



AS "AMBER LATVIJAS BALZAMS"

(Registration number 40003031873)

UNAUDITED CONDENSED FINANCIAL STATEMENTS

for the first three months of 2025

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

AS "Amber Latvijas balzams"
Unaudited condensed financial statements
for the first three months of the year 2025

INFORMATION OF THE COMPANY

Name of the Company	AS Amber Latvijas Balzams
Legal status of the Company	Joint-stock company
Registration number, place and date of the Republic of Latvia	Registered in the Register of Enterprises under single number 40003031873 on 2 October 1991 in Rīga, with repeated re-registration on 20 October 1998 Registered in the Commercial Register on 19 June 2004 in Rīga
Address	A. Čaka 160 Rīga, LV-1012 Latvia
Main business	Production of alcoholic beverages NACE2 11.01
Major shareholder	Amber Beverage Group Holding S.à r.l. (89.99%)
Names, surnames, positions of the members of the Council positions	Valizhan Abidov – Chairman of the Council (from 18.10.2024) Boriss Ņešatajevs – Deputy Chairman of the Council (from 18.10.2024)
Names, surnames, positions held by Members of Board	Andrejs Višņausks - Chairman of the Board (from 18.09.2024)

MANAGEMENT REPORT

Operating activities

AS Amber Latvijas Balzams (hereinafter also “the Company”) is a leading producer of alcoholic beverages in the Baltic states. The Company was founded in 1900 as Rīgas Valsts Degvīna Nolikta Nr. 1 (State Alcohol Warehouse No. 1). From 1970 to 2022, it operated under the name AS Latvijas Balzams, but 2022, it changed to AS Amber Latvijas Balzams. The Company's major shareholder is Amber Beverage Group Holding S.à r.l. (a company registered in Luxembourg, hereinafter also referred to as the Parent Company or ABGH), which owns 89.99% of the Company shares.

The Company runs two alcoholic beverage production plants in Rīga, a spirits production plant and a sparkling wine and light alcoholic beverage production plant. They make most types of alcoholic beverages, such as sparkling wines, fortified wines, ciders, alcopops, vodka, liqueurs, brandy, spirits, gin, etc. Some AS Amber Latvijas Balzams recipes are several centuries old with Rīgas Melnais Balzams® origins going back to 1752.

Overall, the Company produces more than 100 brands of beverages. The Company's products are sold in almost all regions of the world through Amber Beverage Group and Stoli Group, as well as direct export.

The Company works with the largest suppliers of raw materials and consumables in the European Union. The most important resources are water and alcohol-containing raw materials. Water is taken from artesian wells on the Company's site. Ethyl alcohol for most of the products is supplied by the Company's partners working in the European Union.

A small, but still significant, part of the Company's business is the logistics services. The services are mainly provided to related companies, but the volume of services to other companies in the alcoholic beverage industry, such as transit services, customs warehousing services, logistics services, value-added services, consolidation, etc., keeps going up. These activities enable more efficient use of available resources.

As a socially responsible and sustainable company, we publish the information required by law about our sustainability and corporate social responsibility measures in accordance with the GRI (*Global Reporting Initiative*) principles. This information is available in the [Corporate Social Responsibility](#) section of the Company's website. The Company has drafted and adheres to the following procedures: Corporate Social Responsibility Policy, Company Procurement Procedure, Collective Bargaining Agreement, Quality Management Handbook, Ethical Marketing Communication Code, Anti-Corruption Policy, Data Protection Policy, Risk Management Policy, Remote Work Policy and other internal documents. These documents, policies and procedures are reviewed regularly, both internally in accordance with the Quality Management System and as a part of external audits. The audit results and planned corrective measures are considered at the Company's management meetings.

