



**AS AMBER LATVIJAS BALZAMS**

(Registration number 40003031873)

**UNAUDITED CONDENSED FINANCIAL STATEMENTS**

for the first three 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 three 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 1<sup>st</sup> 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 alcohol production facilities 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 formula 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 exported to Europe, Australia, America un Asia 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 three months of year 2022 reached EUR 17.8 million euros, an increase by 33.8% 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.

The net profit for the reporting period is EUR 0.7 million is lower by 40% than in the respective period in the year 2021, which was mainly affected by a sharp increase in prices for raw materials and energy resources due to the influence of war in Ukraine as well as marketing activities carried out for the promotion of the brands produced by AS Amber Latvijas balzams in the international market.

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

**REPORT OF THE MANAGEMENT (continued)**

The operating profit for the year 2022 amounts to EUR 0.4 million, which is lower than in the respective period in the year 2021 (0.8 million euros). The operating margin for the reporting period in the year 2022 is 2.2% (2021: 5.8 %).

The Company's alternative performance indicators for past reporting periods are disclosed below.

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

	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
ROA*	0.4%	0.7%	0.4%
ROE**	0.5%	0.8%	0.5%

\* 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:

	<b>01.01.2022- 31.03.2022</b>	<b>01.01.2021- 31.03.2021</b>	<b>01.01.2020- 31.03.2020</b>
	<b>EUR 000</b>	<b>EUR 000</b>	<b>EUR 000</b>
EBITDA*	925	1 343	847
EBIT **	390	768	151

\* 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 18.3 million to the state budget, including excise tax amounting to EUR 15.2 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 quarter of the year 2022, RFT reached 96.2 %, which is a small decrease against the 2021 (97.6 %). The OTIF result for the reporting period is 92.7% which is a decrease in comparison to the indicator for the year 2021 – 95.98% - the reasons for the decrease are the situation with logistics and warfare in Ukraine. It is expected that the situation with those questions will gradually improve after the first quarter.

As the result of the invasion of Russian military forces in Ukraine in February 2022, the Company had to face a number of significant changes such as: the increase in prices for raw materials and energy, their availability, rescheduling of supply chains to meet production plans approved by customers, and 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 actively 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.

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 quarter 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 three months of year 2022

**REPORT OF THE MANAGEMENT (continued)**

On 31 March 2022, the Company's current assets exceeded its current liabilities by 124.02 million euros (on 31.03.2021 by 81.1 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:

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Current ratio*	4.45	3.51	3.27
Quick ratio**	3.67	2.67	2.49

\* *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


**Events after the reporting date**

Since the last day of 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 31 March 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. Also, investments in infrastructure facilities will be continued in 2022

In the second half of 2022, an increase in prices for raw materials and resources is expected which can be significant. 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.

  
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Intars Geidāns  
Chairman of the Board  
Riga, 31 May 2022

AS Amber Latvijas balzams  
Unaudited condensed financial statements  
for the first three 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.

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Intars Geidāns  
Chairman of the Board  
Riga, 31 May 2022



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

**INCOME STATEMENT**

	Notes	01.01.2022- 31.03.2022 EUR	01.01.2021- 31.03.2021 EUR
Revenue	2	17 800 259	13 300 851
Cost of sales	3	(14 800 464)	(10 535 884)
<b>Gross profit</b>		<u><b>2 999 795</b></u>	<u><b>2 764 967</b></u>
Distribution expenses	4	(1 792 707)	(1 415 781)
Administrative expenses	5	(908 474)	(950 951)
Other operating income		320 629	516 491
Other operating expenses		(228 882)	(147 011)
Finance income		283 341	343 621
Finance expenses		(11 833)	(12 118)
<b>Profit before tax</b>		<u><b>661 869</b></u>	<u><b>1 099 218</b></u>
<b>Net profit</b>		<u><b>661 869</b></u>	<u><b>1 099 218</b></u>

**STATEMENT OF COMPREHENSIVE INCOME**

	01.01.2022- 31.03.2022 EUR	01.01.2021- 31.03.2021 EUR
<b>Net profit</b>	<u><b>661 869</b></u>	<u><b>1 099 218</b></u>
<b>Total comprehensive income for the period</b>	<u><b>661 869</b></u>	<u><b>1 099 218</b></u>



