AS AMBER LATVIJAS BALZAMS

ANNUAL REPORT 2023

prepared in accordance with

IFRS Accounting Standards as adopted by the EU

CONTENTS

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 Nr. 40003031873 Riga, 2 October 1991 Re-registered on 20 October 1998 Commercial register Riga, 19 June 2004
Address	A. Caka Street 160 Riga, LV- 1012 Latvia
Main business activities	Production of alcoholic beverages NACE2 11.01
Major shareholder	Amber Beverage Group Holding S.à r.l. (89.99%)
Names and positions of the Council members:	Rolands Gulbis – Chairman of the Council Valizhan Abidov – Vice Chairman of the Council Velga Celmiņa – Member of the Council Boriss Ņešatajevs – 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
The auditor of the Company and certified auditor in charge	PricewaterhouseCoopers SIA Licence No. 5 Kr. Valdemāra Street 21-21 Riga, LV-1010 Latvia Certified auditor in charge: Ilandra Lejina Certified auditor Certificate No. 168
Statement of corporate governance	https://amberlb.lv/en/corporate-governance/

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 alcoholic beverages of more than 100 different brand names, which are sold almost in all regions of the world via Amber Beverage Group, Stoli Group, and direct export routes.

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

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 in the spirits industry, is growing. These activities allow to improve the utilisation of resources.

As a socially responsible and sustainable company, the Company publishes the legally prescribed information about its activities in the areas of sustainability and corporate social responsibility in accordance with the GRI (Global Reporting Initiative) principles. This information can be found in the Sustainability Report implemented by the Company's Parent company, which is available on the Company's website in the Corporate Social Responsibility section.

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.

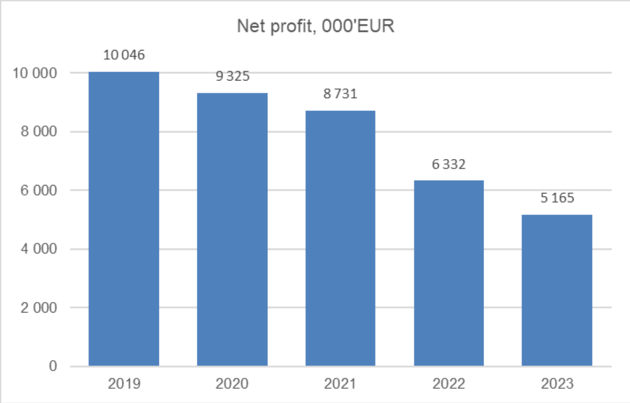
Performance of the Company during the financial year

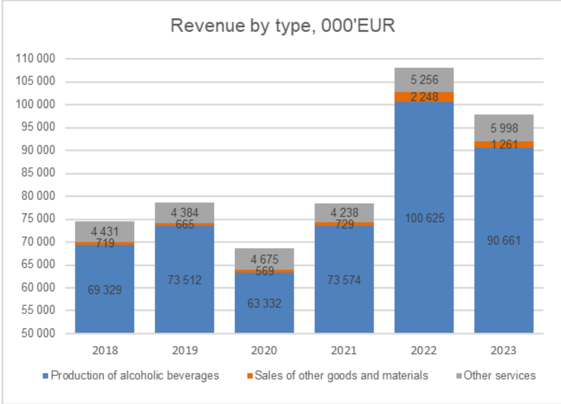
Financial performance

The Company's net turnover in 2023 reached 97.9 million euros, which is 9.4% less than in the corresponding period in 2022. Total sales volumes (in 9-liter cases) in 2023 were 18.4% less than in the corresponding period in 2022. 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.

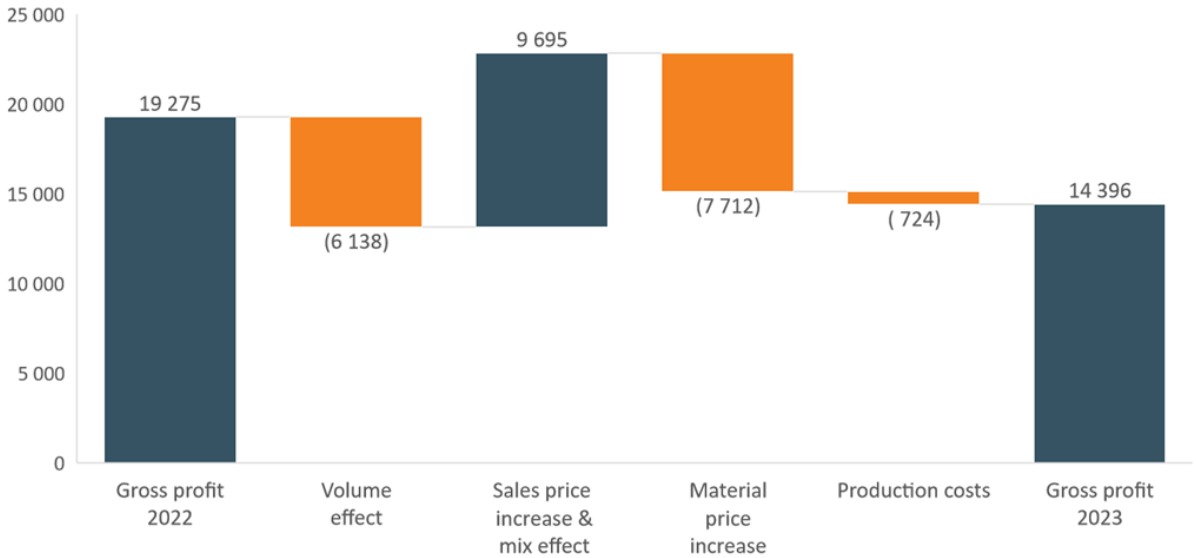
	01.01.2023-31.12.2023	**01.01.2022-31.12.2022**
	9Lcs	**9Lcs**
Sales volume, in 9-liter cases	4 560 336	5 589 164

REPORT OF THE MANAGEMENT (continued)





The gross profit in the reporting period was 14.4 million euros, which is a decrease of 4.9 million euros compared to the corresponding period in 2022. The gross profit indicator was affected both by the drop in sales volume and also by a significant increase in the costs of raw materials as well as costs related to production, which had a direct impact on the Company's results. The negative cost trends were observed starting in the second half of 2022 and therefore only partially affected the comparative indicators.



The operating profit for the year 2023 is 4.1 million euros (2022: profit of 6.4 million euros). The ratio of operating profit to turnover in the reporting period of 2023 is 4.3% (2022: 5.9%), which was directly influenced by both the above-mentioned factors with an impact on gross profit and the proportion of fixed costs in the total amount of costs.

The Company's net profit for the reporting period is 5.2 million euros, which is a decrease compared to the corresponding period in 2022. The Company's management believes that the financial situation and profitability will improve in the future, taking into account the fixed price contracts for the purchase of energy resources switched in 2023, which provide for significantly lower resource prices, positive trends in sales volume dynamics in export markets, as well as the main raw materials (ethyl alcohol, glass bottles, cardboard packaging, etc.) gradual reduction of costs.

The Company’s alternative performance metrics for the reporting period and their comparative figures for previous reporting periods are as follows:

REPORT OF THE MANAGEMENT (continued)

The Company's return on equity (ROE) and return on assets (ROA):

	2023	**2022**	**2021**
ROA*	2.6%	3.4%	5.1%
ROE**	3.7%	4.5%	6.4%

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

The Company's EBIT* and EBITDA** ratios:

	2023 EUR 000	**2022 EUR 000**	**2021 EUR 000**
EBITDA*	6 383	8 504	9 747
EBIT **	4 162	6 382	7 375

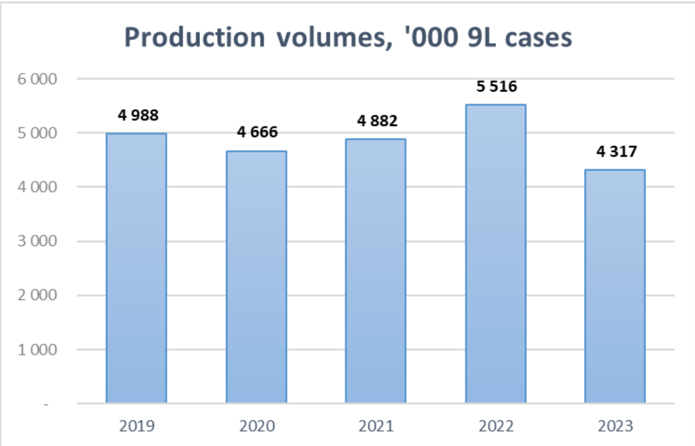
* EBIT = Earnings before interest and taxes.
** EBITDA = Earnings before interest and taxes, depreciation, and amortization.

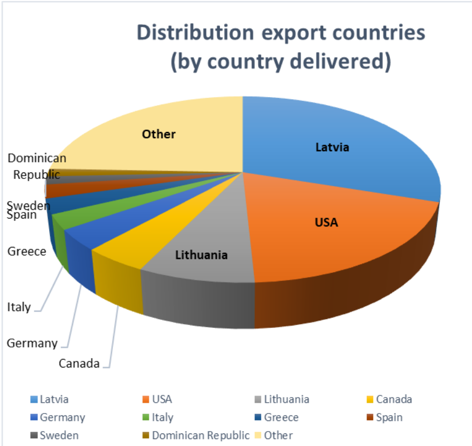
The Company's management uses the aforementioned alternative performance metrics in assessing the financial performance for a particular financial period and in making decisions.

AS Amber Latvijas balzams is one of the largest local taxpayers. During the reporting period, the Company paid taxes of EUR 69.3 million to the state budget, including excise tax amounting to EUR 56.4 million.

<u>Non-financial performance and activities for the reporting year</u>

Similar to net revenue, during the year 2023, the production volume also decreased by 22% compared with the year 2022.