Company's operations in the reporting year

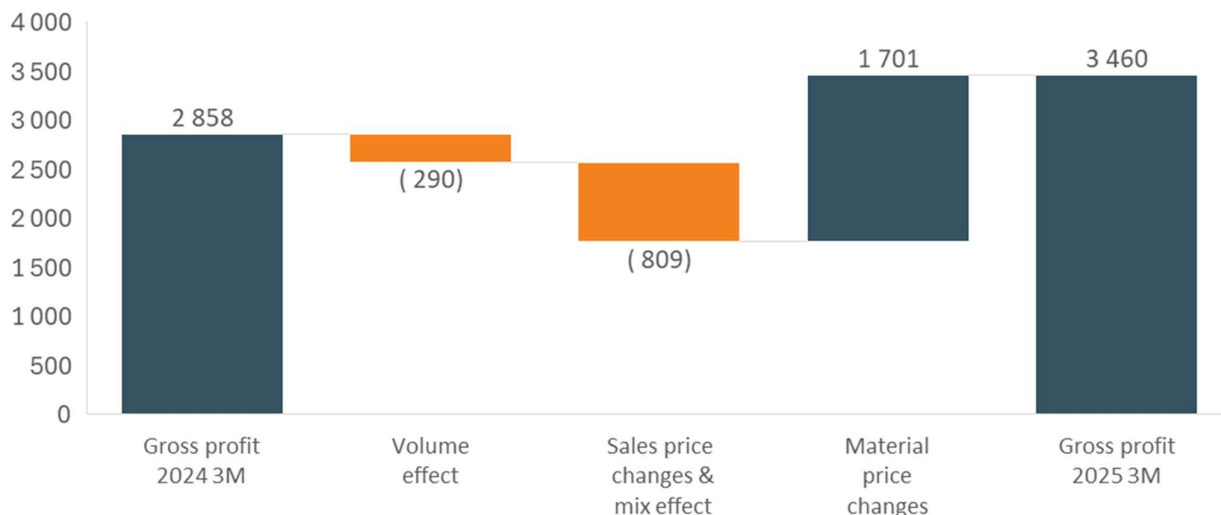
Financial performance

The unaudited net turnover of the company for the first three months of 2025 reached EUR 15.8 million, which is 14.5% less than in the corresponding period of 2024. Total sales volumes (in 9Lcs terms) in the first three months of 2025 were 11.5% lower compared to the same period in 2024. The decline in turnover is related to global trends of reduced working capital among wholesalers and importers amid heightened inflation, as well as strategic decisions made by Stoli Group regarding the development of the Stoli brand and supply chain optimization, which have had a short-term impact on order volumes.

	01.01.2025- 31.03.2025	01.01.2024- 31.03.2024
	9Lcs	9Lcs
Sales Volume, 9-Liter Cases	792 526	881 924

MANAGEMENT REPORT (continued)

Gross profit for the reporting period was EUR 3.6 million, which is an increase of EUR 0.6 million (+21%) compared to the corresponding period in 2024. The gross profit margin was negatively impacted by a decline in sales volume and average price, but this was fully offset by a decrease in the cost of key raw materials and inputs used in the production process, as well as a reduction in production-related expenses as a result of implemented cost optimization programs.



Pre-tax profit for the first three months of 2025 amounted to EUR 858 thousand, representing a significant improvement of EUR 0.99 million compared to the corresponding figure in 2024 (a loss of EUR 136 thousand). The pre-tax profit margin for the reporting period of 2025 was 5.4% (2024: -0.7%). Overall, the first quarter ended with a profit, and the results are in line with expectations. It is anticipated that sales volumes will further improve in the coming quarters, which, combined with stable raw material procurement prices and continued efforts in optimizing production costs, will allow for the maintenance of positive profit indicators.

In order for the Company to maintain competitiveness and simultaneously improve financial performance amid complex economic and geopolitical conditions, a number of ongoing measures are being implemented to increase production process efficiency and reduce costs:

- Continued efforts to maintain and even improve the significant increase achieved last year in the OEE (Overall Equipment Effectiveness) of bottling equipment;
- In the first quarter of 2025, the Company continued to apply flexible work organization planning in production, adjusting labor resources and other costs in line with current production volumes, which allows for significant optimization of labor costs, while also requiring highly precise production planning;
- Energy procurement contracts concluded in 2024 contribute additional savings to production costs.

