following factors to which greater consideration is given should be mentioned on the basis of an assessment of external and internal factors that are likely to affect the Company's operations:

- 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;
- Geopolitical changes in the region by ensuring compliance of cooperation partners with legal requirements, survey of alternative suppliers.

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

During the first half of year 2022, the Company's share price fluctuated from EUR 8.70 to EUR 12.00 per share.



Financial risk management

In the ordinary course of business, AS Amber 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. The Company also complies with sanctions regimes based on the information published on the website of the Ministry of Foreign Affairs of the Republic of Latvia for international transactions as well as internal procedures.

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 by monitoring forecasted and actual cash flows and by matching the maturities of financial assets and liabilities on an ongoing basis.

AS Amber Latvijas balzams
Unaudited condensed financial statements
for the first six months of year 2022

REPORT OF THE MANAGEMENT (continued)

On 30 June 2022, the Company's current assets exceeded its current liabilities by 126 million euros (on 30.06.2021 by 82.9 million euros). The Company has a strong ability to meet its current liabilities as they fall due. The Company's liquidity ratio (current ratio) and short-term liquidity ratio (quick ratio) for the last three years are as follows:

	2022	2021	2020
Current ratio*	3.93	3.45	3.44
Quick ratio**	3.20	2.68	2.60

* *Current ratio* – The proportion of current assets to current liabilities

** *Quick ratio* – A total of trade receivables, receivables from related parties and cash and cash equivalents to current liabilities

At the end of the reporting period, liquidity indicators were mostly affected by changes in the inventory balance as the Company created sufficient reserves of raw materials to ensure the production process.


Since the last day of interim financial statements and the signing of these interim financial statements, there have been no other subsequent events that would have a significant effect on the financial position of the Company as of 30 June 2022.

Future prospects of Company

The Company will continue improving the efficiency of production, with a focus on purchase, planning and infrastructure improvements to support its goal: to deliver quality products with a competitive cost advantage.

A further significant increase in the prices of raw materials and energy resources is expected in the second half of 2022. According to forecasts, the prices for practically all packaging materials, raw materials and resources will increase, which is likely to result in a further increase in sales prices of products. However, the Company continues to work actively to balance the impact of the increase in the cost of resources with sales price revisions.

Also investments in infrastructure facilities will be continued in 2022.



Intars Geidāns
Chairman of the Board
Riga, 31 August 2022

AS Amber Latvijas balzams
Unaudited condensed financial statements
for the first six months of year 2022

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, 31 August 2022



AS Amber Latvijas balzams
Unaudited condensed financial statements
for the first six months of year 2022

INCOME STATEMENT

	Notes	01.01.2022- 30.06.2022 EUR	01.01.2021- 30.06.2021 EUR
Revenue	2	40 580 925	31 576 454
Cost of sales	3	(33 353 899)	(24 884 763)
Gross profit		<u>7 227 026</u>	<u>6 691 691</u>
Distribution expenses	4	(3 533 078)	(3 017 482)
Administrative expenses	5	(1 948 295)	(1 940 911)
Other operating income		1 150 224	791 253
Other operating expenses		(147 648)	(78 664)
Finance income		569 830	637 920
Finance expenses		(22 215)	(22 879)
Profit before tax		<u>3 295 844</u>	<u>3 060 928</u>
Net profit		<u>3 295 844</u>	<u>3 060 928</u>

STATEMENT OF COMPREHENSIVE INCOME

	01.01.2022- 30.06.2022 EUR	01.01.2021- 30.06.2021 EUR
Net profit	<u>3 295 844</u>	<u>3 060 928</u>
Total comprehensive income for the period	<u>3 295 844</u>	<u>3 060 928</u>

AS Amber Latvijas balzams
Unaudited condensed financial statements
for the first six months of year 2022