Taking into account the drop in production volumes and the overall decrease in profitability, the Company has taken a series of measures to promote the efficiency of production processes and reduce costs:

- By the middle of the year, a 30% improvement in the utilization efficiency (OEE) of the finished product filling equipment had been achieved.
- Completed several investment projects (such as an automated line for filling Stoli Elit vodka and purchased palletizing equipment), which allowed not only to increase production capacity but also to reduce labour costs per unit of production.
- Switched fixed-price contracts for the purchase of energy resources.
- The adaptation of workforce resources and other costs to current production volumes has been carried out.

REPORT OF THE MANAGEMENT (continued)

AS Amber Latvijas balzams has been successfully operating as a European logistics hub for the distribution of the Group's brands (Rooster Rojo Tequila, KAH Tequila, Bayou Rum, Arinzano, Achaval Ferrer, Se Busca, Cenote, and Kentucky Owl) in Europe, Scandinavia, and other countries.

In 2023, the Company continued the installation and implementation of efficiency and adaptability equipment/projects and the preservation of a low-cost base. The main implemented projects were:

- Investments in production infrastructure, promoting the reduction of energy resource consumption.
- Installation of automatic palletizing equipment in the finished product warehouse at Čaka Street distillery on the next production lines.
- Updating the carbonated beverage production line and filtering equipment of the Briāna Street factory.
- Installation of a new, more productive ultra-premium vodka Stoli Elit production line.

During the reporting period, AS Amber Latvijas balzams has certified the quality management system at the Čaka Street production facility in accordance with the FSSC 22000 standard, while the monitoring audit in Briāna Street has been successfully completed in accordance with the ISO 9001:2015 version. FSSC certification made it possible to acquire new customers, their volume reaching 10,000 9Lcs in 2023.

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*), and quality. RFT shows the share of products manufactured right on the first time. In 2023, this indicator reached 94.9%, which shows a slight improvement compared to almost the same indicator in 2022 (94.5%). The OTIF indicator indicates the Company's ability to fulfil customer orders within the specified time and volume. The corresponding indicator reached 95% in 2023, which, compared to the 2022 indicator of 94.9%, is also a slight improvement.

In 2023, a wide range of new products were developed and introduced to markets including: Lucky Dog® Passionfruit, Black® Limoncello Spritz, LB Black Currant RTD, Rīgas® Prestige Cuvee sparkling wine Semi Seco, Svetskoje Zolotoje sparkling wine, Cosmopolitan Diva® Berry Limited Edition, Kazna vodka for Austrian market, Moka Caramel&Cream, Hektors Hex on the Beach, and start of implementing new design of Moskovskaya® Vodka for international markets.

Sustainability report

In 2023, the Company's Parent company, Amber Beverage Group Holding S.à r.l., has prepared a Sustainability Report in accordance with GRI (Global Reporting Initiative) principles, including information about the Company. Thus, the Company has used the opportunity not to publish a separate sustainability report. ABG Group level Sustainability Report includes information on environmentally sustainable economic activity in line with EU Taxonomy requirements. The ABG Sustainability Report is published together with the ABG Group Annual Report and is available on the ABG website under the section ESG Reporting.

In accordance with European Commission Regulation (EC) No. 2020/852 and No. 2021/2178, the Company presents qualitative and quantitative information for economic activities related to taxonomy and non-related to the taxonomy for each of the three indicators: turnover, capital expenditures, operating expenses.

According to the classification included in the taxonomy compass (EU Taxonomy Compass), the economic activity of the Company is fully considered to be as non-related to taxonomy economic activity.

REPORT OF THE MANAGEMENT (continued)

Risk assessment and management

When evaluating external and internal environmental factors that may affect the Company's operation and production processes, the Company's management pays increased attention to the following aspects:

- 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, as well as compliance with epidemiological requirements.
- 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.

The biggest challenges in 2023 for the Company have been:

- Reduce the cost base.
- To implement the planned investment projects and new products on time and in full.
- Ensure fulfilment of orders in times of increased demand, especially in the second half of the year.

Stock and fund market

During the year 2023, the Company’s share price fluctuated from EUR 8.80 to EUR 10.20 per share (Nasdaq Baltic indicator BAL1R; ISIN: LV0000100808).

The members of the Management Board and the Council of the Company do not own shares of AS Amber Latvijas balzams.

REPORT OF THE MANAGEMENT (continued)

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

	Average price, EUR	Minimum price, EUR	Maximum price, EUR
2023	9.58	8.80	10.20
2022	10.00	8.93	11.92
2021	11.80	8.97	11.98

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 that 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 pursued a credit policy whereby goods are sold on credit only to customers with 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.

The Company pursues a prudent liquidity risk management policy, according to which adequate credit resources are ensured to settle liabilities when they fall due. The Company's management handles liquidity and cash flow risks by maintaining adequate cash reserves and securing sufficient financing by means of loans, credit lines, finance leases, etc., by monitoring forecasted and actual cash flows, and by matching the maturities of financial assets and liabilities on an ongoing basis.

On 31 December 2023, the Company's current assets exceeded its current liabilities by 94 million euros (on 31.12.2022, by 89 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:

	31.12.2023.	**31.12.2022.**	**31.12.2021.**
Current ratio*	2.61	2.70	4.56
Quick ratio**	2.01	2.08	3.83

** Current ratio = Current assets / current liabilities.*
*** Quick ratio = (Trade receivables + receivables from related companies + cash and cash equivalents) / current liabilities.*

Financial risk management is disclosed in Note 28.

Events after the reporting date

There were no subsequent events since the last date of the financial year until the date of the signing of these financial statements, which would have a significant effect on the financial position of the Company as of 31 December 2023.

REPORT OF THE MANAGEMENT (continued)

Future prospects

In 2024, AS Amber Latvijas balzams will keep focusing on the following:

- Investments in core brands to build international recognition.
- The efficiency improvement program.

The planned volumes of Stoli's orders, together with the achieved productivity growth, allow the volumes of 2024 to be fulfilled by working in one shift. This will be one of the main goals for 2024, thus achieving a significant saving of resources.

The company will continue to increase production efficiency, emphasizing procurement, planning and infrastructure improvements to ensure its goal: to deliver quality products at a competitive price.

For the implementation of this goal, work on the following projects will be continued in 2024:

- Further increase in productivity at the amount of 15%.
- Launch of the 'Value Engineering' project to gather more effective solutions for raw materials with lower costs and less environmental impact.
- Reduction of losses in production stages.
- Implementation of the SUP (EU Single-Use Plastics Directive) regulation, promoting the production of more environmentally friendly PET botles with an integral cap.
- Implementation of a new personnel management system within the Group, etc.

On behalf of the Board:

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Intars Geidāns
Chairman of the Board

Riga, 30 April 2024

REMUNERATION REPORT

The remuneration report is published simultaneously in Latvian and English languages together with the audited annual report of the Company as a separate component of the annual report on the Company's website, www.amberlb.lv, section „For investors”, as well as on the stock exchange Nasdaq Riga website www.nasdaqbaltic.com.

STATEMENT OF THE MANAGEMENTS' RESPONSIBILITY

The Management is responsible for the preparation of these financial statements in accordance with the IFRS Accounting Standards as adopted by the EU (IFRS). The financial statements give a true and fair view of the financial position of the Company at the end of the reporting year, and the results of its operations and cash flows for the year then ended.

The Management certifies that proper accounting methods were applied in the preparation of the financial statements set out on pages 13 to 49 and decisions and assessments were made with proper discretion and prudence. The Management confirms that the financial statements have been prepared on a going concern basis.

The Management is responsible for maintaining the accounting records and for safeguarding the Company's assets and preventing and detecting fraud and other irregularities in the Company. It is also responsible for operating the Company in compliance with the legislation of the Republic of Latvia.

On behalf of the Board:

Intars Geidāns
Chairman of the Board

Riga, 30 April 2024

Income Statement

	Notes	2023 EUR	2022 EUR
Revenue	1	97 920 181	108 128 898
Cost of sales	2	(83 524 427)	(88 854 294)
Gross profit		**14 395 754**	**19 274 604**
Distribution expenses	3	(7 473 493)	(8 478 993)
Administrative expenses	4	(5 009 490)	(4 468 728)
Other operating income	5	3 031 751	689 188
Other operating expenses	6	(782 679)	(633 942)
Net financial income / (costs)	8	1 003 106	(50 007)
Profit before tax		**5 164 949**	**6 332 122**
Net profit		**5 164 949**	**6 332 122**
Earnings per share			
Basic	9	0.69	0.84
Diluted	9	0.69	0.84

Notes on pages 19 to 49 form an integral part of these financial statements.

Statement of Comprehensive Income

	Notes	2023 EUR	2022 EUR
Net profit		**5 164 949**	**6 332 122**
Total comprehensive income for the period		**5 164 949**	**6 332 122**

Notes on pages 19 to 49 form an integral part of these financial statements.