MANAGEMENT REPORT (continued)

Risk assessment and management

In evaluating external and internal environmental factors that may affect the Company's operations and its manufactured products, the Company's management is placing increased focus on the following aspects:

- Timely identification of changes in legal and regulatory requirements and ensuring compliance, including prompt communication and training of personnel;
- Decisions by U.S. judicial institutions related to Chapter 11 and their impact on the conditions for continued operations of the affiliated group company in the U.S., in order to enable the Company to take timely measures to maintain sales volumes in the U.S. market;
- Ensuring continuity of production through timely planning of production capacity and workload;
- Creating appropriate workplaces by investing in the development of production, service delivery, and human resources, and providing adequate training.

The Company strictly complies with the laws of the Republic of Latvia in its operations. Given the nature of its business, the Company places significant emphasis on evaluating transactions and ensuring their compliance with applicable laws.

Stock and fund market

In the first quarter of 2025, the Company's share price fluctuated between EUR 9.14 and EUR 9.40 per share (Nasdaq Baltic indicator BAL1R; ISIN: LV0000100808).



MANAGEMENT REPORT (continued)

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

	Average price, EUR	Minimum price, EUR	Maximum price, EUR
Q1 2025	8,10	8,95	9,25
Q1 2024	9,14	8,80	9,40
Q1 2023	9,87	9,70	10,00

Financial risk management

AS "Amber Latvijas balzams" core business is exposed to several financial risks, including credit risk, liquidity risk, and interest rate risk. The Company's management continuously manages financial risks with the aim of minimizing their potential negative impact on the Company's financial results.

The Company's borrowings have variable interest rates. Management continuously evaluates opportunities to use risk mitigation instruments to reduce the impact of variable interest rates.

Financial assets that potentially expose the Company to a certain degree of credit risk concentration mainly consist of receivables from customers and clients, receivables and loans from related parties. The Company has implemented and adheres to a credit policy, selling goods on post-payment terms only to customers with good credit history. In international transactions, the Company also complies with the sanctions regime based on information published on the website of the Ministry of Foreign Affairs of the Republic of Latvia, as well as internal procedures.

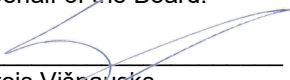
The Company follows a prudent liquidity risk management approach, ensuring that adequate credit resources are available to settle liabilities within agreed deadlines. Management manages liquidity and cash flow risks by maintaining appropriate cash reserves and securing sufficient financing through granted loans, credit lines, financial leases, etc., as well as continuously monitoring forecasted and actual cash flows and aligning the maturity structure of financial assets and liabilities.

No other events have occurred between the end of the period covered by these condensed financial statements and the date of their signing that would materially affect the Company's financial position as of 31 December 2024.

Future prospects of the Company

The Company will continue to increase production efficiency, focusing on reducing production costs and improving production effectiveness, as well as working to increase sales volumes and prices, thereby enhancing the Company's profitability.

On behalf of the Board:


Andrejs Višņausks
Chairman of the Board

May 30, 2025

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STATEMENT OF MANAGEMENT RESPONSIBILITIES

The Company's management declares that, based on the information available to the responsible persons, the condensed financial statements have been prepared in accordance with applicable regulatory requirements and provide a true and fair view of the company's assets, liabilities, financial position, and profit or loss.

The management report contains truthful information.

