



AS AMBER LATVIJAS BALZAMS

(Registration number 40003031873)

UNAUDITED CONDENSED FINANCIAL STATEMENTS

for the first six months of 2024

prepared in accordance with
IFRS Accounting Standards as adopted by the EU

AS Amber Latvijas balzams
Unaudited condensed financial statements
for the first six months of year 2024

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 (until 11.06.2024) 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	Guntars Betlers – Chairman of the Board (from 11.06.2024) Intars Geidāns – Chairman of the Board (until 11.06.2024) Valizhan Abidov - Member of the Board (from 11.06.2024) Guntars Betlers – Member of the Board (until 11.06.2024)

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; in the period from 1970 to 2022, it operated under the name AS "Latvijas balzams", but since 2022, under the name AS "Amber Latvijas balzams". 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 operates two production units of alcoholic drinks 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 more than 270 years ago - in 1752.

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 Stoli Group and via the direct export route.

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

Logistics services represent a small, but still significant part of the Company's business. Logistic services are mainly rendered to related companies; however, the volume of services, such as transit assurance, bonded warehouse services, value-added services, picking and other logistic services provided to other partners of the spirits industry are growing. These activities allow to improve the utilisation of resources.

The Company as a socially responsible and sustainable enterprise has developed and complies with the core principles of corporate social responsibility. These have been harmonized with the United Nations Sustainable Development Goals for 2030, the Guidelines of OECD, 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

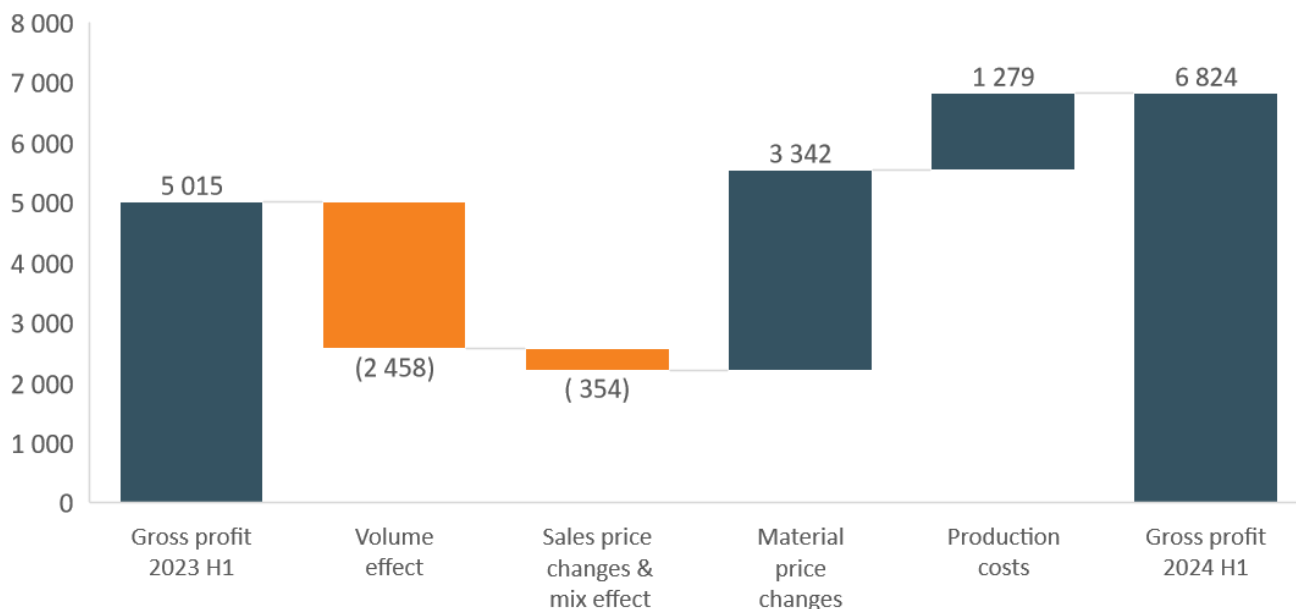
Financial performance

The company's unaudited net turnover in the first six months of the year 2024 reached 36.7 million euros, which is 19.8% less than in the corresponding period in 2023. A decrease in turnover is related to global trends in the reduction of working capital of wholesalers and importers in the context of rising inflation, as well as strategic decisions made by Stoli Group regarding the rebranding of Stoli products, affecting order volume.