Statement of Financial Position

	Notes	31.12.2023 EUR	31.12.2022 EUR
ASSETS			
Non-current assets			
Intangible assets	10	303 488	360 940
Property, plant and equipment	11	12 560 544	15 236 211
Right-of-use assets	24	3 720 564	1 766 606
Loans to related parties	23 (e)	31 787 497	33 730 915
Other non current assets	14	159 944	1 352 901
Total non-current assets:		**48 532 037**	**52 447 573**
Current assets			
Inventories	12	35 014 511	31 939 822
Trade receivables	13	1 630 449	2 049 260
Receivables from related parties	23 (a)	64 898 674	60 108 353
Loans to related parties	23 (f)	47 140 912	46 433 065
Other current assets	14	4 467 073	719 222
Cash and cash equivalents		110 519	150 931
Total current assets:		**153 262 138**	**141 400 653**
Total assets		**201 794 175**	**193 848 226**

	Notes	31.12.2023 EUR	31.12.2022 EUR
EQUITY AND LIABILITIES			
Equity			
Share capital	15	10 495 660	10 495 660
Share premium		87 887	87 887
Reserves	16	2 318 823	2 318 823
Retained earnings		128 375 717	127 708 909
Total equity:		**141 278 087**	**140 611 279**
Liabilities			
Non-current liabilities			
Borrowings and lease liabilities	17	1 903 137	887 555
Total non-current liabilities:		**1 903 137**	**887 555**
Current liabilities			
Borrowings and lease liabilities	17	1 245 285	1 222 189
Trade payables		15 506 787	15 897 558
Payables to related parties	23 (b)	4 413 522	4 848 742
Taxes payable	18	35 154 963	27 409 203
Other liabilities	19	2 292 394	2 971 700
Total current liabilities:		**58 612 951**	**52 349 392**
Total liabilities:		**60 516 088**	**53 236 947**
Total equity and liabilities		**201 794 175**	**193 848 226**

Notes on pages 19 to 49 form an integral part of these financial statements.

On behalf of the Board:

Intars Geidāns
Chairman of the Board

Riga, 30 April 2024

Statement of Changes in Equity

	Share capital	Share premium	Reserves	Retained earnings	Total
	EUR	EUR	EUR	EUR	EUR
31.12.2021.	**10 495 660**	**87 887**	**2 318 823**	**125 874 927**	**138 777 297**
Net profit	-	-	-	6 332 122	**6 332 122**
Total comprehensive income	-	-	-	**6 332 122**	**6 332 122**
Dividends	-	-	-	(4 498 140)	**(4 498 140)**
31.12.2022.	**10 495 660**	**87 887**	**2 318 823**	**127 708 909**	**140 611 279**
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**

Notes on pages 19 to 49 form an integral part of these financial statements.

Cash Flow Statement

	Notes	2023 EUR	2022 EUR
Cash flow from operating activities			
Profit for the period before taxation		5 164 949	6 332 122
Adjustments for:			
deprecition and amortisation	7	2 421 408	2 122 180
net gain from disposal of property, plant and equipment, investment properties and intangible assets		(2 031 677)	(1 135)
changes in provisions for slow moving stock		(114 842)	55 401
interest income	8	(1 285 158)	(1 324 323)
interest expense	8	226 299	74 911
Changes in working capital:			
Increase in inventories		(2 959 847)	(7 086 330)
(Increase) / decrease in trade and other receivables		(2 926 404)	2 575 813
Increase in trade and other payables		6 965 250	17 390 626
Cash generated from operations		**5 459 978**	**20 139 265**
Net cash generated from operating activities		**5 459 978**	**20 139 265**
Cash flow from investing activities			
Acquisition of property, plant and equipment and intangible assets		(2 187 053)	(2 928 096)
Proceeds from sales of property, plant and equipment		328	7 473
Loan repayments received		1 943 418	4 047 876
Interest received		1 196 190	1 274 955
Net changes in loans to related parties (credit line)		(618 880)	(16 866 210)
Net cash generated from / (used in) investing activities		**334 003**	**(14 464 002)**
Cash flow from financing activities			
Borrowings repaid		(310 704)	(310 704)
Lease payments	24	(744 898)	(725 791)
Interest paid		(280 651)	(78 606)
Payment of dividends		(4 498 140)	(4 498 140)
Net cash used in financing activities		**(5 834 393)**	**(5 613 241)**
Net (decrease) / increase in cash and cash equivalents		**(40 412)**	**62 022**
Cash and cash equivalents at the beginnging of the period		**150 931**	**88 909**
Cash and cash equivalents at the end of the period		**110 519**	**150 931**

Notes on pages 19 to 49 form an integral part of these financial statements.

Notes to the Financial Statements

I. GENERAL INFORMATION

AS Amber Latvijas balzams (“the Company”) is the largest producer of alcoholic beverages in the Baltic States. The Company 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 31 December 2023, is Amber Beverage Group Holding S.à r.l. (a company incorporated in Luxembourg). The ultimate parent company of the Group is SPI Group Holding Limited (a company incorporated in Cyprus).

AS Amber Latvijas balzams is a joint-stock company, which is incorporated and has its registered office in Latvia. The Company was founded in 1900 but acquired its current name in 1970. The registered address of the Company is 160 A. Caka Street, Riga, LV-1012, Republic of Latvia. Shares of AS Amber Latvijas balzams are quoted on the second list of the Nasdaq Riga AS.

The current financial year of the Company is from 1 January 2023 to 31 December 2023.

The approval of the annual report of a Company at a meeting of shareholders shall be postponed if, disputing the correctness of separate positions in the annual report, the postponement is requested by shareholders who represent at least one-tenth of the equity capital.

II. ACCOUNTING POLICIES

(1) Basis of preparation

These financial statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the European Union (IFRS).

The financial statements are presented in accordance with IAS 1 Presentation of Financial Statements. The Company has elected to present the Income statement and Statement of comprehensive income as separate statements. The financial statements are prepared on a going concern basis.

Expenses in the income statement are classified by function.

To ensure proper comparison of financial information, some positions in the 2022 Income Statement have been reclassified.

Cash flow from operating activities in the Cash flow statement is prepared according to the indirect method.

The preparation of the financial statements in compliance with IFRS requires critical assumptions. Moreover, the preparation of the financial statement requires the management to make estimates and judgements applying the accounting policies adopted by the Company. Critical estimates and judgements are disclosed in Section 20 of the Accounting Policies Note.

II. ACCOUNTING POLICIES (continued)

(1) Basis of preparation (continued)

a) Standards or interpretations effective for the first time for the annual periods beginning 1 January 2023:

- **IFRS 17 "Insurance Contracts**" (effective for annual periods beginning on or after 1 January 2023).
- **Amendments to IFRS 17 and an amendment to IFRS 4** (effective for annual periods beginning on or after 1 January 2023).
- **Transition option to insurers applying IFRS 17 – Amendments to IFRS 17** (effective for annual periods beginning on or after 1 January 2023).
- **Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies** (effective for annual periods beginning on or after 1 January 2023).
- **Amendments to IAS 8**: **Definition of Accounting Estimates** (effective for annual periods beginning on or after 1 January 2023).
- **.Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12** (effective for annual periods beginning on or after 1 January 2023).
- **Amendments to IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules** (effective for annual periods beginning on or after 1 January 2023).

The Company considers that aforementioned amendments to standards have no material impact on these financial statements.

b) Standards or interpretations effective for the first time for the annual periods beginning after 1 January 2024 or not yet endorsed by the EU

- **Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback** (effective for annual periods beginning on or after 1 January 2024).
- **Classification of liabilities as current or non-current – Amendments to IAS 1** (effective for annual periods beginning on or after 1 January 2024).
- **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements** (effective for annual periods beginning on or after 1 January 2024, not yet endorsed by the EU).
- **Amendments to IAS 21 Lack of Exchangeability** (effective for annual periods beginning on or after 1 January 2024, not yet endorsed by the EU).

The Company has not early adopted these standards and interpretations and believes that the adoption of new or revised standards and interpretations has no material impact on the Company’s financial statements.

II. ACCOUNTING POLICIES (continued)

(2) Revenue recognition

The Company is in the business of producing and selling alcoholic beverages. Revenue from contracts with customers is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Income from rendering of services

Revenue from rendering of services (mainly logistic services) are recognized when the service has been provided, over time.

Sale of finished goods

Revenue from the sale of finished goods is recognized net of discounts, returns, value-added taxes, export duties, and excise tax. The Company acts as an agent in collecting the excise duty from customers and transferring it to responsible tax collection authorities. Thus, the revenue is recognized net of the excise tax levied on the customers. Revenue is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the finished goods. The normal credit term is 30 to 90 days upon delivery.

In determining the transaction price for the sale of finished goods, the Company considers the effects of variable consideration.

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Financing component

The Company does not enter into contracts whereby the period between the transfer of the promised goods and the customers' payment is more than one year. Accordingly, the Company does not adjust the transaction price for the time value of money.

(3) 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 the central banks of the European System of Central Banks and other central banks, which is 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, except for monetary assets and liabilities denominated in Russian rubles - for the revaluation of such assets and liabilities, the exchange rate published by the Central Bank of Russia on the last day of the reporting period is used.

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.

II. ACCOUNTING POLICIES (continued)

	31.12.2023. EUR	**Average 2023 EUR**	**31.12.2022. EUR**	**Average 2022 EUR**
1 USD	0.9050	0.9248	0.9376	0.9496
1 GBP	1.1507	1.1497	1.1275	1.1727
1 RUB	0.0101	0.0108	0.0132	0.0139

(4) Property, plant and equipment (PPE)

Property, plant, and equipment are recognised at cost less accumulated depreciation and impairment. Historical costs include expenditures that are directly related to the acquisition of the asset.

Subsequent costs are recognised in the asset's carrying amount or as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Other repairs and maintenance are recognised as expenses during the financial period when they are incurred.

The land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful life, as follows:

	Years
Buildings	10 - 71
Technological equipment	2 - 25
Other machinery and equipment	2 - 25

Items of PPE in the course of construction for production, supply, or administrative purposes are carried at cost less any impairment recognized. Depreciation of these assets, on the same basis as other PPE items, commences when the assets are ready for their intended use.

The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at each end of the financial year.

Costs of borrowing to finance assets under construction and other direct charges related to the particular asset under construction are capitalized during the time that is required to complete and prepare the asset for its intended use as part of the cost of the asset. Capitalization of the borrowing costs is suspended during extended periods in which active developments are interrupted.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognised in the income statement in the relevant period when incurred.

(5) Intangible assets

Intangible assets, in general, consist of licenses, software, and related implementation costs.

Intangible assets are recognised at the cost of acquisition less accumulated amortisation and impairment. Amortisation is calculated from the moment the assets are available to use. The amortisation of intangible assets is calculated using the straight-line method to allocate amounts to their residual values over their estimated useful lives of 3 to 5 years.