On behalf of the Board:



Andrejs Višņausks
Chairman of the Board

May 30, 2025

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STATEMENT OF PROFIT OR LOSS

	01.01.2025- 31.03.2025 EUR	01.01.2024- 31.03.2024 EUR
Revenue	15 766 805	18 445 430
Cost of sales	(12 306 821)	(15 587 014)
Gross profit	3 459 984	2 858 416
Distribution expenses	(1 459 539)	(1 989 593)
Administrative expenses	(1 148 392)	(1 216 852)
Other operating income	79 057	181 947
Other operating expenses	(341 770)	(188 155)
Operating profit/ (loss)	589 340	(354 237)
Net finance income/ (costs)	269 556	218 101
Profit/ (loss) before tax	858 896	(136 136)
Net profit/ (loss)	858 896	(136 136)

STATEMENT OF COMPREHENSIVE INCOME

	01.01.2025- 31.03.2025 EUR	01.01.2024- 31.03.2024 EUR
Net profit	858 896	(136 136)
Total comprehensive income for the period	858 896	(136 136)

On behalf of the Board:


Andrejs Višņausks
Chairman of the Board

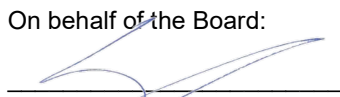
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STATEMENT OF FINANCIAL POSITION

	31.03.2025 EUR	31.12.2024 EUR
ASSETS		
Non-current assets		
Intangible assets	198 922	219 717
Property, plant and equipment	11 403 867	11 859 923
Right-of-use assets	3 470 058	3 470 058
Loans to group companies	35 287 497	35 287 497
Other non current assets	40 439	38 344
Total non-current assets:	50 400 783	50 875 539
Current assets		
Inventories	29 391 780	24 361 312
Trade receivables	1 611 366	1 354 743
Receivables from group companies	58 554 458	49 335 709
Loans to group companies within the Group ac	45 827 346	42 157 771
Other current assets	7 615 025	6 758 966
Cash and cash equivalents	26 937	12 367
Total current assets:	143 026 912	123 980 868
<u>Total assets</u>	<u>193 427 695</u>	<u>174 856 407</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	10 495 660	10 495 660
Share premium	87 887	87 887
Reserves	2 318 823	2 318 823
Retained earnings	112 842 310	111 983 413
Total equity:	125 744 680	124 885 783
Liabilities		
Non-current liabilities		
Borrowings	1 041 136	1 041 136
Total non-current liabilities:	1 041 136	1 041 136
Current liabilities		
Borrowings	1 268 860	1 389 900
Trade payables	12 704 325	12 133 811
Payables to group companies	2 039 121	885 489
Taxes payable	30 801 724	27 645 656
Other liabilities	19 827 849	2 376 492
Total current liabilities:	66 641 879	48 929 488
Total liabilities:	67 683 015	49 970 624
<u>Total equity and liabilities</u>	<u>193 427 695</u>	<u>174 856 407</u>

On behalf of the Board:


Andrejs Višņausks
Chairman of the Board


May 30, 2025

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STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Reserves	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
31.12.2023.	10 495 660	87 887	2 318 823	112 393 748	125 296 118
Net profit	-	-	-	4 087 805	4 087 805
Total comprehensive income	-	-	-	4 087 805	4 087 805
Dividends	-	-		(4 498 140)	(4 498 140)
31.12.2024.	10 495 660	87 887	2 318 823	111 983 413	124 885 783
Net profit	-	-	-	858 896	858 896
Total comprehensive income	-	-	-	858 896	125 744 679
Dividends	-	-	-	0	0
31.03.2025.	10 495 660	87 887	2 318 823	112 842 310	125 744 680

On behalf of the Board:


Andrejs Višņausks
Chairman of the Board

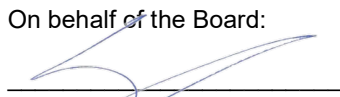
May 30, 2025

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STATEMENT OF CASH FLOW

	01.01.2025- 31.03.2025 EUR	01.01.2024- 31.03.2024 EUR
Cash flow from operating activities		
Profit for the period before taxation	858 896	(136 136)
<u>Adjustments for:</u>		
Depreciation and amortisation	507 999	689 312
Net (profit) on sales and disposal of property, plant and equipment, investment property and intangibles	-	(4 076)
Accruals	(29 534)	
Interest income	0	(292 680)
Interest expense	24 165	75 804
<u>Changes in working capital:</u>		
(Increase) / decrease in inventories	(5 000 934)	1 299 109
Decrease in trade and other receivables	(10 333 522)	4 289 426
Increase / (decrease) in trade and other payables	22 300 423	(16 318 085)
Net cash generated from operating activities	8 327 493	(10 397 326)
Cash flow from investing activities		
Acquisition of property, plant and equipment and intangible assets	0	(270 319)
Proceeds from sales of property, plant and equipment	0	3 506 000
Received incomes from borrowings	0	(3 500 000)
Interest received	0	0
Changes in credit lines (net)	(3 669 575)	11 099 376
Net cash flow (used in) / generated from investing activities	(3 669 575)	10 835 057
Cash flow from financing activities		
Borrowings repaid	0	(153 626)
Lease payments	0	(288 572)
Interest paid	(145 205)	(75 242)
Payment of dividends	(4 498 140)	-
Net cash flow used in financing activities	(4 643 345)	(517 440)
Net increase in cash and cash equivalents	14 570	(79 709)
Cash and cash equivalents at the beginning of the period	12 367	110 519
Cash and cash equivalents at the end of the period	26 937	30 810

On behalf of the Board:


Andrejs Višņausks
Chairman of the Board

May 30, 2025

NOTES TO THE FINANCIAL STATEMENT

(1) GENERAL INFORMATION

AS “Amber Latvijas balzams” (the Company) is a joint-stock company established and registered in Latvia. The Company was founded in 1900 as “Rīgas valsts degvīna noliktava Nr.1” (Riga State Vodka Warehouse No. 1). From 1970 until 2022, it operated under the name AS “Latvijas balzams,” and since May 2022, it has been known as AS “Amber Latvijas balzams.” The Company’s registered address is Aleksandra Čaka Street 160, Riga, LV-1012, Latvia. Shares of AS “Amber Latvijas balzams” are listed on the Nasdaq Riga Baltic Second List (ISIN: LV0000100808).

The Company is the largest alcoholic beverage producer in the Baltic States. AS “Amber Latvijas balzams” produces more than 100 different alcoholic beverages. The majority shareholder, owning 89.99% of the Company’s share capital as of March 31, 2024, is Amber Beverage Group Holding S.à r.l., a company registered in Luxembourg.

(2) ACCOUNTING POLICIES

General principles

The unaudited condensed financial statements for the first quarter of 2025 have been prepared in accordance with International Accounting Standard No. 34 “Interim Financial Reporting.”

The condensed financial statements do not contain all the information and disclosures included in the annual report and should therefore be read together with the Company’s annual financial statements.

Functional currency and revaluation

The Company’s functional and presentation currency is the official currency of the Republic of Latvia, i.e. the euro (EUR).

All transactions in foreign currencies during the reporting year have been translated into euros by applying the exchange rate determined at the beginning of the transaction date according to the European Central Bank and other central bank systems, which is published on the website of the European Central Bank.

On the last day of the reporting period, all monetary assets and liabilities in foreign currencies were translated into euros at the official exchange rate set by the European Central Bank at the end of the last day of the reporting year.

Net profit or losses resulting from fluctuations of foreign currency exchange rates are reflected in the profit and loss calculation for the respective period.

	31.03.2025	31.03.2024
	EUR	EUR
1 USD	1.082	1.081
1 GBP	0.835	0.855

Changes in Accounting Policies and Disclosure

The accounting policies applied in preparing the interim financial statements are consistent with those used in the previous financial statements as of December 31, 2024, except for amendments that came into effect on January 1, 2025. The Company has not applied standards that have been issued but are not yet effective and have not been applied early. The Company plans to adopt the aforementioned standards and interpretations and assess their impact upon their effective date.

NOTES (continued)

(3) NET REVENUE

(a) Operations and reporting segment

The Company's main business is production of alcoholic beverages. AS Amber Latvijas Balzams produces more than 100 different alcoholic beverages under its own and third-party brands using the Company's technologies, assets and resources, therefore the Company has only one reportable operating segment.