	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
	9Lcs	9Lcs
Sales volume, in 9 liter boxes	1 673 743	2 067 804

REPORT OF THE MANAGEMENT (continued)

The gross profit in the reporting period was 6.8 million euros, which is an increase of 1.8 million euros (+36.1%) compared to the corresponding period in 2023. The gross profit indicator was negatively impacted by the decline in sales volume and average price, but this was more than offset by the reduction in the cost of the most important raw materials and materials used in the production process, as well as by the reduction in production-related expenses that fell within the purview of the cost optimization programs that were implemented.



Operating profit for the first six months of 2024 amounts to 1.0 million euros, which is a significant improvement compared to a loss of 188 thousand euros in the equivalent period in 2023. Operating profit margin increased from negative 0.6% in the first six months of 2023 to positive 6.7% in the first six months of 2024. The operating profit in the first half of the year has significantly improved compared to the first half of last year, mainly due to savings in raw material procurement as well as cost optimization in production processes. Profits are expected to continue to grow in the next half-year as volumes improve.

In the reporting period, the Company's unaudited net profit is 1.5 million euros, which is an improvement of 1.65 million euros compared to the corresponding period in 2023.

For the Company to be able to maintain competitiveness and at the same time improve financial results in difficult economic and geopolitical conditions, a series of measures are continuously taken to enhance the efficiency of production processes and reduce costs:

- continued work to achieve further improvements in overall equipment effectiveness (OEE) indicator of production filling equipment;
- By improving production planning, the Company has been able to switch to single-shift work, which allows for significant optimization of overhead costs, including labour costs;
- Re-negotiated contracts for the purchase of energy resources, which will enter into force in the second half of 2024 and will create additional savings in production costs;
- alignment of labour costs and other indirect costs to current production volumes has been carried out.

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REPORT OF THE MANAGEMENT (continued)

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:

	30.06.2024	30.06.2023	30.06.2022
ROA*	3.6%	2.9%	4.6%
ROE**	4.8%	3.9%	6.0%

* ROA = Net profit of the last 12 months / average asset value x 100%

** ROE = Net profit of the last 12 months / average total equity x 100%

The Company's EBIT* and EBITDA** indicators for the reporting period and in the previous two comparative periods:

	01.07.2023- 30.06.2024	01.07.2022- 30.06.2023	01.07.2021- 30.06.2022
	EUR 000	EUR 000	EUR 000
EBITDA*	8 414	8 095	9 035
EBIT **	5 833	5 642	6 976

* EBITDA = Last 12 months earnings before interest and corporate income tax, depreciation and amortization

* EBIT = Last 12 months earnings before interest and corporate income tax

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 39.2 million to the state budget, including excise tax amounting to EUR 29.2 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 six month of the year 2024, RFT reached 97.4%, which shows an improvement compared to the same indicator of 2023 (92.6%). The OTIF indicator indicates the Company's ability to fulfil customer orders in the specified time and volume. The relevant indicator reached 96.6% in the first half of 2024, which, compared to the 2023 indicator of 91.3%, has also improved.

The management of AS Amber Latvijas balzams continues to actively review current investment projects and make decisions about their implementation, as well as, if necessary, their postponement or cancellation.