II. ACCOUNTING POLICIES (continued)

(6) Leases

The Company assesses at contract inception whether a contract is or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The Company's right-of-use assets represent leases of real estate and production equipment. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. Cost includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made before the commencement date less any lease incentives received.

Except where the Company has sufficient confidence that the ownership of leased assets will be transferred at the end of the lease term, recognized right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets (3 to 10 years). Right-of-use assets are subject to assessing for impairment indicators.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities relating to real estate and production equipment measured at the present value of lease payments. Lease liabilities represent fixed lease payments. In calculating the liabilities, the Company uses its incremental borrowing rate at the lease commencement date, except where the borrowing rate is readily determined. The Company has applied the discount rate of 5.09% for the calculation of lease liabilities upon initial recognition and their subsequent recalculation at year-end. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments, or a change in the assessment of an option to purchase the underlying asset at the end of the period. Every lease payment is apportioned between lease liabilities and interest expenses thereon. Interest paid on lease liabilities is recognized in the income statement over the lease term.

II. ACCOUNTING POLICIES (continued)

(6) Leases (continued)

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of other property, plant, and equipment items (i.e., those leases that have a lease term less than 12 months from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term. All other fixed assets with a purchase value of up to EUR 500 (five hundred euros), regardless of their useful life, or above EUR 500 (five hundred euros) if they have a useful life of up to one year, are accounted for as low-value inventory.

(7) Inventories

Inventories are stated at the lower cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. When the net realisable value of inventories is lower than its cost, provisions are created to reduce the value of inventories to their net realisable value.

The cost of inventories is determined based on the FIFO method. The purchase costs of raw materials include expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

(8) Financial instruments

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at its fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

II. ACCOUNTING POLICIES (continued)

(8) Financial instruments (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Expected credit losses are presented as a separate line item in the income statement.
- FVPL: Assets that do not meet the criteria for amortised cost, or FVOCI, are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment of financial assets – provisions for expected credit losses (ECL)

Expected credit loss on financial assets are recognised and measured using one of two approaches: the general approach or the simplified approach.

The Company measures debt instruments (including loans) at amortised cost using the ECL. The Company determines the ECL and establishes loan loss provisions at each reporting date. The principle of determining the ECL reflects: (i) an objective, transaction-weighted amount determined by analysing a range of possible outcomes; (ii) the time value of money; and (iii) all reasonable and demonstrable information about past events, current conditions, and future projections available without undue cost or effort at the end of each reporting period.

The Company applies the simplified approach under IFRS 9 in determining expected credit losses for trade receivables, which requires the recognition of provisions for lifetime expected credit losses for all trade receivables that are grouped based on common credit characteristics and past due payments. The amount of the expected credit losses depends on the days in arrears.

For all other financial assets subject to impairment under IFRS 9, the Company applies the general approach of a three-step impairment model based on changes in credit quality since initial recognition. A financial instrument that is not impaired at initial recognition is classified as a Level 1 financial instrument. A Level 1 financial asset is measured at an amount equal to the portion of the lifetime ECL that would be incurred in the event of default within the next 12 months or until contractual maturity, whichever is shorter ("the 12-month ECL"). If the Company identifies a significantly increased credit risk ("SICR") at initial recognition, the relevant asset is transferred to Level 2, and its ECL is determined using the lifetime ECL, i.e., until the expiry of the contract, but considering expected prepayments, if any ("the lifetime ECL"). If the Company determines that a financial asset is impaired, the asset is transferred to Level 3 and measured using a lifetime ECL.

Financial assets measured at amortised cost are presented in the balance sheet net of allowances for ECL.

The carrying amount of the financial assets is reduced using a provision account, and the amount of the loss is recognised in the Income Statement under *Other operating expenses*.

Financial liabilities

Liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

II. ACCOUNTING POLICIES (continued)

(9) Cash and cash equivalents

Cash and cash equivalents consist of banks' current account balances and other highly liquid investments with original maturities up to 90 days.

(10) Share capital

Ordinary shares are classified as share capital.

(11) Borrowings

Borrowings are initially recognised at a fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

(12) Vacation accruals

The amount of vacation accruals is determined by multiplying the average day rate of employees for the last six months of the financial year by the amount of accrued but unused annual leave at the end of the reporting year.

(13) Income tax

Corporate income tax for the reporting period is included in the financial statements based on the management's calculations prepared in accordance with Latvian Republic tax legislation.

Corporate income tax is calculated on the basis of distributed profit (20/80 of the net amount payable to shareholders). Corporate tax on distributed profit will be recognized when the shareholders of the Company make a decision about profit distribution.

The Company calculates and pays corporate income tax also for the conditionally distributed profit (20/80 of calculated taxable base), which includes taxable objects in accordance with the Corporate Income Tax law, such as the expenditure not related to economic activity, the doubtful debts of debtors and the loans to the related parties, if they meet criteria provided in the Corporate Income Tax law, as well other expenses exceeding statutory limits for deduction. Corporate income tax for the conditionally distributed profit is recognized in the income statement in the year for which it is assessed.

In accordance with International Accounting Standard No 12 Income Taxes requirements, in cases where income tax is payable at a higher or lower rate, depending on whether the profit is distributed, the deferred tax assets and liabilities are measured at the tax rate applicable to undistributed profits. In Latvia, the applicable rate for undistributed profits is 0%.

(14) Earnings per share

Earnings per share are determined by dividing the net gains or losses attributable to shareholders of the Company by the average weighted quantity of the shares in the reporting year.

(15) Related parties

Related parties are defined as the shareholders of the Company, who have a significant influence or control over the Company, members of the Board and the Council, their close relatives, and companies in which they have a significant influence or control.

II. ACCOUNTING POLICIES (continued)

(16) Employee benefits

Short-term employee benefits, including salaries and social security contributions, bonuses and paid vacation benefits, are included in the income statement on an accrual basis.

The Company pays social security contributions to state pension insurance and to the state funded pension scheme in accordance with Latvian legislation.

In accordance with the Rules of the Cabinet of Ministers of the Republic of Latvia, 71.87% (2022: 71.87%) of the social security contributions are used to fund the state defined contribution pension system. State funded pension scheme is a defined contribution plan under which the Company pays fixed contributions determined by law and will have no legal or constructive obligation to pay further contributions if the state pension insurance system or state funded pension scheme are not able to settle their liabilities to employees. The social security contributions are accrued in the year in which the associated services.

(17) Government grants

Government grants are recognized where there is a reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as deduction of expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

(18) Critical accounting estimates and judgments

Preparation of financial statements in compliance with IFRS requires estimates and assumptions affecting the value of assets and liabilities recognised in the financial statements and disclosures in the notes at the year-end, as well as income and expenditures recognised in the reporting period. Actual results may differ from these estimates. Items that are mostly affected by assumptions are determination of useful life period for buildings and equipment, as well as recoverable amount of debt receivables as disclosed in the relevant notes.

a) Determination of the useful life of property, plant, and equipment

In estimating the useful life of property, plant, and equipment (PPE), the management relies on historical information, technical surveys, assessing the current state of the asset, and external evaluations. During the reporting period and previous year, there were no factors that indicated a need for changes in the useful life of the Company's PPE.

b) Expected credit loss allowance

The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance for all trade receivables. To measure the lifetime expected credit loss allowance, receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2023 and the corresponding historical lifetime expected credit loss allowance experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. (See also Note 28.)

III. OTHER NOTES

(1) Segment Information and net sales

a) Operating and reportable segment

The core business segment of the Company is the production of alcoholic beverages. AS Amber Latvijas balzams produces over 100 different types of beverages under its own and 3rd party brands using shared technologies, assets, and other resources, the Company considers the production of alcoholic beverages to be the only operating and reportable segment.

b) Revenue by type

	2023 EUR	2022 EUR
Production of alcoholic beverages	90 660 798	100 624 546
Sales of other goods and materials	1 261 470	2 248 010
Other services	5 997 913	5 256 342
	97 920 181	**108 128 898**

c) Revenue by geography (by customer)

	2023 EUR	2022 EUR
Cyprus	52 346 040	63 263 571
Latvia	30 600 699	31 277 962
Lithuania	5 898 691	4 948 195
Germany	2 031 475	2 205 371
Sweden	434 033	490 936
Estonia	1 489 550	1 164 086
Romania	741 305	613 682
Turkey	1 194 886	654 922
Ukraine	462 353	282 738
Finland	184 388	113 109
Norway	238 669	164 243
Brazil	212 900	153 495
Other	2 085 191	2 796 588
	97 920 181	**108 128 898**

III. OTHER NOTES (continued)

(2) Cost of sales

	2023 EUR	2022 EUR
Raw materials and consumables	68 731 880	74 785 712
Salary expense	6 549 851	6 651 189
Energy resources	1 911 561	1 502 878
The state compulsory social insurance contributions	1 537 543	1 560 379
Depreciation of non-current assets	1 441 302	1 164 604
Management of packaging	1 175 963	767 144
Repair and maintenance expenses	750 726	703 846
Insurance payments	38 909	28 664
Laboratory expenses	38 210	28 880
Accrued expenses on unused annual leave	(168 771)	59 053
Other costs	1 517 253	1 601 945
	83 524 427	**88 854 294**

(3) Distribution expenses

	2023 EUR	2022 EUR
Salary expenses	2 138 804	2 142 195
Advertising and sales promotion expenses	1 940 679	2 660 197
Depreciation of non-current assets	906 711	880 848
Transportation expenses	715 343	876 430
Warehouse maintenance expenses	669 379	673 340
The state compulsory social insurance contributions	503 686	499 610
Other expenses	598 891	746 373
	7 473 493	**8 478 993**