STATEMENT OF FINANCIAL POSITION

	30.06.2022	31.12.2021
	EUR	EUR
<u>ASSETS</u>		
Non-current assets		
Intangible assets	394 911	231 191
Property, plant and equipment	13 322 429	13 358 670
Right-of-use assets	2 326 617	2 533 275
Other non current assets	1 652 824	423 325
Total non-current assets:	17 696 781	16 546 461
Current assets		
Inventories	29 946 170	24 908 893
Trade receivables	998 388	1 311 505
Receivables from group companies	59 700 014	64 593 875
Loans to group companies within the Group account	76 748 194	67 296 278
Other current assets	1 511 594	476 842
Cash and cash equivalents	184 567	88 909
Total current assets:	169 088 927	158 676 302
<u>Total assets</u>	<u>186 785 708</u>	<u>175 222 763</u>
<u>EQUITY AND LIABILITIES</u>		
Equity		
Share capital	10 495 660	10 495 660
Share premium	87 887	87 887
Reserves	2 318 823	2 318 823
Retained earnings	129 170 771	125 874 927
Total equity:	142 073 141	138 777 297
Liabilities		
Non-current liabilities		
Borrowings	1 645 784	1 648 701
Total non-current liabilities:	1 645 784	1 648 701
Current liabilities		
Borrowings	641 272	1 051 163
Trade payables	10 475 014	7 004 576
Payables to group companies	2 454 256	1 925 224
Taxes payable	27 089 930	22 489 422
Other liabilities	2 406 311	2 326 380
Total current liabilities:	43 066 783	34 796 765
Total liabilities:	44 712 567	36 445 466
<u>Total equity and liabilities</u>	<u>186 785 708</u>	<u>175 222 763</u>

Intars Geidāns
Chairman of the Board
Riga, 31 August 2022

AS Amber Latvijas balzams
Unaudited condensed financial statements
for the first six months of year 2022

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Reserves	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
31.12.2020.	10 495 660	87 887	2 318 823	120 592 233	133 494 603
Net profit	-	-	-	8 731 267	8 731 267
Total comprehensive income	-	-	-	8 731 267	8 731 267
Dividends	-	-	-	(3 448 573)	(3 448 573)
31.12.2021.	10 495 660	87 887	2 318 823	125 874 927	138 777 297
Net profit	-	-	-	3 295 844	3 295 844
Total comprehensive income	-	-	-	3 295 844	3 295 844
30.06.2022.	10 495 660	87 887	2 318 823	129 170 771	142 073 141

AS Amber Latvijas balzams
Unaudited condensed financial statements
for the first six months of year 2022

CASH FLOW STATEMENT

	01.01.2022- 30.06.2022	01.01.2021- 30.06.2021
	EUR	EUR
Cash flow from operating activities		
Profit for the period before taxation	3 295 844	3 060 928
<u>Adjustments for:</u>		
Depreciation and amortisation	915 029	1 204 305
Net (profit) loss on sales and disposal of property, plant and equipment, investment property and intangibles	(3 113)	5 781
Accruals	(782 496)	477 645
Interest income	(569 830)	(637 920)
Interest expense	22 215	22 879
<u>Changes in working capital:</u>		
(Increase) / decrease in inventories	(4 254 781)	14 546
Decrease in trade and other receivables	2 941 624	6 900 173
Increase / (decrease) in trade and other payables	8 680 119	(283 900)
Net cash generated from operating activities	10 244 611	10 764 437
Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets	(839 107)	(1 256 223)
Proceeds from sales of property, plant and equipment	7 473	7 725
Interest received	736 655	-
Changes in credit lines (net)	(9 618 741)	(8 966 382)
Net cash flow (used in) / generated from investing activities	(9 713 720)	(10 214 880)
Cash flow from financing activities		
Borrowings repaid	(155 352)	(155 352)
Lease payments	(257 666)	(518 722)
Interest paid	(22 215)	(22 879)
Net cash flow used in financing activities	(435 233)	(696 953)
Net increase in cash and cash equivalents	95 658	(147 396)
Cash and cash equivalents at the beginning of the period	88 909	279 563
Cash and cash equivalents at the end of the period	184 567	132 167

AS Amber Latvijas balzams
Unaudited condensed financial statements
for the first six months of year 2022

NOTES

(1) GENERAL INFORMATION

AS Amber Latvijas balzams (until 30.04.2022 – Latvijas balzams; hereinafter also - the Company) is a joint-stock company, which is incorporated and has its registered office in Latvia. The Company was founded in 1900. The registered address of the Company is 160 Aleksandra Caka Street, Riga, LV-1012, Republic of Latvia. Shares of AS Amber Latvijas balzams are listed on the Baltic Secondary List of the Nasdaq Riga AS.