REPORT OF THE MANAGEMENT (continued)

Risk assessment and management

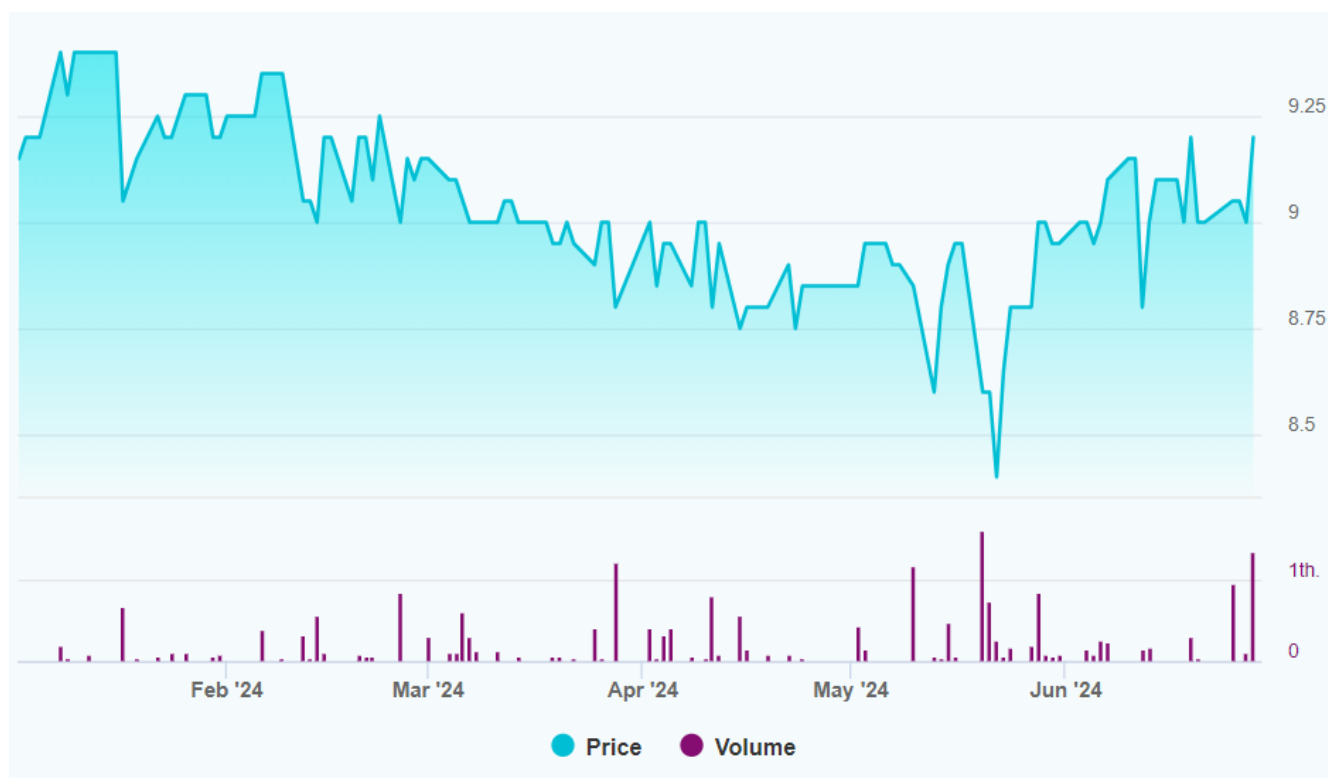
As regards to the Company's products and risk management process, the following factors to which greater consideration is given should be mentioned on the basis of an assessment of external and internal factors that are likely to affect the Company's operations:

- 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 maintenance 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 six month of 2024, the Company's share price fluctuated from EUR 8.30 to EUR 9.40 per share (Nasdaq Baltic indicator BAL1R; ISIN: LV0000100808).



The dynamics of share price for the previous three reporting periods is presented as follows:

	Average price, EUR	Minimum price, EUR	Maximum price, EUR
The first half of 2024	9.02	8.30	9.40
The first half of 2023	9.86	9.50	10.20
The first half of 2022	10.66	8.50	12.00

REPORT OF THE MANAGEMENT (continued)

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 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 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.