(4) Administrative expenses

	2023 EUR	2022 EUR
Management services and expenses	3 029 904	2 766 149
Salary expenses	738 587	761 769
Computer maintenance	257 990	229 655
The state compulsory social insurance contributions	155 749	117 259
Real estate tax	150 639	150 639
Professional service costs	112 107	108 718
Depreciation of non-current assets	73 395	76 728
Transport costs	41 138	34 134
Representation expenses	25 442	23 780
Bank commissions	19 072	8 651
Office expenses	18 694	11 295
Communication and postal expenses	9 032	12 105
Financial support, sponsorship	4 000	12 500
Other expenses	373 741	155 346
	5 009 490	**4 468 728**

III. OTHER NOTES

(5) Other operating income

	2023 EUR	2022 EUR
Gains on sale of property, plant and equipment	2 031 677	1 136
Other income	1 000 074	688 052
	3 031 751	**689 188**

(6) Other operating expenses

	2023 EUR	2022 EUR
Other expenses	782 679	633 942
	782 679	**633 942**

(7) Expenses by nature

	2023 EUR	2022 EUR
Materials	68 731 880	74 785 712
Employee expenses	11 455 449	11 791 454
Management services and expenses	3 029 904	2 766 149
Depreciation of non-current assets	2 421 408	2 122 180
Advertising and sales promotion expenses	1 944 679	2 672 699
Repair and maintenance expenses	1 175 963	767 144
Transportation expenses	756 481	910 564
Management of packaging	750 726	703 846
Real estate tax	150 639	150 639
Other expenses	6 372 960	5 765 570
	96 790 089	**102 435 957**

(8) Finance income / (costs)

	2023 EUR	2022 EUR
Interest income from related parties	1 285 158	1 324 323
	1 285 158	**1 324 323**

	2023 EUR	2022 EUR
Interest expenses	217 196	64 963
Interest expenses to related parties	9 104	9 948
Loss from exchange rate fluctuations, net	55 752	1 299 419
	282 052	**1 374 330**
Net financial income / (costs)	**1 003 106**	**(50 007)**

III. OTHER NOTES (continued)

(9) Earnings per share

Since the Company has not executed any transactions that could cause changes in the share capital, which would change the amount of earnings per share, the adjusted earnings per share are equivalent to the basic earnings 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.

	2023	2022
Profit attributed to shareholders of the Company (EUR)	5 164 949	6 332 122
Average annual number of shares	7 496 900	7 496 900
Earnings per share (EUR)	**0.69**	**0.84**

(10) Intangible assets

	Licences and software	Other intangible investments	Intangible assets under development	Total
	EUR	EUR	EUR	EUR
Initial cost				
31.12.2020	**1 153 989**	**-**	**175 035**	**1 329 024**
Additions	-	-	194 062	194 062
Disposals	-	-	(3 206)	(3 206)
Reclassification	167 590	198 301	(365 891)	-
31.12.2021	**1 321 579**	**198 301**	**-**	**1 519 880**
Additions	-	-	28 613	28 613
Disposals	(13 263)	-	-	(13 263)
Reclassification	15 000	13 613	(28 613)	-
31.12.2022	**1 323 316**	**211 914**	**-**	**1 535 230**
Accumulated amortisation				
31.12.2020	**(1 097 833)**	**-**	**-**	**(1 275 207)**
Amortisation	(50 588)	(10 519)	-	(61 107)
Disposals			-	-
31.12.2021	**(1 148 421)**	**(10 519)**	**-**	**(1 158 940)**
Amortisation	(45 232)	(40 833)	-	(86 065)
Disposals	13 263	-	-	13 263
31.12.2022	**(1 180 390)**	**(51 352)**	-	**(1 231 742)**
Net book value				
31.12.2021	**173 158**	**187 782**	**-**	**360 940**
31.12.2022	**142 926**	**160 562**	**-**	**303 488**

III. OTHER NOTES (continued)

(11) Property, plant and equipment and Investment property

	Lands and buildings EUR	Equipment and machinery EUR	Other assets EUR	Assets under construction EUR	Total EUR
Initial cost					
31.12.2021	**16 112 696**	**24 489 445**	**4 944 927**	**1 078 903**	**46 625 971**
Additions	-	2 095	-	2 737 323	2 739 418
Disposals	-	(141 068)	(156 142)	(11 583)	(308 793)
Reclassification	855 888	730 661	227 825	(1 814 374)	-
Reclassification from right-of use assets	-	1 031 554	-	-	1 031 554
31.12.2022	**16 968 584**	**26 112 687**	**5 016 610**	**1 990 269**	**50 088 150**
Additions	-	-	-	3 271 378	3 271 378
Disposals	(3 652 631)	(456 471)	(230 871)		(4 339 973)
Reclassification	420 263	2 986 179	189 488	(3 661 926)	(65 996)
Reclassification from right-of use assets	-	262 198	-	-	262 198
31.12.2023	**13 736 216**	**26 470 206**	**4 975 227**	**1 599 721**	**46 781 370**
Accumulated depreciation					
31.12.2021	**(9 304 067)**	**(19 426 206)**	**(4 197 804)**	**(339 225)**	**(33 267 302)**
Depreciation	(405 627)	(790 565)	(233 501)	-	(1 429 693)
Disposals	-	135 605	155 644	-	291 249
Reclassification from right-of use assets	-	(446 193)	-	-	(446 193)
31.12.2022	**(9 709 694)**	**(20 527 359)**	**(4 275 661)**	**(339 225)**	**(34 851 939)**
Depreciation	(479 797)	(988 237)	(158 556)	-	(1 626 590)
Disposals	1 716 879	528 664	125 779	-	2 371 322
Reclassification from right-of use assets	-	(113 619)	-	-	(113 619)
31.12.2023	**(8 472 612)**	**(21 100 551)**	**(4 308 438)**	**(339 225)**	**(34 220 826)**
Net book value					
31.12.2022	**7 258 890**	**5 585 328**	**740 949**	**1 651 044**	**15 236 211**
31.12.2023	**5 263 604**	**5 369 655**	**666 789**	**1 260 496**	**12 560 544**

The gross carrying value of the fully depreciated property, plant, and equipment that is still in use is EUR 10 073 641 (31.12.2022: EUR 11 119 043).

The tangible assets and real estate owned by the Company in the total amount of EUR 12.6 million (EUR 5.3 million – land and buildings, EUR 7.3 million – movable assets) are pledged under the conditions of the agreement of the Commercial and Mortgage pledge as security for loans from the credit institutions (see also Note 17, Note 26).

OTHER NOTES (continued)

(12) Inventories

	31.12.2023 EUR	31.12.2022 EUR
Raw materials and consumables	13 865 674	16 600 862
Finished goods and goods for sale	22 229 506	16 440 851
Inventory in transit	-	183 913
Work in progress	210 736	120 442
Provisions	(1 291 405)	(1 406 246)
	35 014 511	**31 939 822**

Inventories are recognized at cost less provision for impairment. Movement in provisions for impairment is as follows:

	2023 EUR	2022 EUR
Provisions at the beginning of the year	1 406 246	1 084 192
Changes in provisions recognized in the income statement	(114 841)	322 054
Provisions at the end of the year	**1 291 405**	**1 406 246**

All inventories of the Company are pledged in accordance with the terms of Commercial pledge agreements as security for loans from the credit institutions (see also Note 17, Note 26).

(13) Trade receivables

	31.12.2023 EUR	31.12.2022 EUR
Trade receivables	1 916 037	2 278 125
Expected credit losses allowance	(285 588)	(228 865)
	1 630 449	**2 049 260**

For additional information about trade receivables see Note 28.

III. OTHER NOTES (continued)

(14) Other assets

	31.12.2023 EUR	31.12.2022 EUR
Financial assets:		
Current		
Advance payments for goods and services	297 079	346 488
Other receivables	3 991 340	65 015
	4 288 419	**411 503**
Non-financial assets:		
Non-current		
Deferred expenses	9 531	65 055
Other receivables	150 413	1 287 846
	159 944	**1 352 901**
Current		
Deferred expenses	172 026	132 318
Accrued income	6 628	175 401
	178 654	**307 719**
Other non-current assets	**159 944**	**1 352 901**
Other current assets	**4 467 073**	**719 222**

(15) Share capital

As of 31 December 2023 and 31 December 2022, the registered and fully paid share capital is in the amount of EUR 10 495 660, which consists of 7 496 900 ordinary shares with a nominal value of EUR 1.4 each.

All shares guarantee equal rights to dividends, the reception of liquidation quotas, and voting rights in the shareholder's meeting. One share gives rights to 1 vote. 1 705 000 shares are registered shares in the form of paper. 5 791 900 shares are dematerialized. The Company, or someone else in its interest, does not hold its own shares. Shares are not convertible, exchangeable, or guaranteed.

The Company's shares are quoted on the Nasdaq Riga AS stock exchange in the Secondary list. At the end of the financial period, 5 791 900 shares were quoted. Shares are registered in Latvia. ISIN code: LV0000100808. The total number of registered shareholders is more than 10 000.

All shares owned by the main shareholder of the Company Amber Beverage Group Holding S.à r.l., as well as any other shares that Amber Beverage Group Holding S.à r.l. may acquire in the future, are pledged in accordance with the terms of the Commercial pledge agreement as security for loans from the credit institutions (see Note 17).

III. OTHER NOTES (continued)

(16) Reserves

	31.12.2023 EUR	**31.12.2022 EUR**
Special purpose reserve fund **	5 311 774	5 311 774
Share capital denomination	171 468	171 468
Reorganisation reserve *	(3 164 419)	(3 164 419)
	2 318 823	**2 318 823**

* In 2015, the Company acquired from a related party within the SPI Group a real estate management company, Daugavgrivas 7 SIA. After the acquisition, in order to reduce the administrative burden of the two companies' governance, the Company decided to carry out a merger with the subsidiary. As a result of the acquisition and following reorganisation, the negative reorganisation reserve in the amount of EUR 3 164 419 was recognised.