The Company is the largest producer of alcoholic beverages in the Baltic States. AS Amber Latvijas balzams produces more than 100 different alcoholic beverages. The major shareholder of the Company, which owns 89.99% of the Company's share capital as of June 30, 2022, is Amber Beverage Group Holding S.à r.l. (a company incorporated in Luxembourg).

(2) ACCOUNTING POLICIES

Basis for preparation

The interim condensed financial statements for six months of year 2022 which ends on 30 June 2022 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 the year 2021.

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 adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The Company intends to adopt the above standards and interpretations and to evaluate their effects on the effective date.

AS Amber Latvijas balzams
Unaudited condensed financial statements
for the first six months of year 2022

(3) REVENUE

a) Operation and reportable segment

The core activity of the Company is the production of alcoholic beverages. AS Amber 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

	01.01.2022- 30.06.2022	01.01.2021- 30.06.2021
	EUR	EUR
Production of alcoholic beverages	38 303 337	29 339 968
Sales of other goods and materials	16 781	225 619
Other services	2 260 807	2 010 867
	<u>40 580 925</u>	<u>31 576 454</u>

c) Geographical segmentation

	01.01.2022- 30.06.2022	01.01.2021- 30.06.2021
	EUR	EUR
Cyprus	24 069 470	17 825 858
Latvia	12 393 866	10 597 787
Lithuania	1 973 026	1 887 695
Germany	372 183	-
Sweden	364 467	-
Estonia	359 746	308 071
Ukraine	97 972	145 592
Romania	287 686	153 825
Turkey	118 030	109 702
Other	544 479	547 924
	<u>40 580 925</u>	<u>31 576 454</u>

AS Amber Latvijas balzams
Unaudited condensed financial statements
for the first six months of year 2022

(4) COST OF SALES

	01.01.2022- 30.06.2022	01.01.2021- 30.06.2021
	EUR	EUR
Raw materials and consumables	27 110 870	19 198 328
Salary expense	3 055 171	2 631 470
The state compulsory social insurance contributions	716 420	615 120
Depreciation of non-current assets	565 365	618 309
Energy resources	409 116	369 730
Repair and maintenance expenses	321 054	313 780
Management of packaging	332 468	264 485
Insurance payments	13 743	14 657
Laboratory expenses	17 186	14 320
Accrued expenses on unused annual leave	110 516	85 074
Other costs	701 990	759 490
	<u>33 353 899</u>	<u>24 884 763</u>

(5) DISTRIBUTION EXPENSES

	01.01.2022- 30.06.2022	01.01.2021- 30.06.2021
	EUR	EUR
Salary expenses	982 681	880 615
Advertising and sales promotion expenses	874 246	679 866
Depreciation of non-current assets	311 329	475 094
Transportation expenses	387 759	301 580
Warehouse maintenance expenses	420 823	208 891
The state compulsory social insurance contributions	226 244	207 123
Other expenses	329 996	264 313
	<u>3 533 078</u>	<u>3 017 482</u>

AS Amber Latvijas balzams
Unaudited condensed financial statements
for the first six months of year 2022

(6) ADMINISTRATIVE EXPENSES

	01.01.2022- 30.06.2022	01.01.2021- 30.06.2021
	EUR	EUR
Management services and expenses	1 155 453	962 051
Salary expenses	239 811	328 018
Depreciation of non-current assets	38 364	110 902
Computer maintenance	104 983	106 117
Financial support, sponsorship	11 750	3 204
The state compulsory social insurance contributions	55 827	74 957
Real estate tax	74 700	80 014
Professional service costs	35 538	37 678
Transport costs	15 432	13 695
Office expenses	6 238	3 731
Communication and postal expenses	6 630	6 876
Representation expenses	10 353	7 034
Bank commissions	4 340	10 082
Other expenses	188 876	196 552
	<u>1 948 295</u>	<u>1 940 911</u>

(7) SUBSEQUENT EVENTS

Since the last day of interim financial statements and the signing of these interim financial statements, there have been no other subsequent events that would have a significant effect on the financial position of the Company as of 30 June 2022.