On 30 June 2024, the Company's current assets exceeded its current liabilities by EUR 93.47 million euros (on 30 June 2023 by EUR 89.40 million). 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:

	2024	2023	2022
Current ratio*	3.04	2.96	3.93
Quick ratio**	2.18	2.13	3.20

* *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*

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 31 March 2024.

Future prospects of Company

The Company will continue to increase production efficiency, focusing on reducing production costs and increasing production efficiency, and will also work on increasing sales volumes and prices, thereby improving the Company's profitability.



Guntars Betlers
Chairman of the Board
Riga, 30 August 2024

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.



Guntars Betlers
Chairman of the Board
Riga, 30 August 2024

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INCOME STATEMENT

	Notes	01.01.2024- 30.06.2024 EUR	01.01.2023- 30.06.2023 EUR
Revenue	3	36 658 659	45 726 190
Cost of sales	4	(29 834 446)	(40 711 546)
Gross profit		6 824 213	5 014 644
Distribution expenses	5	(3 576 881)	(3 871 964)
Administrative expenses	6	(2 407 631)	(2 292 194)
Other operating income		572 844	866 775
Other operating expenses		(384 723)	(360 704)
Operating profit/ (loss)		1 027 822	(643 443)
Net finance income/ (costs)	7	443 312	455 098
Profit/ (loss) before tax		1 471 134	(188 345)
Net profit/ (loss)		1 471 134	(188 345)

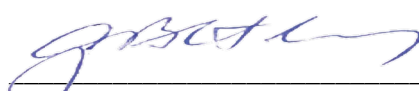
STATEMENT OF COMPREHENSIVE INCOME

	01.01.2024- 30.06.2024 EUR	01.01.2023- 30.06.2023 EUR
Net profit	1 471 134	(188 345)
Total comprehensive income for the period	1 471 134	(188 345)

AS Amber Latvijas balzams
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STATEMENT OF FINANCIAL POSITION

	30.06.2024	31.12.2023
	EUR	EUR
<u>ASSETS</u>		
Non-current assets		
Intangible assets	263 126	303 488
Property, plant and equipment	12 304 752	12 560 544
Right-of-use assets	3 177 958	3 720 564
Loans to group companies	35 287 497	31 787 497
Other non current assets	151 538	159 944
Total non-current assets:	51 184 871	48 532 037
Current assets		
Inventories	33 643 286	35 014 511
Trade receivables	1 582 770	1 630 449
Receivables from group companies	57 335 589	64 898 674
Loans to group companies within the Group account	41 003 296	47 140 912
Other current assets	5 696 102	4 467 073
Cash and cash equivalents	23 106	110 519
Total current assets:	139 284 149	153 262 138
<u>Total assets</u>	<u>190 469 020</u>	<u>201 794 175</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	129 846 852	128 375 717
Total equity:	142 749 222	141 278 087
Liabilities		
Non-current liabilities		
Borrowings	1 903 137	1 903 137
Total non-current liabilities:	1 903 137	1 903 137
Current liabilities		
Borrowings	393 294	1 245 285
Trade payables	13 655 969	15 506 787
Payables to group companies	694 627	4 413 522
Taxes payable	28 907 306	35 154 963
Other liabilities	2 165 465	2 292 394
Total current liabilities:	45 816 661	58 612 951
Total liabilities:	47 719 798	60 516 088
<u>Total equity and liabilities</u>	<u>190 469 020</u>	<u>201 794 175</u>