** On 8 September 2016, an extraordinary meeting of shareholders decided to amend the Company's Articles of Association, providing the establishment of Special purpose reserves in the amount of EUR 5 311 774 for real estate and reorganization-related projects development and prevention of related risks. A Special purpose reserve in the amount of EUR 5 311 774 was established by the contributions of shareholders and was incorporated into the Company's equity.

(17) Borrowings and lease liabilities

	31.12.2023 EUR	**31.12.2022 EUR**
Non-current		
Lease liabilities (see Note 26)	1 903 137	887 555
	1 903 137	**887 555**
Current		
AS "Luminor Bank"	269 276	579 980
Lease liabilities (see Note 26)	976 009	642 209
	1 245 285	**1 222 189**
Total borrowings and lease liabilities	**3 148 422**	**2 109 744**

Non-current borrowings and lease liabilities are maturing within 2-5 years.

III. OTHER NOTES (continued)

(17) Borrowings and lease liabilities (continued)

a) Loan from AS Luminor Bank Latvian branch

The balance of the company's contract obligations on 31 December 2023 is EUR 269,277 (on December 31, 2022 - EUR 579,980). At the end of the reporting year, the repayment period of the contractual obligations was extended until 30 June 2024, and the interest rate added to the loan was increased from 2.65% to 3.65%.

b) Collateral

The fulfilment of the Company's liabilities arising from the above loan agreement signed with AS Luminor Bank Latvian branch is secured and enforced by:

(i) a mortgage on the largest part of real estate owned by the Company;
(ii) a commercial pledge on all the Company's assets as the aggregation of property at the date of pledging and any future constituent parts thereof;
(iii) a pledge on all shares of the Company owned by the major shareholder, Amber Beverage Group Holding S.à r.l., and any other shares that may be acquired in the future.

For information about the net book value of the real estate and assets under the commercial pledge, see also Notes 11, 12, and 24.

(18) Taxes payable

	31.12.2023 EUR	**31.12.2022 EUR**
Excise tax	29 388 476	24 152 137
Value added tax	4 349 017	2 373 962
The state compulsory social insurance contributions	935 095	586 227
Personal income tax	469 192	284 322
Other taxes	13 183	12 555
	35 154 963	**27 409 203**

(19) Other liabilities

	31.12.2023 EUR	**31.12.2022 EUR**
Accrued liabilities	1 058 099	1 379 756
Vacation accruals	466 526	703 713
Salaries	456 809	579 125
Other liabilities	310 960	309 106
	2 292 394	**2 971 700**

(20) Auditors' remuneration

	2023 EUR	**2022 EUR**
Fees paid for audit and audit related services	36 361	35 208
	36 361	**35 208**

III. OTHER NOTES (continued)

(21) Average number of employees

	2023 EUR	2022 EUR
Average number of people employed during the financial year:		
Council members	5	5
Board members	2	2
Other employees	546	601
	553	**608**

(22) Remuneration to Board and Council members

	2023 EUR	2022 EUR
Salary	368 118	357 135
Mandatory state social insurance contributions	86 839	84 248
	454 957	**441 384**

(23) Transactions with related parties

The majority shareholder (the Parent company) of AS Amber Latvijas balzams, who, as of 31 December 2023, owns 89.99% of the share capital, is Amber Beverage Group Holding S.à r.l. (incorporated in Luxembourg). The ultimate parent company of the Group is S.P.I. Group Holding Ltd (incorporated in Cyprus), and the ultimate beneficial owner – Mr. Yuri Schefler. Related parties of the Company are shareholders who could control or have significant influence over the Company in accepting operating business decisions, key management personnel of the Company including members of Supervisory Board and close family members of any above-mentioned persons, as well as entities over which those persons have control or significant influence.

For additional information about guaranties, see Note 26.

a) Accounts receivable from related parties

	31.12.2023. EUR	31.12.2022. EUR
Other related parties	64 898 674	60 108 353
	64 898 674	**60 108 353**

The receivables from related parties arise mainly from the sales of goods and services. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties (31.12.2022: nil).

b) Accounts payable to related parties

	31.12.2023. EUR	31.12.2022. EUR
Parent company	472 040	856 634
Other related parties	3 941 482	3 992 108
	4 413 522	**4 848 742**

III. OTHER NOTES (continued)

(23) Transactions with related parties (continued)

c) Sales of services and goods to related parties

	2023 EUR	2022 EUR
Other related parties	88 881 560	97 890 986
	88 881 560	**97 890 986**

d) Purchase of services and goods from related parties

	2023 EUR	2022 EUR
Parent company	4 287 469	105 366
Other related parties	22 110 886	19 802 260
	26 398 355	**19 907 626**

e) Non-current loans to related parties

	31.12.2023. EUR	31.12.2022. EUR
Parent company	31 787 497	**33 730 915**
	31 787 497	**33 730 915**

The loan granted to Amber Beverage Group Holding S.à r.l. matures on 31 December 2026. The currency of the loan is EUR, and the interest rate is 3%.

f) Current loans to related parties

	31.12.2023. EUR	31.12.2022. EUR
Parent company	46 311 229	45 603 382
Other related parties	829 683	829 683
	47 140 912	**46 433 065**

Current loans to the Parent company include the positive cash-pool balance due from Amber Beverage Group Holding S.à r. l. as the Group account holder.

III. OTHER NOTES (continued)

(24) Right-of-use assets

	Buildings	Machinery and equipment		Total	Lease liabilities
	EUR	EUR		EUR	EUR
As at 31 December 2021	**1 203 664**	**1 329 611**		**2 533 275**	**1 809 180**
Impact on change in assumptio	450 070	-		**450 070**	450 070
Additions	-			-	-
Reclassification	-	(585 361)	**-**	**585 361**	-
Depreciation expense	(535 420)	(95 958)	**-**	**631 379**	-
Interest expense	-	-		-	26 574
Payment interest	-	-		-	(30 269)
Payment	-	-		-	(725 791)
As at 31 December 2022	**1 118 314**	**648 292**		**1 766 606**	**1 529 764**
Impact on change in assumptio	376 904			**376 904**	376 904
Additions		1 319 259		**1 319 259**	1 771 727
Reclassification		961 088		**961 088**	-
Depreciation expense	(497 172)	(206 121)	**-**	**703 293**	-
Interest expense				-	99 640
Payment interest				-	(153 991)
Payment	-	-		-	(744 898)
As at 31 December 2023	**998 046**	**2 722 518**		**3 720 564**	**2 879 146**

See Note 17 for the breakdown of lease liabilities by maturity profile.

(25) Contingent liabilities

Contingent tax liabilities

At the moment of distribution of profits generated after 1 January 2018, the Company will calculate corporate income tax in the amount of 20/80 from the net amount payable to shareholders. Contingent tax liabilities as of 31 December 2023 are EUR 12.2 million (31.12.2022: EUR 11 million).

III. OTHER NOTES (continued)

(26) Guarantees issued

The Company together with other Group companies has provided security for liabilities of the Parent company Amber Beverage Group Holding S.à r.l. towards AS Luminor Bank Latvian branch under an overdraft agreement of 19 December 2018, with the maximum overdraft limit amounting to EUR 22.7 million.

The Company together with other Group companies has provided security for the liabilities of the Parent company, Amber Beverage Group Holding S.à r.l., towards the AS Luminor Bank Latvian branch regarding the financing of the purchase of Fabrica de Tequilas Finos S.A. de C.V. (since May 2022 – Amber Production Tequila S.A. de C.V.), which is a tequila manufacturing company in Mexico, which arises out of a novation agreement signed on 19 December 2018. The maximum secured limit is EUR 9.2 million.

On 27 April 2018, the Company's Parent company, Amber Beverage Group Holding S.à r.l., signed a loan agreement with AS Luminor Bank Latvian branch to finance the purchase of Think Spirits Pty Ltd. (since April 2021 - Amber Beverage Australia Pty Ltd.). The maximum secured limit is EUR 4.6 million. In November 2023, the Parent company repaid the loan in full, and the Company's collateral was cancelled.

As a result of the refinancing of the Group's liabilities towards AS Swedbank, on 3 December 2019 the Company's Parent company, Amber Beverage Group Holding S.à r.l., signed with Credit Suisse AG an agreement on a loan of EUR 27 million. On 2 December 2021, an agreement was concluded that provided for the extension of the repayment term of the existing loan agreement from 2 December 2023 until 20 December 2024.

On 11 April 2023, Amber Beverage Group Holding S.à r.l. concluded a loan agreement in the amount of EUR 10 million with JSC Rietumu Banka with a repayment deadline of April 10, 2028. The company, together with other companies in the Group, has issued collateral with a maximum amount of EUR 13 million. The collateral includes a commercial pledge on the Riga Black Balsam and Grand Cavalier trademarks in the Baltic states and a guarantee.

On 30 May 2023, the Company's Parent company, Amber Beverage Group Holding S.à r.l., in cooperation with AS Signet Bank, issued four-year bonds worth EUR 30 million with the aim of raising funds for the construction project of the automated warehouse, which is implemented by the related company, SIA ABG Real Estate, and in which the Company plans to become the anchor tenant of the warehouse. The company, together with other companies of the Group, has issued a guarantee to secure obligations arising from Amber Beverage Group Holding S.à r.l.-issued bonds.

In order to secure the above-mentioned credit obligations of the Parent company, the Company has issued pledges on movable property, trademarks, mortgages on most of the real estate and guarantees.

The company receives compensation from the Parent company for the provided security as a percentage of the total value of the security. If collateral is provided for the loan simultaneously from several companies, the interest rate is calculated proportionally, based on the asset value of the guarantors' balance sheet.

Taking into account the financial position of the Group companies, it is not expected that the Company will have to fulfil the guarantees, as a result of which no provisions have been created in the financial statements for these possible liabilities.