(b) Net turnover types

	01.01.2025- 31.03.2025 EUR	01.01.2024- 31.03.2024 EUR
Production of alcoholic beverages	14 833 817	18 445 430
Sales of other goods and materials	162 251	0
Other services	770 737	0
	<u>15 766 805</u>	<u>18 445 430</u>

(c) Geographic markets (by customer)

	01.01.2025- 31.03.2025 EUR	01.01.2024- 31.03.2024 EUR
Estonia	284 602	477 921
Cyprus	8 498 561	10 551 717
Latvia	4 710 765	4 858 931
Lithuania	1 255 972	1 011 814
Norway	40 828	37 870
Romania	106 711	65 483
Finland	15 336	37 106
Switzerland	38 946	0
Turkey	15 956	201 874
Ukraine	36 851	127 977
Germany	610 971	183 118
Sweden	6 302	82 794
Other countries	145 003	808 825
	<u>15 766 805</u>	<u>18 445 430</u>

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NOTES (continued)

(4) COST OF SALE

	01.01.2025- 31.03.2025 EUR	01.01.2024- 31.03.2024 EUR
Raw materials and consumables	9 236 271	12 400 293
Salary expense	1 282 779	1 323 476
The state compulsory social insurance contributions	299 820	433 241
Depreciation of non-current assets	402 801	365 659
Energy resources	329 212	310 698
Repair and maintenance expenses	153 876	256 282
Management of packaging	255 212	193 958
Goods purchased	0	0
Insurance payments	13 384	12 349
Laboratory expenses	6 334	8 725
Accrued expenses on unused annual leave	74 588	5 604
Other costs	252 544	276 729
	<u>12 306 821</u>	<u>15 587 014</u>

(5) DISTRIBUTION EXPENSES

	01.01.2025- 31.03.2025 EUR	01.01.2024- 31.03.2024 EUR
Salary expenses	470 094	485 089
Advertising and sales promotion expenses	166 151	474 091
Depreciation of non-current assets	91 871	289 038
Transportation expenses	163 780	305 940
Warehouse maintenance expenses	346 449	186 297
The state compulsory social insurance contributions	110 532	114 261
Other expenses	110 662	134 877
	<u>1 459 539</u>	<u>1 989 593</u>

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NOTES (continued)

(6) ADMINISTRATIVE EXPENSES

	01.01.2025- 31.03.2025 EUR	01.01.2024- 31.03.2024 EUR
Management services and expenses	748 007	697 578
Salary expenses	123 957	225 973
Depreciation of non-current assets	13 327	75 875
Computer maintenance	67 617	65 720
Financial support, sponsorship	0	53 122
The state compulsory social insurance contributions	30 178	37 294
Real estate tax	32 501	21 459
Professional service costs	33 140	17 713
Transport costs	2 529	9 795
Office expenses	32 241	7 253
Communication and postal expenses	347	1 569
Representation expenses	3 453	1 550
Business trip expenses	-	0
Other expenses	61 095	1 951
	<u>1 148 392</u>	<u>1 216 852</u>

(7) NET FINANCE INCOME/(COSTS)

	01.01.2025- 31.03.2025 EUR	01.01.2024- 31.03.2024 EUR
Finance income		
Interest income		
Interest income related parties	294 658	292 679
Foreign exchange gain, net	-	1 226
Other financial income		
Total finance income	<u>294 658</u>	<u>293 905</u>
Finance costs		
Interest expense	24 165	75 804
Interest expense to related parties	-	-
Foreign exchange loss, net	937	-
Other financial expense		
Total finance costs	<u>25 102</u>	<u>75 804</u>
Net finance income / (costs)	<u>269 556</u>	<u>218 101</u>

(8) EARNING PER SHARE

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

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NOTES (continued)

(9) SUBSEQUENT EVENTS

No other events have occurred between the end of the period covered by these condensed financial statements and the date of their signing that would materially affect the Company's financial position as of March 31, 2025.