Guntars Betlers
Chairman of the Board
Riga, 30 August 2024

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STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Reserves	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
31.12.2022.	10 495 660	87 887	2 318 823	127 708 908	140 611 278
Net profit	-	-	-	5 164 949	5 164 949
Total comprehensive income	-	-	-	5 164 949	5 164 949
Dividends	-	-		(4 498 140)	(4 498 140)
31.12.2023.	10 495 660	87 887	2 318 823	128 375 717	141 278 087
Net profit	-	-	-	1 471 134	1 471 134
Total comprehensive income	-	-	-	1 471 134	142 749 221
Dividends	-	-	-	-	-
30.06.2024.	10 495 660	87 887	2 318 823	129 846 852	142 749 222

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CASH FLOW STATEMENT

	01.01.2024- 30.06.2024 EUR	01.01.2023- 30.06.2023 EUR
Cash flow from operating activities		
Profit for the period before taxation	1 471 134	(188 345)
<u>Adjustments for:</u>		
Depreciation and amortisation	1 405 176	1 245 451
Net (profit) lon sales and disposal of property, plant and equipment, investment property and intangibles	1 965	3 603
Interest income	(590 610)	(508 775)
Interest expense	142 756	52 282
<u>Changes in working capital:</u>		
(Increase) / decrease in inventories	1 371 225	(4 634 124)
Decrease in trade and other receivables	2 890 141	3 099 226
Increase / (decrease) in trade and other payables	(11 944 299)	(6 444 492)
Net cash generated from operating activities	(5 252 512)	(7 375 174)
Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets	(574 381)	(2 907 357)
Proceeds from sales of property, plant and equipment	3 506 000	-
Borrowings issued	(3 500 000)	-
Interest received	-	399 423
Changes in credit lines (net)	6 728 226	10 180 520
Net cash flow (used in) / generated from investing activities	6 159 845	7 672 586
Cash flow from financing activities		
Borrowings repaid	(269 276)	(155 352)
Lease payments	(581 832)	(189 929)
Interest paid	(143 638)	(86 492)
Net cash flow used in financing activities	(994 746)	(431 773)
Net increase in cash and cash equivalents	(87 413)	(134 361)
Cash and cash equivalents at the beginnging of the period	110 519	150 931
Cash and cash equivalents at the end of the period	23 106	16 570

NOTES

(1) GENERAL INFORMATION

AS Amber Latvijas balzams (hereinafter also - the Company) is a joint-stock company that is incorporated and has its registered office in Latvia. The company was founded in 1900 as "Riga state vodka warehouse No. 1". In the period from 1970 to 2022, it operated under the name AS "Latvijas balzams", but since May 2022, under the name AS "Amber Latvijas balzams". 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 (BAL1R, ISIN LV0000100808).

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 30 June 2024, is Amber Beverage Group Holding S.à r.l. (a company incorporated in Luxembourg).

(2) ACCOUNTING POLICIES

Basis for preparation

Unaudited Condensed Financial Statements for the first half of 2024 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 for the year 2023.

Functional currency and revaluation

The functional and presentation currency of the Company is the official currency of the Republic of Latvia – the euro (EUR).

Foreign currency transactions have been translated into euros by applying the exchange rate valid at the beginning of the day of the transaction determined by the conversion procedure between central banks of the European System of Central Banks and other central banks and published on the European Central Bank's website.

On the last day of the reporting period, all monetary assets and liabilities were translated into euros in accordance with the rates (at the end of the day) published on the European Central Bank's website. In the event that the European Central Bank does not determine the rate for a specific foreign currency, the rate published by the national bank on the last day of the reporting period, or another reference rate determined by a third party is used to revalue such assets and liabilities.

The profit or loss resulting from the exchange rate fluctuations of the foreign currency is recognized net in the income statement for the respective period.

	30.06.2024	30.06.2023
	EUR	EUR
1 USD	1.0705	0.9203
1 GBP	0.8464	1.1651

Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the unaudited condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. 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.