Information about net book value of real estate and assets can be found under commercial pledge in Notes 11, 12, and 24.

III. OTHER NOTES (continued)

(27) Financial assets and financial liabilities

This note provides information about the Company's financial instruments, including a summary of all financial instruments held by the Company, specific information about each type of financial instrument and information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Company holds the following financial instruments:

On 31 December 2023

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	EUR	EUR	EUR
Financial assets:			
Loans to related parties	78 928 409	-	**78 928 409**
Cash and cash equivalents	110 519	-	**110 519**
Trade and other receivables	70 817 542	-	**70 817 542**
	149 856 470	**-**	**149 856 470**
Financial liabilities:			
Borrowings:			
(i) Lease liabilities	-	(2 879 146)	**(2 879 146)**
(ii) Loans from credit institutions	-	(269 276)	**(269 276)**
Trade payables	-	(19 920 309)	**(19 920 309)**
	-	**(23 068 731)**	**(23 068 731)**

On 31 December 2022

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	EUR	EUR	EUR
Financial assets:			
Loans to related parties	80 163 980	-	**80 163 980**
Cash and cash equivalents	150 931	-	**150 931**
Trade and other receivables	62 569 116	-	**62 569 116**
	142 884 027	**-**	**142 884 027**
Financial liabilities:			
Borrowings:			
(i) Lease liabilities	-	(1 529 764)	**(1 529 764)**
(ii) Loans from credit institutions	-	(579 980)	**(579 980)**
Trade payables	-	(20 746 300)	**(20 746 300)**
	-	**(22 856 044)**	**(22 856 044)**

The Company's exposure to various risks associated with the financial instruments is discussed in Note 28.

III. OTHER NOTES (continued)

(28) Financial and capital risk management

Fair value of financial assets and financial liabilities

Due to the short-term nature of cash and cash equivalents, trade receivables, trade payables, and other current financial assets and liabilities, their carrying amounts largely approximate their fair value. For non-current financial assets and liabilities, the fair values are also not significantly different from their carrying amounts. The fair values were estimated based on cash flows discounted using the current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

All Company's financial assets and financial liabilities are classified in Level 3, excluding cash and cash equivalents that are classified in Level 2.

On 31 December 2023

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Financial assets:				
Loans to related parties	-	-	78 928 409	**78 928 409**
Cash and cash equivalents	-	110 519	-	**110 519**
Trade and other receivables	-	-	70 817 542	**70 817 542**
	-	**110 519**	**149 745 951**	**149 856 470**
Financial liabilities:				
Borrowings:				
(i) Lease liabilities	-	-	(2 879 146)	**(2 879 146)**
(ii) Loans from credit institutions	-	-	(269 276)	**(269 276)**
Trade payables	-	-	(19 920 309)	**(19 920 309)**
	-	**-**	**(23 068 731)**	**(23 068 731)**

On 31 December 2022

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Financial assets:				
Loans to related parties	-	-	80 163 980	**80 163 980**
Cash and cash equivalents	-	150 931	-	**150 931**
Trade and other receivables	-	-	62 569 116	**62 569 116**
	-	**150 931**	**142 733 096**	**142 884 027**
Financial liabilities:				
Borrowings:				
(i) Lease liabilities	-	-	(1 529 764)	**(1 529 764)**
(ii) Loans from credit institutions	-	-	(579 980)	**(579 980)**
Trade payables	-	-	(20 746 300)	**(20 746 300)**
	-	**-**	**(22 856 044)**	**(22 856 044)**

III. OTHER NOTES (continued)

(28) Financial and capital risk management

Foreign exchange risks

The Company operates internationally and is exposed to foreign currency risk arising mainly from U.S. dollar fluctuations, mainly from the purchase of raw materials and consumables.

The Company's significant open currency position at the end of the reporting year is:

	31.12.2023 EUR	31.12.2022 EUR
Financial assets, USD	249 107	122 482
Financial liabilities, USD	(176 623)	(1 946 521)
Open position USD, net	**72 485**	**(1 824 039)**
Open position USD calculated in euro, net	**65 599**	**(1 710 219)**

The following table demonstrates the sensitivity to a reasonably possible change in currency rates on outstanding foreign currency financial assets and liabilities. With all the other variables held constant, the Company’s profit before tax is affected as follows:

	2023		2022	
	Change in exchange rates	**Effect on equity EUR**	**Change in exchange rates**	**Effect on equity EUR**
USD	+10%	(6 560)	+10%	171 022
	-10%	6 560	-10%	(171 022)

III. OTHER NOTES (continued)

(28) Financial and capital risk management (continued)

Interest rate risks

The Company is exposed to interest rate risk as the main part of the liabilities are interest bearing borrowings with variable interest rate.

	31.12.2023 EUR	31.12.2022 EUR
Financial liabilities with variable interest rate, EUR	(3 148 422)	(2 109 744)
Total financial liabilities, EUR	**(3 148 422)**	**(2 109 744)**

The following table demonstrates the sensitivity to a reasonably possible change in interest rate on outstanding financial liabilities. According to the current agreements, the variable interest rate is set at 3 months EURIBOR. With all the other variables held constant, the Company's profit before tax is affected as follows:

	2023		2022	
	Increase/ decrease in basis points	Effect on profit before tax EUR	Increase/ decrease in basis points	Effect on profit before tax EUR
EUR	+30	(7 887)	+30	(7 214)
	-30	7 887	-30	7 214

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate due to other market factors. The Company's management monitors market fluctuations on a continuous basis and acts accordingly but does not enter into any hedging transactions.

Credit risk

Financial assets, which potentially expose the Company to a certain degree of credit risk concentration, are primarily cash, trade receivables, receivables from related parties, and loans. The Company's policy provides that goods are sold and services are provided to customers with appropriate credit histories. If there is no independent rating available, risk control assesses the credit quality of the customer, considering its financial position, experience, and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Company. Compliance with credit limits by customers is regularly monitored by line management. For bank transactions, only local and foreign financial institutions with appropriate rankings are accepted.

III. OTHER NOTES (continued)

(28) Financial and capital risk management (continued)

Maximum exposure to credit risk:

	31.12.2023 EUR	**31.12.2022 EUR**
Issued loans to related companies	78 928 409	80 163 980
Trade receivables - related companies	64 898 674	60 108 353
Trade receivables - non-related parties	1 630 449	2 049 260
Other current assets	4 288 419	411 690
Cash	110 519	150 931
	149 856 470	**142 884 214**

The largest concentration of credit risk arises from the debts of related parties: on 31 December 2023 96% of the total trade receivables related to Group companies (31.12.2022: 98%). Taking into account the strong financial position of the related parties, no lifetime expected credit loss allowance for receivables from the related parties has been recognized as the Company's management believes that the credit risk is considered immaterial.

Trade receivables

To measure the expected credit losses (ECL), trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2023, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the lifetime expected credit loss allowance as of 31 December 2023 and 31 December 2022 was determined for trade receivables, as follows:

III. OTHER NOTES (continued)

(28) Financial and capital risk management (continued)

Trade receivables (continued)

31.12.2023.	Total	Not due	1-90 days	91-180 days	181-270 days	270-360 days	>361 days
Gross carrying amount - Trade receivables	1 916 037	1 294 444	275 849	64 470	64 677	32 248	184 349
ECL rate		0.46%	0.60%	10.00%	90.00%	90.00%	100.00%
ECL allowance	(285 588)	(5 904)	(1 655)	(6 447)	(58 209)	(29 024)	(184 349)

31.12.2022.	Total	Not due	1-90 days	91-180 days	181-270 days	270-360 days	>361 days
Gross carrying amount - Trade receivables	2 278 125	1 735 643	335 594	(3)	22 122	-	184 769
ECL rate		3.69%	2.50%	25.00%	100.00%	100.00%	100.00%
ECL allowance	(228 865)	(13 585)	(8 390)	1	(22 122)	-	(184 769)

The closing expected credit loss allowances for trade receivables reconcile to the opening expected credit loss allowances as follows:

	2023 EUR	**2022 EUR**
Balance at the beginning of the year	228 865	296 138
Increase / (decrease) in ECL	56 723	(67 273)
Balance at the end of the year	**285 588**	**228 865**

Maturity analysis of receivables from related companies:

	Gross amount	ECL allowance	Trade receivables, net	split to: not due	Past due < 90 days	Past due 90-180 days	Past due > 180 days
31.12.2023.							
Related parties	64 898 674	-	64 898 674	24 738 876	13 332 401	13 628 039	13 199 358
31.12.2022.							
Related parties	60 108 353	-	60 108 353	26 984 289	9 242 811	7 006 606	16 874 647

Receivables from the related parties do not involve material credit risk, as there is no evidence that would indicate an expected credit loss.

Company considers, that other financial assets are not exposed to significant credit risk, therefore accruals for expected credit losses as at 31 December 2023 have not been established (31.12.2022: nil).

III. OTHER NOTES (continued)

(28) Financial and capital risk management (continued)

Liquidity risk

The Company manages its liquidity risk by arranging an adequate amount of committed credit and loans, planning payment terms for trade payables, developing and analysing future cash flows comprising both the existing and planned loans, as well as interest payable on such loans. On 31 December 2023, the Company's current assets exceeded its current liabilities by EUR 94 649 187 (31.12.2022: EUR 89 051 261). The Company's management believes that the Company will have sufficient cash resources to ensure appropriate liquidity.