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

**STATEMENT OF FINANCIAL POSITION**

	<b>31.03.2022</b>	<b>31.12.2021</b>
	<b>EUR</b>	<b>EUR</b>
<b><u>ASSETS</u></b>		
<b>Non-current assets</b>		
Intangible assets	275 056	231 191
Property, plant and equipment	13 346 875	13 358 670
Right-of-use assets	2 365 056	2 533 275
Other non current assets	1 078 335	423 325
<b>Total non-current assets:</b>	<b>17 065 322</b>	<b>16 546 461</b>
<b>Current assets</b>		
Inventories	27 241 593	24 908 893
Trade receivables	764 726	1 311 505
Receivables from group companies	55 379 018	64 593 875
Loans to group companies within the Group account	75 690 210	67 296 278
Other current assets	826 107	476 842
Cash and cash equivalents	44 623	88 909
<b>Total current assets:</b>	<b>159 946 277</b>	<b>158 676 302</b>
<b><u>Total assets</u></b>	<b><u>177 011 599</u></b>	<b><u>175 222 763</u></b>
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>Equity</b>		
Share capital	10 495 660	10 495 660
Share premium	87 887	87 887
Reserves	2 318 823	2 318 823
Retained earnings	126 536 796	125 874 927
<b>Total equity:</b>	<b>139 439 166</b>	<b>138 777 297</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings	1 645 784	1 648 701
<b>Total non-current liabilities:</b>	<b>1 645 784</b>	<b>1 648 701</b>
<b>Current liabilities</b>		
Borrowings	752 275	1 051 163
Trade payables	6 897 107	7 004 576
Payables to group companies	3 421 965	1 925 224
Taxes payable	22 448 409	22 489 422
Other liabilities	2 406 893	2 326 380
<b>Total current liabilities:</b>	<b>35 926 649</b>	<b>34 796 765</b>
<b>Total liabilities:</b>	<b>37 572 433</b>	<b>36 445 466</b>
<b><u>Total equity and liabilities</u></b>	<b><u>177 011 599</u></b>	<b><u>175 222 763</u></b>

Intars Geidāns  
Chairman of the Board  
Riga, 31 May 2022

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

**STATEMENT OF CHANGES IN EQUITY**

	Share capital	Share premium	Reserves	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
<b>31.12.2020.</b>	<b>10 495 660</b>	<b>87 887</b>	<b>2 318 823</b>	<b>120 592 233</b>	<b>133 494 603</b>
Net profit	-	-	-	8 731 267	8 731 267
<b>Total comprehensive income</b>	-	-	-	<b>8 731 267</b>	<b>8 731 267</b>
Dividends	-	-	-	<b>(3 448 573)</b>	<b>(3 448 573)</b>
<b>31.12.2021.</b>	<b>10 495 660</b>	<b>87 887</b>	<b>2 318 823</b>	<b>125 874 927</b>	<b>138 777 297</b>
Net profit	-	-	-	661 869	661 869
<b>Total comprehensive income</b>	-	-	-	<b>661 869</b>	<b>661 869</b>
<b>31.03.2022.</b>	<b>10 495 660</b>	<b>87 887</b>	<b>2 318 823</b>	<b>126 536 796</b>	<b>139 439 166</b>

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

**CASH FLOW STATEMENT**

	<b>01.01.2022- 31.03.2022</b>	<b>01.01.2021- 31.03.2021</b>
	<b>EUR</b>	<b>EUR</b>
<b>Cash flow from operating activities</b>		
Profit for the period before taxation	661 869	1 099 218
<u>Adjustments for:</u>		
Depreciation and amortisation	534 217	574 798
Net (profit) lon sales and disposal of property, plant and equipment, investment property and intangibles	(3 113)	7 228
Accruals	345 000	-
Interest income	(283 341)	(343 621)
Interest expense	11 833	12 118
<u>Changes in working capital:</u>		
(Increase) in inventories	(2 677 700)	(423 867)
Decrease / (increase) in trade and other receivables	8 757 361	(22 086)
Increase / (decrease) in trade and other payables	1 428 972	(2 215 760)
<b>Net cash generated from operating activities</b>	<b>8 775 098</b>	<b>(1 311 972)</b>
<b>Cash flow from investing activities</b>		
Acquisition of property, plant and equipment and intangible assets	(399 956)	(395 271)
Proceeds from sales of property, plant and equipment	5 000	5 806
Interest received	736 655	-
Changes in credit lines (net)	(8 847 246)	1 804 164
<b>Net cash flow (used in) / generated from investing activities</b>	<b>(8 505 547)</b>	<b>1 414 699</b>
<b>Cash flow from financing activities</b>		
Borrowings repaid	(77 676)	(77 676)
Lease payments	(224 328)	(167 202)
Interest paid	(11 833)	(12 118)
<b>Net cash flow used in financing activities</b>	<b>(313 837)</b>	<b>(256 996)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(44 286)</b>	<b>(154 269)</b>
<b>Cash and cash equivalents at the beginnging of the period</b>	<b>88 909</b>	<b>279 563</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>44 623</b>	<b>125 294</b>