NOTES (continued)

(3) NET 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

	01.01.2024- 30.06.2024 EUR	01.01.2023- 30.06.2023 EUR
Production of alcoholic beverages	33 809 801	42 339 227
Sales of other goods and materials	394 445	757 938
Other services	2 454 413	2 629 025
	<u>36 658 659</u>	<u>45 726 190</u>

c) Revenue by geography (by customer)

	01.01.2024- 30.06.2024 EUR	01.01.2023- 30.06.2023 EUR
Cyprus	19 167 897	26 287 442
Latvia	11 446 708	12 834 904
Lithuania	2 306 969	2 619 848
Estonia	965 544	612 533
Turkey	240 229	502 180
Germany	413 265	836 950
Ukraine	189 245	245 343
Sweden	208 423	235 787
Romania	200 759	200 039
Norway	99 901	99 877
Brazil	-	132 519
Finland	53 618	45 653
Other	1 366 101	1 073 115
	<u>36 658 659</u>	<u>45 726 190</u>

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NOTES (continued)

(4) COST OF SALES

	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
	EUR	EUR
Raw materials and consumables	23 230 939	32 828 797
Salary expense	2 623 262	3 553 281
Energy resources	746 679	1 101 703
Depreciation of non-current assets	760 644	712 345
The state compulsory social insurance contributions	615 643	834 386
Management of packaging	510 316	564 986
Repair and maintenance expenses	379 091	364 927
Insurance payments	31 604	22 343
Laboratory expenses	18 514	23 193
Accrued expenses on unused annual leave	36 253	(98 203)
Other costs	881 501	803 788
	<u>29 834 446</u>	<u>40 711 546</u>

(5) DISTRIBUTION EXPENSES

	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
	EUR	EUR
Salary expenses	973 721	1 090 439
Advertising and sales promotion expenses	762 216	1 058 915
Warehouse maintenance expenses	445 006	355 992
Depreciation of non-current assets	609 511	453 528
Transportation expenses	310 737	351 741
The state compulsory social insurance contributions	229 460	256 742
Other expenses	246 230	304 607
	<u>3 576 881</u>	<u>3 871 964</u>

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NOTES (continued)

(6) ADMINISTRATIVE EXPENSES

	01.01.2024- 30.06.2024 EUR	01.01.2023- 30.06.2023 EUR
Management services and expenses	1 395 155	1 328 292
Salary expenses	425 098	371 929
Computer maintenance	141 402	125 977
The state compulsory social insurance contributions	100 160	84 932
Real estate tax	74 571	74 700
Professional service costs	64 542	59 291
Depreciation of non-current assets	35 021	37 006
Transport costs	18 644	21 563
Representation expenses	13 227	13 397
Communication and postal expenses	3 648	4 001
Bank commissions	3 442	8 654
Office expenses	5 091	9 113
Financial support, sponsorship	750	3 500
Other expenses	126 880	149 839
	<u>2 407 631</u>	<u>2 292 194</u>

(7) NET FINANCE INCOME/ (COSTS)

	01.01.2024- 30.06.2024 EUR	01.01.2023- 30.06.2023 EUR
Finance income		
Interest income related parties	590 611	508 775
Total finance income	<u>590 611</u>	<u>508 775</u>
Finance costs		
Interest expense	142 756	47 768
Interest expense to related parties	-	4 514
Foreign exchange loss, net	4 543	1 395
Total finance costs	<u>147 299</u>	<u>53 677</u>
Net finance income / (costs)	<u>443 312</u>	<u>455 098</u>

(8) EARNING PER SHARE

Earnings per share are calculated by dividing the net profit of the reporting year by the average number of shares in the reporting year.

	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
Profit / loss attributed to shareholders of the Company (EUR)	1 471 134	(188 345)
Average annual number of shares	7 496 900	7 496 900
Earnings per share (EUR)	<u>0.20</u>	<u>(0.03)</u>

(9) SUBSEQUENT EVENTS

There were no subsequent events since the last date of the financial period until the date of signing these unaudited condensed financial statements that require adjustment to or disclosure in these unaudited condensed financial statements.