The following table shows the maturity structure of the financial liabilities of the Company that is based on non-discounted cash flows:

On 31 December 2023	Less than 1 year	Between 2 and 5 years	Total contractual cash-flows	Carrying amount
	EUR	EUR	EUR	EUR
Interest bearing borrowings	276 412	-	276 412	269 276
Leases	980 993	1 904 069	2 885 062	2 879 146
Trade payables	15 506 787	-	15 506 787	15 506 787
Payables to related parties	4 413 522	-	4 413 522	4 413 522
	21 177 714	**1 904 069**	**23 081 783**	**23 068 731**

On 31 December 2022	Less than 1 year	Between 2 and 5 years	Total contractual cash-flows	Carrying amount
	EUR	EUR	EUR	EUR
Interest bearing borrowings	595 350	-	595 350	579 980
Leases	647 193	888 487	1 535 680	1 529 764
Trade payables	15 897 558	-	15 897 558	15 897 558
Payables to related parties	4 848 742	-	4 848 742	4 848 742
	21 988 842	**888 487**	**22 877 329**	**22 856 044**

III. OTHER NOTES (continued)

(28) Financial and capital risk management (continued)

Capital management

The Company's management manages the capital structure on an ongoing basis. During the reporting period, there were no changes in capital management objectives, policies, or processes.

The Company's management controls the net debt to equity (gearing ratio). During the reporting year, this figure has remained at 2% (2022: 1%), confirming the Company's stability.

	31.12.2023 EUR	31.12.2022 EUR
Total borrowings (long-term and short-term loans)	3 148 422	2 109 744
Less cash and cash equivalents	(110 519)	(150 931)
Net debt	3 037 903	1 958 813
Equity	141 278 087	140 611 279
Total capital (equity and net loans)	**144 315 990**	**142 570 092**
Net debt to equity	2%	1%
Equity ratio on total assets	70%	73%

	Cash and cash equivalents EUR	Lease due after 1 year EUR	Lease due within 1 year EUR	Borrowings due after 1 year EUR	Borrowings due within 1 year EUR	Total EUR
Net debt as at 31 December 2021	**88 909**	**(1 068 721)**	**(740 459)**	**(579 980)**	**(310 704)**	**(2 610 955)**
Cash flows	62 022	-	725 791	-	310 704	**1 098 517**
New lease contracts	-	-	-	-	-	**-**
Other non-cash movement	-	181 166	(627 541)	579 980	(579 980)	**(446 375)**
Net debt as at 31 December 2022	**150 931**	**(887 555)**	**(642 209)**	**-**	**(579 980)**	**(1 958 813)**
Cash flows	(40 412)	-	744 898	-	310 704	**1 015 190**
New lease contracts	-	(1 771 727)	-	-	-	**(1 771 727)**
Other non-cash movement	-	756 145	(1 078 698)	-	-	**(322 553)**
Net debt as at 31 December 2023	**110 519**	**(1 903 137)**	**(976 009)**	**-**	**(269 276)**	**(3 037 903)**

III. OTHER NOTES (continued)

(29) Distribution of profit proposed by the Board

Profit share to be distributed	EUR 5 164 949
Proposed profit distribution:	
- Keep undistributed	EUR 5 164 949

(30) Subsequent events

There were no other subsequent events since the last date of the financial year until the date of the signing of these financial statements, which would have a significant effect on the financial position of the Company as of 31 December 2023.

The Annual Report was prepared by the Chief Accountant, Svetlana Kutuzova (Amber Beverage Group SIA).

The Financial statements of the Company set out on pages 13 to 49 were signed on 30 April 2024 by:

On behalf of the Board:

Intars Geidāns
Chairman of the Board

Svetlana Kutuzova
Chief Accountant
Amber Beverage Group

Independent Auditor's Report

To the shareholders of AS Amber Latvijas balzams

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of AS Amber Latvijas balzams (the Company) as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union (EU).

Our opinion is consistent with our additional report to the Audit Committee dated 30 April 2024.

What we have audited

The Company's financial statements comprise:

- the income statement for the year ended 31 December 2023;
- the statement of comprehensive income for the year ended 31 December 2023;
- the statement of financial position as at 31 December 2023;
- the statement of changes in equity for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Law on Audit Services that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law on Audit Services.

We have not provided non-audit services to the Company in the period from 1 January 2023 to 31 December 2023.

Translation note: This version of our report is a translation from the original, which was prepared in Latvian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Our audit approach

Overview

Materiality - Overall materiality is EUR 950 thousand, which represents approximately 1% of revenue.

Key audit matter – Inventory valuation as of year-end.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.

Overall materiality	EUR 950 thousand
How we determined it	Overall materiality is approximately 1% of revenue of 2023.
Rationale for the materiality benchmark applied	We chose revenue as the benchmark because, in our view, revenue is the key performance indicator that determines the Company's performance and is monitored by management and investors. We chose 1%, which is consistent with quantitative materiality thresholds used for public interest entities.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above EUR 95 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	*How our audit addressed the key audit matter*
Inventory valuation as of year-end As disclosed in Note 12, as at 31 December 2023 the Company's inventory amounts to EUR 35,015 thousand, EUR 22,230 thousand of which is related to finished goods. Inventory valuation is not considered an area of significant risk for our audit. However, it requires significant time and resources to perform audit owing to its magnitude and is therefore considered to be a key audit matter. Inventories are stated at the lower of cost and net realisable value (NRV). In case of manufactured inventories and work in progress, cost includes an appropriate share of overheads, allocated based on normal operating capacity. The standard costing process is complicated and involves certain judgement level in the process of allocation of production overheads.	We have assessed whether the Company's accounting policies in relation to valuation of inventories are in compliance with IFRS Accounting Standards as adopted in EU. We have tested the design and operating effectiveness of key controls in relation to inventory. We selected a sample of raw materials and consumables and verified that the cost of inventories is determined in line with the FIFO (First in, First out) method. We selected a sample of internally produced finished goods and reconciled their cost in the accounting system to their standard cost calculation. We further verified that the cost of finished goods determined by the standard costing did not materially differ from the cost determined by actual production costs incurred during the reporting period. We randomly selected finished goods items and compared their book value to the subsequent selling price after the year end to identify whether the selling price of those selected items was lower than the book value. We analysed obsolescence data and rates applied in calculations of inventories allowance. Finally, we reviewed the disclosures made regarding inventory.

Reporting on other information including the Report of the Management

Management is responsible for the other information. The other information comprises:

- Information on the Company, as set out on page 3 of the Annual Report,
- the Report of the Management as set out on pages 4 to 10 of the Annual Report,
- the Statement of the Managements' Responsibility, as set out on page 18 of the Annual Report,
- the Statement of Corporate Governance, set out in separate statement prepared and signed by the Company's management on 30 April 2024 and available on the Company's website http://www.amberlb.lv/ as at the date of this audit report,
- the Remuneration Report, set out in separate statement prepared and signed by the Company's management on 30 April 2024 and available on the Company's website http://www.amberlb.lv/ as at the date of this audit report,
- the Non-financial statement, which includes information regarding Company, set out in a separate statement prepared and signed by the Amber Beverage Group Holding S.à r.l

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management on 30 April and available on the Amber Beverage Group Holding S.à r.l website https://amberbev.com/esg-reporting/, as at the date of this audit report,

but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information identified above.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Report of the Management, we also performed the procedures required by the Law on Audit Services of the Republic of Latvia. Those procedures include considering whether the Report of the Management is prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports.

In accordance with the Law on Audit Services of the Republic of Latvia with respect to the Statement of Corporate Governance, our responsibility is to consider whether the Statement of Corporate Governance includes the information required in accordance with Article 56.1, section 1, clauses 3, 4, 6, 8 and 9, as well as Article 56.2, section 2, clause 5 of the Financial Instruments Market Law and whether it includes the information stipulated in Article 56.2, section 2, clauses 1, 2, 3, 4, 7 and 8 of the Financial Instruments Market Law.

Furthermore, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Remuneration Report, our responsibility is to consider whether the Remuneration Report includes the information in accordance with the requirements of Article 59.4 of the Financial Instruments Market Law and whether we have identified material inconsistencies with the financial information included in the annual report.

Based on the work undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the other information identified above for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Report of the Management has been prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia; and
- the Statement of Corporate Governance, prepared and signed by the Company's management on 30 April 2024, available on the Company's website http://www.amberlb.lv/ as at the date of this audit report, includes, the information in accordance with Article 56.1, section 1, clauses 3, 4, 6, 8 and 9, as well as Article 56.2, section 2, clause 5 of the Financial Instruments Market Law and it includes the information stipulated in Article 56.2, section 2, clauses 1, 2, 3, 4, 7 and 8 of the Financial Instruments Market Law.
- the Remuneration Report, prepared and signed by the Company's management on 30 April 2024, available on the Company's website http://www.amberlb.lv/ as at the date of this audit report, includes the information in accordance with Article 59.4 of the Financial Instruments Market Law and we have not identified material inconsistencies with the financial information included in the annual report.

Furthermore, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Non-financial Statement, our responsibility is to report whether the Company has prepared the Non-financial Statement and whether the Non-financial Statement is included in the Report of the Management or prepared as a separate element of the Annual Report.

We hereby report that the Company has prepared a Non-financial Statement, and it is prepared as a separate element of the Annual Report.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Report of the Management or other information mentioned above that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standardsas adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the

disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on the compliance of the presentation of financial statements with the requirements of the European Single Electronic Format ("ESEF")

The electronic reporting format of the financial statements has been applied by the management of the Company to comply with the requirements of art. 3 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). Based on these requirements the financial statements have to be presented in XHTML format. We confirm that the electronic reporting format of the financial statements for the year ended 31 December 2023 complies with the ESEF Regulation in this respect.

Appointment
We were first appointed as auditors of the Company by shareholders' resolution on 21 May 2015. Our appointment has been renewed annually by shareholder's resolution representing a total period of uninterrupted engagement appointment of 9 years.

The engagement partner on the audit resulting in this independent auditor's report is Ilandra Lejiņa.

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5

Ilandra Lejiņa
Member of the Board
Certified auditor in charge
Certificate No. 168

Riga, Latvia
30 April 2024

Independent Auditor's Report is signed electronically with a secure electronic signature and contains a time stamp.

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