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

## NOTES

### (1) GENERAL INFORMATION

AS Amber 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. 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 March 31, 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 three months of year 2022 which ends on 31 March 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 three 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**

	<b>01.01.2022- 31.03.2022</b>	<b>01.01.2021- 31.03.2021</b>
	<b>EUR</b>	<b>EUR</b>
Production of alcoholic beverages	16 752 980	12 138 234
Sales of other goods and materials	809	208 273
Other services	1 046 470	954 344
	<b><u>17 800 259</u></b>	<b><u>13 300 851</u></b>

**c) Geographical segmentation**

	<b>01.01.2022- 31.03.2022</b>	<b>01.01.2021- 31.03.2021</b>
	<b>EUR</b>	<b>EUR</b>
Cyprus	10 672 531	6 837 027
Latvia	5 272 264	4 934 836
Lithuania	870 607	945 498
Estonia	170 116	161 866
Sweden	206 037	-
Ukraine	97 972	97 120
Romania	128 701	56 489
Turkey	28 200	60 551
Other	353 831	207 464
	<b><u>17 800 259</u></b>	<b><u>13 300 851</u></b>

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

**(4) COST OF SALES**

	<b>01.01.2022- 31.03.2022</b>	<b>01.01.2021- 31.03.2021</b>
	<b>EUR</b>	<b>EUR</b>
Raw materials and consumables	11 511 321	7 887 294
Salary expense	1 442 750	1 226 762
The state compulsory social insurance contributions	338 112	287 023
Depreciation of non-current assets	280 632	308 404
Energy resources	220 893	205 907
Repair and maintenance expenses	159 739	151 522
Management of packaging	149 015	127 472
Insurance payments	6 810	7 375
Laboratory expenses	8 302	5 983
Accrued expenses on unused annual leave	67 135	62 580
Other costs	615 755	265 562
	<b><u>14 800 464</u></b>	<b><u>10 535 884</u></b>

**(5) DISTRIBUTION EXPENSES**

	<b>01.01.2022- 31.03.2022</b>	<b>01.01.2021- 31.03.2021</b>
	<b>EUR</b>	<b>EUR</b>
Salary expenses	483 781	414 151
Advertising and sales promotion expenses	425 054	303 741
Depreciation of non-current assets	234 357	210 879
Transportation expenses	179 128	126 924
Warehouse maintenance expenses	179 151	125 785
The state compulsory social insurance contributions	108 758	97 521
Other expenses	182 478	136 780
	<b><u>1 792 707</u></b>	<b><u>1 415 781</u></b>

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

**(6) ADMINISTRATIVE EXPENSES**

	<b>01.01.2022- 31.03.2022</b>	<b>01.01.2021- 31.03.2021</b>
	<b>EUR</b>	<b>EUR</b>
Management services and expenses	577 727	481 026
Salary expenses	73 481	165 118
Depreciation of non-current assets	19 228	55 515
Computer maintenance	49 594	54 631
Financial support, sponsorship	11 000	2 204
The state compulsory social insurance contributions	16 797	37 982
Real estate tax	37 144	39 786
Professional service costs	12 273	19 491
Transport costs	8 060	7 062
Office expenses	2 487	2 074
Communication and postal expenses	4 345	4 087
Representation expenses	4 852	2 967
Bank commissions	2 750	7 381
Other expenses	88 736	71 627
	<b><u>908 474</u></b>	<b><u>950 951</u></b>

**(7) SUBSEQUENT EVENTS**

Since the date of signing of these condensed financial statements, there have been no other subsequent events that would have a significant effect on the financial position of the Company as of 31 March 2022.